



OHIO AUDITOR OF STATE  
**KEITH FABER**





**CITY OF ZANESVILLE  
MUSKINGUM COUNTY  
DECEMBER 31, 2024**

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MUSKINGUM COUNTY  
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## INDEPENDENT AUDITOR'S REPORT

City of Zanesville  
Muskingum County  
401 Market Street  
Zanesville, Ohio 43701

To the City Council:

### **Report on the Audit of the Financial Statements**

#### ***Opinions***

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Zanesville, Muskingum County, 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 of Zanesville, Muskingum County, Ohio as of December 31, 2024, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparisons for the General, Police Expenditure, Fire Operating, and American Rescue Plan Act Funds for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

#### ***Basis for Opinions***

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

#### ***Emphasis of Matter***

As discussed in Note 3 to the financial statements, during 2024, the City adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 100, *Accounting Changes and Error Corrections* and Governmental Accounting Standards Board GASB Statement No.101, *Compensated Absences*. Our opinion is not modified with respect to these matters.

***Emphasis of Matter (Continued)***

Also as discussed in Note 3 to the financial statements, for the period ending December 31, 2024, the City reported the Zanesville Community Improvement Corporation (the Corporation) as a discretely presented component unit. Our opinion is not modified with respect to this matter.

***Responsibilities of Management for the Financial Statements***

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

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

***Auditor's Responsibilities for the Audit of the Financial Statements***

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

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

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

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

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and Schedules of Net Pension and Other Post-employment Benefit Liabilities (Assets) and Pension and Other Post-employment Benefit Contributions be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The 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 auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated January 6, 2026, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of 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.

KEITH FABER  
Ohio Auditor of State



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

January 6, 2026

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

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The discussion and analysis of the City of Zanesville'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 City's total net position increased \$664,023 during 2024.
- The City placed nearly \$8.8 million of business-type activities capital assets in service, as a sewer separation infrastructure project was completed along with the acquisition of vehicles and machinery and equipment.
- The City's net pension and net OPEB liabilities decreased by more than \$2.3 million, due in part to the increased earnings on investments of the respective pension/OPEB plans as of their measurement dates.
- The City continued water and sewer infrastructure and maintenance and repairs projects during the year resulting in the issuance of nearly \$7.8 million in long-term Ohio Water Development Authority (OWDA) loans.

### **Using this Annual Financial Report**

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the readers can understand the City of Zanesville as a financial whole or as an entire operating entity. The statements then proceed to provide an increasingly detailed look at 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 nonmajor funds presented in total in one column.

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

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***Reporting the City of Zanesville 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 looks at 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 assets and deferred outflows of resources and all liabilities and deferred inflows of resources using the accrual basis of accounting similar to the accounting used by private sector companies. 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.

These two statements report the City's net position and the changes in net position. This 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. The causes of this change may be the result of many factors, some financial, some not. Non-financial factors include the County's tax base, current property tax laws in Ohio restricting revenue growth and other factors.

In the Statement of Net Position and the Statement of Activities, the City is divided into two kinds of activities:

**Governmental Activities** - Most of the City's services are reported here including general government, security of persons and property (police and fire) public health services, transportation, community development, leisure time activities, and all departments with the exception of our Sewer, Water, and Sanitation Funds.

**Business-Type Activities** - Sanitation, sewer, water, and storm water services have charges based upon the amount of usage. The City charges fees to recoup the cost of the entire operations of our Sewer and Water Treatment Plants as well as all capital expenditures associated with these facilities and equipment.

***Reporting the City of Zanesville's Most Significant Funds***

***Fund Financial Statements***

Fund financial statements begin on page 20. Fund financial reports provide detailed information about the City's major funds. Based upon restrictions on the use of monies, the City has established many funds which account for the multitude of services provided to our residents. However, these fund financial statements focus on the City's most significant funds. In the case of the City of Zanesville, our major funds are the General Fund, the Police Expenditure, Fire Operating, and the American Rescue Plan Special Revenue Funds, and the Sewer, Water, and Sanitation Enterprise Funds.

**City of Zanesville, Ohio**  
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**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 expendable resources, as well as balances of expendable resources available at the end of the year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of the governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains a multitude of individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental statement of revenues, expenditures, and changes in fund balances for the major funds, which were identified earlier. Data from the other governmental funds are combined into a single, aggregated presentation.

**Proprietary Funds** The City maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements.

Internal Service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions on a cost reimbursement basis. The City's internal service funds report on the City department for self-insurance for health care claims and the other internal service fund accounts for vehicle maintenance costs.

**Fiduciary Funds** Fiduciary funds are used to account for resources held for the benefit of parties outside the City. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The City's fiduciary funds are custodial and private purpose trust.

**Notes to the Basic Financial Statements** The notes provide additional information that is essential for a full understanding of the data provided in the government-wide and fund financial statements. The notes provide a supplement to the financial statements.

### **The City of Zanesville as a Whole**

Table 1 provides a summary of the City's net position for 2024 compared to 2023. For 2024, the City implemented Governmental Accounting Standards Board (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.

**City of Zanesville, Ohio**  
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The implementation of GASB 101 resulted in recognizing an additional compensated absences liabilities of \$2,353,728 in governmental activities and \$555,862 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).

(Table 1)  
 Net Position

	Governmental Activities		Business-Type Activities		Total	
	Restated*		Restated*		2024	Restated*
	2024	2023	2024	2023	2024	2023
<b>Assets</b>						
Current and Other Assets	\$25,658,056	\$28,651,785	\$24,507,180	\$20,253,893	\$50,165,236	\$48,905,678
Capital Assets, Net	21,689,095	21,194,712	68,103,157	64,523,619	89,792,252	85,718,331
<i>Total Assets</i>	<u>47,347,151</u>	<u>49,846,497</u>	<u>92,610,337</u>	<u>84,777,512</u>	<u>139,957,488</u>	<u>134,624,009</u>
<b>Deferred Outflows of Resources</b>						
Pension	11,627,967	14,247,066	2,286,771	3,205,928	13,914,738	17,452,994
OPEB	1,462,028	2,329,429	211,260	491,321	1,673,288	2,820,750
Asset Retirement Obligation	0	0	39,600	40,800	39,600	40,800
<i>Total Deferred Outflows of Resources</i>	<u>13,089,995</u>	<u>16,576,495</u>	<u>2,537,631</u>	<u>3,738,049</u>	<u>15,627,626</u>	<u>20,314,544</u>
<b>Liabilities</b>						
Current and Other Liabilities	3,045,275	4,662,096	1,897,037	3,649,901	4,942,312	8,311,997
Long-term Liabilities						
Due Within One Year	2,234,945	1,150,632	2,359,529	2,029,519	4,594,474	3,180,151
Due in More Than One Year:						
Net Pension Liability	38,095,984	39,243,718	7,052,829	7,835,200	45,148,813	47,078,918
Net OPEB Liability	2,009,368	2,250,676	0	163,919	2,009,368	2,414,595
Other Amounts	7,237,980	5,714,182	28,546,515	22,493,076	35,784,495	28,207,258
<i>Total Liabilities</i>	<u>52,623,552</u>	<u>53,021,304</u>	<u>39,855,910</u>	<u>36,171,615</u>	<u>92,479,462</u>	<u>89,192,919</u>
<b>Deferred Inflows of Resources</b>						
Property Taxes	1,737,917	1,278,541	0	0	1,737,917	1,278,541
Payment in Lieu of Taxes	712,792	511,904	0	0	712,792	511,904
Leases	363,876	475,096	0	0	363,876	475,096
Pension	2,412,500	3,164,148	0	19,326	2,412,500	3,183,474
OPEB	2,178,974	2,433,819	139,244	56,884	2,318,218	2,490,703
<i>Total Deferred Inflows of Resources</i>	<u>7,406,059</u>	<u>7,863,508</u>	<u>139,244</u>	<u>76,210</u>	<u>7,545,303</u>	<u>7,939,718</u>
<b>Net Position</b>						
Net Investment in Capital Assets	17,375,769	16,443,047	38,045,096	37,800,566	55,420,865	54,243,613
Restricted	6,976,955	8,189,049	238,574	0	7,215,529	8,189,049
Unrestricted (Deficits)	(23,945,189)	(19,093,916)	16,869,144	14,467,170	(7,076,045)	(4,626,746)
<i>Total Net Position</i>	<u>\$407,535</u>	<u>\$5,538,180</u>	<u>\$55,152,814</u>	<u>\$52,267,736</u>	<u>\$55,560,349</u>	<u>\$57,805,916</u>

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

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***Restatements\****

Net position at July 1, 2023 in business type activities was restated by \$702,684 and \$140,000 to \$52,267,736. Capital assets, net and net investment in capital assets were overstated by \$702,684. Unrestricted net position was understated by \$140,000. These changes were related to the WWTP and Asset Retirement Obligations, as explained in Note 3. Net position at July 1, 2023 in governmental activities was restated by \$475,000 to \$5,538,180. Current and other liabilities and unrestricted net position were overstated by \$475,000. The changes were related to an IRS penalty, as explained in Note 3. Under GASB 100, *Accounting Changes and Error Corrections*, these changes are considered a correction of an error, and the effects of these restatements have been reflected in the 2023 column.

The net pension liability (NPL) is 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 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 above, changes in benefits, contribution rates, and return on investments affect the balance of these liabilities, but are outside the control of the local government. In the event that contributions, investment returns, and other changes are insufficient to keep up with required payments, State statute does not assign/identify the responsible party for the unfunded portion. Due to the unique nature of how the net pension liability and the net OPEB liability are satisfied, these liabilities are separately identified within the long-term liability section of the statement of net position.

During 2024, total assets of the City increased from the prior year. The increase in cash and cash equivalents was primarily due to charges for services from business-type activities outpacing business-type expenses. The increase in net OPEB assets represents an increase in the earnings on investments of the OPEB pension plan. Total capital assets increased from the prior year. For governmental activities, these increases were due to transportation infrastructure improvements, new vehicles, new machinery and equipment, along with the completion of the Gant Stadium lighting and fence project. These increases were able to offset annual depreciation/amortization. For business-type activities, increases were due to transportation infrastructure improvements, new vehicles, new machinery and equipment, along with the completion of the sewer separation project. These increases were able to offset annual depreciation/amortization.

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In total, liabilities increased during 2024. The increase in liabilities was primarily due to increases in other long-term liabilities offset by decreases to current liabilities and net pension/OPEB liabilities. Other long-term liabilities increased due to the issuance of long-term water and sewer OWDA loans. The net position/OPEB liability represents the City's proportionate share of the respective plans' unfunded benefits. Increased earnings on pension plan investments were primarily responsible for the proportionate decrease in the City's net pension/OPEN liabilities. Current and other liabilities decreased as a result of reduction in contracts payable due to the timing of payments and decreased unearned revenue driven by reductions in amounts for which asset recognition criteria has been met, but for which revenue recognition criteria have not yet been met because such amounts have not yet been earned.

The City's balance remains healthy. The City continues to provide the services that the residents expect while maintaining the costs of providing those services. In order to further understand what makes up the changes in the net position for the current year, the following table gives readers further detail regarding the results of activities for 2024 and 2023.

Table 2 provides a summary of the City's change in net position for 2024 compared to 2023. The following table also separately reflects the restatement for changes in accounting principles related to the implementation of GASB Statement No. 101, *Compensated Absences*. The 2023 information does not reflect activity related to 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.)

(Table 2)  
 Changes in Net Position

	Governmental Activities		Business-Type Activities		Total	
	2024	Restated*	2024	Restated*	2024	2023
<b>Program Revenues:</b>						
Charges for Services	\$3,084,696	\$3,442,318	\$24,748,542	\$22,489,773	\$27,833,238	\$25,932,091
Operating Grants,						
Contributions and Interest	5,357,124	3,360,850	0	101,519	5,357,124	3,462,369
Capital Grants						
and Contributions	2,015,787	643,191	0	43,137	2,015,787	686,328
<b>Total Program Revenues</b>	<b>10,457,607</b>	<b>7,446,359</b>	<b>24,748,542</b>	<b>22,634,429</b>	<b>35,206,149</b>	<b>30,080,788</b>
<b>General Revenues:</b>						
Property Taxes	1,277,507	1,277,057	0	0	1,277,507	1,277,057
Income Tax	23,257,746	22,630,483	0	0	23,257,746	22,630,483
Payments in Lieu of Taxes	493,140	476,543	0	0	493,140	476,543
Permissive Motor Vehicle License	148,227	114,714	0	0	148,227	114,714
Franchise Tax	268,825	368,589	0	0	268,825	368,589
Grants and Entitlements	2,616,659	1,035,028	0	0	2,616,659	1,035,028
Investment Earnings	1,559,264	1,251,993	0	0	1,559,264	1,251,993
Gain on Sale of Capital Assets	0	58,072	22,166	0	22,166	58,072
Insurance Recoveries	0	3,103,021	0	0	0	3,103,021
Other	528,164	2,088,762	67,279	109,306	595,443	2,198,068
<b>Total General Revenues</b>	<b>30,149,532</b>	<b>32,404,262</b>	<b>89,445</b>	<b>109,306</b>	<b>30,238,977</b>	<b>32,513,568</b>
<b>Total Revenues</b>	<b>\$40,607,139</b>	<b>\$39,850,621</b>	<b>\$24,837,987</b>	<b>\$22,743,735</b>	<b>\$65,445,126</b>	<b>\$62,594,356</b>

(Continued)

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

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(Table 2) (continued)  
 Changes in Net Position

	Governmental Activities		Business-Type Activities		Total	
	2024	Restated*	2024	Restated*	2024	Restated*
<b>Program Expenses</b>						
General Government:						
Legislative and Executive	\$9,547,784	\$8,727,693	\$0	\$0	\$9,547,784	\$8,727,693
Court	760,654	867,442	0	0	760,654	867,442
Security of Persons and Property:						
Police	13,264,381	11,645,893	0	0	13,264,381	11,645,893
Fire	8,390,886	7,862,969	0	0	8,390,886	7,862,969
Other	86,030	124,915	0	0	86,030	124,915
Public Health Services	746,635	411,751	0	0	746,635	411,751
Community Environment	2,815,359	3,991,436	0	0	2,815,359	3,991,436
Transportation	5,893,727	4,429,633	0	0	5,893,727	4,429,633
Leisure Time Activities	1,735,465	1,944,170	0	0	1,735,465	1,944,170
Interest	143,135	183,005	0	0	143,135	183,005
Sewer	0	0	8,003,099	7,294,153	8,003,099	7,294,153
Water	0	0	9,715,243	9,490,633	9,715,243	9,490,633
Sanitation	0	0	2,842,474	2,543,352	2,842,474	2,543,352
Nonmajor Enterprise	0	0	836,231	634,181	836,231	634,181
<i>Total Program Expenses</i>	<i>43,384,056</i>	<i>40,188,907</i>	<i>21,397,047</i>	<i>19,962,319</i>	<i>64,781,103</i>	<i>60,151,226</i>
<i>Change in Net Position</i>	<i>(2,776,917)</i>	<i>(338,286)</i>	<i>3,440,940</i>	<i>2,781,416</i>	<i>664,023</i>	<i>2,443,130</i>
<i>Net Position Beginning of Year as Previously Reported</i>	<i>6,013,180</i>	<i>5,876,466</i>	<i>52,830,420</i>	<i>49,486,320</i>	<i>58,843,600</i>	<i>55,362,786</i>
<i>Restatement - Note 3</i>	<i>(2,828,728)</i>	<i>0</i>	<i>(1,118,546)</i>	<i>0</i>	<i>(3,947,274)</i>	<i>0</i>
<i>Restated Net Position Beginning of Year</i>	<i>3,184,452</i>	<i>5,876,466</i>	<i>51,711,874</i>	<i>49,486,320</i>	<i>54,896,326</i>	<i>55,362,786</i>
<i>Net Position End of Year</i>	<i>\$407,535</i>	<i>\$5,538,180</i>	<i>\$55,152,814</i>	<i>\$52,267,736</i>	<i>\$55,560,349</i>	<i>\$57,805,916</i>

**Restatements\***

Net position beginning of year governmental activities was restated by \$475,000 to \$5,538,180 at December 31, 2023. Net position beginning of year in business type activities was restated by \$702,684 and \$140,000 to \$52,267,736 at December 31, 2023. Under GASB 100, Accounting Changes and Error Corrections, these changes are considered a correction of an error and the restatement has been reflected in the impacted 2023 columns. This change impacted legislative and executive, water program expense and sewer program expenses (understated by \$475,000, \$702,684, and overstated by \$140,000, respectively). This change was related to an understatement of intergovernmental payables and water fund capitalized repairs, as explained in Note 3.

**Governmental Activities**

Total revenues of governmental activities decreased from 2023. During 2024, the City reported an increase in total program revenues, as increased operating grants and contributions and capital grants and contributions offset the decreases in charges for services. The increase in these program revenues was due to the City receiving Federal Emergency Management Agency (FEMA) operating grants for road repairs and capital grants for road paving and resurfacing.

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*For the Year Ended December 31, 2024*  
*Unaudited*

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The largest governmental activities expenses are for the police and fire departments. The police department employs forty-nine officers, including the police chief, plus twenty-six support personnel. The fire department employs fifty full-time and part time positions. Combined, these program expenses increased by more than \$2.1 million from 2023.

Another major activity of the City is the general government – legislative and executive program. Included in this program is the activity of the following departments: Council, Mayor, Auditor, Treasurer, Income Tax, Law Director, Engineer, Equipment and Utility Maintenance, Planning, Service Administration, Information Systems, and Land, Buildings, and Parks. This program is primarily funded with general revenues.

### ***Business-Type Activities***

The City's business-type activities consist of the sanitation, sewer, water, and storm water departments. The major source of revenue for these funds is charges for services. Over the past several years, the City has lost customers to Muskingum County, which placed in service its own water plant. In an attempt to offset these customer losses, the City has begun increasing utility rates over the past few years, which has resulted in an increase in charges for services.

### **The City's Funds**

The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. Unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the year. Information about the City's governmental funds begins with the balance sheet. The funds are accounted for using the modified accrual method of accounting.

#### ***General Fund***

The General Fund is the primary operating fund of the City, with the largest fund balance of any governmental fund. At the end of 2024, the unassigned fund balance was \$3,834,264, while total fund balance was \$7,325,627. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund disbursements. Unassigned fund balance represents 37 percent of current year expenditures, while total fund balance represents 71 percent of that same amount. The City's General Fund balance increased during 2024. General Fund revenues were higher than prior year amounts due to increase in income tax collections related to increased payroll withholdings City-wide and collection of the remaining insurance recovery settlements related to a severe weather event in the area in 2022. General Fund spending increased due to increases in salaries and benefits.

#### ***Other Major Governmental Funds***

The fund balance of the Police Expenditure Fund at December 31, 2024, decreased. This decrease can be directly related to increased expenditures, as a result of increases in salaries and benefits. The increase in expenditure was partially offset by increases in intergovernmental revenues related to the City Police Officers serving as resource officers for local school districts, as well as increase in the amount of support provided by General Fund transfers in.

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The fund balance of the Fire Operating Fund at December 31, 2024, decreased slightly. This decrease can be directly related to an increase in salaries and benefits expenditure while overall revenues remained consistent compared to the prior year.

The fund balance of the American Rescue Plan Fund at December 31, 2024, was \$0 as the cash allocated to the City is offset by an unearned revenue liability until allowable costs are incurred and revenue is recognized.

### ***Enterprise Funds***

The City's major enterprise funds are the Sewer, Water, and Sanitation Funds. Enterprise funds are managed in the same manner as governmental funds, with the intent to ensure the strength of these funds.

The Sewer Fund reported operating income and an increase in net position for 2024, due to increases in charges for services revenue from the prior utility rate increase exceeding the increase in operating expenses. Operating revenues continue to be sufficient to cover operating costs.

The Water Fund reported an operating loss and a decrease in net position for 2024. Charges for services continue to increase related to the increase in rates in the prior year. Operating expenses increased due mainly to water tank maintenance and repairs which were partially offset by reduced fringe benefits for self-insured employee health expenses.

The Sanitation Fund reported operating income and an increase in net position for 2024. Charges for services continued to increase related to an increase in rates from the prior year which offset the growth of operating expenses.

### **General Fund Budgeting Highlights**

The City's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund. During the course of 2024, the City amended its General Fund accordingly to avoid waiting until the end of the year to adjust appropriations. All recommendations for a budget change are given to the City Auditor, who processes them when there are sufficient resources to make such a change, and are then sent to the Finance Committee of Council for review before going to the whole Council for Ordinance enactment on the change. Most of the expenditure changes are presented to the City Auditor by the Administration. Budgetary changes normally consist of requests for additional funds to cover grant reimbursed expenditures and additional construction work. The control level of the General Fund is by object within each department. This allows the City to make small interdepartmental budget modifications within departments. The General Fund is monitored closely with regard to revenues and related expenditures. When compared to the original budget, there was an increase in revenues in the final budget, due to an increased amount of municipal income taxes, intergovernmental and other revenues. Actual revenues were significantly less than estimated mostly related to actual municipal incomes taxes and other revenues being less than estimated. When compared to the original budget, there was an increase in expenditures in the final budget, due mostly to increases in estimates for legislative and executive and capital outlay. There was a decrease in actual expenditures when compared to the final budget, was due to restricting spending as much as possible in the City's efforts to ensure an improvement to the General Fund balance.

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## **Capital Assets and Debt Administration**

### ***Capital Assets***

The City's capital assets for governmental and business-type activities as of December 31, 2024, were \$89,792,252, net of accumulated depreciation. This includes land, construction in progress, buildings and improvements, machinery, equipment, vehicles, intangible right of use of property, and infrastructure.

Current year governmental additions consisted of the purchase of land, machinery, equipment, and vehicles. Construction in progress projects included streetscape design and a new cemetery facilities building being built by employees.

Current year business-type additions consisted of the purchase of building and improvements, machinery, equipment, and vehicles. Construction in progress projects included water mains, water storage, and wastewater treatment plant upgrades.

See Note 11 to the basic financial statements for additional information on capital assets.

### ***Long-term Obligations***

As of December 31, 2024, the City had the following outstanding long-term obligations.

Table 3  
Long-Term Obligations

	Governmental Activities		Business-Type Activities		Total	
	2024	2023	2024	2023	2024	2023
General Obligation Bonds	\$2,166,127	\$2,354,971	\$0	\$0	\$2,166,127	\$2,354,971
Long Term Loans	2,029,481	2,147,267	317,749	376,554	2,347,230	2,523,821
Financed Purchases	106,967	169,046	175,389	334,090	282,356	503,136
OWDA Loans	0	0	27,972,785	21,993,118	27,972,785	21,993,118
OPWC Loans	0	0	1,108,716	1,218,202	1,108,716	1,218,202
<b>Total Long-Term Obligations</b>	<b>\$4,302,575</b>	<b>\$4,671,284</b>	<b>\$29,574,639</b>	<b>\$23,921,964</b>	<b>\$33,877,214</b>	<b>\$28,593,248</b>

For further information regarding the City's long-term obligations, refer to Notes 13, 14, and 17 to the basic financial statements. In addition to the above debt, the City is presenting long-term liabilities for net pension, asset retirement obligation, lease payables, and compensated absences.

## **Current Financial Issues**

During the year 2024, the City is still working on several capital asset projects that were started in prior years. The City has ongoing water and sewer project, at various locations, which were started prior to 2022, with an estimated total cost of \$5,053,737. During 2024, the City continued work, on the cemetery facilities administration building with work being completed by City employees. The City continues to closely monitor expenditures while maximizing the services provided to City residents.

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

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**Contacting the City Auditor's Department**

This financial report is designed to provide our citizens, taxpayers, creditors, and investors with an overview of the City's finances and to show the City's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact Andrew Body, Zanesville City Auditor, 401 Market Street, Zanesville, Ohio 43701.

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**City of Zanesville, Ohio**

*Statement of Net Position*

December 31, 2024

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Community Improvement Corporation
<b>Assets</b>				
Equity in Pooled Cash and Cash Equivalents	\$14,289,111	\$21,298,994	\$35,588,105	\$159,855
Cash and Cash Equivalents in Segregated Accounts	41,861	0	41,861	0
Investments	50,000	0	50,000	0
Property Held for Resale	0	0	0	1,572,275
Accrued Interest Receivable	116,951	0	116,951	0
Accounts Receivable	415,319	2,847,608	3,262,927	0
Intergovernmental Receivable	2,077,220	0	2,077,220	0
Permissive Motor Vehicle License Tax Receivable	7,767	0	7,767	0
Internal Balances	1,116,798	(1,116,798)	0	0
Municipal Income Taxes Receivable	2,727,176	0	2,727,176	0
Property Taxes Receivable	1,889,888	0	1,889,888	0
Payments in Lieu of Taxes Receivable	712,792	0	712,792	0
Loans Receivable	4,479	0	4,479	0
Special Assessments Receivable	644,788	642	645,430	0
Leases Receivable	363,876	0	363,876	9,294
Materials and Supplies Inventory	444,864	1,101,137	1,546,001	0
Prepaid Items	365,917	137,023	502,940	0
Net OPEB Asset	389,249	238,574	627,823	0
Non-Depreciable Capital Assets	2,669,691	5,286,921	7,956,612	0
Depreciable Capital Assets, Net	19,019,404	62,816,236	81,835,640	0
<i>Total Assets</i>	<i>47,347,151</i>	<i>92,610,337</i>	<i>139,957,488</i>	<i>1,741,424</i>
<b>Deferred Outflows of Resources</b>				
Pension	11,627,967	2,286,771	13,914,738	0
OPEB	1,462,028	211,260	1,673,288	0
Asset Retirement Obligation	0	39,600	39,600	0
<i>Total Deferred Outflows of Resources</i>	<i>13,089,995</i>	<i>2,537,631</i>	<i>15,627,626</i>	<i>0</i>
<b>Liabilities</b>				
Accounts Payable	530,114	252,719	782,833	42,235
Contracts Payable	56,878	671,288	728,166	0
Retainage Payable	0	210,496	210,496	0
Accrued Wages Payable	909,951	244,073	1,154,024	0
Accrued Interest Payable	9,722	2,259	11,981	0
Intergovernmental Payable	790,375	85,262	875,637	0
Unearned Revenue	165,721	0	165,721	0
Claims Payable	582,514	0	582,514	0
Customer Deposits Payable	0	430,940	430,940	0
Long-Term Liabilities:				
Due Within One Year	2,234,945	2,359,529	4,594,474	0
Due in More Than One Year:				
Net Pension Liability	38,095,984	7,052,829	45,148,813	0
Net OPEB Liability	2,009,368	0	2,009,368	0
Other Amounts	7,237,980	28,546,515	35,784,495	0
<i>Total Liabilities</i>	<i>52,623,552</i>	<i>39,855,910</i>	<i>92,479,462</i>	<i>42,235</i>
<b>Deferred Inflows of Resources</b>				
Property Taxes	1,737,917	0	1,737,917	0
Payments in Lieu of Taxes	712,792	0	712,792	0
Leases	363,876	0	363,876	9,235
Pension	2,412,500	0	2,412,500	0
OPEB	2,178,974	139,244	2,318,218	0
<i>Total Deferred Inflows of Resources</i>	<i>7,406,059</i>	<i>139,244</i>	<i>7,545,303</i>	<i>9,235</i>
<b>Net Position</b>				
Net Investment in Capital Assets	17,375,769	38,045,096	55,420,865	0
Restricted for:				
Street	1,165,196	0	1,165,196	0
Cemetery Operations	76,807	0	76,807	0
Community Development	347,954	0	347,954	0
Jail Operations	1,426,319	0	1,426,319	0
Police Operations	461,019	0	461,019	0
Fire Operations	65,496	0	65,496	0
Court Operations	804,599	0	804,599	0
Police and Fire Pension	40,942	0	40,942	0
Public Health	425,471	0	425,471	0
Airport Operations	31,199	0	31,199	0
Capital Improvements	1,042,242	0	1,042,242	0
Unclaimed Monies	1,442	0	1,442	0
OPEB Plans	389,249	238,574	627,823	0
Perpetual Care - Non-expendable	699,020	0	699,020	0
Unrestricted (Deficit)	(23,945,189)	16,869,144	(7,076,045)	1,689,954
<i>Total Net Position</i>	<i>\$407,535</i>	<i>\$55,152,814</i>	<i>\$55,560,349</i>	<i>\$1,689,954</i>

See accompanying notes to the basic financial statements

**City of Zanesville, Ohio**  
**Statement of Activities**  
**Primary Government and Discretely Presented Component Unit**  
**For the Year Ended December 31, 2024**

	Expenses	Program Revenues		
		Charges for Services	Operating Grants, Contributions, and Interest	Capital Grants and Contributions
<b>Governmental Activities</b>				
General Government				
Legislative and Executive	\$9,547,784	\$1,520,905	\$2,398,052	\$694,306
Court	760,654	601,986	0	0
Security of Persons and Property:				
Police	13,264,381	123,168	181,659	0
Fire	8,390,886	220,307	50,307	210,000
Other	86,030	0	0	0
Public Health Services	746,635	189,184	20,200	0
Community Environment	2,815,359	98,418	790,676	0
Transportation	5,893,727	13,886	1,916,230	1,111,481
Leisure Time Activities	1,735,465	316,842	0	0
Interest	143,135	0	0	0
<i>Total Governmental Activities</i>	<i>43,384,056</i>	<i>3,084,696</i>	<i>5,357,124</i>	<i>2,015,787</i>
<b>Business-Type Activities</b>				
Sewer	8,003,099	11,011,247	0	0
Water	9,715,243	8,590,219	0	0
Sanitation	2,842,474	3,407,976	0	0
Nonmajor	836,231	1,739,100	0	0
<i>Total Business-Type Activities</i>	<i>21,397,047</i>	<i>24,748,542</i>	<i>0</i>	<i>0</i>
<i>Total Primary Government</i>	<i><u>\$64,781,103</u></i>	<i><u>\$27,833,238</u></i>	<i><u>\$5,357,124</u></i>	<i><u>\$2,015,787</u></i>
<b>Component Unit</b>				
Community Improvement Corporation	256,237	15,581	0	599,800

**General Revenues**

Property Taxes Levied for:  
 General Purposes  
 Police and Fire Pension  
 Income Taxes Levied for:  
 General Purposes  
 Police Operations  
 Jail Operations  
 Fire Operations  
 Payments in Lieu of Taxes  
 Permissive Motor Vehicle License Taxes  
 Franchise Taxes  
 Grants and Entitlements not Restricted to Specific Programs  
 Investment Earnings and Other Interest  
 Gain on Sale of Capital Assets  
 Gain on Sale of Property Held for Resale  
 Other

*Total General Revenues*

*Change in Net Position*

*Net Position Beginning of Year as Previously Reported*

*Restatement/Adjustment - Note 3*

*Restated/Adjusted 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 Primary Government			(Newly Presented) Component Unit
Governmental Activities	Business-Type Activities	Total	Community Improvement Corporation
(\$4,934,521)	\$0	(\$4,934,521)	\$0
(158,668)	0	(158,668)	0
(12,959,554)	0	(12,959,554)	0
(7,910,272)	0	(7,910,272)	0
(86,030)	0	(86,030)	0
(537,251)	0	(537,251)	0
(1,926,265)	0	(1,926,265)	0
(2,852,130)	0	(2,852,130)	0
(1,418,623)	0	(1,418,623)	0
(143,135)	0	(143,135)	0
<u>(32,926,449)</u>	<u>0</u>	<u>(32,926,449)</u>	<u>0</u>
0	3,008,148	3,008,148	0
0	(1,125,024)	(1,125,024)	0
0	565,502	565,502	0
0	902,869	902,869	0
<u>0</u>	<u>3,351,495</u>	<u>3,351,495</u>	<u>0</u>
<u>(32,926,449)</u>	<u>3,351,495</u>	<u>(29,574,954)</u>	<u>0</u>
<u>0</u>	<u>0</u>	<u>0</u>	<u>359,144</u>
1,046,785	0	1,046,785	0
230,722	0	230,722	0
12,621,249	0	12,621,249	0
5,907,667	0	5,907,667	0
2,364,415	0	2,364,415	0
2,364,415	0	2,364,415	0
493,140	0	493,140	0
148,227	0	148,227	0
268,825	0	268,825	0
2,616,659	0	2,616,659	0
1,559,264	0	1,559,264	3,027
0	22,166	22,166	0
0	0	0	364,800
528,164	67,279	595,443	592
<u>30,149,532</u>	<u>89,445</u>	<u>30,238,977</u>	<u>368,419</u>
<u>(2,776,917)</u>	<u>3,440,940</u>	<u>664,023</u>	<u>727,563</u>
6,013,180	52,830,420	58,843,600	-
(2,828,728)	(1,118,546)	(3,947,274)	962,391
3,184,452	51,711,874	54,896,326	962,391
<u>\$407,535</u>	<u>\$55,152,814</u>	<u>\$55,560,349</u>	<u>\$1,689,954</u>

**City of Zanesville, Ohio**

*Balance Sheet  
Governmental Funds  
December 31, 2024*

	General	Police Expenditure	Fire Operating	American Rescue Plan	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>						
Equity in Pooled Cash and Cash Equivalents	\$6,767,056	\$483,038	\$460,907	\$201,599	\$5,330,187	\$13,242,787
Cash and Cash Equivalents in Segregated Accounts	25,355	0	0	0	16,506	41,861
Restricted Cash	1,442	0	0	0	0	1,442
Investments	0	0	0	0	50,000	50,000
Receivables:						
Accrued Interest	109,989	0	0	0	6,962	116,951
Accounts	122,783	0	0	0	292,536	415,319
Intergovernmental	803,649	308,320	0	0	946,394	2,058,363
Permissive Motor Vehicle License Tax	0	0	0	0	7,767	7,767
Municipal Income Taxes	1,435,312	717,520	287,172	0	287,172	2,727,176
Property Taxes	1,549,719	0	0	0	340,169	1,889,888
Payments in Lieu of Taxes	0	0	0	0	712,792	712,792
Loans	0	0	0	0	4,479	4,479
Special Assessments	644,788	0	0	0	0	644,788
Leases	9,804	0	0	0	354,072	363,876
Materials and Supplies Inventory	14,699	3,591	0	0	280,057	298,347
Prepaid Items	79,336	91,412	72,417	0	114,174	357,339
<i>Total Assets</i>	<u>\$11,563,932</u>	<u>\$1,603,881</u>	<u>\$820,496</u>	<u>\$201,599</u>	<u>\$8,743,267</u>	<u>\$22,933,175</u>
<b>Liabilities</b>						
Accounts Payable	\$418,104	\$10,598	\$0	\$0	\$55,647	\$484,349
Contracts Payable	0	0	0	35,878	21,000	56,878
Accrued Wages Payable	205,379	290,883	236,854	0	153,304	886,420
Interfund Payable	106,683	135,600	72,765	0	38,865	353,913
Intergovernmental Payable	530,922	103,054	105,067	0	44,689	783,732
Unearned Revenue	0	0	0	165,721	0	165,721
<i>Total Liabilities</i>	<u>1,261,088</u>	<u>540,135</u>	<u>414,686</u>	<u>201,599</u>	<u>313,505</u>	<u>2,731,013</u>
<b>Deferred Inflows of Resources</b>						
Property Taxes	1,424,646	0	0	0	313,271	1,737,917
Payments in Lieu of Taxes	0	0	0	0	712,792	712,792
Unavailable Revenue	1,542,767	136,106	54,473	0	1,063,026	2,796,372
Leases	9,804	0	0	0	354,072	363,876
<i>Total Deferred Inflows of Resources</i>	<u>2,977,217</u>	<u>136,106</u>	<u>54,473</u>	<u>0</u>	<u>2,443,161</u>	<u>5,610,957</u>
<b>Fund Balances</b>						
Nonspendable	95,477	95,003	72,417	0	1,093,251	1,356,148
Restricted	0	832,637	278,920	0	5,126,959	6,238,516
Committed	0	0	0	0	60,964	60,964
Assigned	3,395,886	0	0	0	0	3,395,886
Unassigned (Deficit)	3,834,264	0	0	0	(294,573)	3,539,691
<i>Total Fund Balances</i>	<u>7,325,627</u>	<u>927,640</u>	<u>351,337</u>	<u>0</u>	<u>5,986,601</u>	<u>14,591,205</u>
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balances</i>	<u><u>\$11,563,932</u></u>	<u><u>\$1,603,881</u></u>	<u><u>\$820,496</u></u>	<u><u>\$201,599</u></u>	<u><u>\$8,743,267</u></u>	<u><u>\$22,933,175</u></u>

See accompanying notes to the basic financial statements

**City of Zanesville, Ohio**  
*Reconciliation of Total Governmental Fund Balances to  
 Net Position of Governmental Activities  
 December 31, 2024*

**Total Governmental Fund Balances** \$14,591,205

***Amounts reported for governmental activities in the statement of net position are different because***

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. 21,689,095

Other long-term assets are not available to pay for current-period expenditures and therefore are unavailable revenue in the funds:

Delinquent Property Taxes	151,971
Municipal Income Taxes	517,315
Charges for Services	647,372
Fines, Licenses, Permits, and Settlements	321,477
Intergovernmental Revenues	1,080,134
Investment Earnings and Other Interest	<u>78,103</u> 2,796,372

Internal service funds are used by management to charge the costs of insurance and vehicle maintenance to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position (excluding the capital assets reported above and the compensated absences, deferred outflows - pension, net pension liability, and deferred inflows - pension reported below). 1,031,689

An interfund payable is recorded in governmental activities to reflect overpayments to the internal service fund by the business-type activities. 999,403

Some liabilities are not due and payable in the current period and therefore are not reported in the funds:

Bonds Payable	(2,166,127)
Accrued Interest Payable	(9,722)
Loans Payable	(2,029,481)
Financed Purchases Payable	(106,967)
Compensated Absences Payable	<u>(5,170,350)</u> (9,482,647)

The net pension and net OPEB liabilities are not due and payable in the current period; therefore, the liabilities and related deferred inflows/outflows are not reported in the funds:

Net OPEB Asset	389,249
Deferred Outflows - Pension	11,627,967
Deferred Outflows - OPEB	1,462,028
Net Pension Liability	(38,095,984)
Net OPEB Liability	(2,009,368)
Deferred Inflows - Pension	(2,412,500)
Deferred Inflows - OPEB	<u>(2,178,974)</u> (31,217,582)

***Net Position of Governmental Activities*** \$407,535

See accompanying notes to the basic financial statements

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

	General	Police Expenditure	Fire Operating	American Rescue Plan	Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>						
Property Taxes	\$1,041,404	\$0	\$0	\$0	\$229,680	\$1,271,084
Permissive Motor Vehicle License	0	0	0	0	148,227	148,227
Municipal Income Taxes	12,608,602	5,901,345	2,361,885	0	2,361,885	23,233,717
Payments in Lieu of Taxes	0	0	0	0	493,140	493,140
Charges for Services	1,333,711	71,436	134,087	0	407,525	1,946,759
Fines, Licenses, Permits, and Settlements	659,065	6,915	0	0	366,105	1,032,085
Franchise Tax	338,749	0	0	0	0	338,749
Intergovernmental	2,761,836	368,626	2,950	1,232,740	5,891,687	10,257,839
Investment Earnings and Other Interest	1,548,627	0	0	0	111,713	1,660,340
Donations	0	3,128	5,000	0	0	8,128
Leases	9,612	0	0	0	102,637	112,249
Other	83,437	99,582	46,184	0	350,224	579,427
<i>Total Revenues</i>	<u>20,385,043</u>	<u>6,451,032</u>	<u>2,550,106</u>	<u>1,232,740</u>	<u>10,462,823</u>	<u>41,081,744</u>
<b>Expenditures</b>						
Current:						
General Government:						
Legislative and Executive	6,769,767	0	0	621,584	2,391,306	9,782,657
Court	677,227	0	0	0	60,444	737,671
Security of Persons and Property:						
Police	0	9,121,063	0	62,632	3,223,023	12,406,718
Fire	0	0	7,921,395	308,524	134,638	8,364,557
Other	86,030	0	0	0	0	86,030
Public Health Services	0	0	0	0	725,365	725,365
Community Environment	883,486	0	0	240,000	1,508,770	2,632,256
Transportation	433,846	0	0	0	3,646,932	4,080,778
Leisure Time Activities	847,649	0	0	0	671,628	1,519,277
Capital Outlay	559,361	0	0	0	1,366,676	1,926,037
Debt Service:						
Principal Retirement	0	0	0	0	508,865	508,865
Interest	0	0	0	0	147,944	147,944
<i>Total Expenditures</i>	<u>10,257,366</u>	<u>9,121,063</u>	<u>7,921,395</u>	<u>1,232,740</u>	<u>14,385,591</u>	<u>42,918,155</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>10,127,677</u>	<u>(2,670,031)</u>	<u>(5,371,289)</u>	<u>0</u>	<u>(3,922,768)</u>	<u>(1,836,411)</u>
<b>Other Financing Sources (Uses)</b>						
Transfers In	0	2,544,888	5,370,190	0	3,169,283	11,084,361
OPWC Loans Issued	0	0	0	0	135,000	135,000
Insurance Recoveries	1,887,504	0	0	0	0	1,887,504
Transfers Out	(11,496,907)	0	0	0	0	(11,496,907)
<i>Total Other Financing Sources (Uses)</i>	<u>(9,609,403)</u>	<u>2,544,888</u>	<u>5,370,190</u>	<u>0</u>	<u>3,304,283</u>	<u>1,609,958</u>
<i>Net Change in Fund Balances</i>	<u>518,274</u>	<u>(125,143)</u>	<u>(1,099)</u>	<u>0</u>	<u>(618,485)</u>	<u>(226,453)</u>
<i>Fund Balances Beginning of Year, As Previously Reported</i>	7,282,353	1,052,783	352,436	0	6,605,086	15,292,658
Restatement - Note 3	(475,000)	0	0	0	0	(475,000)
<i>Restated Fund Balances Beginning of Year</i>	<u>6,807,353</u>	<u>1,052,783</u>	<u>352,436</u>	<u>0</u>	<u>6,605,086</u>	<u>14,817,658</u>
<i>Fund Balances End of Year</i>	<u>\$7,325,627</u>	<u>\$927,640</u>	<u>\$351,337</u>	<u>\$0</u>	<u>\$5,986,601</u>	<u>\$14,591,205</u>

See accompanying notes to the basic financial statements

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

**Net Change in Fund Balances - Total Governmental Funds** (\$226,453)

*Amounts reported for governmental activities in the statement of activities are different because*

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation/amortization expense. In the current period, these amounts are:

Capital Outlay	2,570,558
Depreciation/Amortization	<u>(2,075,458)</u>
Excess of Capital Outlay over Depreciation/Amortization	495,100

Governmental funds only report the disposal of assets to the extent proceeds are received from the sale. In the Statement of Activities, a gain or loss is reported for each disposal. This is the amount of the loss on disposal of assets:

(717)

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

Delinquent Property Taxes	6,423
Municipal Income Taxes	24,029
Charges for Services	<u>(137,525)</u>
Fines, Licenses, Permits, and Settlements	<u>(8,795)</u>
Franchise Tax	<u>(69,924)</u>
Intergovernmental Revenues	<u>(388,670)</u>
Investment Earnings and Other Interest	11,197
Insurance Recoveries	<u>(1,887,504)</u>
Other Revenues	<u>(51,263)</u>
	(2,502,032)

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 Bond Premium	3,844
Accrued Interest	<u>965</u>
	4,809

Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.

General Obligation Bonds	185,000
Long-Term Loans	252,786
Lease Payable	9,000
Financed Purchases	<u>62,079</u>
	508,865

Issuance of debt is reported as other financing sources in the governmental funds, but the issuance increases long-term liabilities on the statement of net position:

(135,000)

The internal service funds used by management to charge the costs of issuance and vehicle maintenance to individual funds is not reported in the statement of activities. Governmental fund expenditures and the related internal service fund revenues are eliminated. The net change of the internal service funds is allocated among governmental activities:

404,174

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 funds:

Compensated Absences Payable	(632,092)
------------------------------	-----------

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

Pension	3,030,055
OPEB	<u>56,084</u>
	3,086,139

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

Pension	(3,737,408)
OPEB	<u>(42,302)</u>
	(3,779,710)

***Change in Net Position of Governmental Activities***

***(\$2,776,917)***

See accompanying notes to the basic financial statements

**City of Zanesville, 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			Variance with Final Budget
	Original	Final	Actual	
<b>Revenues</b>				
Property Taxes	\$1,152,843	\$1,152,843	\$1,041,404	(\$111,439)
Municipal Income Taxes	11,362,830	13,228,571	12,520,481	(708,090)
Charges for Services	1,164,536	1,164,536	1,327,571	163,035
Fines, Licenses and Permits	683,179	683,179	655,583	(27,596)
Franchise Tax	320,000	320,000	271,951	(48,049)
Intergovernmental	2,755,157	2,951,757	2,758,531	(193,226)
Interest	42,000	42,000	67,859	25,859
Leases	14,800	14,800	10,000	(4,800)
Other	153,988	464,547	69,326	(395,221)
<i>Total Revenues</i>	<i>17,649,333</i>	<i>20,022,233</i>	<i>18,722,706</i>	<i>(1,299,527)</i>
<b>Expenditures</b>				
Current:				
General Government:				
Legislative and Executive	8,470,115	9,088,743	6,820,593	2,268,150
Court	818,576	868,576	694,397	174,179
Security of Persons and Property:				
Other	236,998	210,998	98,101	112,897
Community Environment	1,026,838	1,032,338	866,004	166,334
Transportation	442,000	442,000	436,152	5,848
Leisure Time Activities	1,052,953	1,057,953	856,991	200,962
Capital Outlay	495,000	695,000	559,361	135,639
<i>Total Expenditures</i>	<i>12,542,480</i>	<i>13,395,608</i>	<i>10,331,599</i>	<i>3,064,009</i>
<i>Excess of Revenues Over Expenditures</i>	<i>5,106,853</i>	<i>6,626,625</i>	<i>8,391,107</i>	<i>1,764,482</i>
<b>Other Financing Source (Use)</b>				
Insurance Recoveries	1,200,000	1,887,504	1,887,504	0
Transfers Out	(10,960,479)	(13,167,755)	(11,496,907)	1,670,848
<i>Total Other Financing Source (Use)</i>	<i>(9,760,479)</i>	<i>(11,280,251)</i>	<i>(9,609,403)</i>	<i>1,670,848</i>
<i>Net Change in Fund Balance</i>	<i>(4,653,626)</i>	<i>(4,653,626)</i>	<i>(1,218,296)</i>	<i>3,435,330</i>
<i>Fund Balance Beginning of Year</i>	<i>4,653,626</i>	<i>4,653,626</i>	<i>4,653,626</i>	<i>0</i>
<i>Fund Balance End of Year</i>	<i>\$0</i>	<i>\$0</i>	<i>\$3,435,330</i>	<i>\$3,435,330</i>

See accompanying notes to the basic financial statements

**City of Zanesville, Ohio**  
*Statement of Revenues, Expenditures and Changes  
in Fund Balance - Budget (Non-GAAP Basis) and Actual  
Police Expenditure Fund*  
*For the Year Ended December 31, 2024*

	<u>Budgeted Amounts</u>			Variance with Final Budget
	Original	Final	Actual	
<b>Revenues</b>				
Municipal Income Taxes	\$5,340,930	\$5,590,930	\$5,843,757	\$252,827
Charges for Services	89,675	89,675	71,436	(18,239)
Intergovernmental	90,000	90,000	61,512	(28,488)
Fines, Licenses and Permits	0	0	6,915	6,915
Donations	20,000	20,000	3,128	(16,872)
Other	<u>535,000</u>	<u>640,000</u>	<u>98,376</u>	<u>(541,624)</u>
<i>Total Revenues</i>	<i>6,075,605</i>	<i>6,430,605</i>	<i>6,085,124</i>	<i>(345,481)</i>
<b>Expenditures</b>				
Current:				
Security of Persons and Property:				
Police	<u>9,577,500</u>	<u>9,932,500</u>	<u>8,955,684</u>	<u>976,816</u>
<i>Excess of Revenues Under Expenditures</i>	<i>(3,501,895)</i>	<i>(3,501,895)</i>	<i>(2,870,560)</i>	<i>631,335</i>
<b>Other Financing Sources</b>				
Transfers In	<u>2,693,185</u>	<u>2,693,185</u>	<u>2,544,888</u>	<u>(148,297)</u>
<i>Net Change in Fund Balance</i>	<i>(808,710)</i>	<i>(808,710)</i>	<i>(325,672)</i>	<i>483,038</i>
<i>Fund Balance Beginning of Year</i>	<i>808,710</i>	<i>808,710</i>	<i>808,710</i>	<i>0</i>
<i>Fund Balance End of Year</i>	<u><i>\$0</i></u>	<u><i>\$0</i></u>	<u><i>\$483,038</i></u>	<u><i>\$483,038</i></u>

See accompanying notes to the basic financial statements

**City of Zanesville, Ohio**  
*Statement of Revenues, Expenditures and Changes  
in Fund Balance - Budget (Non-GAAP Basis) and Actual  
Fire Operating Fund  
For the Year Ended December 31, 2024*

	<u>Budgeted Amounts</u>			Variance with Final Budget
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Revenues</b>				
Municipal Income Taxes	\$2,158,650	\$2,158,650	\$2,338,836	\$180,186
Charges for Services	153,300	153,300	134,087	(19,213)
Intergovernmental	15,000	15,000	2,950	(12,050)
Donation	0	0	5,000	5,000
Other	<u>201,500</u>	<u>251,500</u>	<u>46,184</u>	<u>(205,316)</u>
<i>Total Revenues</i>	<i>2,528,450</i>	<i>2,578,450</i>	<i>2,527,057</i>	<i>(51,393)</i>
<b>Expenditures</b>				
Current:				
Security of Persons and Property:				
Fire	<u>7,972,503</u>	<u>8,472,503</u>	<u>7,853,471</u>	<u>619,032</u>
<i>Excess of Revenues Under Expenditures</i>	<i>(5,444,053)</i>	<i>(5,894,053)</i>	<i>(5,326,414)</i>	<i>567,639</i>
<b>Other Financing Sources</b>				
Transfers In	<u>5,026,922</u>	<u>5,476,922</u>	<u>5,370,190</u>	<u>(106,732)</u>
<i>Net Change in Fund Balance</i>	<i>(417,131)</i>	<i>(417,131)</i>	<i>43,776</i>	<i>460,907</i>
<i>Fund Balance Beginning of Year</i>	<i>417,131</i>	<i>417,131</i>	<i>417,131</i>	<i>0</i>
<i>Fund Balance End of Year</i>	<u><i>\$0</i></u>	<u><i>\$0</i></u>	<u><i>\$460,907</i></u>	<u><i>\$460,907</i></u>

See accompanying notes to the basic financial statements

**City of Zanesville, Ohio**

*Statement of Revenues, Expenditures and Changes  
in Fund Balance - Budget (Non-GAAP Basis) and Actual  
American Rescue Plan Act Fund  
For the Year Ended December 31, 2024*

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	
<b>Revenues</b>				
Intergovernmental	\$0	\$6,500,000	<u>\$75,030</u>	(\$6,424,970)
<b>Expenditures</b>				
Current:				
General Government:				
Legislative and Executive	782,119	4,267,159	714,258	3,552,901
Security of Persons and Property:				
Police	68,583	374,180	62,632	311,548
Fire	345,238	1,883,581	315,283	1,568,298
Community Environment	<u>262,802</u>	<u>1,433,822</u>	<u>240,000</u>	<u>1,193,822</u>
<i>Total Expenditures</i>	<u>1,458,742</u>	<u>7,958,742</u>	<u>1,332,173</u>	<u>6,626,569</u>
<i>Net Change in Fund Balance</i>	(1,458,742)	(1,458,742)	(1,257,143)	201,599
<i>Fund Balance Beginning of Year</i>	<u>1,458,742</u>	<u>1,458,742</u>	<u>1,458,742</u>	0
<i>Fund Balance End of Year</i>	<u>\$0</u>	<u>\$0</u>	<u>\$201,599</u>	<u>\$201,599</u>

See accompanying notes to the basic financial statements

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

	Business Type Activities - Enterprise Funds					Governmental Activities - Internal Service Funds
	Sewer	Water	Sanitation	Nonmajor	Total	
<b>Assets</b>						
<b>Current:</b>						
Equity in Pooled Cash and Cash Equivalents	\$13,051,615	\$2,375,522	\$1,610,115	\$3,830,802	\$20,868,054	\$1,044,882
Accounts Receivable	1,190,647	992,902	462,150	201,909	2,847,608	0
Intergovernmental Receivable	0	0	0	0	0	18,857
Interfund Receivable	0	0	0	0	0	474,829
Special Assessments Receivable	642	0	0	0	642	0
Materials and Supplies Inventory	282,983	818,154	0	0	1,101,137	146,517
<b>Restricted Assets:</b>						
Customer Deposits - Equity in Pooled Cash and Cash Equivalents	0	430,940	0	0	430,940	0
Prepaid Items	59,355	60,425	16,744	499	137,023	8,578
<b>Total Current Assets</b>	<b>14,585,242</b>	<b>4,677,943</b>	<b>2,089,009</b>	<b>4,033,210</b>	<b>25,385,404</b>	<b>1,693,663</b>
<b>Noncurrent Assets:</b>						
<b>Restricted Asset:</b>						
Net OPEB Asset	94,174	100,452	43,948	0	238,574	25,116
Non-Depreciable Capital Assets	144,997	5,141,924	0	0	5,286,921	0
Depreciable Capital Assets, Net	40,779,037	18,100,145	968,308	2,968,746	62,816,236	3,817
<b>Total Noncurrent Assets</b>	<b>41,018,208</b>	<b>23,342,521</b>	<b>1,012,256</b>	<b>2,968,746</b>	<b>68,341,731</b>	<b>28,933</b>
<b>Total Assets</b>	<b>55,603,450</b>	<b>28,020,464</b>	<b>3,101,265</b>	<b>7,001,956</b>	<b>93,727,135</b>	<b>1,722,596</b>
<b>Deferred Outflows of Resources</b>						
Pension	902,673	962,851	421,247	0	2,286,771	240,713
OPEB	83,391	88,952	38,917	0	211,260	22,238
Asset Retirement Obligation	39,600	0	0	0	39,600	0
<b>Total Deferred Outflows of Resources</b>	<b>1,025,664</b>	<b>1,051,803</b>	<b>460,164</b>	<b>0</b>	<b>2,537,631</b>	<b>262,951</b>
<b>Liabilities</b>						
<b>Current:</b>						
Accounts Payable	86,619	156,529	9,571	0	252,719	45,765
Contracts Payable	12,779	658,509	0	0	671,288	0
Accrued Wages Payable	100,837	100,081	42,370	785	244,073	23,531
Intergovernmental Payable	42,053	30,622	12,587	0	85,262	6,643
Retainage Payable	0	210,496	0	0	210,496	0
Accrued Interest Payable	0	0	0	2,259	2,259	0
Claims Payable	0	0	0	0	0	582,514
Interfund Payable	16,135	73,139	28,121	0	117,395	3,521
Compensated Absences Payable	167,563	149,142	87,531	0	404,236	37,614
OPWC Loans Payable	109,486	0	0	0	109,486	0
OWDA Loans Payable	1,063,433	608,043	0	26,902	1,698,378	0
SIB Loan Payable	0	0	0	60,582	60,582	0
Financed Purchases Payable	86,847	0	0	0	86,847	0
<b>Current Liabilities Payable from Restricted Assets:</b>						
Customer Deposits	0	430,940	0	0	430,940	0
<b>Total Current Liabilities</b>	<b>1,685,752</b>	<b>2,417,501</b>	<b>180,180</b>	<b>90,528</b>	<b>4,373,961</b>	<b>699,588</b>
<b>Long-Term:</b>						
Compensated Absences Payable	382,229	317,454	167,486	0	867,169	54,705
OPWC Loans Payable	999,230	0	0	0	999,230	0
OWDA Loans Payable	11,107,098	15,125,337	0	41,972	26,274,407	0
SIB Loan Payable	0	0	0	257,167	257,167	0
Financed Purchases Payable	88,542	0	0	0	88,542	0
Net Pension Liability	2,784,012	2,969,613	1,299,204	0	7,052,829	742,403
Asset Retirement Obligation	60,000	0	0	0	60,000	0
<b>Total Long-Term Liabilities</b>	<b>15,421,111</b>	<b>18,412,404</b>	<b>1,466,690</b>	<b>299,139</b>	<b>35,599,344</b>	<b>797,108</b>
<b>Total Liabilities</b>	<b>17,106,863</b>	<b>20,829,905</b>	<b>1,646,870</b>	<b>389,667</b>	<b>39,973,305</b>	<b>1,496,696</b>
<b>Deferred Inflows of Resources</b>						
OPEB	54,964	58,629	25,651	0	139,244	14,658
<b>Total Deferred Inflows of Resources</b>	<b>54,964</b>	<b>58,629</b>	<b>25,651</b>	<b>0</b>	<b>139,244</b>	<b>14,658</b>
<b>Net Position</b>						
Net Investment in Capital Assets	27,456,619	7,038,046	968,308	2,582,123	38,045,096	3,817
OPEB Plans	94,174	100,452	43,948	0	238,574	25,116
Unrestricted	11,916,494	1,045,235	876,652	4,030,166	17,868,547	445,260
<b>Total Net Position</b>	<b>\$39,467,287</b>	<b>\$8,183,733</b>	<b>\$1,888,908</b>	<b>\$6,612,289</b>	<b>56,152,217</b>	<b>\$474,193</b>

Some amounts reported for business-type activities in the statement of net position are different because internal service fund assets and liabilities are included with business-type activities.

Net position of business-type activities

(999,403)

\$55,152,814

See accompanying notes to the basic financial statements

**City of Zanesville, 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 Funds
	Sewer	Water	Sanitation	Nonmajor	Total	
<b>Operating Revenues</b>						
Charges for Services	\$11,011,247	\$8,590,219	\$3,407,976	\$1,739,100	\$24,748,542	\$8,345,051
Other Operating Revenues	0	0	0	0	0	6,517
<i>Total Operating Revenues</i>	<i>11,011,247</i>	<i>8,590,219</i>	<i>3,407,976</i>	<i>1,739,100</i>	<i>24,748,542</i>	<i>8,351,568</i>
<b>Operating Expenses</b>						
Salaries and Wages	2,142,168	2,478,567	1,034,914	71,757	5,727,406	521,281
Fringe Benefits	1,066,799	736,263	415,573	11,179	2,229,814	305,155
Contractual Services	2,237,411	4,366,115	1,134,987	481,834	8,220,347	964,237
Materials and Supplies	746,308	907,336	52,721	76,411	1,782,776	1,120,595
Claims	0	0	0	0	0	5,602,462
Depreciation	1,439,958	776,641	146,211	179,480	2,542,290	0
<i>Total Operating Expenses</i>	<i>7,632,644</i>	<i>9,264,922</i>	<i>2,784,406</i>	<i>820,661</i>	<i>20,502,633</i>	<i>8,513,730</i>
<i>Operating Income (Loss)</i>	<i>3,378,603</i>	<i>(674,703)</i>	<i>623,570</i>	<i>918,439</i>	<i>4,245,909</i>	<i>(162,162)</i>
<b>Non-Operating Revenues (Expenses)</b>						
Gain on Sale of Capital Assets	22,166	0	0	0	22,166	0
Loss on Disposal of Capital Assets	0	(28,531)	0	0	(28,531)	0
Other Non-Operating Revenues	0	61,577	5,406	296	67,279	0
Interest	(357,643)	(350,601)	0	(15,570)	(723,814)	0
<i>Total Non-Operating Revenues (Expenses)</i>	<i>(335,477)</i>	<i>(317,555)</i>	<i>5,406</i>	<i>(15,274)</i>	<i>(662,900)</i>	<i>0</i>
<b>Income (Loss) Before Transfers</b>	<b>3,043,126</b>	<b>(992,258)</b>	<b>628,976</b>	<b>903,165</b>	<b>3,583,009</b>	<b>(162,162)</b>
Transfers	0	0	0	0	0	412,546
<i>Change in Net Position</i>	<i>3,043,126</i>	<i>(992,258)</i>	<i>628,976</i>	<i>903,165</i>	<i>3,583,009</i>	<i>250,384</i>
<b>Net Position Beginning of Year as Previously Reported</b>	<b>36,520,371</b>	<b>10,103,399</b>	<b>1,354,860</b>	<b>5,709,124</b>		<b>255,772</b>
Restatement - Note 3	(96,210)	(927,408)	(94,928)	0		(31,963)
<b>Restated Net Position Beginning of Year</b>	<b>36,424,161</b>	<b>9,175,991</b>	<b>1,259,932</b>	<b>5,709,124</b>		<b>223,809</b>
<b>Net Position End of Year</b>	<b>\$39,467,287</b>	<b>\$8,183,733</b>	<b>\$1,888,908</b>	<b>\$6,612,289</b>		<b>\$474,193</b>

Some amounts reported for business-type activities in the statement of activities are different because the net expense of the internal service fund is reported with business-type activities.

Change in net position of business-type activities (142,069)  
\$3,440,940

See accompanying notes to the basic financial statements

**City of Zanesville, Ohio**  
**Statement of Cash Flows**  
**Proprietary Funds**  
*For the Year Ended December 31, 2024*

	Business Type Activities - Enterprise Funds					Governmental Activities - Internal Service Funds	
	Sewer	Water	Sanitation	Nonmajor	Total Funds		
<b>Increase (Decrease) in Cash and Cash Equivalents</b>							
<b>Cash Flows from Operating Activities:</b>							
Cash Received from Customers	\$10,996,126	\$8,487,827	\$3,380,971	\$1,739,912	\$24,604,836	\$0	
Cash Received from Transactions with Other Funds	0	0	0	0	0	8,445,020	
Cash Payments for Employee Services and Benefits	(3,081,807)	(3,068,247)	(1,386,922)	(82,151)	(7,619,127)	(810,769)	
Cash Payments to Suppliers for Goods and Services	(3,014,678)	(4,881,909)	(1,258,115)	(562,321)	(9,717,023)	(2,092,583)	
Other Operating Revenues	0	0	0	0	0	6,517	
Cash Payments for Claims	0	0	0	0	0	(6,004,948)	
Other Non-Operating Revenues	0	172,021	5,406	296	177,723	0	
Customer Deposits Returned	0	(99,149)	0	0	(99,149)	0	
<i>Net Cash Provided by (Used for) Operating Activities</i>	<b>4,899,641</b>	<b>610,543</b>	<b>741,340</b>	<b>1,095,736</b>	<b>7,347,260</b>	<b>(456,763)</b>	
<b>Cash Flows from Non-Capital and Related Financing Activities:</b>							
Operating Transfers In	0	0	0	0	0	412,546	
<b>Cash Flows from Capital and Related Financing Activities:</b>							
Acquisition of Capital Assets	(3,652,668)	(3,858,730)	(416,078)	(598,384)	(8,525,860)	0	
Capital Grants	0	0	0	43,137	43,137	0	
Proceeds from Sale of Capital Assets	80,000	0	0	0	80,000	0	
Loan Proceeds	2,906,318	4,875,189	0	0	7,781,507	0	
Principal Paid on Financed Purchase	(85,183)	(73,518)	0	0	(158,701)	0	
Interest Paid on Financed Purchase	(5,088)	(1,875)	0	0	(6,963)	0	
Principal Paid on Debt	(1,119,124)	(766,133)	0	(84,874)	(1,970,131)	0	
Interest Paid on Debt	(352,555)	(348,726)	0	(15,878)	(717,159)	0	
<i>Net Cash Used for Capital and Related Financing Activities</i>	<b>(2,228,300)</b>	<b>(173,793)</b>	<b>(416,078)</b>	<b>(655,999)</b>	<b>(3,474,170)</b>	<b>0</b>	
<i>Net Increase (Decrease) in Cash and Cash Equivalents</i>	<b>2,671,341</b>	<b>436,750</b>	<b>325,262</b>	<b>439,737</b>	<b>3,873,090</b>	<b>(44,217)</b>	
<i>Cash and Cash Equivalents Beginning of Year</i>	<b>10,380,274</b>	<b>2,369,712</b>	<b>1,284,853</b>	<b>3,391,065</b>	<b>17,425,904</b>	<b>1,089,099</b>	
<i>Cash and Cash Equivalents End of Year</i>	<b>\$13,051,615</b>	<b>\$2,806,462</b>	<b>\$1,610,115</b>	<b>\$3,830,802</b>	<b>\$21,298,994</b>	<b>\$1,044,882</b>	
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:</b>							
<i>Operating Income (Loss)</i>	<b>\$3,378,603</b>	<b>(\$674,703)</b>	<b>\$623,570</b>	<b>\$918,439</b>	<b>\$4,245,909</b>	<b>(\$162,162)</b>	
<b>Adjustments:</b>							
Depreciation	1,439,958	776,641	146,211	179,480	2,542,290	0	
Other Non-Operating Revenues	0	61,577	5,406	296	67,279	0	
<b>(Increase)/Decrease in Assets and Deferred Outflows of Resources:</b>							
Accounts Receivable	(19,089)	(107,889)	(29,188)	812	(155,354)	0	
Intergovernmental Receivable	3,968	5,497	2,183	0	11,648	(1,796)	
Interfund Receivable	0	0	0	0	0	100,344	
Materials and Supplies Inventory	(18,034)	(72,549)	0	0	(90,583)	11,293	
Prepaid Items	(8,364)	(2,182)	(317)	(76)	(10,939)	(375)	
Deferred Outflows - Pension	298,835	318,758	139,456	0	757,049	79,689	
Deferred Outflows - OPEB	100,553	107,256	46,924	0	254,733	26,814	
Deferred Outflows - Asset Retirement Obligation	1,200	0	0	0	1,200	0	
<b>Increase/(Decrease) in Liabilities and Deferred Inflows of Resources:</b>							
Accounts Payable	40,809	55,899	(19,204)	(4,000)	73,504	(17,248)	
Contracts Payable	0	398,362	0	0	398,362	0	
Accrued Wages Payable	30,660	30,940	11,726	785	74,111	9,673	
Intergovernmental Payable	5,651	508	1,680	0	7,839	1,676	
Interfund Payable	(47,782)	17,067	(50,886)	0	(81,601)	(15,548)	
Customer Deposits Payable	0	11,295	0	0	11,295	0	
Claims Payable	0	0	0	0	0	(402,486)	
Deferred Inflows - Pension	(512,896)	(547,088)	(239,352)	0	(1,299,336)	(136,773)	
Deferred Inflows - OPEB	(133,546)	(142,447)	(62,322)	0	(338,315)	(35,612)	
Net OPEB Asset/Liability	17,176	18,319	8,015	0	43,510	4,579	
Net Pension Liability	260,427	277,790	121,530	0	659,747	69,448	
Compensated Absences Payable	61,512	77,492	35,908	0	174,912	11,721	
<i>Net Cash Provided by (Used for) Operating Activities</i>	<b>\$4,899,641</b>	<b>\$610,543</b>	<b>\$741,340</b>	<b>\$1,095,736</b>	<b>\$7,347,260</b>	<b>(\$456,763)</b>	

**Noncash Transactions:**

At December 31, 2023, the City had contracts and retainage payables related to the purchase of capital assets of \$1,310,388 in the Sewer Enterprise Fund. At December 31, 2023, the City had contracts and retainage payables related to the purchase of capital assets of \$1,383,531 in the Water Enterprise Fund. At December 31, 2023, the City had contracts payable related to the purchase of capital assets of \$107,170 in the Sanitation Enterprise Fund. At December 31, 2024, the City had contracts payables related to the purchase of capital assets of \$12,779 in the Sewer Enterprise Fund. At December 31, 2024, the City had contracts and retainage payables related to the purchase of capital assets of \$470,643 in the Water Enterprise Fund.

See accompanying notes to the basic financial statements

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

	Private Purpose Trust Funds	Custodial Funds
<b>Assets</b>		
Equity in Pooled Cash and Cash Equivalents	\$25,368	\$320,792
Cash and Cash Equivalents in Segregated Accounts	0	129,078
Investments	2,000	0
Accounts Receivable	0	35,543
<i>Total Assets</i>	<u>27,368</u>	<u>485,413</u>
<b>Liabilities</b>		
Accounts Payable	0	13,211
Intergovernmental Payable	0	208,356
<i>Total Liabilities</i>	<u>0</u>	<u>221,567</u>
<b>Net Position</b>		
Restricted for Private Purposes	27,368	0
Restricted for Individuals, Organizations, and Other Governments	0	263,846
<i>Total Net Position</i>	<u><u>\$27,368</u></u>	<u><u>\$263,846</u></u>

See accompanying notes to the basic financial statements

**City of Zanesville, Ohio**  
*Statement of Changes in Fiduciary Net Position*  
*Fiduciary Funds*  
*For the Year Ended December 31, 2024*

	Private Purpose Trust Funds	Custodial Funds
<b>Additions</b>		
Fines and Forfeitures for Other Governments	\$0	\$685,382
Interest Income	897	0
Income Tax Collections for Other Governments	0	2,089,659
Contributions from Individuals	0	154,606
<i>Total Additions</i>	<u>897</u>	<u>2,929,647</u>
<b>Deductions</b>		
Distributions to the State of Ohio	0	145,591
Distributions to Other Governments	0	2,023,547
Distributions to Individuals	0	607,274
Miscellaneous	0	33,747
<i>Total Deductions</i>	<u>0</u>	<u>2,810,159</u>
<i>Change in Net Position</i>	<u>897</u>	<u>119,488</u>
<i>Net Position Beginning of Year</i>	<u>26,471</u>	<u>144,358</u>
<i>Net Position End of Year</i>	<u><u>\$27,368</u></u>	<u><u>\$263,846</u></u>

See accompanying notes to the basic financial statements

**City of Zanesville, 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 Zanesville (the "City") is a body politic, incorporated and established for the purpose of exercising the rights and privileges conveyed to it by the laws of the State of Ohio. The City is organized as a Mayor/Council form of government. Located in Muskingum County, the City was established in 1814. The City is located 55 miles east of Columbus, once served as the state capital, and currently serves as the county seat for Muskingum County. The Mayor, Council, Municipal Court Judge, Auditor, Treasurer, and Law Director are elected officials. Department directors and public members of various boards and commissions are appointed by the Mayor.

**Reporting Entity**

The financial reporting entity consists of the primary government, component units, and other governmental organizations that are included to ensure 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. The City of Zanesville provides various services including police and fire protection, recreation (including parks), planning and zoning, street maintenance and repair, sanitation services, water and water pollution control, sewer, and general administrative services. The operation of each of these activities is directly controlled by the Council through the budgetary process and by the City Auditor and the City Mayor through administrative and managerial requirements and procedures and all are included as part of the reporting entity.

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 the deficits of, or provide financial support to, the organization; or the City is obligated for the debt of the organization. Component units also include organizations that are fiscally dependent upon 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 benefit to, or impose specific financial burdens on, the primary government.

The component unit column in the basic financial statements identifies the financial data of the City's component unit, the Zanesville Community Improvement Corporation (Corporation). It is discretely reported in a separate column to emphasize that it is legally separate from the City.

The Corporation is a not-for-profit organization which derives the major source of its revenue from grants from the City of Zanesville and property sales. The Corporation was formed to cultivate and promote economic development in the City of Zanesville. The Corporation is governed by a Board of Trustees composed of: four members consisting of elected or appointed officials; five members appointed jointly by the Mayor and majority vote of Zanesville City Council. The Corporation acts as an agent for the City, is fiscally dependent and considered a component unit of City.

The City may impose its will on the Corporation and the relationship between the primary government and the organization is such that exclusion would cause the reporting entity's financial statements to be misleading. The Corporation also presents a financial burden to the City. Separately issued financial statements can be obtained from the Corporation.

The City is involved with the following organizations which are defined as jointly governed organizations. Additional information concerning the jointly governed organizations is presented in Note 21.

Ohio Mid-Eastern Governments Association (OMEGA)  
Zanesville/Muskingum County Port Authority  
Zanesville/Muskingum Convention Facility Authority

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

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Zanesville Metropolitan Housing Authority  
Muskingum County Center for Seniors  
Muskingum County Land Reutilization Corporation

The City is involved with the following organizations which are defined as joint ventures. Additional information concerning the joint ventures is presented in Note 22.

Zanesville, South Zanesville and Springfield Joint Economic Development District  
Zanesville-Washington Township Joint Economic Development District  
Zanesville-Newton Township Joint Economic Development District  
Zanesville-Perry Township Joint Economic Development District

The City is involved with the South East Area Transit Authority, which is defined as a related organization. Additional information concerning the related organization is presented in Note 23.

## **NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the City of Zanesville 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 principles. The more significant of the City's accounting policies are described below.

### **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 business-type activities of the City. Direct expenses are those that are specifically associated with a service, program, or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants, and contributions that are restricted to meeting the operational or capital requirements of a particular program, and interest earned on grants that is required to be used to support a particular program. Revenues which are not classified as program revenues are presented as general revenues of the City, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental program or business activity 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. Custodial funds are reported by type.

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

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**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. There are three categories of funds: governmental, proprietary, and fiduciary.

**Governmental Funds** Governmental funds are those through which most governmental functions of the City 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:

**General Fund** The General Fund accounts for and reports all financial resources not accounted for 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.

**Police Expenditure Fund** The Police Expenditure Fund is used to account for that portion of income tax collections designated for security of persons and property within the City.

**Fire Operating Fund** The Fire Operating Fund is used to account for that portion of income tax collections designated for operating costs of the City's three fire stations.

**American Rescue Plan Fund** The American Rescue Plan Fund accounts for resources received from the federal government under the American Rescue Plan Act Program restricted for costs associated with the City's response and recovery from the COVID-19 pandemic.

The other governmental funds of the City account for grants and other resources whose use is restricted 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 may be used to account for any activity for which a fee is charged to external users for goods or services. The following are the City's major enterprise funds:

**Sewer Fund** The Sewer Fund is used to account for the revenues generated from the charges for sanitary sewer services provided to the residential and commercial users of the City.

**Water Fund** The Water Fund is used to account for the revenues generated from the charges for distribution of water to the residential and commercial users of the City.

**Sanitation Fund** The Sanitation Fund is used to account for the revenues generated from the charges for refuse collections to the residential and commercial users of the City.

The other nonmajor enterprise fund of the City accounts for the revenues generated from the charges to maintain the storm water system of the City.

**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. One internal service fund of the City accounts for self-insurance for health care claims and the other internal service fund accounts for vehicle maintenance costs.

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

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**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 employee 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's private purpose trust funds are used to hold in trust monies that do not benefit the City. Custodial funds are used to report fiduciary activities that are not required to be reported in a trust fund.

The City's fiduciary funds are private purpose trust funds and custodial funds. The City's trust funds are private-purpose trust funds, which account for endowments. The City's custodial funds account for amounts collected and distributed on behalf of another government for the Joint Economic Development District's, amounts collected and distributed by the municipal court that are paid to other governments, and amounts collected and distributed for inmates housed in the City jail.

**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 all 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 accounts for increases (i.e. revenues) and decreases (i.e. expenditures) 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 deferred outflows of resources and current liabilities and deferred inflows generally are included on the balance sheet. The statement of revenues, expenditures, and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

Like the government-wide statements, all proprietary and fiduciary funds are accounted for on a flow of economic resources measurement focus. All assets and deferred outflows of resources and all liabilities and deferred inflows of resources associated with the operation of these funds are included on the statement of fund net position. In fiduciary funds, a liability to the beneficiaries of fiduciary activity is recognized when an event has occurred that compels the government to disburse fiduciary resources. Fiduciary fund liabilities other than those to beneficiaries are recognized using the economic resources measurement focus.

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

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

**City of Zanesville, 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 and the statements presented for proprietary and fiduciary funds are prepared using 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.

Nonexchange transactions, in which the City receives value without directly giving equal value in return, include income taxes, property taxes, grants, entitlements, and donations. On an accrual basis, revenue from income taxes is recognized in the period in which the income is earned. Revenue from property taxes is recognized in the year for which the taxes are levied (See Note 7). 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 a nonexchange transaction 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: municipal income taxes, franchise taxes, charges for services, state-levied locally shared taxes (including gasoline tax and motor vehicle license fees), interest, grants, fees, and rentals.

**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, represents 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 asset retirement obligations, pension and OPEB. The deferred outflows of resources related to asset retirement obligations is originally measured at the amount of the corresponding liability. This amount is expensed in a systematic and rational manner over the tangible asset's useful life. The deferred outflows of resources related to pension and OPEB plans are explained in Notes 13 and 14.

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, payments in lieu of taxes, pension, OPEB, leases, and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of December 31, 2024, but which were levied to finance 2025 operations. These amounts have been recorded as a deferred inflow on both the government-wide statement of net position and the governmental fund financial statements. The deferred inflow for leases is related to the leases receivable and is being amortized to leases revenue in a systematic and rational manner over the term of the lease. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be

**City of Zanesville, Ohio**  
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collected within the available period. For the City, unavailable revenue includes delinquent property taxes; municipal income taxes; charges for services; fines, licenses, permits, and settlements; franchise tax; intergovernmental revenues; and investment earnings and other interest. 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 Pension of Governmental Activities found on page 21. Deferred inflows of resources related to pension and OPEB plans are reported on the government-wide statement of net position. (See Notes 13 and 14)

**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.

**Budget 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 department. Any budgetary modifications at this level may only be made by resolution of the City Council.

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 budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the amended certificate of estimated resources in effect at the time final appropriations were adopted 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 in 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.

**Cash and Cash Equivalents**

To improve cash management, cash received by the City Treasurer is pooled. Monies for all funds are maintained in this pool, except for the investments of the Cemetery Trust which are invested separately. Individual fund integrity is maintained through City records. Interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents."

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Investments of the cash management pool and investments with an original maturity of three months or less at the time they are purchased by the City are considered to be cash equivalents. Investments with an original maturity of more than three months are reported as investments.

During 2024, investments were limited to federal agency securities, US Treasury notes, US Treasury bills, municipal bonds, money market mutual funds, negotiable certificates of deposit, and the State Treasury Asset Reserve of Ohio (STAR Ohio).

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

For 2024, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, 24 hours advance notice for deposits and withdrawals of \$100 million or more is appreciated. STAR Ohio reserves the right to limit the transaction to \$250 million per day.

Except for nonparticipating investment contracts, investments are reported at fair value. Nonparticipating investment contracts such as repurchase agreements and nonnegotiable certificates of deposit are reported at cost.

Under existing Ohio statutes all investment earnings 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 \$1,548,627 which includes \$1,384,829 assigned from other City funds.

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

**Restricted Assets**

Assets are reported as restricted when limitations on their use change the 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 are imposed by law through constitutional provisions. The Governmental Balance Sheet is showing restricted cash in the General Fund for unclaimed monies that are required to be held for five years before they may be utilized by the City. The Statement of Fund Net Position is showing restricted cash in the Water Enterprise Fund which represents cash held for utility deposits from customers whose use is limited to the payment of unpaid utility bills or refunding of the deposit to the customer.

**Inventory**

Inventories are presented at cost on a first-in, first-out basis and are expensed when used. Inventory consists of expendable supplies held for consumption.

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*Notes to the Basic Financial Statements*  
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**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.

**Capital Assets**

General capital assets are capital assets which 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 statement of net position but are not reported in the fund financial statements. Capital assets utilized by the enterprise funds are reported both in the business-type activities column of the government-wide statement of net position and in the respective funds.

All capital assets (except for intangible right-to-use lease assets) 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 back trending (i.e., estimating the current replacement cost of the infrastructure to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year). Donated capital assets are recorded at their acquisition value 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, except for land, construction in progress, and intangible right-to-use lease assets which are discussed below. 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 is computed using the straight-line method over the following useful lives:

Description	Governmental Activities	Business-Type Activities
Buildings and Improvements	10 - 100 years	10 - 100 years
Machinery and Equipment	4 - 20 years	4 - 20 years
Vehicles	3 - 10 years	3 - 10 years
Infrastructure	8 - 50 years	8 - 50 years

The City is reporting intangible right to use assets related to leased assets. The lease assets include property 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 are being amortized in a systematic and rational manner over the shorter of the lease term or the useful life of the underlying asset.

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**Compensated Absences**

For the City, compensated absences includes 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 vacation time. However, the City also has certain compensated absences that are dependent upon the occurrence of a sporadic events that affects 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 bereavement leave, military leave, personal leave, on-the-job injury leave, and court 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, where applicable.

The City records a liability for all accumulated unused vacation time when earned for all employees with more than one year of service. Since the City's policy limits the accrual of vacation time to the amount accrued in one year, the outstanding liability is recorded as "accrued vacation leave payable" on the statement of net position rather than as a long-term liability.

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. 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.

**Accrued Liabilities and Long-Term Obligations**

All payables, accrued liabilities, and long-term obligations are reported in the government-wide financial statements. 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 judgments and compensated absences that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current year. Net pension/OPEB liability should be recognized in the governmental funds to the extent that benefit payments are due and payable and the pension/OPEB plan's fiduciary net position is not sufficient for payment of those benefits. Bonds, leases, and long-term loans are recognized as a liability on the governmental fund financial statements when due.

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**Leases**

The City serves as both lessee and lessor in various noncancellable leases which are accounted for as follows:

**Lessee** 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 in a systematic and rational manner 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.

**Lessor** At the commencement of a lease, the City initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

**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 are 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 mandates 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 formal action (ordinance or resolution) 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) it employed to previously commit those amounts. In contrast to fund balance that is restricted by enabling

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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 are not considered to be legally enforceable. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

**Assigned** Amounts in the assigned fund balance classification are intended to be used by the City for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. 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. The City Council assigned fund balance to cover the gap between the estimated resources and appropriations in 2025's appropriated budget.

**Unassigned** Unassigned fund balance is the residual classification for the General Fund and includes amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

The City applies restricted resources first when expenditures are incurred for purposes for which 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 a statement of financial position. Net investments 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. Net position is reported as restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Of the restricted net position, none has resulted from enabling legislation. 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. Restricted net position for OPEB plans represent the corresponding restricted asset amounts held in trust by the OPEB plans for future benefits.

**Pensions/Other Postemployment Benefits (OPEB)**

For purposes of measuring the net pension/OPEB asset/liability (asset), 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 plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The pension/OPEB plans report investments at fair value.

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

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**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 sanitation, sewer, water, and storm water utility services. 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. Revenues and expenses not meeting the definition are reported as non-operating.

**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 program to another or within the same program are eliminated on the Statement of Activities. Payments of interfund 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.

**Interfund Balances**

On the fund financial statements, receivables and payables resulting from short-term interfund loans or interfund services provided and used are reported as "Interfund Receivables/Payables". The amounts are eliminated in the governmental and business-type activities columns of the statement of net position, except for any net residual amounts due between governmental and business-type activities, which are presented as internal balances.

**Bond Premiums**

On the government-wide financial statements, bond premiums are deferred and amortized over the term of the bonds. Bond premiums are presented as an addition to the face amount of the bonds payable.

Under Ohio law, premiums on the original issuance of debt are to be deposited to the bond retirement fund to be used for debt retirement and are precluded from being applied to the project fund. Ohio law does allow premiums on refunding debt to be used as part of the payment to the bond escrow agent.

**Extraordinary and Special Items**

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of management and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred in the year.

**Unearned Revenue**

Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied. The City recognizes unearned revenue for intergovernmental revenue from grants received before the eligibility requirements are met.

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*Notes to the Basic Financial Statements*  
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**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.

**NOTE 3 - CHANGE IN ACCOUNTING PRINCIPLES AND RESTATEMENT OF FUND BALANCE/NET POSITION**

***Change 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 is shown on the table following.

***Correction of Errors***

During 2023, there was construction in progress of \$702,684 for the Water Fund for capitalized costs of projects that were ultimately determined to be contractual services expense of the Water Fund for maintenance. GASB 100 defines this type of change as a correction of an error. The effect of correcting this error is shown in the table that follows.

During 2023, there was an understatement of intergovernmental payables and legislative and executive expenditures/program expenses of \$475,000 for the General Fund related to IRS penalties. GASB 100 defines this type of change as a correction of an error. The effect of correcting this error is shown in the table that follows.

During 2023, there was an overstatement of Asset Retirement Obligation of \$140,000 for the Sewer Fund as it was determined an asset did not meet the requirements to be considered such a liability. GASB 100

**City of Zanesville, Ohio**  
*Notes to the Basic Financial Statements*  
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defines this type of change as a correction of an error. The effect of correcting this error is shown in the table that follows.

***Changes to or within the Financial Reporting Entity***

The Zanesville Community Improvement Corporation (Corporation) is being presented as a discretely presented component unit. The Corporation restated beginning net position to increase Property Held for Resale to account for improvements made resulting in an increase in the value of several properties in the amount of \$55,689. The Corporation's activity had previously been considered immaterial for financial reporting presentation. The effect of this change on the reporting entity is presented on the table that follows.

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

During 2024, the implementation of GASB 101, changes to the reporting entity, and error corrections under GASB 100 resulted in restatements of beginning net position and fund balance/net position, as follows:

	Changes in Accounting Principles		Error Corrections		Changes in Reporting Entity	
	12/31/2023 As Previously Reported	GASB 101	Intergovernmental Payable	Asset Retirement Obligation	Capital Assets	Community Improvement Corporation
<b>Government Wide</b>						
Government Activities	\$6,013,180	(\$2,353,728)	(\$475,000)	\$0	\$0	\$0
Business Activities	52,830,420	(555,862)	0	140,000	(702,684)	0
<b>Total Primary Government</b>	<b>\$58,843,600</b>	<b>(\$2,909,590)</b>	<b>(\$475,000)</b>	<b>\$140,000</b>	<b>(\$702,684)</b>	<b>\$0</b>
<b>Component Unit:</b>						
Community Improvement Corporation	\$ -	\$0	\$0	\$0	\$0	\$962,391
<b>Government Funds</b>						
Major Funds:						
General	\$7,282,353	\$0	(\$475,000)	\$0	\$0	\$0
Police Expenditure	1,052,783	0	0	0	0	0
Fire Operating	352,436	0	0	0	0	0
American Rescue Plan Act	0	0	0	0	0	0
All Other Governmental Funds	6,605,086	0	0	0	0	0
<b>Total Governmental Funds</b>	<b>15,292,658</b>	<b>0</b>	<b>(475,000)</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Proprietary Funds</b>						
Enterprise Funds:						
Sewer	\$36,520,371	(\$236,210)	\$0	\$140,000	\$0	\$0
Water	10,103,399	(224,724)	0	0	(702,684)	0
Sanitation	1,354,860	(94,928)	0	0	0	0
All Other Enterprise Funds	5,709,124	0	0	0	0	0
Internal Service Elimination	(857,334)	0	0	0	0	0
<b>Total Business Type Activities</b>	<b>52,830,420</b>	<b>(555,862)</b>	<b>0</b>	<b>140,000</b>	<b>(702,684)</b>	<b>0</b>
<b>Governmental Activities:</b>						
Internal Service Fund	\$255,772	(\$31,963)	\$0	\$0	\$0	\$0

**NOTE 4 - 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

**City of Zanesville, Ohio**  
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upon accounting for certain 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 Fund and each major special revenue fund 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 GAAP basis are as follows:

1. Revenues are recorded when received in cash (budget) as opposed to when susceptible to accrual (GAAP).
2. Expenditures are recorded when paid in cash (budget) as opposed to when the liability is incurred (GAAP).
3. Unrecorded cash and interest, fair market value adjustments, segregated accounts, and prepaid items are reported on the balance sheet (GAAP) but not on the budgetary basis.

The following table summarizes the adjustments necessary to reconcile the GAAP basis statement to the budgetary basis statement for the General Fund and the Police Expenditure, Fire Operating, and American Rescue Plan Special Revenue Funds.

	Net Change in Fund Balance			
	General	Police Expenditure	Fire Operating	American Rescue Plan
GAAP Basis	\$518,274	(\$125,143)	(\$1,099)	\$0
Net Adjustment for Revenue Accruals	(207,615)	(365,908)	(23,049)	(1,157,710)
Beginning of Year:				
Unrecorded Cash	60,146	0	0	0
Unrecorded Interest	641,231	0	0	0
Difference in Fair Market Value	1,180,573	0	0	0
Prepaid Items	73,108	114,419	67,078	0
Segregated Accounts	21,851	0	0	0
End of Year:				
Unrecorded Cash	(33,070)	0	0	0
Unrecorded Interest	(1,088,147)	0	0	0
Difference in Fair Market Value	(2,211,951)	0	0	0
Prepaid Items	(79,336)	(91,412)	(72,417)	0
Segregated Accounts	(25,355)	0	0	0
Net Adjustment for Expenditure Accruals	<u>(68,005)</u>	<u>142,372</u>	<u>73,263</u>	<u>(99,433)</u>
Budget Basis	<u><u>(\$1,218,296)</u></u>	<u><u>(\$325,672)</u></u>	<u><u>\$43,776</u></u>	<u><u>(\$1,257,143)</u></u>

#### **NOTE 5 - ACCOUNTABILITY**

The Cemetery Endowment Fund had a deficit fund balance as of December 31, 2024, in the amount of \$294,573. This deficit is due to the recognition of payables in accordance with generally accepted accounting principles. The General Fund provides operating transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur.

#### **NOTE 6 - DEPOSITS AND INVESTMENTS**

Monies held by the City are classified by State statute into three categories.

Active deposits are public monies 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

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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 institutions participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

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;
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.

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Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. An investment must mature within five years from the date of purchase, unless matched to a specific obligation or debt of the City, and must be purchased with the expectation that it will be held to maturity.

Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the treasurer for qualified trustee, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

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 institutions participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

**Investments**

Investments are reported at fair value. As of December 31, 2024, the City had the following investments:

Measurement/Investment	Measurement Amount	Maturity	Ratings	Percent of Total Investments
Net Asset Value Per Share:				
STAR Ohio	<u>\$7,012,641</u>	Average 27.2 Days	Aaa	22.59%
Fair Value - Level One Inputs				
Northern Institutional Government Money				
Market Mutual Funds	<u>2,209,797</u>	Less than one year	n/a	7.12%
Fair Value - Level Two Inputs				
US Treasury Notes	1,943,839	Less than five years	Aaa	6.26%
US Treasury Bills	2,019,425	Less than one year	Aaa	6.51%
Municipal Bonds	240,120	Less than two year	Fitch AA	0.77%
Federal Farm Credit Bank Bonds	1,571,143	Less than four years	Aaa	5.06%
Federal Home Loan Mortgage Corporation Notes	264,780	Less than three years	Aaa	0.85%
Federal Home Loan Bank Notes	2,239,493	Less than five years	Aaa	7.21%
Negotiable Certificates of Deposit	<u>13,540,089</u>	Less than five years	n/a	43.62%
<i>Total Fair Value - Level Two Inputs</i>	<u><u>21,818,889</u></u>			
Total	<u><u>\$31,041,327</u></u>			

Investment ratings are provided by Moody's Investor Services, Fitch, and Standard & Poor's.

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 above chart identifies the City's recurring fair value measurements as of December 31, 2024. The Money Market Mutual Fund is measured at fair value and is valued using quoted market prices (Level 1 inputs). Other than STAR Ohio, all of the City's remaining investments are measured at fair value and are valued using methodologies that incorporate market inputs such as benchmark yields, reported trades, broker/dealer

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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 operating funds be invested primarily in short-term investments maturing within five years from the date of purchase and 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. The Treasurer cannot make investments which he does not reasonably believe can be held until the maturity date.

**Credit Risk**

The credit ratings for the City's securities are listed above. Ohio Law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized statistical rating organization. The City has no investment policy that would further limit its investment choices.

**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 places no limit on the amount it may invest in any one issuer.

**NOTE 7 - 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 are 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. 2023 real property taxes are collected in and intended to finance 2024.

Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits later payment dates to be established.

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2024 public utility property taxes become a lien December 31, 2024, 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 \$3.40 per \$1,000 of assessed value. The assessed values of real property and public utility property upon which 2023 property tax receipts were based are as follows:

Real Property	\$408,282,700
Public Utility Real Property	<u>28,364,580</u>
	<u><u>\$436,647,280</u></u>

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The County Treasurer collects property taxes on behalf of all taxing districts in the county, including the City of Zanesville. The County Auditor periodically remits to the City its portion of the taxes collected. Property taxes receivable represents real and public utility taxes which are measurable as of December 31, 2024, and for which there is an enforceable legal claim. In the governmental funds, the portion of the receivable not levied to finance 2024 operations is offset to deferred inflows of resources – property taxes. On the accrual basis, delinquent collectible property taxes have been recorded as a receivable and revenue, while on a modified accrual basis the revenue has been reported as deferred inflows of resources – unavailable revenue.

**NOTE 8 - TAX ABATEMENTS**

As of December 31, 2024, the County provides tax abatements through Enterprise Zone Tax Exemptions.

Pursuant to Ohio Revised Code Chapter 5709, the City established two Enterprise Zone Agreements which provide property tax abatements to encourage economic development and create/preserve jobs. Abatements are obtained through application by the property owner, including proof that the improvements have been made, and equal a 75 percent and 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.

Below is the information relevant to the disclosure of those programs for the year ended December 31, 2024.

Tax Abatement Program	Amount of 2024 Taxes Abated
<i>Enterprise Zone Tax Exemptions</i>	
JD Equipment Inc and Lyman Drive Group LLC	\$4,977
Worthington Foods Inc	25,914
Store IT	28,989

**NOTE 9 - RECEIVABLES**

Receivables at December 31, 2024, consisted of taxes, payments in lieu of taxes, permissive motor vehicle license, special assessments, accounts (billings for user charged services including unbilled utility services and Opioid settlement monies), interfund, accrued interest, loans, leases, and intergovernmental receivables arising from grants, entitlements, and shared revenues. All receivables, except delinquent property taxes and leases, are considered collectible in full. Delinquent sewer accounts receivable (billings for user charged services) are certified and collected as a special assessment, subject to foreclosure for nonpayment. The financial statements reflect loans receivable of \$4,479. This amount is for the principal owed to the City for Federal Community Development Block Grant Program monies loaned to individuals for the demolition of condemned buildings and home improvements. The loans bear interest at annual rates of three and one-half to nine percent. The loans are to be repaid over periods ranging from two to fifteen years.

**City of Zanesville, Ohio**  
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A summary of intergovernmental receivables follows:

<b>Governmental Activities:</b>	
Community Development Block Grant	\$246,600
Gasoline Tax and Motor Vehicle License Tax	668,301
Joint Economic Development District	116,424
Local Government Funding	503,693
Airport Grants	17,449
Homestead and Rollback	79,081
Resource Officer Reimbursement	307,114
Muskingum County Building Code	95,473
Miscellaneous	24,228
<b>Total Governmental Activities</b>	<u>2,058,363</u>
<b>Internal Service Activities:</b>	
Charges for Services	<u>18,857</u>
<b>Total Entity Wide Intergovernmental Receivables</b>	<u><b>\$2,077,220</b></u>

***Payments in Lieu of Taxes***

Historically, the City has entered into Tax Increment Financing Agreements with various developers for the purpose of constructing several retail and commercial centers.

To encourage these improvements, the property owners are granted an exemption from paying real property taxes on the new construction; however, the property owner is required to make payments in lieu of taxes. Payment in lieu of taxes are made to Muskingum County and distributed to the City in an amount equal to the real property taxes that otherwise would have been due in that current year. These payments are being used to finance public improvements, payment in lieu of taxes are received in the appropriate Tax Increment Financing Fund for the area in which the improvements can be made, and will continue over thirty years.

A receivable of \$712,792 has been recorded for the City of Zanesville 146 Connector, Harbor Freight, We Luv Pets, and the Dutro Real Estate Tax Increment Financing Agreements. This amount represents the amount measurable at December 31, 2024. The City is not able to record a receivable for all future payments because payments are based upon projected collections.

***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 accompanying financial statements as a part of accounts receivable. As a participating subdivision, the City reported \$250,622 as a 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 \$220,864 not expected to be collected within one year of the date of the financial statements.

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***Leases Receivable***

The City is reporting leases receivable of \$363,876 at December 31, 2024. These amounts represent the discounted future lease payments. This discount is being amortized using the interest method. For 2024, the City reported lease revenue of \$112,249 and other interest of \$10,046 related to lease payments received. These lease revenue amounts exclude short-term leases. A description of the City's leasing arrangements is as follows:

*Airport Lease* - On July 18, 2003, the City entered into a forty-five year lease agreement with Southeastern Ohio Air Service, Inc. for the lease of real property that is part of the Zanesville Municipal Airport. Based on this agreement, the City is receiving monthly payments through 2048 into the Airport Special Revenue Fund. A summary of the future lease amounts receivable is as follows:

Year	Principal	Interest
2025	\$7,662	\$1,938
2026	7,876	1,724
2027	8,095	1,505
2028	8,321	1,279
2029	8,552	1,048
2030-2034	43,150	9,737
2035-2039	39,721	10,993
2040-2044	45,569	7,903
2045-2048	37,628	1,059
	<u>\$206,574</u>	<u>\$37,186</u>

*Freight Shop Lease* - On November 15, 1989, the City entered into a fifty-one year lease agreement with JanEight, LLC for the lease of real property (land and buildings) for retail stores that were formerly used as the New York Central Freight Station. Based on this agreement, the City is receiving monthly payments through 2040 into the Community Development Special Revenue Fund. A summary of the future lease amounts receivable is as follows:

Year	Principal	Interest
2025	\$2,032	\$2,990
2026	2,155	2,866
2027	2,286	2,736
2028	2,424	2,597
2029	2,571	2,450
2030-2034	15,392	9,716
2035-2039	20,658	4,448
2040	4,075	111
	<u>\$51,593</u>	<u>\$27,914</u>

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*Columbia Gas Lease* – On January 1, 2016, the City entered into a ten year lease agreement with Columbia Gas of Ohio, Inc. for the lease of a building formally intended as a fire station. Columbia Gas uses the building as a field office to support operations in Muskingum, Licking, Perry, Coshocton, Guernsey and Morgan counties. Based on this agreement, the City is receiving monthly payments through 2026 into the Fire Capital Projects Fund. A summary of the future lease amounts receivable is as follows:

Year	Principal	Interest
2025	88,416	1,668
2026	7,489	19
	<u><u>\$95,905</u></u>	<u><u>\$1,687</u></u>

*Riverside Softball Lease* – In 2023, the City renewed a three year lease agreement with JO 4 IT Enterprises, LLC for the lease of a softball field. Based on this agreement, the City will receive payments through 2025 into the General Fund. A summary of the future lease amounts receivable is as follows:

Year	Principal	Interest
2025	<u><u>\$9,804</u></u>	<u><u>\$196</u></u>

*Farming Lease* - On June 1, 2020, the City entered into a five year lease agreement with a local farmer for farming rights at the Zanesville Municipal Airport. Based on this agreement, the City will receive its final payments in 2024 into the Airport Special Revenue Fund. These payments included a principal balance of \$6,431 and interest of \$129.

#### **NOTE 10 - INCOME TAX**

The City levies a municipal income tax of one and nine tenths percent on substantially all earned income arising from employment, residency, or business activities within the City as well as income of residents earned outside of the City.

Employers within the City are required to withhold income tax on employee compensation and remit the tax to the City either monthly or quarterly, as required. Corporations and other individual taxpayers are required to pay their estimated tax quarterly and file a declaration annually. As of January 1, 2017, all city residents age 16 and older who have or had earned income are required to file a city tax return. Income tax proceeds are distributed to funds in the following manner: 1 percent to General Fund, .5 percent to Police Expenditure Special Revenue Fund, .2 percent to Jail Operating Special Revenue Fund, and .2 percent to the Fire Operating Special Revenue Fund.

#### **NOTE 11 - CAPITAL ASSETS**

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

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	Balance 12/31/2023	Additions	Reductions	Balance 12/31/2024
<b>Governmental Activities</b>				
<i>Nondepreciable Capital Assets</i>				
Land	\$2,294,178	\$0	\$0	\$2,294,178
Construction in Progress	<u>311,847</u>	724,634	(660,968)	375,513
<i>Total Nondepreciable Capital Assets</i>	<u>2,606,025</u>	724,634	(660,968)	2,669,691
<i>Depreciable Capital Assets</i>				
<i>Tangible Assets</i>				
Buildings and Improvements	19,487,023	660,986	0	20,148,009
Machinery and Equipment	5,940,927	606,097	(101,293)	6,445,731
Vehicles	7,066,819	1,074,409	(787,697)	7,353,531
Infrastructure	<u>25,150,846</u>	165,400	0	25,316,246
<i>Total Tangible Assets</i>	<u>57,645,615</u>	2,506,892	(888,990)	59,263,517
<i>Intangible Right to Use - Lease Assets</i>				
Intangible Right to Use - Land Improvements	<u>36,000</u>	0	0	36,000
<i>Total Depreciable Capital Assets</i>	<u>57,681,615</u>	2,506,892	(888,990)	59,299,517
<i>Less Accumulated Depreciation/Amortization</i>				
<i>Depreciation</i>				
Buildings and Improvements	(14,363,929)	(421,460)	0	(14,785,389)
Machinery and Equipment	(3,694,281)	(424,806)	100,576	(4,018,511)
Vehicles	(5,094,734)	(534,622)	787,697	(4,841,659)
Infrastructure	<u>(15,912,984)</u>	(685,570)	0	(16,598,554)
<i>Total Depreciation</i>	<u>(39,065,928)</u>	(2,066,458)	888,273	(40,244,113)
<i>Amortization</i>				
<i>Intangible Right to Use - Lease Assets</i>				
Intangible Right to Use - Land Improvements	<u>(27,000)</u>	(9,000)	0	(36,000)
<i>Total Accumulated Depreciation/Amortization</i>	<u>(39,092,928)</u>	(2,075,458) *	888,273	(40,280,113)
<i>Total Depreciable Capital Assets, Net</i>	<u>18,588,687</u>	431,434	(717)	19,019,404
<i>Governmental Activities Capital Assets, Net</i>	<u>\$21,194,712</u>	\$1,156,068	(\$661,685)	\$21,689,095

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

	Depreciation	Amortization	Total
<b>General Government:</b>			
Legislative and Executive	\$307,809	\$0	\$307,809
Court	25,366	0	25,366
<b>Security of Persons and Property:</b>			
Police	339,618	9,000	348,618
Fire	271,144	0	271,144
Public Human Services	55,711	0	55,711
Transportation	814,203	0	814,203
Leisure Time Activities	<u>252,607</u>	0	252,607
<b>Total</b>	<b><u>\$2,066,458</u></b>	<b>\$9,000</b>	<b>\$2,075,458</b>

Included in the additions and deletions in the above table is a reclassification of construction in progress in the amount of \$660,968 as a result of the completion of the Gant Stadium lighting and fence project.

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	Restated Balance 12/31/2023	Additions	Reductions	Balance 12/31/2024
<b>Business-Type Activities:</b>				
Capital Assets not being Depreciated:				
Land	\$233,184	\$0	\$0	\$233,184
Construction in Progress	7,613,472	4,070,748	(6,630,483)	5,053,737
Total Capital Assets not being Depreciated	<u>7,846,656</u>	<u>4,070,748</u>	<u>(6,630,483)</u>	<u>5,286,921</u>
Capital Assets being Depreciated:				
Buildings and Improvements	38,235,709	0	0	38,235,709
Machinery and Equipment	14,246,587	651,315	(151,348)	14,746,554
Vehicles	3,672,570	1,486,130	(148,328)	5,010,372
Infrastructure	47,931,037	6,630,483	0	54,561,520
Total Capital Assets being Depreciated	<u>104,085,903</u>	<u>8,767,928</u>	<u>(299,676)</u>	<u>112,554,155</u>
Less Accumulated Depreciation:				
Buildings and Improvements	(13,488,274)	(737,173)	0	(14,225,447)
Machinery and Equipment	(13,086,643)	(312,637)	133,280	(13,266,000)
Vehicles	(2,103,013)	(497,448)	80,031	(2,520,430)
Infrastructure	(18,731,010)	(995,032)	0	(19,726,042)
Total Accumulated Depreciation	<u>(47,408,940)</u>	<u>(2,542,290)</u>	<u>213,311</u>	<u>(49,737,919)</u>
Total Capital Assets being Depreciated, Net	<u>56,676,963</u>	<u>6,225,638</u>	<u>(86,365)</u>	<u>62,816,236</u>
Business-Type Activities Capital Assets, Net	<u>\$64,523,619</u>	<u>\$10,296,386</u>	<u>(\$6,716,848)</u>	<u>\$68,103,157</u>

Included in the additions and deletions in the above table is a reclassification of construction in progress in the amount of \$6,630,483 as a result of the completion of the sewer separation project.

#### **NOTE 12 - RISK MANAGEMENT**

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Effective June 1, 2023, the City contracted with U.S. Specialty Insurance Company for general liability insurance, EMT and Ambulance Malpractice liability, fire legal liability, personal injury, and advertising injury. Bodily injury and property damage are covered for \$1,000,000 each person, \$3,000,000 aggregate. The City has a \$5,000 deductible per occurrence for general liability insurance. Personal injury and advertising injury are covered up to \$1,000,000 for each occurrence, premises medical payments limit is \$10,000 per person, and fire legal liability is covered \$50,000 per occurrence and subject to \$5,000 deductible. Ohio Stop Gap insurance of \$1,000,000 per occurrence and \$3,000,000 aggregate employee benefit liability is also maintained with a \$1,000 deductible; cemetery professional and fire division liability insurance are covered up to \$1,000,000 per occurrence with a \$5,000 deductible. Property and contents coverage is maintained per summary of values and cost of reproduction new, less exclusions, plus leased and rented items, with a \$1,000 deductible per occurrence. Earthquake coverage is maintained with a \$5,000,000 occurrence limit, \$5,000,000 policy year limit, with a \$50,000 deductible each occurrence. Police professional liability coverage is maintained with a \$1,000,000 each occurrence, \$1,000,000 aggregate limit with a \$10,000 deductible per claim, including loss adjustment expense. Inland Marine is maintained per schedule with a \$1,000 deductible.

U.S. Specialty Insurance Company provides public official liability (claims made policy) with prior acts retroactive to June 1, 1986, which is maintained in the amount of \$1,000,000 per claim, \$1,000,000 aggregate, with a \$10,000 deductible, including loss adjustment expense.

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U.S. Specialty Insurance Company provides vehicle fleet insurance which is maintained in the amount of \$1,000,000, covering bodily injury and property damage. Uninsured and underinsured motorist is covered up to \$1,000,000 per accident. A \$1,000 deductible is effective for collision and comprehensive on certain vehicles. Non-owned and hired vehicles are covered for bodily injury and property damage in the amount of \$1,000,000.

Boiler and machinery insurance is contracted with U.S. Specialty Insurance Company with coverage included in property form and limit with a \$1,000 deductible.

U.S. Specialty Insurance Company provides excess liability insurance over general liability, EMT, ambulance malpractice, fire division liability, public official liability, police professional liability, and auto liability which is maintained in an aggregate amount of \$6,000,000. Excess liability insurance excludes uninsured/underinsured motorist coverage.

U.S. Specialty Insurance Company provides crime insurance coverage for theft, disappearance, and destruction (both inside and outside) with a \$25,000 per occurrence limit and a \$500 deductible.

U.S. Specialty Insurance Company provides railroad protective liability insurance with a limit of \$2,000,000.00 per occurrence and \$6,000,000 annual aggregate.

ACE Property and Casualty Insurance Company provides airport liability coverage with a limit of \$2,000,000 per occurrence and aggregate.

Settlements have not exceeded coverage in any of the last three years. There have been no significant reductions in insurance coverage from last year.

The City maintains a limited risk health insurance program for employees. Premiums are paid to a third party administrator, Medical Benefits Administrators, Inc. All claims are processed and monitored by the third party administrator. An internal service fund is presented in the financial statements and reflects premiums paid into the Health Self-Insurance internal service fund by other funds which are available to pay claims and administrative costs and establish claim reserves. An excess coverage insurance policy covers aggregate annual claims at 125 percent of estimated claims. Excess coverage is maintained for individual claims over \$160,000.

The claims liability of the Health Self-Insurance internal service fund of \$582,514 reported at December 31, 2024, is based on the requirements of Governmental Accounting Standards Board Statement No. 10 which requires that a liability for unpaid claims costs, including estimates of costs relating to incurred but not reported claims, be reported. Changes in the fund's claims liability for 2023 and 2024 were:

	Balance at		
	Beginning of Year	Current Year Claims	Claims Payments
2023	\$779,100	\$6,584,893	\$6,378,993
2024	985,000	5,602,462	6,004,948
			\$985,000
			582,514

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The City participates in the State Workers' Compensation retrospective rating and payment program. Under the retrospective rating program, the City pays workers' compensation premiums based upon rates determined by their third party administrator. These premiums are paid to the State of Ohio to cover administrative fees and claims as they are billed by the State. Claims are billed to the City one year in arrears. Once the City receives notice of the 2024 claims paid by the Bureau of Workers' Compensation, the City will reimburse the State for claims paid on the City's behalf. This payable is reclassified from claims payable to intergovernmental payable.

Participation in the plan is approved on a yearly basis and is limited to entities that can meet the plan's selection criteria. The City contracts with the firm of Comp Management, Inc. to provide administrative, costs controls, and actuarial services for the plan. Incurred but not reported, incurred but not paid, and premiums have been accrued as liabilities at December 31, 2024, based on an estimate by the City Auditor's office and the Bureau of Workers' Compensation.

#### **NOTE 13 - DEFINED BENEFIT PENSION PLANS**

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

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

The net pension liability 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.

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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 14 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 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 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. Participating employers are divided into state, local, law enforcement and public safety divisions. While members in the state and local divisions may participate in all three plans, law enforcement and public safety divisions exist only within the traditional plan.

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

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

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<b>Group A</b>	<b>Group B</b>	<b>Group C</b>
Eligible to retire prior to January 7, 2013 or five years after January 7, 2013	20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013	Members not in other Groups and members hired on or after January 7, 2013
<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

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.

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

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

**City of Zanesville, Ohio**  
*Notes to the Basic Financial Statements*  
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Funding Policy - The Ohio Revised Code (ORC) provides statutory authority for member and employer contributions as follows:

<u>State and Local</u>	
<b>2024 Statutory Maximum Contribution Rates</b>	
Employer	14.0 %
Employee	10.0 %
<b>2024 Actual Contribution Rates</b>	
Employer:	
Pension *	14.0 %
Post-employment Health Care Benefits *	<u>0.0 %</u>
Total Employer	<u>14.0 %</u>
Employee	
	<u>10.0 %</u>

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

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

For 2024, the City's contractually required contribution was \$1,833,015 for the traditional plan. Of this amount, \$126,008 is reported as an intergovernmental payable for the traditional plan.

#### ***Ohio Police & Fire Pension Fund (OP&F)***

Plan Description – City full-time police and firefighters participate in Ohio Police and Fire Pension Fund (OP&F), a cost-sharing, multiple-employer defined benefit pension plan administered by OP&F. OP&F provides retirement and disability pension benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by the Ohio State Legislature and are codified in Chapter 742 of the Ohio Revised Code. OP&F issues a publicly available financial report that includes financial information and required supplementary information and detailed information about OP&F fiduciary net position. The report that may be obtained by visiting the OP&F website at [www.opf.org](http://www.opf.org) or by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

**City of Zanesville, Ohio**  
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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 above for additional information, including requirements for Deferred Retirement Option Plan provisions and reduced and unreduced benefits).

Under normal service retirement, retired members who are at least 55 years old and have been receiving OP&F benefits for at least one year may be eligible for a cost-of-living allowance adjustment. The age 55 provision for receiving a COLA does not apply to those who are receiving a permanent and total disability benefit, surviving beneficiaries under optional plans, and statutory survivors. Members participating in the DROP program have separate eligibility requirements related to COLA.

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

The COLA amount for members who have less than 15 years of service credit as of July 1, 2013, and members whose pension benefit became effective on or after July 1, 2013, will be equal to a percentage of the member's base pension benefit where the percentage is the lesser of 3.0 percent or the percentage increase in the consumer price index, if any, over the twelve-month period that ends on the thirtieth day of September of the immediately preceding year, rounded to the nearest one-tenth of one percent.

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

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

	Police	Firefighters
<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	0.50	0.50
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 \$1,966,904 for 2024. Of this amount, \$154,065 is reported as an intergovernmental payable.

***Pension Liabilities, 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:

	OPERS		
	Traditional Plan	OP&F	
Proportion of the Net Pension Liability:			
Current Measurement Date	0.07089300%	0.02752064%	
Prior Measurement Date	<u>0.06980000%</u>	<u>0.02785544%</u>	
Change in Proportionate Share	<u>0.00109300%</u>	<u>-0.00033480%</u>	
Proportionate Share of the:			
Net Pension Liability	\$18,560,077	\$26,588,736	<u>Total</u>
Pension Expense	2,142,115	2,494,981	\$45,148,813
			4,637,096

**City of Zanesville, Ohio**  
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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	OP&F	Total
<b>Deferred Outflows of Resources</b>			
Differences between expected and actual experience	\$303,349	\$853,576	\$1,156,925
Changes of assumptions	0	1,680,379	1,680,379
Net difference between projected and actual earnings on pension plan investments	3,746,216	3,013,063	6,759,279
Changes in proportion and differences between City contributions and proportionate share of contributions	135,234	383,002	518,236
City contributions subsequent to the measurement date	<u>1,833,015</u>	<u>1,966,904</u>	<u>3,799,919</u>
<b>Total Deferred Outflows of Resources</b>	<b><u>\$6,017,814</u></b>	<b><u>\$7,896,924</u></b>	<b><u>\$13,914,738</u></b>
<b>Deferred Inflows of Resources</b>			
Differences between expected and actual experience	\$0	\$297,365	\$297,365
Changes of assumptions	0	403,781	403,781
Changes in proportion and differences between City contributions and proportionate share of contributions	<u>0</u>	<u>1,711,354</u>	<u>1,711,354</u>
<b>Total Deferred Inflows of Resources</b>	<b><u>\$0</u></b>	<b><u>\$2,412,500</u></b>	<b><u>\$2,412,500</u></b>

\$3,799,919 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 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:

Year Ending December 31:	OPERS		
	Traditional		
	Plan	OP&F	Total
2025	\$1,032,593	\$1,018,483	\$2,051,076
2026	1,295,030	1,034,214	2,329,244
2027	2,390,622	1,703,117	4,093,739
2028	(533,446)	(319,358)	(852,804)
2029	0	78,702	78,702
Thereafter	<u>0</u>	<u>2,362</u>	<u>2,362</u>
<b>Total</b>	<b><u>\$4,184,799</u></b>	<b><u>\$3,517,520</u></b>	<b><u>\$7,702,319</u></b>

**City of Zanesville, Ohio**  
*Notes to the Basic Financial Statements*  
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***Actuarial Assumptions - OPERS***

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

Projections of benefits for financial-reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. The total pension liability was determined by an actuarial valuation as of December 31, 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:

<b>OPERS Traditional Plan</b>	
Wage Inflation	2.75 percent
Future Salary Increases, including inflation	2.75 to 10.75 percent including wage inflation
COLA or Ad Hoc COLA:	
Pre-January 7, 2013 Retirees	3.0 percent, simple
Post-January 7, 2013 Retirees (Current Year)	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
Investment Rate of Return	6.9 percent
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 and 170 percent of the Pub-2010 Safety Employee Mortality tables (males and females) for the Public Safety and Law Enforcement divisions. Post-retirement mortality rates are based on 115 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 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.

**City of Zanesville, Ohio**  
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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	<u>100.00%</u>	

**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.

**Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate** The following table presents the City's proportionate share of the net pension liability 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:

City's proportionate share of the net pension liability	Current		
	1% Decrease (5.90%)	Discount Rate (6.90%)	1% Increase (7.90%)
OPERS Traditional Plan	\$29,218,550	\$18,560,077	\$9,695,327

**City of Zanesville, Ohio**  
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***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 below.

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.

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.

**City of Zanesville, Ohio**  
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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 below:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	18.60 %	4.10 %
Non-US Equity	12.40	4.90
Private Markets	10.00	7.30
Core Fixed Income *	25.00	2.40
High Yield Fixed Income	7.00	4.10
Private Credit	5.00	6.80
U.S. Inflation Linked Bonds*	15.00	2.10
Midstream Energy Infrastructure	5.00	5.80
Real Assets	8.00	6.00
Gold	5.00	3.50
Private Real Estate	12.00	5.40
Commodities	<u>2.00</u>	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 above, the Total Portfolio may be levered up to 1.25 times due to the application of leverage in certain fixed income asset classes.

**Discount Rate** For 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. 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:

	Current		
	1% Decrease (6.50%)	Discount Rate (7.50%)	1% Increase (8.50%)
City's proportionate share of the net pension liability	\$35,218,762	\$26,588,736	\$19,412,031

**City of Zanesville, Ohio**  
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**NOTE 14 - DEFINED BENEFIT OPEB PLANS**

See Note 13 for a description of the net OPEB liability.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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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 and public safety and law enforcement employers contributed at 18.1 percent. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. 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 \$17,255 for 2024. Of this amount, \$0 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.

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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.

**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 \$46,076 for 2024. Of this amount, \$3,622 is reported as an intergovernmental payable.

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

The net OPEB liability (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:

	OPERS	OP&F	
Proportion of the Net OPEB Liability:			
Current Measurement Date	0.06956300%	0.27520640%	
Prior Measurement Date	<u>0.06841500%</u>	<u>0.27855440%</u>	
Change in Proportionate Share	<u>0.00114800%</u>	<u>-0.00334800%</u>	<u>Total</u>
Proportionate Share of the:			
Net OPEB Liability	\$0	\$2,009,368	\$2,009,368
Net OPEB Asset	(\$627,823)	\$0	(\$627,823)
OPEB Expense	(\$88,194)	\$93,452	\$5,258

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

	OPERS	OP&F	Total
<b>Deferred Outflows of Resources</b>			
Differences between expected and actual experience	\$0	\$96,625	\$96,625
Changes of assumptions	\$161,633	\$691,442	\$853,075
Net difference between projected and actual earnings on pension plan investments	377,043	148,379	525,422
Changes in proportion and differences between City contributions and proportionate share of contributions	19	134,816	134,835
City contributions subsequent to the measurement date	<u>17,255</u>	<u>46,076</u>	<u>63,331</u>
Total Deferred Outflows of Resources	<u>\$555,950</u>	<u>\$1,117,338</u>	<u>\$1,673,288</u>
<b>Deferred Inflows of Resources</b>			
Differences between expected and actual experience	\$89,357	\$369,263	\$458,620
Changes of assumptions	269,882	1,293,985	1,563,867
Changes in proportion and differences between City contributions and proportionate share of contributions	<u>7,194</u>	<u>288,537</u>	<u>295,731</u>
Total Deferred Inflows of Resources	<u>\$366,433</u>	<u>\$1,951,785</u>	<u>\$2,318,218</u>

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\$63,331 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 of 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:

Year Ending December 31:	OPERS	OP&F	Total
2025	(\$20,537)	(\$16,265)	(\$36,802)
2026	26,619	(115,957)	(89,338)
2027	293,496	(79,719)	213,777
2028	(127,316)	(200,549)	(327,865)
2029	0	(222,697)	(222,697)
Thereafter	0	(245,336)	(245,336)
 Total	 <u>\$172,262</u>	 <u>(\$880,523)</u>	 <u>(\$708,261)</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 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

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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 and 170 percent of the Pub-2010 Safety Employee Mortality tables (males and females) for the Public Safety and Law Enforcement divisions. Post-retirement mortality rates are based on 115 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 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

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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 to Changes in the Discount Rate***  
The following table presents the City's proportionate share of the net OPEB liability calculated using the single discount rate of 5.70 percent, as well as what the City's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is one-percentage-point lower (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)	\$345,032	(\$627,823)	(\$1,433,693)

***Sensitivity of the City's Proportionate Share of the Net OPEB Liability to Changes in the Health Care Cost Trend Rate*** Changes in the health care cost trend rate may also have a significant impact on the net OPEB liability 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	Assumption	1% Increase
City's proportionate share of the net OPEB liability	(\$653,892)	(\$627,823)	(\$598,242)

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***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.

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

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.

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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 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 13

**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:

	1% Decrease (3.07%)	Current Discount Rate (4.07%)	1% Increase (5.07%)
City's proportionate share of the net OPEB liability	\$2,474,982	\$2,009,368	\$1,617,227

**NOTE 15 - OTHER EMPLOYEE BENEFITS**

**Other Insurance Benefits**

All employees are covered under a \$50,000 life insurance policy through Dearborn National Life Insurance except American Federation of State, County, and Municipal (AFSCME) union employees, corrections officers, police officers (including sergeants, lieutenants, and captains), fire lieutenants, and assistant fire chiefs. Correction officers are insured for \$10,000 and police officers, fire lieutenants, assistant fire chiefs and AFSCME union employees are insured for \$30,000. Police sergeants, captains, lieutenants, and fire lieutenants are insured for \$40,000. Additionally, for non-union employees and elected officials, the City provides coverage under an Accidental Death and Dismemberment policy. To be eligible, employees must work a minimum of twenty hours per week.

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The City provides a self-funded comprehensive health insurance plan administered by MedBen. Deductibles and insurance premiums are paid at varying rates based on the City's current negotiated agreements and policies.

**Compensated Absences**

The criteria for determining vested vacation and sick leave components are derived from negotiated agreements and State laws. Upon retirement, AFSCME union employees and policemen are paid 33 percent of their sick leave up to a maximum of 500 hours. Assistant Fire Chiefs whose work week consists of 56 hours when averaged over a three week period receive, upon retirement, 33 percent of accrued sick leave up to a maximum of 750 hours. Upon retirement, 33 percent of balance with a maximum payment of 700 hours is made to firefighters. Police sergeants and lieutenants receive, upon retirement, 33 percent of sick leave balances with a maximum of 500 hours. All other uniformed police receive, upon retirement, 33 percent of their balance with a maximum of 500 hours. Corrections officers receive, upon retirement, 33 percent of their balance with a maximum of 500 hours. Unaffiliated employees receive 33 percent of balance with a maximum of 500 hours. All employees are required to have ten or more years of service before any compensation for accumulated sick leave is paid upon retirement. Upon voluntary termination, death, or retirement all other employees will receive 100 percent of vacation earned and not previously taken. In the event that an employee dies or is permanently disabled while a current employee of the City, the ten (10) year service requirement shall be waived, and payment shall be made to the estate of the deceased or otherwise in accordance with ORC 2113.04 Upon voluntary termination, death, or retirement all other employees will receive 100 percent of vacation earned and not previously taken.

**NOTE 16 - CONTRACTUAL COMMITMENTS**

As of December 31, 2024, the City had contractual purchase commitments for projects in various funds. The amount for each project is as follows:

	Purchase Commitments	Amount Expended	Amount Remaining on Contracts
ACGP Secret and Streetscape Design Project - American Rescue Plan Fund	\$842,000	\$110,908	\$731,092
Cemetery Facilities Building Project - Cemetery Development Fund	243,605	243,605	0
Boiler Project - Jail Operating Fund	23,000	21,000	2,000
Total Governmental Funds	<u>1,108,605</u>	<u>375,513</u>	<u>733,092</u>
WWTP Upgrade Design - Water Fund	120,467	120,467	0
Combined Water Project - Water Fund	3,455,308	3,438,308	17,000
Dresden Road Waterline Replacement Projects - Water Fund	4,747,256	1,494,962	3,252,294
Total Enterprise Funds	<u>8,323,031</u>	<u>5,053,737</u>	<u>3,269,294</u>
Total All Contractual Commitments	<b><u>\$9,431,636</u></b>	<b><u>\$5,429,250</u></b>	<b><u>\$4,002,386</u></b>

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**NOTE 17 - LONG-TERM OBLIGATIONS**

Changes in long-term obligations of the City for the year ended December 31, 2024, were as follows:

	Restated Principal Outstanding 1/1/2024	Additions	Deletions	Principal Outstanding 12/31/2024	Amounts Due in One Year
<b>Governmental Activities:</b>					
<u>General Obligation Bonds from Direct Placements:</u>					
Various Purpose Bonds					
2016 - \$2,555,000					
Serial Bonds @ 3%	\$115,000	\$0	\$115,000	\$0	\$0
Term Bonds @ 3.0-3.75%	1,725,000	0	0	1,725,000	120,000
Premium on Bonds	49,971	0	3,844	46,127	0
Street Improvement Bonds					
2010 - \$1,210,000 @ 4.138%	465,000	0	70,000	395,000	70,000
Total General Obligation Bonds from Direct Placements	<u>2,354,971</u>	<u>0</u>	<u>188,844</u>	<u>2,166,127</u>	<u>190,000</u>
<u>Loans from Direct Borrowings</u>					
2005 SIB Loan \$4,772,627 @ 3%	1,871,664	0	173,026	1,698,638	178,256
2019 SIB Loan \$232,071 @ 3%	179,137	0	27,673	151,464	28,509
2016 Citywide Overlays OPWC Loan \$385,868 @ 0%	96,466	0	38,587	57,879	38,587
2024 Citywide Overlays OPWC Loan \$135,000 @ 0%	0	135,000	13,500	121,500	27,000
Total Long-Term Loans from Direct Borrowings	<u>2,147,267</u>	<u>135,000</u>	<u>252,786</u>	<u>2,029,481</u>	<u>272,352</u>
<u>Net Pension Liability</u>					
OPERS	12,783,750	0	1,276,502	11,507,248	0
OP&F	26,459,968	128,768	0	26,588,736	0
Total Net Pension Liability	<u>39,243,718</u>	<u>128,768</u>	<u>1,276,502</u>	<u>38,095,984</u>	<u>0</u>
<u>Net OPEB Liability</u>					
OPERS	267,450	0	267,450	0	0
OP&F	1,983,226	26,142	0	2,009,368	0
Total Net OPEB Liability	<u>2,250,676</u>	<u>26,142</u>	<u>267,450</u>	<u>2,009,368</u>	<u>0</u>
Financed Purchases Payable from Direct Borrowings	169,046	0	62,079	106,967	63,646
Police Lease Payable	9,000	0	9,000	0	0
Compensated Absences	4,538,258	632,092	0	5,170,350	1,708,947
Total Governmental Activities	<u>\$50,712,936</u>	<u>\$922,002</u>	<u>\$2,056,661</u>	<u>\$49,578,277</u>	<u>\$2,234,945</u>

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

	Restated Principal Outstanding 1/1/2024	Additions	Deletions	Principal Outstanding 12/31/2024	Amounts Due in One Year
<b>Business-Type Activities:</b>					
<u>SIB Loan from Direct Borrowing</u>					
2019 SIB Loan \$489,039 @ 3%	<u>\$376,554</u>	\$0	\$58,805	<u>\$317,749</u>	<u>\$60,582</u>
<u>OPWC Loans from Direct Borrowings</u>					
Sewer OPWC Loan					
2014 - \$1,274,932 @ 0.00%	669,337	0	63,747	605,590	63,747
Sewer OPWC Loan					
2015 - \$914,777 @ 0.00%	<u>548,865</u>	0	45,739	<u>503,126</u>	<u>45,739</u>
Total OPWC Loans from Direct Borrowings	<u>1,218,202</u>	0	109,486	<u>1,108,716</u>	<u>109,486</u>
<u>OWDA Loans from Direct Borrowings</u>					
Water OWDA Loan					
2009 - \$895,477 @ 3.20%	342,892	0	38,253	304,639	39,487
Water OWDA Loan					
2009 - \$7,514,758 @ 3.65%	5,314,818	0	213,339	5,101,479	221,197
Water OWDA Loan					
2009 - \$9,197,325 @ 0.00%	1,862,745	0	248,367	1,614,378	248,366
Water OWDA Loan					
2016 - \$401,400 @ 2.06%	279,191	0	18,935	260,256	19,328
Water OWDA Loan					
2018 - \$1,808,793 @ 1.31%	1,294,420	0	78,632	1,215,788	79,665
Water OWDA Loan					
2023 - \$854,800 @ 3.88%	548,645	166,950	15,685	699,910	0
Water OWDA Loan					
2023 - \$3,616,015 @ 2.93%	1,365,742	1,857,502	0	3,223,244	0
Water OWDA Loan					
2024 - \$5,020,000 @ 3.66%	0	1,241,751	0	1,241,751	0
Water OWDA Loan					
2024 - \$2,112,040 @ 3.48%	0	1,600,945	0	1,600,945	0
Water OWDA Loan					
2024 - \$538,594 @ 0.00%	0	7,174	0	7,174	0
Water OWDA Loan					
2022 - \$528,000 @ 1.66%	485,957	0	22,141	463,816	0
Water OWDA Loan					
2021 - \$213,782 @ 1.68%	129,914	867	130,781	0	0
Total Water OWDA Loans	<u>11,624,324</u>	<u>4,875,189</u>	<u>766,133</u>	<u>15,733,380</u>	<u>608,043</u>
Sewer OWDA Loan					
2004 - \$1,268,110 @ 3.41%	32,885	0	32,885	0	0
Sewer OWDA Loan					
2023 - \$6,067,219 @ 2.32%	3,495,659	2,662,848	71,604	6,086,903	145,709
Sewer OWDA Loan					
2007 - \$14,337,659 @ 4.47%	4,246,594	0	697,341	3,549,253	728,862
Sewer OWDA Loan					
2023 - \$476,177 @ 3.75%	1,667	243,470	23,892	221,245	0
Sewer OWDA Loan					
2013 - \$2,625,195 @ 3.15%	1,548,523	0	133,995	1,414,528	138,249
Sewer OWDA Loan					
2019 - \$241,743 @ 2.87%	306,146	0	15,783	290,363	16,178
Sewer OWDA Loan					
2020 - \$809,373 @ 0.87%	642,377	0	34,138	608,239	34,435
Total Sewer OWDA Loans	<u>10,273,851</u>	<u>2,906,318</u>	<u>1,009,638</u>	<u>12,170,531</u>	<u>1,063,433</u>
Storm Water OWDA Loan					
2012 - \$333,431 @ 3.17%	94,943	0	26,069	68,874	26,902
Total Storm Water OWDA Loans	<u>\$94,943</u>	<u>\$0</u>	<u>\$26,069</u>	<u>\$68,874</u>	<u>\$26,902</u>

(continued)

**City of Zanesville, Ohio**  
*Notes to the Basic Financial Statements*  
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	Restated Principal Outstanding 1/1/2024	Additions	Deletions	Principal Outstanding 12/31/2024	Amounts Due in One Year
<b>Business-Type Activities: (Continued)</b>					
<b><u>Net Pension Liability - OPERS</u></b>					
Sewer	\$3,092,843	\$0	\$308,831	\$2,784,012	\$0
Water	3,299,032	0	329,419	2,969,613	0
Sanitation	1,443,325	0	144,121	1,299,204	0
<b>Total Net Pension Liability</b>	<b>7,835,200</b>	<b>0</b>	<b>782,371</b>	<b>7,052,829</b>	<b>0</b>
<b><u>Net OPEB Liability - OPERS</u></b>					
Sewer	64,704	0	64,704	0	0
Water	69,019	0	69,019	0	0
Sanitation	30,196	0	30,196	0	0
<b>Total Net OPEB Liability</b>	<b>163,919</b>	<b>0</b>	<b>163,919</b>	<b>0</b>	<b>0</b>
<b>Water Financed Purchases</b>					
Payable from Direct Borrowings	73,518	0	73,518	0	0
<b>Sewer Financed Purchases</b>					
Payable from Direct Borrowings	260,572	0	85,183	175,389	86,847
<b>Asset Retirement Obligation - Sewer</b>					
60,000	60,000	0	0	60,000	0
<b>Compensated Absences Payable</b>					
1,096,493	1,096,493	174,912	0	1,271,405	404,236
<b>Total Business-Type Activities</b>	<b>\$33,077,576</b>	<b>\$7,956,419</b>	<b>\$3,075,122</b>	<b>\$37,958,873</b>	<b>\$2,359,529</b>

**Compensated Absences** – The change in compensated absences is presented at net.

**Net Pension/OPEB Liabilities** - There are no repayment schedules for the net pension and OPEB liabilities. However, employer pension contributions are made from the following funds: the General Fund; Street and State Highway, Law Enforcement, Police Expenditure, Jail Operating, Fire Operating, Community Development, Airport, Cemetery, and Auditorium Special Revenue Funds; Vehicle Maintenance Internal Service Fund; and the Sanitation, Sewer, and Water Enterprise Funds. For additional information related to the net pension/OPEB liabilities, see Notes 13 and 14.

**Financed Purchases** - In prior years, the City entered into financed purchase agreements for a fire truck, a medic truck, and two vactor trucks. These agreements meet the criteria of a financed purchase which is defined as a financed purchase which transfers ownership to the lessee. Financed purchase payments are reflected as debt service expenditures in the fund financial statements.

During 2017, the City entered into a financed purchase agreement for a fire truck in the amount of \$581,293. This agreement is paid from the Fire Capital Projects Fund. The agreement provides for minimum annual finance payments as follows:

Year	Governmental Activities	
	Principal	Interest
2025	\$63,646	\$1,949
2026	43,321	406
	<b>\$106,967</b>	<b>\$2,355</b>

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

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The City's outstanding financed purchases from direct borrowings related to governmental activities for the fire truck contain provisions that in the event of default (1) the outstanding amounts shall, at Lessor's option, become immediately due and payable, (2) Lessor could request that the fire truck be returned, and if not returned, the fire truck will be repossessed.

During 2020, the City entered into a financed purchase agreement for a vactor truck for the water department in the amount of \$358,893. This agreement was paid from the Water Enterprise Fund. The agreement was paid in full during 2024.

The City's outstanding financed purchases from direct borrowings related to business type activities for the vactor truck, for water department usage, contain provisions that in the event of default (1) the outstanding amounts shall, at Lessor's option, become immediately due and payable, (2) with written notice, Lessor could request that the vactor truck be returned, and if not returned, the vactor truck will be repossessed.

During 2022, the City entered into a financed purchase agreement for a vactor truck for the sewer department in the amount of \$426,075. The agreement provides for minimum annual finance payments as follows:

Year	Sewer Enterprise Fund	
	Principal	Interest
2025	\$86,847	\$5,088
2026	88,542	3,425
	<u>\$175,389</u>	<u>\$8,513</u>

The City's outstanding financed purchases from direct borrowings related to business type activities for the vactor truck, for sewer department usage, contain provisions that in the event of default (1) the outstanding amounts shall, at Lessor's option, become immediately due and payable, (2) with written notice, Lessor could request that the vactor truck be returned, and if not returned, the vactor truck will be repossessed.

**2016 Various Purpose General Obligation Bonds** - On December 29, 2016, the City issued \$830,000 in Various Purpose Serial Bonds and \$1,725,000 in Various Purpose Term Bonds. The proceeds of these bonds retired bond anticipation notes that were used to make improvements to the municipal facilities, particularly Secrest Auditorium and the City Jail. The bonds were sold at a premium of \$76,879 that will be amortized over the life of the bonds using the straight-line method. These bonds are backed by the full faith and credit of the City and are being retired from the Bond Retirement Debt Service Fund property tax revenues. The bonds were issued for a twenty year period with final maturity in 2036.

Principal and interest requirements to retire the bonds outstanding at year end, were as follows:

Year	Principal	Interest
2025	\$120,000	\$59,462
2026	125,000	55,862
2027	125,000	52,112
2028	130,000	48,050
2029	135,000	43,826
2030-2034	750,000	147,450
2035-2036	340,000	19,315
	<u>\$1,725,000</u>	<u>\$426,077</u>

**City of Zanesville, Ohio**  
*Notes to the Basic Financial Statements*  
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**Street Improvement Bonds** - During 2010, the City entered into a Bond Purchase Agreement with Fifth Third Securities for Street Improvement Bonds in the amount of \$1,210,000. The bonds were issued at 4.138 percent and will mature in 2029. A summary of the principal and interest requirements to retire the bonds are as follows:

Year	Principal	Interest
2025	\$70,000	\$17,565
2026	80,000	14,625
2027	80,000	11,026
2028	80,000	7,426
2029	85,000	3,825
	<u><u>\$395,000</u></u>	<u><u>\$54,467</u></u>

The City's outstanding bond from direct placement related to governmental activities of \$395,000 contain a provision that in an event of default, outstanding amounts become immediately due if the City is unable to make payment.

**SIB Loans** - During 2005, the City entered into a loan agreement with the Ohio Department of Transportation through the State Infrastructure Bank. These proceeds were used to complete a connector road project. The loan was issued at 3 percent and will mature in 2033. A summary of the principal and interest requirements to retire this loan is as follows:

Year	Principal	Interest
2025	\$178,256	\$49,633
2026	183,644	44,244
2027	189,194	38,694
2028	194,913	32,975
2029	200,804	27,084
2030-2033	<u>751,827</u>	<u>45,781</u>
	<u><u>\$1,698,638</u></u>	<u><u>\$238,411</u></u>

During 2019, the City entered into a loan agreement with the Ohio Department of Transportation through the State Infrastructure Bank. These proceeds were used to repair State Route 60 / Wayne Avenue due to road slippage along the river. These proceeds were recorded in both the Street Special Revenue Fund as well as the Storm Water (Nonmajor) Enterprise Fund due to the City having to install a storm water system under the replaced roadway. The loan was issued at 3 percent and is to be paid over ten years. A summary of the principal and interest requirements to retire this loan is as follows:

Year	Governmental Activities		Storm Water Fund		Total Principal	Total Interest
	Principal	Interest	Principal	Interest		
2025	\$28,509	\$5,316	\$60,582	\$11,295	\$89,091	\$16,611
2026	29,371	4,454	62,414	9,466	91,785	13,920
2027	30,259	3,567	64,299	7,579	94,558	11,146
2028	31,173	2,652	66,244	5,635	97,417	8,287
2029	32,152	1,709	64,210	3,633	96,362	5,342
	<u><u>\$151,464</u></u>	<u><u>\$17,698</u></u>	<u><u>\$317,749</u></u>	<u><u>\$37,608</u></u>	<u><u>\$469,213</u></u>	<u><u>\$55,306</u></u>

The City's outstanding SIB Loans from direct borrowings related to governmental and business type activities contain a provision that in the event of default, outstanding amounts shall become immediately due and payable.

**City of Zanesville, Ohio**  
*Notes to the Basic Financial Statements*  
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**Lease Payable** - The City had an outstanding agreement with Harris Industrial Parkway LLC to lease a facility for the City's impound lot. The final payment was made in 2024.

**OPWC Loans** - During 2016, the City issued an OPWC loan in the amount of \$385,868. The loan was issued for the 2015 Citywide Overlay Project. The loan was issued at an interest rate of 0 percent and will mature in 2026. A summary of the principal requirements to retire this loan is as follows:

Year	Principal
2025	\$38,587
2026	19,292
	<b><u>\$57,879</u></b>

During 2024, the City issued an OPWC loan in the amount of \$135,000. The loan was issued for the 2024 Citywide Overlay Project. The loan was issued at an interest rate of 0 percent and will mature in 2029. A summary of the principal requirements to retire this loan is as follows:

Year	Principal
2025	\$27,000
2026	27,000
2027	27,000
2028	27,000
2029	13,500
	<b><u>\$121,500</u></b>

The City's outstanding OPWC loans from direct borrowings related to governmental activities of \$179,379 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.

During 2014, the City issued an OPWC loan in the amount of \$1,274,932. The loan was issued for the R-4 and R-5 Combined Sewer Separation Project. The loan was issued at an interest rate of 0 percent and will mature in 2034. A summary of the principal requirements to retire this loan is as follows:

Year	Principal
2025	\$63,746
2026	63,746
2027	63,746
2028	63,746
2029	63,746
2030-2033	286,859
	<b><u>\$605,589</u></b>

**City of Zanesville, Ohio**  
*Notes to the Basic Financial Statements*  
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During 2015, the City issued an OPWC loan in the amount of \$914,777. The loan was issued for the R-2 and R-7 Combined Sewer Separation Project. The loan was issued at an interest rate of 0 percent and will mature in 2036. A summary of the principal requirements to retire this loan is as follows:

Year	Principal
2025	\$45,739
2026	45,739
2027	45,739
2028	45,739
2029	45,739
2030-2034	228,690
2035-2036	45,741
	<b><u>\$503,126</u></b>

The City's outstanding OPWC loans from direct borrowings related to business-type activities of \$1,108,716 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.

**OWDA Loans** - The City has issued numerous OWDA Loans for various water, storm water, and sewer projects. Final completion paperwork for six of the outstanding loans are not yet completed, and therefore, the repayments schedules have not yet been issued and are not reflected as scheduled payments in the table below. In connection with the loan funds received from the Ohio Water Development Authority, the City has pledged future customer revenues of the Water and Sewer Enterprise Funds, net of specified operating expenses and net of debt service requirements on the general obligation bonds (which have first priority and a lien on net income available for debt service), to repay these loans. On May 29, 2003, the OWDA Board authorized an interest rate subsidy program that became effective with the January 2004 payment. A summary of the principal and interest requirements to retire these loans are as follows:

Year	Sewer		Water		Storm Water	
	Principal	Interest	Principal	Interest	Principal	Interest
2025	\$1,063,433	\$346,835	\$608,043	\$214,569	\$26,902	\$1,972
2026	1,104,870	305,396	618,909	203,699	27,761	1,112
2027	1,148,029	262,236	630,144	192,467	14,211	225
2028	1,192,985	217,282	641,751	180,860	0	0
2029	800,085	170,456	653,748	168,863	0	0
2030-2034	1,813,891	658,418	2,437,840	659,161	0	0
2035-2039	1,261,527	483,882	2,130,986	329,923	0	0
2040-2044	1,137,880	352,024	775,120	35,685	0	0
2045-2049	1,210,808	219,616	0	0	0	0
2050-2054	1,215,779	71,599	0	0	0	0
	<b><u>\$11,949,287</u></b>	<b><u>\$3,087,744</u></b>	<b><u>\$8,496,541</u></b>	<b><u>\$1,985,227</u></b>	<b><u>\$68,874</u></b>	<b><u>\$3,309</u></b>

The City's outstanding OWDA loans from direct borrowings related to business type activities of \$27,972,785 contain provisions that in an 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.

**City of Zanesville, Ohio**  
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**Pledged Revenue** - The City has pledged future sewer customer revenues to repay the OWDA loans. The loans are payable solely from net revenues and are payable through 2054. Net revenues include all revenues received by the sewer utility less all operating expenses other than depreciation expense. Annual principal and interest payments on the loans as compared to net future revenues are not estimable but are expected to be less than net revenues in each year the loans are outstanding. The total principal and interest remaining to be paid on the loans is \$15,258,275. Principal and interest payments for the current year were \$1,362,193, net revenues were \$4,830,727, and total revenues were \$11,033,413.

The City has pledged future water customer revenues to repay the OWDA loans. The loans are payable solely from net revenues and are payable through 2041. Net revenues include all revenues received by the water utility less all operating expenses other than depreciation expense. Annual principal and interest payments on the loans as compared to net future revenues are not estimable but are expected to be less than net revenues in each year the loans are outstanding. The total principal and interest remaining to be paid on the loans is \$17,718,607. Principal and interest payments for the current year were \$1,114,859, net revenues were \$163,515, and total revenues were \$8,651,796.

The City has pledged future storm water customer revenues to repay the OWDA loans. The loans are payable solely from net revenues and are payable through 2027. Net revenues include all revenues received by the storm water utility less all operating expenses other than depreciation expense. Annual principal and interest payments on the loans as compared to net future revenues are not estimable but are expected to be less than net revenues in each year the loans are outstanding. The total principal and interest remaining to be paid on the loans is \$137,749. Principal and interest payments for the current year were \$28,874, net revenues were \$1,098,215, and total revenues were \$1,739,396.

**Debt Margin** - As of December 31, 2024, the City's overall legal debt margin (the ability to issue additional amounts of general obligation bonded debt) was \$43,109,272.

#### **NOTE 18 - INTERFUND TRANSFERS AND BALANCES**

##### **Transfers**

Interfund transfers during 2024 consisted of the following:

Transfers from Major Fund: General	Transfers to				
	Major Funds		Other	Internal Service Fund	
	Police Expenditure	Fire Operating		Nonmajor Governmental	Vehicle Maintenance
	\$2,544,888	\$5,370,190	\$3,169,283	\$412,546	\$11,496,907

Generally, transfers are used to move revenues from the fund that Statute or budget requires to collect them to the fund that Statute or budget requires to expend them; to move unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations; and to segregate money for anticipated capital projects.

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

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**Balances**

Interfund balances, as of December 31, 2024, consist of the following individual interfund receivables and payables:

Interfund Payable	Internal Service
<hr/>	
Major Governmental Funds:	
General	\$106,683
Police Expenditure	135,600
Fire Operating	72,765
Other Governmental	38,865
Major Enterprise Funds:	
Sewer	16,135
Water	73,139
Sanitation	28,121
Internal Service	<u>3,521</u>
Total All Funds	<u><u>\$474,829</u></u>

These balances between funds are all considered to be current receivables/payables resulting from interfund activity and primarily represent reciprocal transactions between funds, for interfund services provide and used during the current year, for which billings and payments between funds did not occur until after year end. The interfund receivable in the Vehicle Maintenance and Self Insurance Internal Service Funds are a result of the liability from City Funds to those funds for services that were provided to the corresponding funds.

**NOTE 19 - 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. State and/or federal laws and regulations require the City to go through a decommissioning process if their waste water treatment facilities were to close. Through this decommissioning process, the City would be responsible to remediate any public safety issues associated with their waste water treatment facilities. The City Public Service Director estimates these public safety issues to include cleaning/removing certain equipment and backfilling certain exposed areas. These assets retirement obligations (ARO) of \$60,000 associated with the City's waste water treatment facilities were estimated by the City Public Service Director. The remaining useful life of these facilities range from 23 to 41 years.

**NOTE 20 - 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:

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Fund Balances	General	Police Expenditures	Fire Operating	American Rescue Plan	Other Governmental	Total
<b>Nonspendable:</b>						
Prepays	\$79,336	\$91,412	\$72,417	\$0	\$114,174	\$357,339
Cemetery Endowments	0	0	0	0	699,020	699,020
Unclaimed Monies	1,442	0	0	0	0	1,442
Materials and Supplies						
Inventory	14,699	3,591	0	0	280,057	298,347
<i>Total Nonspendable</i>	<i>95,477</i>	<i>95,003</i>	<i>72,417</i>	<i>0</i>	<i>1,093,251</i>	<i>1,356,148</i>
<b>Restricted for:</b>						
Street	0	0	0	0	734,853	734,853
Cemetery Operations	0	0	0	0	119,794	119,794
Community Development	0	0	0	0	137,162	137,162
Jail Operations	0	0	0	0	1,537,216	1,537,216
Police Operations	0	832,637	0	0	468,646	1,301,283
Fire Operations	0	0	278,920	0	0	278,920
Court Operations	0	0	0	0	758,803	758,803
Airport Operations	0	0	0	0	82,363	82,363
Public Health	0	0	0	0	174,849	174,849
Capital Improvements	0	0	0	0	1,113,273	1,113,273
<i>Total Restricted</i>	<i>0</i>	<i>832,637</i>	<i>278,920</i>	<i>0</i>	<i>5,126,959</i>	<i>6,238,516</i>
<b>Committed for:</b>						
Capital Improvements	0	0	0	0	9,722	9,722
Auditorium Operating	0	0	0	0	51,242	51,242
<i>Total Committed</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>60,964</i>	<i>60,964</i>
<b>Assigned to:</b>						
Subsequent						
Year's Appropriations	3,395,886	0	0	0	0	3,395,886
Unassigned (Deficit)	3,834,264	0	0	0	(294,573)	3,539,691
<i>Total Fund Balances</i>	<i>\$7,325,627</i>	<i>\$927,640</i>	<i>\$351,337</i>	<i>\$0</i>	<i>\$5,986,601</i>	<i>\$14,591,205</i>

**NOTE 21 - JOINTLY GOVERNED ORGANIZATIONS**

**Ohio Mid-Eastern Governments Association (OMEGA)**

The Ohio Mid-Eastern Governments Association (OMEGA) is a ten-county regional council of governments comprised of Belmont, Carroll, Coshocton, Columbiana, Guernsey, Harrison, Holmes, Jefferson, Muskingum, and Tuscarawas Counties. OMEGA was formed to aid and assist the participating counties in the application for Appalachian Regional Commission and Economic Development grant monies. OMEGA is governed by a twenty-one-member executive board comprised of members appointed from each participating county and cities within each county. City membership is voluntary. The mayor of the City of Zanesville serves as the City's representative on the board. The board exercises total control over the operations of OMEGA including budgeting, appropriating, contracting, and designating management. Each participant's degree of control is limited to its representation on the Board. Each member currently pays a nine cent per capita membership fee based upon the most recent U.S. census. During 2024, the City paid \$3,715 in membership dues to OMEGA. OMEGA has no outstanding debt. Financial information can be obtained from the Ohio Mid-Eastern Governments Association, 326 Highland Avenue, Suite B, Cambridge, Ohio 43725.

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

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**Zanesville/Muskingum County Port Authority**

The Zanesville/Muskingum County Port Authority is a jointly governed organization under the laws of the State of Ohio. The Authority is governed by a five-member board and was created by a resolution of the City of Zanesville and Muskingum County. The Authority is incorporated as a non-profit corporation under the laws of the State of Ohio. The City appoints two members to the Authority board and Muskingum County appoints two members. The fifth member is appointed jointly by the City and the County. The Board exercises total control over the operations of the Authority including budgeting, appropriating, contracting, and designating management. The Authority's primary function is to promote economic growth and development in the County. The Authority derives its revenues from rental income, interest income, and annual contributions from the City and County. During 2024, the City provided \$100,000 in operating subsidies and \$50,000 to improve and maintain infrastructure to the Authority. Financial information is available from the Zanesville/Muskingum County Port Authority, 205 North Fifth Street, Zanesville, Ohio 43701.

**Zanesville/Muskingum Convention Facility Authority**

The Zanesville/Muskingum Conventions Facility Authority was created pursuant to State Statutes for the purpose of acquiring, constructing, equipping, and operating a convention facility in Muskingum County. The Authority operates under the direction of an eleven-member appointed board of directors. The board consists of three members appointed by the Mayor of the City of Zanesville, six members appointed by Muskingum County, and two members appointed by remaining municipal corporations located in the County. The board exercises total control over the operation of the Authority including budgeting, appropriating, contracting, and designating management. The Authority receives funding in the form of a four percent hotel and motel excise tax for each transaction occurring in the boundaries of Muskingum County. The tax is levied and collected by the Authority directly. The City is prohibited from contributing to the operations of the Authority by State Law. During 2024, the Authority received \$563,230 from excise taxes and rental income. The Authority has no outstanding debt. Complete financial information can be obtained from the Zanesville/Muskingum Conventions Facility Authority, 205 North Fifth Street, Zanesville, Ohio 43701.

**Zanesville Metropolitan Housing Authority**

The Zanesville Metropolitan Housing Authority was created in 1938, and currently operates pursuant to Revised Code Section 3735.27. The Authority is operated by a five-member board. The City appoints two members and the County appoints three members. The board adopts their own appropriations, is their own contracting authority, hires and fires their own staff, authorizes all expenditures, and does not rely on the City or the County to finance deficits. The Authority receives funding from the federal government in the form of grants. All monies are received directly by the Authority in the Authority's name. Although the City appoints members to the board, the City is not financially accountable for the Authority, nor is the Authority fiscally dependent on the City. The Authority has no outstanding debt. Complete financial information can be obtained from the Zanesville Metropolitan Housing Authority, 407 Pershing Road, Zanesville, Ohio 43701.

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

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**Muskingum County Center for Seniors**

The Muskingum County Center for Seniors (Center) is a jointly governed organization which operates as a not-for-profit organization created under 501(c)(3) of the Internal Revenue Code. The Center provides various services to seniors, including transportation services, nutritional and physical fitness information and instruction, meals, and legal counseling. The Center is governed by an eleven-member board consisting of five members appointed by the Muskingum County Board of County Commissioners, five members appointed by the Mayor of the City of Zanesville, and one member appointed by the above appointed ten members. The Center was the recipient of support from the Muskingum County Senior Services Levy. Additional revenue is provided through contracts with the Area Agency on Aging. Continued existence of the Center is not dependent upon the City's continued participation, no equity interest exists, and no debt is outstanding.

**Muskingum County Land Reutilization Corporation**

The Muskingum County Land Reutilization Corporation (Land Bank) is a body politic and corporate organized on June 1, 2012, by the Board of County Commissioners of Muskingum County (BOCC) under the authority of Chapters 1702 and 1724. Ohio Revised Code. The purpose of the Land Bank is to facilitate the acquisition, reclamation, rehabilitation, and reutilization of vacant abandoned tax foreclosed and/or other real properties. In addition, the Land Bank will assist governmental entities and non-profit and/or not-for-profit entities in the assembly of real property to further the Land Bank mission. The Land Bank is governed by a five-member Board of Directors, consisting of two County Commissioners, the County Treasurer, one representative from the City of Zanesville, and one representative appointed by the Muskingum County Township Trustees Association from a township having a population of ten thousand or more. The Board of Directors has the authority to make, prescribe, and enforce all rules and regulations for the conduct of all business and affairs of the Land Bank and the management and control of its properties. Continued existence of the Land Bank is not dependent upon the City's continued participation, no equity interest exists, and no debt is outstanding.

**NOTE 22 - JOINT VENTURES**

**Zanesville, South Zanesville and Springfield Joint Economic Development District**

Zanesville, South Zanesville and Springfield Joint Economic Development District (JEDD) was created by contract during 2000 pursuant to Revised Code Section 715.72. The JEDD was created to facilitate economic development to create or preserve jobs and employment opportunities and to improve the economic welfare of the people in the State, the County, the City, the Village, the Township and the JEDD. The JEDD is operated by a three-member board.

The City and the Village of South Zanesville appoint one member jointly, Springfield Township appoints one member, and these two JEDD members jointly appoint the third member of the JEDD. The JEDD's board exercises total control over the budgeting, appropriation, contacting, and management. The JEDD's board, pursuant to Revised Code Section 715.72 has implemented a 1.9 percent income tax that will be used for the purposes of the JEDD. The continued existence of the JEDD is dependent upon the continued participation by the City, Village and Township; however, the City, Village or Township do not have an equity interest in the JEDD. The JEDD is not accumulating significant financial resources and is not experiencing fiscal distress that may cause an additional financial burden on the City. The City serves as fiscal agent for the JEDD. Complete financial information can be obtained from the Zanesville, South Zanesville, Springfield Joint Economic Development District, Zanesville, Ohio.

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

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**Zanesville-Washington Township Joint Economic Development District**

Zanesville-Washington Township Joint Economic Development District (JEDD) was created by contract during 2000 pursuant to Revised Code Section 715.72. The JEDD was created to facilitate economic development to create or preserve jobs and employment opportunities and to improve the economic welfare of the people in the State, the County, the City, the Township and the JEDD. The JEDD is operated by a three-member board. The City and Washington Township each appoint one member and these two JEDD members jointly appoint the third member of the JEDD. The JEDD's board exercises total control the budgeting, appropriation, contacting, and management. The JEDD's board, pursuant to Revised Code Section 715.72 has implemented a 1.9 percent income tax that will be used for the purposes of the JEDD. The continued existence of the JEDD is dependent upon the continued participation by the City and Township; however, the City or Township does not have an equity interest in the JEDD. The JEDD is not accumulating significant financial resources and is not experiencing fiscal distress that may cause an additional financial burden on the City. The City serves as fiscal agent for the JEDD. Complete financial information can be obtained from the Zanesville, South Zanesville-Washington Joint Economic Development District, Zanesville, Ohio.

**Zanesville-Newton Township Joint Economic Development District**

Zanesville-Newton Township Joint Economic Development District (JEDD) was created by contract during 2002 pursuant to Revised Code Section 715.72. The JEDD was created to facilitate economic development to create or preserve jobs and employment opportunities and to improve the economic welfare of the people in the State, the County, the City, the Township and the JEDD. The JEDD is operated by a three-member board. The City and Newton Township each appoint one member and these two JEDD members jointly appoint the third member of the JEDD. The JEDD's board exercises total control the budgeting, appropriation, contacting, and management. The JEDD's board, pursuant to Revised Code Section 715.72 has implemented a 1.9 percent income tax that will be used for the purposes of the JEDD. The continued existence of the JEDD is dependent upon the continued participation by the City and Township; however, the City or Township does not have an equity interest in the JEDD. The JEDD is not accumulating significant financial resources and is not experiencing fiscal distress that may cause an additional financial burden on the City. The City serves as fiscal agent for the JEDD. Complete financial information can be obtained from the Zanesville-Newton Township Joint Economic Development District, Zanesville, Ohio.

**Zanesville-Perry Township Joint Economic Development District**

Zanesville-Perry Township Joint Economic Development District (JEDD) was created by contract during 2020 pursuant to Revised Code Section 715.72. The JEDD was created to facilitate economic development to create or preserve jobs and employment opportunities and to improve the economic welfare of the people in the State, the County, the City, the Township, the Zanesville-Muskingum County Port Authority, and the JEDD. The JEDD is operated by a three-member board. The City and Perry Township each appoint one member and these two JEDD members jointly appoint the third member of the JEDD. The JEDD's board exercises total control the budgeting, appropriation, contacting, and management. The JEDD's board, pursuant to Revised Code Section 715.72 has implemented a 1.9 percent income tax that will be used for the purposes of the JEDD. The continued existence of the JEDD is dependent upon the continued participation by the City and Township; however, the City or Township does not have an equity interest in the JEDD. The JEDD is not accumulating significant financial resources and is not experiencing fiscal distress that may cause an additional financial burden on the City. The City serves as fiscal agent for the JEDD. Complete financial information can be obtained from the Zanesville-Perry Township Joint Economic Development District, Zanesville, Ohio.

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

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**NOTE 23 - RELATED ORGANIZATION**

**South East Area Transit Authority**

The South East Area Transit Authority (hereinafter referred to as the “Authority”) was created pursuant to Sections 306.30 through 306.54 of the Ohio Revised Code for the purpose of providing public transportation in the City of Zanesville, Muskingum County, City of Cambridge, and Guernsey County, as well as the south east Ohio area. The Authority is an independent political subdivision of the State of Ohio and thus is not subject to federal or state income taxes.

The Authority is managed by an eleven-member Board of Trustees, who establishes policies and sets direction for the management of the Authority. Six of the members are appointed by the Mayor of Zanesville with the consent of City Council, two members are appointed by the Muskingum County Commissioners, and the remaining three members are appointed by the Guernsey County Commissioners, the Mayor of Cambridge, and the Mayor of South Zanesville. Board members serve overlapping three-year terms.

Although, the City is responsible for appointing the majority of the Board of Directors, the City cannot influence operations, nor does the Authority represent a potential financial benefit or burden to the City and therefore is presented as a related organization. The City serves as the taxing authority and may issue tax related debt on behalf of the Authority, but its role is limited to a ministerial function. The Authority may issue debt and determine its own budget. Complete financial information can be obtained from the South East Area Transit Authority, Zanesville, Ohio.

**NOTE 24 - CONTINGENCIES**

**Grants**

The City received financial assistance from the federal and state agencies in the form of grants. The distribution of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is 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 of the City at December 31, 2024.

**Litigation**

The City of Zanesville is currently party to pending litigation seeking damages and/or injunctive relief as confirmed by the City Law Director. The possible outcome or impact on the financial statements cannot be determined at this time.

**IRS Penalty**

The City’s intergovernmental payable amount includes a penalty owed to the IRS in the amount of \$475,000. The penalty is currently under appeal. As of November 28, 2025 (the latest information available), the City’s outstanding balance on the civil penalty is \$271,244.58 as the City has received a partial reduction to the penalty based on their appeal efforts.

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

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**NOTE 25 – COVID-19**

The United States and the State of Ohio declared a state of emergency in March 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. Although during 2024 the City received no additional COVID-19 funding, the City will continue to spend available COVID-19 funding consistent with the applicable program guidelines.

**NOTE 26 – SUBSEQUENT EVENTS**

In November 2024, the City entered into a grant agreement with Ohio Mid-Eastern Governments Association (OMEGA) for the Appalachian Community Grant Program in an amount not to exceed \$6,473,500. The program is intended to fund, in part, the Secrest Auditorium and Gateway District Streetscape Project. Construction began in 2025 and is expected to continue through 2026.

On October 8, 2025 the City issued Various Purpose Bonds, Series 2025 in the amount of \$6,500,000 for the purpose of acquiring, constructing, reconstructing, renovating, repairing, equipping and furnishing and otherwise improving Secrest Auditorium and acquiring interests in land necessary for the foregoing, and landscaping and improving the sites thereof, and acquiring and equipping a fire truck and related appurtenances.

**NOTE 27 – COMPONENT UNIT – ZANESVILLE COMMUNITY IMPROVEMENT CORPORATION**

**DESCRIPTION OF THE ENTITY**

The Zanesville Community Improvement Corporation is a not-for-profit organization which derives the major source of its revenue from grants from the City of Zanesville and property sales. The Corporation was formed to cultivate and promote economic development in the City of Zanesville.

The Corporation is governed by a Board of Trustees composed of: four members consisting of elected or appointed officials; five members appointed jointly by the Mayor and majority vote of Zanesville City Council who shall be referred to as "Directors at-large". The Zanesville Community Improvement Corporation acts as an agent for the City, is fiscally dependent and considered a component unit of the City.

The Corporation's management believes these financial statements present all activities for which the Corporation is financially accountable.

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**Basis of Accounting**

The basic financial statements of the Corporation are prepared using the accrual basis of accounting in conformity with US GAAP. Revenues are recognized when earned and expenses are recognized when incurred.

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

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**Basis of Presentation**

The Corporation's basic financial statements consist of government-wide statements, including a Statement of Net Position and a Statement of Activities.

The Statement of Net Position presents the financial condition of the governmental activities of the Corporation at year-end. The Statement of Activities presents a comparison between direct expenses and program revenues for each program or function of the Corporation's governmental 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, operating grants and capital grants and contributions that are restricted to meeting the operational or capital requirements of a particular program, and the 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 Corporation, with certain limitations. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the Corporation.

**Cash and Cash Equivalents**

For purposes of the statement of cash flows, the Corporation's deposit accounts and certificates of deposit are considered cash equivalents.

**Net Position**

Net position represents the difference between assets and liabilities. The Corporation does not report restricted net position.

**Operating Revenue and Expenses**

Operating revenue during 2024 consists primarily of rental income from 3 leased properties. Operating expenses include the cost of cultivating and promoting economic development, including administrative expenses and renovations and repairs and maintenance on properties. The Corporation contracts with SEO CPA Group, LTD for administrative services. Non-operating revenue and expenses are all revenue and expenses not meeting the definition of operating revenue and expenses.

**Federal Income Tax**

The Corporation was approved for tax exemption from federal income tax under Section 501(c)(6) of the Internal Revenue Code effective July 26, 2019.

**Estimates**

The preparation of the basic financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the amounts report in the basic financial statements and accompanying notes. Actual results may differ from those estimates.

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

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**Property Held for Resale**

Property held for resale represents property held by the Corporation that the Corporation intends to sell to a third party. These assets are valued at cost, plus the cost of improvements, or in the case of donated or forfeited properties, the Muskingum County Auditor's appraised value, which approximates fair market value of the property plus the cost of improvements.

**Lease Receivable and Deferred Lease Revenue**

In accordance with GASB Statement No. 87, the Corporation recognizes lease receivables measured at the present value of lease payments expected to be received during the lease term and a corresponding deferred inflow of resources measured at the value of the lease receivable plus any payments received at or before the commencement of the lease term that relate to future periods. In the absence of a stated interest rate, the Corporation measures present value of future lease payments using the interest rate implied in the lease, when determinable, or the prime rate at the time of lease commencement, as an approximation of the Corporation's borrowing rate. Subsequently, the Corporation recognizes interest revenue and a reduction of lease receivables as payments are received. The Corporation recognizes rental income and a reduction of deferred lease revenue on a straight-line basis over the term of the lease.

**CASH AND CASH EQUIVALENTS**

For the purposes of the statement of cash flows, all cash in the Corporation's checking account is considered to be cash and cash equivalents. At December 31, 2024, the carrying amount and bank balance of the Corporation's deposits was \$159,855 and the entire bank balance was covered by the Federal Deposit Insurance Corporation.

**RISK MANAGEMENT**

The Corporation has obtained commercial insurance for risks related to employee dishonesty. There have been no claims filed.

**PROPERTY CONTRIBUTION**

During 2024, the Corporation received contributions of 1 property valued at \$2,900 from the Muskingum County Land Reutilization Corporation.

During 2024, the Corporation received contributions of 13 properties valued at \$437,470 from individuals.

**RELATED PARTY TRANSACTIONS WITH THE CITY OF ZANESVILLE**

During 2024, the City provided the Corporation with office space, various office services and personnel without charge. The value of the donated facilities is not recognized in the accompanying financial statements because no objective basis is available to measure the value of the donated facilities and personnel.

**SUBSEQUENT EVENTS**

Effective January 1, 2025, the Muskingum County Auditor revalued property impacting the property values of the Corporation which increased property held for sale by \$869,430. Additionally, in June 2025, the Muskingum County Auditor's Board of Revisions approved to reduce the property values of certain properties held by the Corporation.

**Required  
Supplementary  
Information**

**City of Zanesville, 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	2020
City's Proportion of the Net Pension Liability	0.070893%	0.069800%	0.069580%	0.071013%	0.064816%
City's Proportionate Share of the Net Pension Liability	\$18,560,077	\$20,618,950	\$6,053,742	\$10,515,482	\$12,811,321
City's Covered Payroll	\$11,669,079	\$10,820,007	\$10,098,164	\$10,001,814	\$9,119,543
City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	159.05%	190.56%	59.95%	105.14%	140.48%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	79.01%	75.74%	92.62%	86.88%	82.17%

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

See accompanying notes to the required supplementary information.

2019	2018	2017	2016	2015
0.065367%	0.065310%	0.066385%	0.068924%	0.068205%
\$17,902,697	\$10,245,871	\$15,074,904	\$11,938,507	\$8,226,286
\$8,828,986	\$8,630,777	\$8,581,633	\$8,579,733	\$8,362,000
202.77%	118.71%	175.66%	139.15%	98.38%
74.70%	84.66%	77.25%	81.08%	86.45%

**City of Zanesville, 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)*

	2024	2023	2022	2021
City's Proportion of the Net OPEB Liability / Asset	0.0695630%	0.0684150%	0.0683400%	0.0696220%
City's Proportionate Share of the Net OPEB Liability (Asset)	(\$627,823)	\$431,369	(\$2,140,514)	(\$1,240,372)
City's Covered Payroll	\$12,123,422	\$11,239,632	\$10,525,639	\$10,465,089
City's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered Payroll	-5.18%	3.84%	-20.34%	-11.85%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	107.76%	94.79%	128.23%	115.57%

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

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

See accompanying notes to the required supplementary information.

2020	2019	2018	2017
0.0632660%	0.0636110%	0.0633900%	0.0642400%
\$8,738,679	\$8,293,372	\$6,883,686	\$6,488,458
\$9,501,068	\$9,173,836	\$8,927,477	\$8,854,508
91.98%	90.40%	77.11%	73.28%
47.80%	46.33%	54.14%	54.04%

**City of Zanesville, 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	2020
City's Proportion of the Net Pension Liability	0.2752064%	0.2785544%	0.2981431%	0.3165225%	0.2965233%
City's Proportionate Share of the Net Pension Liability	\$26,588,736	\$26,459,968	\$18,626,256	\$21,577,623	\$19,975,393
City's Covered Payroll	\$8,126,988	\$7,507,292	\$7,489,513	\$7,176,412	\$7,036,889
City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	327.17%	352.46%	248.70%	300.67%	283.87%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	63.63%	62.90%	75.03%	70.65%	69.89%

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

See accompanying notes to the required supplementary information.

2019	2018	2017	2016	2015
0.3001160%	0.2925050%	0.2955580%	0.3133700%	0.3125626%
\$24,497,396	\$17,952,353	\$18,720,348	\$20,159,310	\$16,192,046
\$6,695,669	\$6,374,377	\$6,311,524	\$6,341,694	\$6,161,926
365.87%	281.63%	296.61%	317.89%	262.78%
63.07%	70.91%	68.36%	66.77%	71.71%

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

	2024	2023	2022	2021
City's Proportion of the Net OPEB Liability	0.2752064%	0.2785544%	0.2981431%	0.3165225%
City's Proportionate Share of the Net OPEB Liability	\$2,009,368	\$1,983,226	\$3,731,987	\$3,353,607
City's Covered Payroll	\$8,126,988	\$7,507,292	\$7,489,513	\$7,176,412
City's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	24.72%	26.42%	49.83%	46.73%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	51.89%	52.59%	46.86%	45.42%

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

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

See accompanying notes to the required supplementary information.

2020	2019	2018	2017
0.2965233%	0.3001160%	0.2925050%	0.2955580%
\$2,928,978	\$2,733,017	\$16,572,924	\$14,029,474
\$7,036,889	\$6,695,669	\$6,374,377	\$6,311,524
41.62%	40.82%	259.99%	222.28%
47.08%	46.57%	14.13%	15.96%

**City of Zanesville, Ohio**  
*Required Supplementary Information*  
*Schedule of City Contributions*  
*Ohio Public Employees Retirement System*  
*Last Ten Years (1) (2)*

	2024	2023	2022	2021	2020
<b>Net Pension Liability - Traditional Plan</b>					
Contractually Required Contribution	\$1,833,015	\$1,633,673	\$1,514,801	\$1,413,743	\$1,400,254
Contributions in Relation to the Contractually Required Contribution	<u>(1,833,015)</u>	<u>(1,633,673)</u>	<u>(1,514,801)</u>	<u>(1,413,743)</u>	<u>(1,400,254)</u>
Contribution Deficiency (Excess)	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>
City Covered Payroll	\$13,092,964	\$11,669,079	\$10,820,007	\$10,098,164	\$10,001,814
Pension Contributions as a Percentage of Covered Payroll	<u><u>14.00%</u></u>	<u><u>14.00%</u></u>	<u><u>14.00%</u></u>	<u><u>14.00%</u></u>	<u><u>14.00%</u></u>
<b>Net OPEB Liability (Asset) - OPEB Plan</b>					
Contractually Required Contribution	\$17,255	\$14,857	\$16,785	\$17,099	\$18,531
Contributions in Relation to the Contractually Required Contribution	<u>(17,255)</u>	<u>(14,857)</u>	<u>(16,785)</u>	<u>(17,099)</u>	<u>(18,531)</u>
Contribution Deficiency (Excess)	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>
City Covered Payroll (2)	\$13,620,640	\$12,123,422	\$11,239,632	\$10,525,639	\$10,465,089
OPEB Contributions as a Percentage of Covered Payroll	<u><u>0.13%</u></u>	<u><u>0.12%</u></u>	<u><u>0.15%</u></u>	<u><u>0.16%</u></u>	<u><u>0.18%</u></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.

See accompanying notes to the required supplementary information.

2019	2018	2017	2016	2015
\$1,276,736	\$1,236,058	\$1,122,001	\$1,029,796	\$1,029,568
(1,276,736)	(1,236,058)	(1,122,001)	(1,029,796)	(1,029,568)
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<u>\$9,119,543</u>	<u>\$8,828,986</u>	<u>\$8,630,777</u>	<u>\$8,581,633</u>	<u>\$8,579,733</u>
<u>14.00%</u>	<u>14.00%</u>	<u>13.00%</u>	<u>12.00%</u>	<u>12.00%</u>
 \$15,261	 \$13,794	 \$23,608	 \$31,980	
(15,261)	(13,794)	(23,608)	(31,980)	
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	
<u>\$9,501,068</u>	<u>\$9,173,836</u>	<u>\$8,927,477</u>	<u>\$8,854,508</u>	
<u>0.16%</u>	<u>0.15%</u>	<u>0.26%</u>	<u>0.36%</u>	

**City of Zanesville, Ohio**  
*Required Supplementary Information*  
*Schedule of City Contributions*  
*Ohio Police and Fire Pension Fund*  
*Last Ten Years*

	2024	2023	2022	2021	2020
<b>Net Pension Liability</b>					
Contractually Required Contribution	\$1,966,904	\$1,729,801	\$1,597,521	\$1,590,947	\$1,521,672
Contributions in Relation to the Contractually Required Contribution	<u>(1,966,904)</u>	<u>(1,729,801)</u>	<u>(1,597,521)</u>	<u>(1,590,947)</u>	<u>(1,521,672)</u>
Contribution Deficiency (Excess)	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>
City Covered Payroll (1)	\$9,215,057	\$8,126,988	\$7,507,292	\$7,489,513	\$7,176,412
Pension Contributions as a Percentage of Covered Payroll	<u><u>21.34%</u></u>	<u><u>21.28%</u></u>	<u><u>21.28%</u></u>	<u><u>21.24%</u></u>	<u><u>21.20%</u></u>
<b>Net OPEB Liability</b>					
Contractually Required Contribution	\$46,076	\$40,635	\$37,536	\$37,448	\$35,882
Contributions in Relation to the Contractually Required Contribution	<u>(46,076)</u>	<u>(40,635)</u>	<u>(37,536)</u>	<u>(37,448)</u>	<u>(35,882)</u>
Contribution Deficiency (Excess)	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>
OPEB Contributions as a Percentage of Covered Payroll	<u><u>0.50%</u></u>	<u><u>0.50%</u></u>	<u><u>0.50%</u></u>	<u><u>0.50%</u></u>	<u><u>0.50%</u></u>
Total Contributions as a Percentage of Covered Payroll	<u><u>21.84%</u></u>	<u><u>21.78%</u></u>	<u><u>21.78%</u></u>	<u><u>21.74%</u></u>	<u><u>21.70%</u></u>

(1) The City's Covered payroll is the same for Pension and OPEB.

See accompanying notes to the required supplementary information.

2019	2018	2017	2016	2015
\$1,489,766	\$1,419,118	\$1,351,485	\$1,341,260	\$1,347,036
(1,489,766)	(1,419,118)	(1,351,485)	(1,341,260)	(1,347,036)
<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>
\$7,036,889	\$6,695,669	\$6,374,377	\$6,311,524	\$6,341,694
<u><u>21.17%</u></u>	<u><u>21.19%</u></u>	<u><u>21.20%</u></u>	<u><u>21.25%</u></u>	<u><u>21.24%</u></u>
\$35,184	\$33,479	\$31,872	\$31,558	\$31,708
(35,184)	(33,479)	(31,872)	(31,558)	(31,708)
<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>
<u><u>0.50%</u></u>	<u><u>0.50%</u></u>	<u><u>0.50%</u></u>	<u><u>0.50%</u></u>	<u><u>0.50%</u></u>
<u><u>21.67%</u></u>	<u><u>21.69%</u></u>	<u><u>21.70%</u></u>	<u><u>21.75%</u></u>	<u><u>21.74%</u></u>

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

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**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 below:

	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:

COLA or Ad Hoc COLA, Post-January 7, 2013 Retirees:

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 7.50 to 5.00 percent

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 and 170 percent of the Pub-2010 Safety Employee Mortality tables (males and females) for the Public Safety and Law Enforcement divisions. Post-retirement mortality rates are based on 115 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.

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

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

Amounts reported for 2016 and prior use mortality rates are 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 set forward two years. For females, 100 percent of the disabled female mortality rates were used.

### **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 below:

	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

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.

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

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Beginning in 2023, mortality for contingent annuitants is based on the Pub- 2010 Below-Median Safety Amount-Weighted Contingent Annuitant Retiree mortality table with rates adjusted by 108.9 percent for males and 131 percent for females. All rates are projected using the MP-2021 Improvement Scale.

Beginning in 2023, mortality for active members is based on the Pub-2010 Below-Median Safety Amount-Weighted Employee mortality table. All rates are projected using the MP- 2021 Improvement Scale.

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

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

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

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

**City of Zanesville, 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
2023	3.5 percent, ultimate in 2038
2022	5.5 percent, initial
2021	3.5 percent, ultimate in 2036
2020	5.5 percent, initial
2019	3.5 percent, ultimate in 2034
2018	8.5 percent, initial
	3.5 percent, ultimate in 2035
	10.5 percent, initial
	3.5 percent, ultimate in 2030
	10.0 percent, initial
	3.25 percent, ultimate in 2029
	7.5 percent, initial
	3.25 percent, ultimate in 2028

**City of Zanesville, 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.

**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 ZANESVILLE  
MUSKINGUM COUNTY**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2024**

**Federal Grantor/**

<b>Sub-Grantor Program Title</b>	<b>Pass Through Entity Number</b>	<b>Federal ALN</b>	<b>Disbursements</b>
<b><u>U.S. DEPARTMENT OF TRANSPORTATION:</u></b>			
Direct Award			
Airport Improvement Program	3-39-0097-023-23	20.106	\$260,031
	3-39-0097-024-23		174,020
			<u>434,051</u>
Passed through Ohio Department of Transportation			
Highway Planning and Construction	PID# 106983	20.205	311,581
			<u>311,581</u>
<b>Total U.S. Department of Transportation</b>			<b>745,632</b>
<b><u>U.S. DEPARTMENT OF TREASURY</u></b>			
Passed through Ohio Office of Budget and Management			
Covid-19: State & Local Fiscal Recovery Funds-NEU	NEU-OH-0107	21.027	1,257,143
Passed through Zanesville-Muskingum County Port Authority			
Covid-19: State & Local Fiscal Recovery Funds-NEU	N/A	21.027	75,030
Total Covid-19: State & Local Fiscal Recovery Funds-NEU			<u>1,332,173</u>
<b>Total U.S. Department of Treasury</b>			<b>1,332,173</b>
<b><u>U.S. DEPARTMENT OF HOMELAND SECURITY</u></b>			
Passed through Ohio Emergency Management Agency			
FEMA Hazard Mitigation Grant	DR-4507.40R-OH	97.039	2,140,036
			<u>2,140,036</u>
<b>Total U.S. Department of Homeland Security</b>			<b>2,140,036</b>
<b>Total Federal Awards Expenditures</b>			<b><u>\$4,217,841</u></b>

*The accompanying notes are an integral part of this Schedule.*

**CITY OF ZANESVILLE  
MUSKINGUM COUNTY**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
2 CFR 200.510(b)(6)  
FOR THE YEAR ENDED DECEMBER 31, 2024**

**NOTE A – BASIS OF PRESENTATION**

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of City of Zanesville, Muskingum County, Ohio (the City) under programs of the federal government for the year ended December 31, 2024. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). The Schedule has been prepared on the cash basis of accounting. 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**

The basis for determining when federal awards are expended 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*. In addition, expenditures reported on the Schedule are recognized following, as applicable, either the cost principles contained in OMB circular A-87, or the cost principles contained in Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowable or are limited; as to reimbursement. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

**NOTE C – INDIRECT COST RATE**

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

**NOTE D - MATCHING REQUIREMENTS**

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



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

City of Zanesville  
Muskingum County  
401 Market Street  
Zanesville, Ohio 43701

To the City Council:

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*, 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 Zanesville, Muskingum County, 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 January 6, 2026. We noted the City adopted the new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 100, *Accounting Changes and Error Corrections* and Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences*. We also noted the City reported the Zanesville Community Improvement Corporation as a discretely presented component unit.

***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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings we identified certain deficiencies in internal control that we consider to be material weaknesses and a significant deficiency.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies described in the accompanying Schedule of Findings as item 2024-001 to be a material weakness.

City of Zanesville  
Muskingum County  
Independent Auditor's Report on Internal Control Over  
Financial Reporting and on Compliance and Other Matters  
Required By *Government Auditing Standards*  
Page 2

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. We consider the deficiency described in the accompanying Schedule of Findings as item 2024-002 to be a significant deficiency.

***Report on Compliance and Other Matters***

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

***City's Response to Findings***

*Government Auditing Standards* requires the auditor to perform limited procedures on the City's responses to the findings identified in our audit and described in the accompanying Corrective Action Plan. The City's responses were not subject to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

***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.

KEITH FABER  
Ohio Auditor of State



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

January 6, 2026



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

City of Zanesville  
Muskingum County  
401 Market Street  
Zanesville, Ohio 43701

To the City Council:

**Report on Compliance for the Major Federal Program**

***Qualified Opinion***

We have audited the City of Zanesville's, Muskingum County, Ohio (the City) compliance with the types of compliance requirements identified as subject to audit in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on the City of Zanesville's major federal program for the year ended December 31, 2024. The City of Zanesville's major federal program is identified in the *Summary of Auditor's Results* section of the accompanying Schedule of Findings.

***Qualified Opinion on COVID-19 State & Local Fiscal Recovery Funds***

In our opinion, except for the noncompliance described in the *Basis for Qualified Opinion* section of our report, the City of Zanesville complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the COVID-19 State & Local Fiscal Recovery Funds for the year ended December 31, 2024.

***Basis for Qualified Opinion***

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

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified and unmodified opinions 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.

*Matter Giving Rise to Qualified Opinion on COVID-19 State & Local Fiscal Recovery Funds*

As described in finding 2024-003 in the accompanying Schedule of Findings, the City did not comply with requirements regarding reporting applicable to its COVID-19 State & Local Fiscal Recovery Funds major federal program.

Compliance with such requirements is necessary, in our opinion, for the City to comply with requirements applicable to that program.

***Responsibilities of Management for Compliance***

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

***Auditor's Responsibilities for the Audit of Compliance***

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

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

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

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

### **Other Matters**

*Government Auditing Standards* requires the auditor to perform limited procedures on the City's response to the noncompliance finding identified in our compliance audit described in the accompanying Corrective Action Plan. The City's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

### **Report on Internal Control Over Compliance**

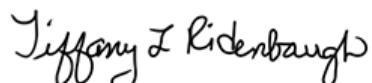
Our consideration of internal control over compliance was for the limited purpose described in the *Auditor's Responsibilities for the Audit of Compliance* section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify a certain deficiency in internal control over compliance that we consider to be a material weakness.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying Schedule of Findings as item 2024-003, to be a material weakness.

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

KEITH FABER  
Ohio Auditor of State



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

January 6, 2026

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**CITY OF ZANESVILLE  
MUSKINGUM COUNTY**

**SCHEDULE OF FINDINGS  
2 CFR § 200.515  
DECEMBER 31, 2024**

**1. SUMMARY OF AUDITOR'S RESULTS**

<b>(d)(1)(i)</b>	<b>Type of Financial Statement Opinion</b>	Unmodified
<b>(d)(1)(ii)</b>	<b>Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?</b>	Yes
<b>(d)(1)(ii)</b>	<b>Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?</b>	Yes
<b>(d)(1)(iii)</b>	<b>Was there any reported material noncompliance at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(iv)</b>	<b>Were there any material weaknesses in internal control reported for major federal programs?</b>	Yes
<b>(d)(1)(iv)</b>	<b>Were there any significant deficiencies in internal control reported for major federal programs?</b>	No
<b>(d)(1)(v)</b>	<b>Type of Major Programs' Compliance Opinion</b>	Qualified
<b>(d)(1)(vi)</b>	<b>Are there any reportable findings under 2 CFR § 200.516(a)?</b>	Yes
<b>(d)(1)(vii)</b>	<b>Major Programs (list):</b>	COVID-19 Coronavirus State and Local Fiscal Recovery Funds – AL #21.027
<b>(d)(1)(viii)</b>	<b>Dollar Threshold: Type A\B Programs</b>	Type A: > \$ 750,000 Type B: all others
<b>(d)(1)(ix)</b>	<b>Low Risk Auditee under 2 CFR § 200.520?</b>	Yes

**FINDING NUMBER 2024-001**

**Material Weakness**

In our audit engagement letter, as required by AU-C Section 210, Terms of Engagement, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error as discussed in AU-C Section 210 paragraphs .A14 & .A16. Governmental Accounting Standards Board (GASB) Cod. 1100 paragraph .101 states a governmental accounting system must make it possible both: (a) to present fairly and with full disclosure the funds and activities of the governmental unit in conformity with generally accepted accounting principles, and (b) to determine and demonstrate compliance with finance-related legal and contractual provisions.

**CITY OF ZANESVILLE  
MUSKINGUM COUNTY**

**SCHEDULE OF FINDINGS  
2 CFR § 200.515  
DECEMBER 31, 2024  
(Continued)**

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

**FINDING NUMBER 2024-001 (Continued)**

**Material Weakness (Continued)**

We noted the City improperly reported an Asset Retirement Obligation (ARO), which is a legally enforceable liability associated with the retirement of a tangible capital asset as required by Governmental Accounting Standards Board (GASB) Statement No. 83 for the Wastewater Treatment Plant in the amount of \$500,000. The City did not have the required legal obligation in place to report the liability. This error also impacted beginning net position, the related Deferred Outflow of Resources and Contractual Service expense in the Sewer Fund. The accompanying financial statements and notes to the financial statements have been adjusted for this error.

We noted the Zanesville Community Improvement Corporation (the Corporation) understated Property Held for Resale totaling \$335,375 as they failed to include the cost of improvements in their values for several properties as outlined in their policy. Additionally, Property Held for Resale was also understated for two properties totaling \$159,430 as the Corporation failed to provide accurate information to compile the financial statements. The accompanying financial statements and notes to the financial statements have been adjusted for this error.

We also identified immaterial misstatements for the City ranging from \$49,950 to \$120,467 that we have brought to management's attention.

Failure to properly report financial activity in accordance with generally accepted accounting standards (GAAP) could result in material misstatements occurring and remaining undetected and fail to provide management with an accurate picture of the City's financial position and operations.

The City and Corporation should take the necessary steps to ensure that all revenues, expenditures/expenses, assets, deferred outflows of resources, liabilities, and deferred inflows of resources and equity of the City and Corporation are properly presented and disclosed in the City's financial statements.

**Officials Response:** Refer to Corrective Action Plan.

**FINDING NUMBER 2024-002**

**Significant Deficiency**

Sound accounting practices require that when designing the public office's system of internal control and the specific control activities, management should ensure adequate security of assets and records and verify the existence and valuation of assets and liabilities and periodically reconcile them to the accounting records. Additionally, management is responsible for designing and implementing internal control policies and procedures to reasonably ensure specific financial objectives will be achieved. A sound internal control structure requires documented procedures to provide management with reasonable assurance that recorded transactions occurred and are not fictitious. A well-designed system of internal control will include monitoring of financial reports and information by the governing board in order to compensate for any lack of segregation of duties.

**CITY OF ZANESVILLE  
MUSKINGUM COUNTY**

**SCHEDULE OF FINDINGS  
2 CFR § 200.515  
DECEMBER 31, 2024  
(Continued)**

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

**FINDING NUMBER 2024-002 (Continued)**

**Significant Deficiency (Continued)**

The reconciliation of cash (bank) balances to accounting system records (book) to the accounting system is the most basic and primary control process performed. Lack of completing an accurate and timely reconciliation may allow for accounting errors, theft and fraud to occur without timely detection. The Treasurer and Auditor are responsible for reconciling the book (fund) balance to the total bank balance on a monthly basis. The Treasurer is responsible for reconciling the book (fund) balance to the total bank balance on a monthly basis, and the Auditor is responsible for reviewing the reconciliations and related support.

Our review of the cash reconciliation process identified the City reconciles for each month commonly utilizing the assistance of “on-site” training from Tyler Technology personnel. However, the monthly and year-end reconciliations do not appear to be completed on a timely basis. Monthly reconciliations are often completed one to three months after month and year-end. Additionally, posting errors are commonly identified during the reconciliation process which require adjustments later being posted to the system, in order to reconcile book to bank. Additionally, there did not appear to be reviews or monitoring over the completed reconciliations performed by the Auditor’s Office, or documentation of the Auditor’s agreement with fund balances. Reconciliations and investment activity was not presented to Council for review. The City was also not performing a combined reconciliation of all bank accounts to total fund balance.

Failure to reconcile timely and incorporate appropriate reviews increases the possibility that the City will not be able to identify, assemble, analyze, classify, and record its transactions correctly or to document compliance with finance related legal and contractual requirements. Further, the lack of accurate monthly reconciliations increases the risk of theft/fraud over the cash cycle and could lead to inaccurate reporting in the annual financial statements.

We recommend monthly bank to book reconciliations are performed timely and the City evaluate their process for recording activity into the system to reduce the need for month end adjustments. In addition, the Auditor’s Office and Council should review the monthly cash reconciliations as a form of additional monitoring. This review should include the related support (such as bank statements and reconciling items) and maintain documentation the review was completed and their agreement with the reconciliation and fund balances.

**Officials’ Response:** Refer to Corrective Action Plan.

**CITY OF ZANESVILLE  
MUSKINGUM COUNTY**

**SCHEDULE OF FINDINGS  
2 CFR § 200.515  
DECEMBER 31, 2024  
(Continued)**

**3. FINDINGS FOR FEDERAL AWARDS**

**2 C.F.R. § 200.329 – Financial Reporting**

<b>Finding Number:</b>	<b>2024-003</b>
<b>Assistance Listing Number and Title:</b>	<b>AL # 21.027 Coronavirus State and Local Fiscal Recovery Funds</b>
<b>Federal Award Identification Number / Year:</b>	<b>NEU-OH-0107 / 2024</b>
<b>Federal Agency:</b>	<b>U.S. Department of Treasury</b>
<b>Compliance Requirement:</b>	<b>Reporting</b>
<b>Pass-Through Entity:</b>	<b>Ohio Office of Budget and Management</b>
<b>Repeat Finding from Prior Audit?</b>	<b>No</b>

**Noncompliance and Material Weakness**

**2 CFR 1000.10** gives regulatory effect to Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards set forth at 2 CFR Part 200 for the Department of Treasury.

**2 CFR 200.329(c)(1)** states, that non-Federal entities must submit performance reports at the interval required by the Federal awarding agency or pass-through entity to best inform improvements in program outcomes and productivity. Reports submitted quarterly must be due no later than 30 calendar days after the reporting period.

**31 CFR § 35.4(c)** requires, in part, recipients, during the period of performance, to provide the Secretary of the U.S. Department of Treasury (the Treasury) periodic reports providing detailed accounting of the uses of funds, modifications to a State or Territory's tax revenue sources, and such other information as the Secretary may require for the administration of this section.

For the Coronavirus State and Local Fiscal Recovery Funds, the Treasury issued the Final Rule, which clarified deadlines relating to Compliance and Reporting. The Treasury's Compliance and Reporting guidance states that metropolitan cities and counties with a population below 250,000 residents that are allocated less than \$10 million in State and Local Fiscal Recovery funding and non-entitlement units that are allocated less than \$10 million in State and Local Fiscal Recovery funding are required to submit annual Project and Expenditure Reports. It further states annual reports will cover one calendar year and must be submitted to the Treasury by April 30th.

The City's annual Project and Expenditure Report was required to be submitted to the Treasury by April 30, 2024, however, was not submitted until June 20, 2024. The City's failure to submit the required Project and Expenditure Report by the required date was due to lack of internal control over reporting for the program.

Failure to have proper controls in place to ensure timely and accurate submission of Project and Expenditure Reports could result in the Treasury taking action against the City for failure to comply with programmatic requirements.

The City should implement policies and procedures and have controls in place to ensure the Project and Expenditure Report is accurate and filed by the required due date to ensure compliance with their grantor's requirements.

**Officials' Response:** Refer to Corrective Action Plan.

**CITY OF ZANESVILLE  
MUSKINGUM COUNTY**

**SCHEDULE OF FINDINGS  
2 CFR § 200.515  
DECEMBER 31, 2024  
(Continued)**

**4. OTHER – FINDINGS FOR RECOVERY**

In addition, we identified the following other issues related to Findings for Recovery. These issues did not impact our GAGAS or Single Audit Compliance and Controls reports.

**FINDING NUMBER 2024-004**

**Finding for Recovery – Repaid Under Audit**

**Ohio Rev. Code § 117.24** requires the Auditor of State to determine whether “public money has been illegally expended, any public money collected has not been accounted for, any public money due has not been collected, or any public property has been converted or misappropriated. . . .” Those determinations in an audit report constitute “findings for recovery.” Ohio Rev. Code § 9.24(H)(3).

City of Zanesville Employee Handbook Section 5.3 states “full-time and permanent part-time employees with ten (10) full years or more of service may elect at retirement to be paid in cash for one-third of the value of his/her accrued sick leave credit. Such payment will be made at the employee’s rate of pay at the time of retirement. Payment for sick leave on this basis shall be considered to eliminate all sick leave credit accrued by the employee and shall be made only once to any employee. The maximum payment shall be 500 hours.”

At the time of retirement, with more than 10 years of service, Craig Stemm had a sick leave balance of 4,626.79 hours and a pay rate of \$37.52 per hour. Mr. Stemm was improperly paid out at 100% of his sick leave balance instead of the allowable 500 hours. As a result, an overpayment of \$39,446.51 occurred.

In accordance with the foregoing facts and pursuant to Ohio Rev. Code § 117.28, a Finding for Recovery for public monies illegally expended is hereby issued against Craig Stemm in the amount of \$39,446.51, and in favor of the General Fund, in the amount of \$39,446.51.

Craig Stemm remitted \$22,957.71 to the City on February 28, 2025, and it was receipted into the General Fund. The City obtained a credit from the Internal Revenue Service for taxes withheld and remitted in the amount of \$14,272.49. The City obtained a refund from the State of Ohio Department of Taxation in the amount of \$1,477.54 on September 23, 2025 and it was receipted into the General Fund. The City internally corrected their error relating to City of Zanesville income taxes withheld in the amount of \$738.77 on August 14, 2025 into the General Fund. The finding is considered fully repaid.

The City should implement procedures to ensure severance payouts are properly calculated and reviewed according to the respective severance payout policy.

**Officials’ Response:** Refer to Corrective Action Plan.

**FINDING NUMBER 2024-005**

**Finding for Recovery – Repaid Under Audit**

**Ohio Rev. Code § 117.24** requires the Auditor of State to determine whether “public money has been illegally expended, any public money collected has not been accounted for, any public money due has not been collected, or any public property has been converted or misappropriated. . . .” Those determinations in an audit report constitute “findings for recovery.” Ohio Rev. Code § 9.24(H)(3).

**CITY OF ZANESVILLE  
MUSKINGUM COUNTY**

**SCHEDULE OF FINDINGS  
2 CFR § 200.515  
DECEMBER 31, 2024  
(Continued)**

**4. OTHER – FINDINGS FOR RECOVERY (Continued)**

**FINDING NUMBER 2024-005 (Continued)**

**Finding for Recovery – Repaid Under Audit (Continued)**

**Ohio Rev. Code § 733.82** states that the treasurer of a municipal corporation or city auditor, or other officer of a municipal corporation having the duties of a municipal treasurer or of a city auditor, shall not be held liable for a loss of public funds when the officer has performed all official duties required of the officer with reasonable care, but shall be liable only when a loss of public funds results from the officer's negligence or other wrongful act.

The law requires employers to file a copy of an employee's W-2 with the Internal Revenue Service. The W-2 is due on or before January 31 of the succeeding year in which the wages are earned. See 26 U.S.C. 6051. Further, 26 U.S.C. 6056 requires employers to file a Form 1094/1095 to comply with reporting requirements of the Affordable Care Act.

The law requires that employers withhold taxes from employees' paychecks and remit those taxes to the government. The United States Internal Revenue Code requires employers to deduct from wages paid to employees the employees' share of taxes. See 26 U.S.C. 3102(a) and 3402(a). Those withholdings are considered to be held in "a special fund in trust for the United States." See 26 U.S.C. 7501(a). The employer is liable for the withheld portion of the employee's wages and must pay over the full amount to the government each quarter. 26 U.S.C. § 3403.

City of Zanesville Deputy Treasurer Krista Bonnett failed to file W-2's and Forms 1094/1095 for the year 2020 resulting in a civil penalty being assessed against the City in May 2023. Deputy Treasurer Krista Bonnett was acting under the direct supervision of former Treasurer David Wolfe. Deputy Treasurer Krista Bonnett made overpayments to the IRS of \$280.50 on December 31, 2020, and \$809.18 on December 31, 2022. The overpayments totaling \$1,089.68 were applied to the outstanding civil penalty by the IRS.

Deputy Treasurer Krista Bonnett failed to timely submit federal tax withholdings on 6 occasions between January 18, 2024, and February 5, 2024, resulting in a penalty of \$4,692.72 which was paid on June 12, 2024. Deputy Treasurer Krista Bonnett was acting under the direct supervision of Treasurer Robert Sharrer.

The failure to timely submit required documents and tax withholdings is gross negligence. Late payment fees, penalties and interest incurred through gross negligence are illegal expenditures which do not serve a proper public purpose. These charges would have been avoided had the documents and information been remitted by the required due dates.

In accordance with the foregoing facts and pursuant to Ohio Rev. Code §§ 117.24 and 117.28, a Finding for Recovery for public monies illegally expended is hereby issued against Krista Bonnett, Deputy Treasurer and her bonding company, US Specialty Insurance Company, and former Treasurer David Wolfe, and his bonding company, Western Surety Company, joint and severally, in the amount of \$1,089.68 and in favor of the City of Zanesville's General Fund.

In accordance with the foregoing facts and pursuant to Ohio Rev. Code §§ 117.24 and 117.28, a Finding for Recovery for public monies illegally expended is hereby issued against Krista Bonnett, Deputy Treasurer and her bonding company, US Specialty Insurance Company, and Treasurer Robert Sharrer, and his bonding company, The Cincinnati Insurance Company, joint and severally, in the amount of \$4,692.72 and in favor of the City of Zanesville's General Fund.

**CITY OF ZANESVILLE  
MUSKINGUM COUNTY**

**SCHEDULE OF FINDINGS  
2 CFR § 200.515  
DECEMBER 31, 2024  
(Continued)**

**4. OTHER – FINDINGS FOR RECOVERY (Continued)**

**FINDING NUMBER 2024-005 (Continued)**

**Finding for Recovery – Repaid Under Audit (Continued)**

Rob Sharrer remitted \$5,782.40 to the City on December 9, 2025 and it was receipted into the General Fund. The finding is considered fully repaid.

The City should implement procedures to ensure required filings and payment remittances to the Internal Revenue Service are made by the required due date.

**Officials' Response:** Refer to Corrective Action Plan.



THE CITY OF  
**ZANESVILLE**  
**OHIO**

401 Market Street • Zanesville, Ohio 43701  
Phone (740) 617-4872

Donald L. Mason, Mayor

**CORRECTIVE ACTION PLAN**  
**2 CFR § 200.511(c)**  
**DECEMBER 31, 2024**

**Finding Number:**

2024-001

**Planned Corrective Action:**

City - Based on 2025 guidance from the Ohio State Auditor's office, the City of Zanesville will only list an Asset Retirement Obligation (ARO) based on regulatory mandates for legal dismantlement obligations.

Community Improvement Corporation - CIC will utilize the Auditor's Appraised Value as the "base" value for property. As funds are expended to improve said property, that amount will be added to the base to generate an ongoing improved value until the project is complete. Upon completion and until sale, the value of the property will be the base plus total value of improvements made. Once the property sells, the sales price will become the final value and be recorded in our financial records.

12/12/2025

City: City Service Director

Community Improvement Corporation: Matt Schley, Community Development Director

**Anticipated Completion Date:**

**Responsible Contact Person:**

**Finding Number:**

2024-002

**Planned Corrective Action:**

Bank Reconciliation will be completed by the 10<sup>th</sup> of each month. Any carryover to the next month will provide more detailed description and when possible documentation explaining such carryover. In 2025 the Treasurer's Office has implemented city departments using the cashiering program within Tyler Tech and centralized deposits being processed through the Treasurer's Office. This has shown efficiency in bank reconciliation and has established better controls on city monies. Furthermore any Tyler entries made during the reconciliation process by the Treasurer's Office require Auditor's Office approval. The statement of reconciliation report is printed, signed and dated by the Treasurer's Office then presented to the Auditor's Office requiring their signature to verify that it was received and it is reconciled. In addition, the Treasurer will periodically present to council a report containing all investment activity and bank reconciliation.

Already implemented

J. Rob Sharner, City Treasurer

Krista Bonnett, Deputy Treasurer

**Anticipated Completion Date:**

**Responsible Contact Person:**



THE CITY OF  
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**OHIO**

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Donald L. Mason, Mayor

**CORRECTIVE ACTION PLAN**  
**2 CFR § 200.511(c)**  
**DECEMBER 31, 2024**  
**(Continued)**

**Finding Number:**

2024-003

**Planned Corrective Action:**

***Planned Action***

The City will implement a calendar-based reminder system using Microsoft Outlook to send annual notifications to designated staff prior to the reporting deadline.

***Roles and Responsibilities***

- Budget & Finance Director: Accountable for preparing and filing the report with the Treasury.
- Community Development Director: Provides programmatic information necessary for report completion upon request.
- Deputy Auditor: Receives annual reminder notifications to ensure oversight.
- Auditor's Office: Will be notified upon submission of the report for independent verification.

***Implementation Timeline***

Outlook reminders will be established by **April 1** annually to ensure timely notification ahead of the next reporting deadline.

***Monitoring***

The Auditor's Office will verify timely submission annually and maintain documentation of compliance for audit purposes.

12/12/2025

Amanda N. Perkowski, Budget & Finance Director

**Anticipated Completion Date:**  
**Responsible Contact Person:**

**Finding Number:**

2024-004

**Planned Corrective Action:**

The City has implemented revised procedures to prevent future errors in the calculation and payment of severance.

Already implemented

J. Rob Sharrer, City Treasurer

Krista Bonnett, Deputy Treasurer

**Anticipated Completion Date:**  
**Responsible Contact Person:**



THE CITY OF  
**ZANESVILLE**  
**OHIO**

401 Market Street • Zanesville, Ohio 43701  
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Donald L. Mason, Mayor

**CORRECTIVE ACTION PLAN**  
**2 CFR § 200.511(c)**  
**DECEMBER 31, 2024**  
**(Continued)**

**Finding Number:**

2024-005

**Planned Corrective Action:**

W-2/1094/1095 - All forms are filed no later than their respective dates to all entities required.

**Tax Payment Remittance**

The Treasurer's Office implemented the plan to remit tax payments on the pay date regardless of gross wage total. This was after the Treasurer's discussion with the IRS explaining the rules below. The time frame referenced in Finding Number 2024-005 was the first time payroll had exceeded the million dollar threshold. Once the rules were explained it has not happened again.

- *Processed payroll under \$1 million has 3 day from pay date to remit tax payment.*
- *Processed payroll over \$1 million must remit tax payment on the pay date. (payments processed after 3pm will post the following day)*

The Treasurer followed the orders of the IRS representative to pay the fees totaling \$4692.72 resulting from the above incognizant error. We are currently awaiting a decision to refund these fees.

Already implemented

J. Rob Sharner, City Treasurer

Krista Bonnett, Deputy Treasurer

**Anticipated Completion Date:**

**Responsible Contact Person:**

# OHIO AUDITOR OF STATE KEITH FABER



CITY OF ZANESVILLE

MUSKINGUM 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 1/20/2026

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)