

**OHIO AUDITOR OF STATE
KEITH FABER**



**City of Zanesville, Ohio
Muskingum County**

**General Purpose External Financial Statements
For the Year Ended December 31, 2023**

Local Government Services Section

City of Zanesville, Ohio
General Purpose External Financial Statements
For the Year Ended December 31, 2023

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Accountant's Compilation Report

Management is responsible for the accompanying basic financial statements of the City of Zanesville, Ohio as of and for the year ended December 31, 2023, in accordance with accounting principles generally accepted in the United States of America. We have performed compilation engagements in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the accompanying financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

Management's Discussion and Analysis is supplementary information required by the Governmental Accounting Standards Board and was prepared by management. We did not compile, review or audit the information nor do we express an opinion, a conclusion, nor provide any assurance on the information.

The Schedules of the City's Proportionate Share of Net Pension Liability, the Schedules of the City's Proportionate Share of Net OPEB Liability/Asset, and the Schedules of the City's Contributions are not part of the basic financial statements but the Governmental Accounting Standards Board requires their presentation to supplement the basic financial statement. We have compiled these schedules without audit or review and, accordingly, we do not express an opinion, a conclusion, nor provide any assurance on this information.

KEITH FABER
Auditor of State

A handwritten signature in blue ink that reads "David B. Thompson".

David B. Thompson
Chief of Local Government Services
Columbus, Ohio

June 26, 2024

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

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, 2023. The intent of this discussion and analysis is to look at the City's financial performance as a whole; readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the City's financial performance.

Financial Highlights

Key financial highlights for 2023 are as follows:

- In total, net position increased \$3,480,814. Net position of governmental activities increased \$136,714. The business-type activities increased \$3,344,100.
- General governmental revenues accounted for \$32,404,262 in revenue or 81 percent of all revenues in governmental activities. Program specific revenues in the form of charges for services, operating and capital grants, contributions, and interest accounted for \$7,446,359 or 19 percent of total revenues of \$39,850,621.
- The City had \$39,713,907 in expenses related to governmental activities; only \$7,446,359 of which was offset by program specific charges of services, and operating and capital grants, contributions and interest. General revenues in the amount of \$32,404,262 were adequate to provide for these programs.
- At the end of the current year, unassigned fund balance for the General Fund was \$2,553,488.

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
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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 2023?" 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 16. 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 on 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

The Statement of Net position provides an overall view of the City. Table 1 provides a summary of the City's net position for 2023 compared to 2022.

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

(Table 1)
Net Position

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Assets						
Current and Other Assets	\$28,651,785	\$29,182,872	\$20,253,893	\$16,019,633	\$48,905,678	\$45,202,505
Capital Assets, Net	21,194,712	22,676,924	65,226,303	60,296,539	86,421,015	82,973,463
<i>Total Assets</i>	<u>49,846,497</u>	<u>51,859,796</u>	<u>85,480,196</u>	<u>76,316,172</u>	<u>135,326,693</u>	<u>128,175,968</u>
Deferred Outflows of Resources						
Pension	14,247,066	8,309,641	3,205,928	1,089,733	17,452,994	9,399,374
OPEB	2,329,429	2,058,037	491,321	85,445	2,820,750	2,143,482
Asset Retirement Obligation	0	0	400,800	412,000	400,800	412,000
<i>Total Deferred Outflows of Resources</i>	<u>16,576,495</u>	<u>10,367,678</u>	<u>4,098,049</u>	<u>1,587,178</u>	<u>20,674,544</u>	<u>11,954,856</u>
Liabilities						
Current and Other Liabilities	4,187,096	6,539,818	3,649,901	928,690	7,836,997	7,468,508
Long-term Liabilities						
Due Within One Year	1,150,632	1,259,018	2,029,519	2,141,276	3,180,151	3,400,294
Due in More Than One Year:						
Net Pension Liability	39,243,718	22,379,576	7,835,200	2,300,422	47,078,918	24,679,998
Net OPEB Liability	2,250,676	3,267,906	163,919	0	2,414,595	3,267,906
Other Amounts	5,714,182	6,166,109	22,993,076	19,343,940	28,707,258	25,510,049
<i>Total Liabilities</i>	<u>52,546,304</u>	<u>39,612,427</u>	<u>36,671,615</u>	<u>24,714,328</u>	<u>89,217,919</u>	<u>64,326,755</u>
Deferred Inflows of Resources						
Property Taxes	1,278,541	1,256,860	0	0	1,278,541	1,256,860
Payment in Lieu of Taxes	511,904	494,926	0	0	511,904	494,926
Leases	475,096	559,770	0	0	475,096	559,770
Pension	3,164,148	11,722,438	19,326	2,854,103	3,183,474	14,576,541
OPEB	2,433,819	2,704,587	56,884	848,599	2,490,703	3,553,186
<i>Total Deferred Inflows of Resources</i>	<u>7,863,508</u>	<u>16,738,581</u>	<u>76,210</u>	<u>3,702,702</u>	<u>7,939,718</u>	<u>20,441,283</u>
Net Position						
Net Investment in						
Capital Assets	16,443,047	17,207,819	38,503,250	39,862,533	54,946,297	57,070,352
Restricted	8,189,049	6,153,848	0	0	8,189,049	6,153,848
Unrestricted (Deficits)	(18,618,916)	(17,485,201)	14,327,170	9,623,787	(4,291,746)	(7,861,414)
<i>Total Net Position</i>	<u>\$6,013,180</u>	<u>\$5,876,466</u>	<u>\$52,830,420</u>	<u>\$49,486,320</u>	<u>\$58,843,600</u>	<u>\$55,362,786</u>

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The net pension liability (NPL) is the largest single liabilities reported by the City at December 31, 2023. GASB notes that pension and OPEB obligations, whether funded or unfunded, are part of the “employment exchange” – that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension and other postemployment benefits. GASB noted that the unfunded portion of this 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.

In accordance with GASB 68 and GASB 75, the City's statements prepared on an accrual basis of accounting include an annual pension expense and an annual OPEB expense for their proportionate share of each plan's change in net pension liability and net OPEB liability, respectively, not accounted for as deferred inflows/outflows.

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.

Pension/OPEB changes noted in the preceding table reflect an overall decrease in deferred outflows and overall decrease in deferred inflows. These changes are affected by changes in benefits, contribution rates, return on investments, and actuarial assumptions. The increase in the net pension liability and decrease in the net OPEB liability represent the City's proportionate share of the unfunded benefits. Different factors, including changes in pension benefits, contribution rates, and return on investments affect the balance of the total pension/OPEB liability. The change from net OPEB asset back to a net OPEB liability is due to modifications to the health care plan as changes in the health care cost trend rate have a significant impact on the net OPEB liability.

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

Aside from changes related to pension/OPEB, there were several other changes of note for governmental activities. The decrease in current and other assets was due to a decrease in special assessment receivables and a decrease in net OPEB asset. The decrease in special assessment receivables is due to adjustments in the billing process, while the decrease in net OPEB asset is mentioned above and is related to amendments in the health care plan. This decrease was offset primarily by an increase in accounts receivable due to settlements and court appointed counsel monies being received later than in the past. During 2023, capital assets of governmental activities decreased due to current year deletions and depreciation/amortization exceeding current year capitalizations. For more information on capital assets, see the Capital Assets section of this discussion and analysis. Current liabilities decreased due to the retirement of notes payable and the usage of unearned revenue in the American Rescue Plan Special Revenue Fund.

The net position of the City's business-type activities increased \$3,344,100. Total current and other assets for business-type activities increased due to an increase in cash and cash equivalents due to the City closely monitoring cash expenses. Net capital assets increased from the prior year due to current year additions exceeding current year depreciation. Current liabilities increased significantly due to an increase in contracts and retainage payable, related to on-going construction. Long-term liabilities increased, largely the net result of pension and OPEB liabilities. The financial reporting impacts of pension and OPEB are addressed previously in this discussion and analysis.

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

(Table 2)
Changes in Net Position

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Program Revenues:						
Charges for Services	\$3,442,318	\$2,830,064	\$22,489,773	\$19,108,154	\$25,932,091	\$21,938,218
Operating Grants, Contributions and Interest	3,360,850	3,085,068	101,519	104,553	3,462,369	3,189,621
Capital Grants and Contributions	643,191	1,390,468	43,137	0	686,328	1,390,468
Total Program Revenues	<u>7,446,359</u>	<u>7,305,600</u>	<u>22,634,429</u>	<u>19,212,707</u>	<u>30,080,788</u>	<u>26,518,307</u>
General Revenues:						
Property Taxes	1,277,057	1,228,267	0	0	1,277,057	1,228,267
Income Tax	22,630,483	22,036,664	0	0	22,630,483	22,036,664
Payments in Lieu of Taxes	476,543	479,733	0	0	476,543	479,733
Permissive Motor Vehicle License	114,714	0	0	0	114,714	0
Franchise Tax	368,589	234,825	0	0	368,589	234,825
Grants and Entitlements	1,035,028	2,034,669	0	0	1,035,028	2,034,669
Investment Earnings	1,251,993	(534,850)	0	0	1,251,993	(534,850)
Gain on Sale of Capital Assets	58,072	1,412	0	0	58,072	1,412
Insurance Recoveries	3,103,021	0	0	0	3,103,021	0
Other	2,088,762	1,746,401	109,306	35,860	2,198,068	1,782,261
Total General Revenues	<u>32,404,262</u>	<u>27,227,121</u>	<u>109,306</u>	<u>35,860</u>	<u>32,513,568</u>	<u>27,262,981</u>
<i>Total Revenues</i>	<u>\$39,850,621</u>	<u>\$34,532,721</u>	<u>\$22,743,735</u>	<u>\$19,248,567</u>	<u>\$62,594,356</u>	<u>\$53,781,288</u>

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

(Table 2) (continued)
Changes in Net Position

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Program Expenses						
General Government:						
Legislative and Executive	8,252,693	4,540,452	0	0	8,252,693	4,540,452
Court	867,442	568,988	0	0	867,442	568,988
Security of Persons and Property:						
Police	11,645,893	7,526,019	0	0	11,645,893	7,526,019
Fire	7,862,969	6,109,199	0	0	7,862,969	6,109,199
Other	124,915	2,242,726	0	0	124,915	2,242,726
Public Health Services	411,751	1,121,353	0	0	411,751	1,121,353
Community Environment	3,991,436	1,575,745	0	0	3,991,436	1,575,745
Transportation	4,429,633	6,001,077	0	0	4,429,633	6,001,077
Leisure Time Activities	1,944,170	1,507,938	0	0	1,944,170	1,507,938
Interest and Fiscal Charges	183,005	228,920	0	0	183,005	228,920
Sewer	0	0	7,434,153	5,208,550	7,434,153	5,208,550
Water	0	0	8,787,949	6,128,545	8,787,949	6,128,545
Sanitation	0	0	2,543,352	1,764,150	2,543,352	1,764,150
Nonmajor Enterprise	0	0	634,181	438,515	634,181	438,515
<i>Total Program Expenses</i>	<u>39,713,907</u>	<u>31,422,417</u>	<u>19,399,635</u>	<u>13,539,760</u>	<u>59,113,542</u>	<u>44,962,177</u>
<i>Change in Net Position</i>	136,714	3,110,304	3,344,100	5,708,807	3,480,814	8,819,111
Net Position						
Beginning of Year	<u>5,876,466</u>	<u>2,766,162</u>	<u>49,486,320</u>	<u>43,777,513</u>	<u>55,362,786</u>	<u>46,543,675</u>
Net Position						
End of Year	<u>\$6,013,180</u>	<u>\$5,876,466</u>	<u>\$52,830,420</u>	<u>\$49,486,320</u>	<u>\$58,843,600</u>	<u>\$55,362,786</u>

Governmental Activities

Different types of revenue sources fund governmental activities, with the City income tax being the biggest contributor. The income tax rate is 1.9 percent. The City monitors this revenue source very closely for fluctuations because the income tax revenues represent 57 percent of all revenues in the governmental activities. During 2023, the City received insurance recovery settlements, related to a severe weather event in the area in 2022.

The largest governmental activities expenses are for the police and fire departments. The police department employs forty-five officers, including the police chief, plus twenty support personnel. The fire department employs fifty full-time and part time positions.

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.

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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. At the end of 2023, fund balance was \$7,282,353. 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 27 percent of current year expenditures, while total fund balance represents 78 percent of that same amount. The fund balance of the City's General Fund increased by \$1,254,108.

Other Major Governmental Funds

The fund balance of the Police Expenditure Fund at December 31, 2023, was \$1,052,783, an increase of \$61,060. This increase can be directly related to the insurance recoveries received into the Police Expenditure Fund, as a result of insurance claims on damaged property. The Police Expenditure Fund's Restricted Fund Balance of \$933,221 represents 11 percent of current year expenditures.

The fund balance of the Fire Operating Fund at December 31, 2023, was \$352,436, an increase of \$143,667. This increase can be directly related to an increase in income taxes received into the Fire Operating Fund, as a result of the slow economic recovery since 2020. The Fire Operating Fund's Restricted Fund Balance of \$285,358 represents 4 percent of current year expenditures.

The fund balance of the American Rescue Plan Fund at December 31, 2023, 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 handled in the same manner as governmental funds, with the intent to ensure the strength of these funds.

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The Sewer Fund reported operating income and an increase in net position for 2023, due to an increase in utility rates. Operating revenues continue to be sufficient to cover operating costs.

The Water Fund reported an operating loss and a decrease in net position for 2023. While there was an increase in utility rates, during the course of 2023, a number of current City employees moved to the Water Department, which resulted in an increase in expenses, related to salaries and fringe benefit expenses.

The Sanitation Fund reported operating income and an increase in net position for 2023. The increase in utility rates resulted in an increase in charges for services which more than covered the costs of operations. The City will closely monitor this fund to maintain the fund balance.

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 2023, 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 and franchise taxes. There was a decrease in actual expenditures when compared to the final budget, which is related to the City anticipating more General Government: Legislative and Executive expenditures during the year. This was due to restricting spending as much as possible in the City's efforts to ensure an improvement to the General Fund balance.

Capital Assets and Debt Administration

Capital Assets

The City's capital assets for governmental and business-type activities as of December 31, 2023, were \$86,421,015, 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 lighting and fencing at Gant Stadium 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 lines, and sewer stations.

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

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

Long-term Obligations

As of December 31, 2023, the City had the following outstanding long-term obligations.

Table 3
Long-Term Obligations

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
General Obligation Bonds	\$2,354,971	\$2,543,815	\$0	\$0	\$2,354,971	\$2,543,815
Long Term Loans	2,147,267	2,380,665	376,554	433,634	2,523,821	2,814,299
Financed Purchases	169,046	310,993	334,090	489,332	503,136	800,325
OWDA Loans	0	0	21,993,118	18,157,319	21,993,118	18,157,319
OPWC Loans	0	0	1,218,202	1,327,688	1,218,202	1,327,688
Total Long-Term Obligations	<u>\$4,671,284</u>	<u>\$5,235,473</u>	<u>\$23,921,964</u>	<u>\$20,407,973</u>	<u>\$28,593,248</u>	<u>\$25,643,446</u>

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 2023, 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 \$10,634,681. During 2023, the City began work, with American Rescue Plan grant monies, on new lighting and fencing at Gant Stadium, with an estimated cost of \$606,842.

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.

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

	Governmental Activities	Business-Type Activities	Total
Assets			
Equity in Pooled Cash and Cash Equivalents	\$16,334,657	\$17,425,904	\$33,760,561
Cash and Cash Equivalents in Segregated Accounts	38,359	0	38,359
Investments	50,000	0	50,000
Accrued Interest Receivable	103,452	0	103,452
Accounts Receivable	2,346,326	2,692,594	5,038,920
Intergovernmental Receivable	2,229,571	54,785	2,284,356
Permissive Motor Vehicle License Tax Receivable	7,669	0	7,669
Internal Balances	1,056,330	(1,056,330)	0
Municipal Income Taxes Receivable	2,484,264	0	2,484,264
Property Taxes Receivable	1,424,089	0	1,424,089
Payments in Lieu of Taxes Receivable	511,904	0	511,904
Loans Receivable	4,479	0	4,479
Special Assessments Receivable	784,711	302	785,013
Leases Receivable	475,096	0	475,096
Materials and Supplies Inventory	412,033	1,010,554	1,422,587
Prepaid Items	388,845	126,084	514,929
Non-Depreciable Capital Assets	2,606,025	8,549,340	11,155,365
Depreciable Capital Assets, Net	18,588,687	56,676,963	75,265,650
<i>Total Assets</i>	<u>49,846,497</u>	<u>85,480,196</u>	<u>135,326,693</u>
Deferred Outflows of Resources			
Pension	14,247,066	3,205,928	17,452,994
OPEB	2,329,429	491,321	2,820,750
Asset Retirement Obligation	0	400,800	400,800
<i>Total Deferred Outflows of Resources</i>	<u>16,576,495</u>	<u>4,098,049</u>	<u>20,674,544</u>
Liabilities			
Accounts Payable	839,878	179,215	1,019,093
Contracts Payable	109,275	2,301,819	2,411,094
Retainage Payable	12,077	499,270	511,347
Accrued Wages Payable	611,354	169,962	781,316
Accrued Interest Payable	10,687	2,567	13,254
Intergovernmental Payable	295,394	77,423	372,817
Unearned Revenue	1,323,431	0	1,323,431
Claims Payable	985,000	0	985,000
Customer Deposits Payable	0	419,645	419,645
Long-Term Liabilities:			
Due Within One Year	1,150,632	2,029,519	3,180,151
Due in More Than One Year:			
Net Pension Liability	39,243,718	7,835,200	47,078,918
Net OPEB Liability	2,250,676	163,919	2,414,595
Other Amounts	5,714,182	22,993,076	28,707,258
<i>Total Liabilities</i>	<u>52,546,304</u>	<u>36,671,615</u>	<u>89,217,919</u>
Deferred Inflows of Resources			
Property Taxes	1,278,541	0	1,278,541
Payments in Lieu of Taxes	511,904	0	511,904
Leases	475,096	0	475,096
Pension	3,164,148	19,326	3,183,474
OPEB	2,433,819	56,884	2,490,703
<i>Total Deferred Inflows of Resources</i>	<u>7,863,508</u>	<u>76,210</u>	<u>7,939,718</u>
Net Position			
Net Investment in Capital Assets	16,443,047	38,503,250	54,946,297
Restricted for:			
Street	1,204,772	0	1,204,772
Cemetery Operations	313,245	0	313,245
Community Development	322,087	0	322,087
Jail Operations	1,789,110	0	1,789,110
Police Operations	1,244,399	0	1,244,399
Fire Operations	73,996	0	73,996
Court Operations	645,185	0	645,185
Police and Fire Pension	36,372	0	36,372
Public Health	461,685	0	461,685
Debt Service	89,703	0	89,703
Airport Operations	328,081	0	328,081
Capital Improvements	985,599	0	985,599
Unclaimed Monies	1,950	0	1,950
Perpetual Care -			
Non-expendable	692,865	0	692,865
Unrestricted (Deficit)	(18,618,916)	14,327,170	(4,291,746)
<i>Total Net Position</i>	<u>\$6,013,180</u>	<u>\$52,830,420</u>	<u>\$58,843,600</u>

See accompanying notes to the basic financial statements
See accountant's compilation report

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

	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants, Contributions, and Interest	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities							
General Government:							
Legislative and Executive	\$8,252,693	\$1,466,976	\$717,231	\$0	(\$6,068,486)	\$0	(\$6,068,486)
Court	867,442	471,739	0	0	(395,703)	0	(395,703)
Security of Persons and Property:							
Police	11,645,893	179,437	172,354	0	(11,294,102)	0	(11,294,102)
Fire	7,862,969	211,078	24,029	358,499	(7,269,363)	0	(7,269,363)
Other	124,915	0	0	0	(124,915)	0	(124,915)
Public Health Services	411,751	397,431	22,913	0	8,593	0	8,593
Community Environment	3,991,436	157,054	848,492	163,340	(2,822,550)	0	(2,822,550)
Transportation	4,429,633	13,888	1,575,831	0	(2,839,914)	0	(2,839,914)
Leisure Time Activities	1,944,170	544,715	0	121,352	(1,278,103)	0	(1,278,103)
Interest	183,005	0	0	0	(183,005)	0	(183,005)
<i>Total Governmental Activities</i>	<u>39,713,907</u>	<u>3,442,318</u>	<u>3,360,850</u>	<u>643,191</u>	<u>(32,267,548)</u>	<u>0</u>	<u>(32,267,548)</u>
Business-Type Activities							
Sewer	7,434,153	10,067,141	22,319	0	0	2,655,307	2,655,307
Water	8,787,949	7,809,553	0	0	0	(978,396)	(978,396)
Sanitation	2,543,352	2,926,711	79,200	0	0	462,559	462,559
Nonmajor	634,181	1,686,368	0	43,137	0	1,095,324	1,095,324
<i>Total Business-Type Activities</i>	<u>19,399,635</u>	<u>22,489,773</u>	<u>101,519</u>	<u>43,137</u>	<u>0</u>	<u>3,234,794</u>	<u>3,234,794</u>
<i>Total</i>	<u>\$59,113,542</u>	<u>\$25,932,091</u>	<u>\$3,462,369</u>	<u>\$686,328</u>	<u>(32,267,548)</u>	<u>3,234,794</u>	<u>(29,032,754)</u>
General Revenues							
Property Taxes Levied for:							
General Purposes					1,052,231	0	1,052,231
Police and Fire Pension					224,826	0	224,826
Income Taxes Levied for:							
General Purposes					11,764,248	0	11,764,248
Police Operations					6,035,535	0	6,035,535
Jail Operations					2,415,350	0	2,415,350
Fire Operations					2,415,350	0	2,415,350
Payments in Lieu of Taxes					476,543	0	476,543
Permissive Motor Vehicle License Taxes					114,714	0	114,714
Franchise Taxes					368,589	0	368,589
Grants and Entitlements not Restricted to Specific Programs					1,035,028	0	1,035,028
Investment Earnings and Other Interest					1,251,993	0	1,251,993
Gain on Sale of Capital Assets					58,072	0	58,072
Other					2,088,762	109,306	2,198,068
Insurance Recoveries					3,103,021	0	3,103,021
<i>Total General Revenues</i>					<u>32,404,262</u>	<u>109,306</u>	<u>32,513,568</u>
<i>Change in Net Position</i>					<u>136,714</u>	<u>3,344,100</u>	<u>3,480,814</u>
<i>Net Position Beginning of Year</i>					<u>5,876,466</u>	<u>49,486,320</u>	<u>55,362,786</u>
<i>Net Position End of Year</i>					<u>\$6,013,180</u>	<u>\$52,830,420</u>	<u>\$58,843,600</u>

See accompanying notes to the basic financial statements
See accountant's compilation report

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

	General	Police Expenditure	Fire Operating	American Rescue Plan	Other Governmental Funds	Total Governmental Funds
Assets						
Equity in Pooled Cash and Cash Equivalents	\$6,477,796	\$808,710	\$417,131	\$1,458,742	\$6,081,229	\$15,243,608
Cash and Cash Equivalents in Segregated Accounts	21,851	0	0	0	16,508	38,359
Restricted Cash	1,950	0	0	0	0	1,950
Investments	0	0	0	0	50,000	50,000
Receivables:						
Accrued Interest	97,266	0	0	0	6,186	103,452
Accounts	2,039,680	0	0	0	306,646	2,346,326
Interfund	55,830	0	0	0	0	55,830
Intergovernmental	942,034	277,591	10,485	0	980,979	2,211,089
Permissive Motor Vehicle License Tax	0	0	0	0	7,669	7,669
Municipal Income Taxes	1,307,468	653,610	261,593	0	261,593	2,484,264
Property Taxes	1,167,854	0	0	0	256,235	1,424,089
Payments in Lieu of Taxes	0	0	0	0	511,904	511,904
Loans	0	0	0	0	4,479	4,479
Special Assessments	784,711	0	0	0	0	784,711
Leases	19,416	0	0	0	455,680	475,096
Materials and Supplies Inventory	179	5,143	0	0	248,901	254,223
Prepaid Items	73,108	114,419	67,078	0	127,458	382,063
<i>Total Assets</i>	<u>\$12,989,143</u>	<u>\$1,859,473</u>	<u>\$756,287</u>	<u>\$1,458,742</u>	<u>\$9,315,467</u>	<u>\$26,379,112</u>
Liabilities						
Accounts Payable	\$555,515	\$36,395	\$28,561	\$13,959	\$142,435	\$776,865
Contracts Payable	0	0	0	109,275	0	109,275
Accrued Wages Payable	148,158	178,702	160,166	0	110,470	597,496
Retainage Payable	0	0	0	12,077	0	12,077
Interfund Payable	90,087	105,856	66,208	0	150,787	412,938
Intergovernmental Payable	82,813	78,362	86,488	0	42,764	290,427
Unearned Revenue	0	0	0	1,323,431	0	1,323,431
<i>Total Liabilities</i>	<u>876,573</u>	<u>399,315</u>	<u>341,423</u>	<u>1,458,742</u>	<u>446,456</u>	<u>3,522,509</u>
Deferred Inflows of Resources						
Property Taxes	1,048,162	0	0	0	230,379	1,278,541
Payments in Lieu of Taxes	0	0	0	0	511,904	511,904
Unavailable Revenue	3,762,639	407,375	62,428	0	1,065,962	5,298,404
Leases	19,416	0	0	0	455,680	475,096
<i>Total Deferred Inflows of Resources</i>	<u>4,830,217</u>	<u>407,375</u>	<u>62,428</u>	<u>0</u>	<u>2,263,925</u>	<u>7,563,945</u>
Fund Balances						
Nonspendable	75,237	119,562	67,078	0	1,069,224	1,331,101
Restricted	0	933,221	285,358	0	5,653,942	6,872,521
Committed	0	0	0	0	82,629	82,629
Assigned	4,653,628	0	0	0	0	4,653,628
Unassigned (Deficit)	2,553,488	0	0	0	(200,709)	2,352,779
<i>Total Fund Balances</i>	<u>7,282,353</u>	<u>1,052,783</u>	<u>352,436</u>	<u>0</u>	<u>6,605,086</u>	<u>15,292,658</u>
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balances</i>	<u>\$12,989,143</u>	<u>\$1,859,473</u>	<u>\$756,287</u>	<u>\$1,458,742</u>	<u>\$9,315,467</u>	<u>\$26,379,112</u>

See accompanying notes to the basic financial statements
See accountant's compilation report

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

Total Governmental Fund Balances	\$15,292,658
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*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.	21,194,712
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Other long-term assets are not available to pay for current-period expenditures and therefore are unavailable revenue in the funds:

Delinquent Property Taxes	145,548	
Municipal Income Taxes	493,286	
Charges for Services	784,897	
Fines, Licenses, Permits, and Settlements	330,272	
Franchise Tax	69,924	
Intergovernmental Revenues	1,468,804	
Investment Earnings and Other Interest	66,906	
Insurance Recoveries	1,887,504	
Other Revenues	<u>51,263</u>	5,298,404

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).

761,439

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

857,334

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

Bonds Payable	(2,354,971)	
Accrued Interest Payable	(10,687)	
Loans Payable	(2,147,267)	
Financed Purchases Payable	(169,046)	
Lease Payable	(9,000)	
Compensated Absences Payable	<u>(2,184,530)</u>	(6,875,501)

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:

Deferred Outflows - Pension	14,247,066	
Deferred Outflows - OPEB	2,329,429	
Net Pension Liability	(39,243,718)	
Net OPEB Liability	(2,250,676)	
Deferred Inflows - Pension	(3,164,148)	
Deferred Inflows - OPEB	<u>(2,433,819)</u>	(30,515,866)

Net Position of Governmental Activities

\$6,013,180

See accompanying notes to the basic financial statements
See accountant's compilation report

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

	General	Police Expenditure	Fire Operating	American Rescue Plan	Other Governmental Funds	Total Governmental Funds
Revenues						
Property Taxes	\$1,077,392	\$0	\$0	\$0	\$230,014	\$1,307,406
Permissive Motor Vehicle License	0	0	0	0	114,714	114,714
Municipal Income Taxes	11,713,293	6,010,061	2,405,155	0	2,405,155	22,533,664
Payments in Lieu of Taxes	0	0	0	0	476,543	476,543
Charges for Services	1,352,360	92,860	87,337	0	604,141	2,136,698
Fines, Licenses, Permits, and Settlements	545,974	11,995	0	0	358,011	915,980
Franchise Tax	298,665	0	0	0	0	298,665
Intergovernmental	1,296,373	2,986	0	1,086,412	2,311,190	4,696,961
Investment Earnings and Other Interest	1,227,526	0	0	0	91,177	1,318,703
Donations	0	30,968	0	0	0	30,968
Leases	10,590	0	0	0	101,168	111,758
Other	1,659,406	69,408	25,123	0	332,177	2,086,114
<i>Total Revenues</i>	<u>19,181,579</u>	<u>6,218,278</u>	<u>2,517,615</u>	<u>1,086,412</u>	<u>7,024,290</u>	<u>36,028,174</u>
Expenditures						
Current:						
General Government:						
Legislative and Executive	6,288,358	0	0	41,199	438,614	6,768,171
Court	630,280	0	0	0	217,684	847,964
Security of Persons and Property:						
Police	0	8,317,313	0	0	2,229,389	10,546,702
Fire	0	0	6,594,390	365,259	173,948	7,133,597
Other	124,915	0	0	0	0	124,915
Public Health Services	0	0	0	0	477,351	477,351
Community Environment	965,009	0	0	558,602	1,369,244	2,892,855
Transportation	432,641	0	0	0	3,294,216	3,726,857
Leisure Time Activities	791,692	0	0	121,352	773,357	1,686,401
Capital Outlay	126,994	0	0	0	217,598	344,592
Debt Service:						
Principal Retirement	0	0	81,398	0	490,947	572,345
Interest	23,866	0	2,141	0	161,753	187,760
<i>Total Expenditures</i>	<u>9,383,755</u>	<u>8,317,313</u>	<u>6,677,929</u>	<u>1,086,412</u>	<u>9,844,101</u>	<u>35,309,510</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>9,797,824</u>	<u>(2,099,035)</u>	<u>(4,160,314)</u>	<u>0</u>	<u>(2,819,811)</u>	<u>718,664</u>
Other Financing Sources (Uses)						
Transfers In	0	2,069,304	4,303,981	0	3,302,458	9,675,743
Proceeds from Sale of Capital Assets	0	24,775	0	0	0	24,775
Insurance Recoveries	1,215,517	66,016	0	0	0	1,281,533
Transfers Out	(9,759,233)	0	0	0	0	(9,759,233)
<i>Total Other Financing Sources (Uses)</i>	<u>(8,543,716)</u>	<u>2,160,095</u>	<u>4,303,981</u>	<u>0</u>	<u>3,302,458</u>	<u>1,222,818</u>
<i>Net Change in Fund Balances</i>	<u>1,254,108</u>	<u>61,060</u>	<u>143,667</u>	<u>0</u>	<u>482,647</u>	<u>1,941,482</u>
<i>Fund Balances Beginning of Year</i>	<u>6,028,245</u>	<u>991,723</u>	<u>208,769</u>	<u>0</u>	<u>6,122,439</u>	<u>13,351,176</u>
<i>Fund Balances End of Year</i>	<u>\$7,282,353</u>	<u>\$1,052,783</u>	<u>\$352,436</u>	<u>\$0</u>	<u>\$6,605,086</u>	<u>\$15,292,658</u>

See accompanying notes to the basic financial statements
See accountant's compilation report

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, 2023*

Net Change in Fund Balances - Total Governmental Funds **\$1,941,482**

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	1,493,550	
Depreciation/Amortization	<u>(1,910,049)</u>	
Excess of Depreciation/Amortization over Capital Outlay		(416,499)

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 proceeds and the gain on disposal of assets:

Proceeds from Sale of Capital Assets	(90,791)	
Disposal of Construction in Process not Capitalized	(1,032,994)	
Gain on the Sale of Capital Assets	<u>58,072</u>	(1,065,713)

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

Delinquent Property Taxes	(30,349)	
Municipal Income Taxes	96,819	
Charges for Services	(1,211,981)	
Fines, Licenses, Permits, and Settlements	278,141	
Franchise Tax	69,924	
Intergovernmental Revenues	219,113	
Investment Earnings and Other Interest	25,317	
Insurance Recoveries	1,887,504	
Other Revenues	<u>2,648</u>	1,337,136

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>911</u>	4,755

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	233,398	
Long-Term Claims Payable	1,852	
Lease Payable	12,000	
Financed Purchases	<u>141,947</u>	574,197

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.

(123,025)

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		(17,728)
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Contractually required contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows:

Pension	2,677,332	
OPEB	<u>49,252</u>	2,726,584

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	(4,984,305)	
OPEB	<u>159,830</u>	(4,824,475)

Change in Net Position of Governmental Activities

\$136,714

See accompanying notes to the basic financial statements
See accountant's compilation report

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, 2023*

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
Revenues				
Property Taxes	\$995,742	\$1,077,742	\$1,077,392	(\$350)
Municipal Income Taxes	9,999,166	12,104,429	11,874,188	(230,241)
Charges for Services	1,061,861	1,086,861	1,263,027	176,166
Fines, Licenses and Permits	456,594	601,594	625,733	24,139
Franchise Tax	320,000	320,000	298,665	(21,335)
Intergovernmental	1,104,792	1,277,792	1,442,054	164,262
Interest	42,000	42,000	26,948	(15,052)
Leases	14,800	14,800	11,200	(3,600)
Other	112,731	2,023,731	1,658,494	(365,237)
<i>Total Revenues</i>	<u>14,107,686</u>	<u>18,548,949</u>	<u>18,277,701</u>	<u>(271,248)</u>
Expenditures				
Current:				
General Government:				
Legislative and Executive	5,811,020	9,349,215	6,085,583	3,263,632
Court	714,985	747,489	620,429	127,060
Security of Persons and Property:				
Other	164,228	194,767	156,940	37,827
Community Environment	933,942	1,084,045	977,989	106,056
Transportation	442,000	442,000	430,335	11,665
Leisure Time Activities	986,504	1,025,426	788,199	237,227
Capital Outlay	175,000	180,000	126,994	53,006
Debt Service:				
Principal Retirement	1,525,000	1,525,000	1,525,000	0
Interest	65,914	65,914	65,914	0
<i>Total Expenditures</i>	<u>10,818,593</u>	<u>14,613,856</u>	<u>10,777,383</u>	<u>3,836,473</u>
<i>Excess of Revenues Over Expenditures</i>	<u>3,289,093</u>	<u>3,935,093</u>	<u>7,500,318</u>	<u>3,565,225</u>
Other Financing Source (Use)				
Insurance Recoveries	1,215,517	1,215,517	1,215,517	0
Transfers Out	(10,201,634)	(10,847,634)	(9,759,233)	1,088,401
<i>Total Other Financing Source (Use)</i>	<u>(8,986,117)</u>	<u>(9,632,117)</u>	<u>(8,543,716)</u>	<u>1,088,401</u>
<i>Net Change in Fund Balance</i>	<u>(5,697,024)</u>	<u>(5,697,024)</u>	<u>(1,043,398)</u>	<u>4,653,626</u>
<i>Fund Balance Beginning of Year</i>	<u>5,697,024</u>	<u>5,697,024</u>	<u>5,697,024</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$4,653,626</u></u>	<u><u>\$4,653,626</u></u>

See accompanying notes to the basic financial statements

See accountant's compilation report

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, 2023*

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Municipal Income Taxes	\$5,054,738	\$6,107,370	\$6,107,370	\$0
Charges for Services	89,675	89,675	92,860	3,185
Intergovernmental	92,200	92,200	2,986	(89,214)
Fines, Licenses and Permits	11,995	11,995	11,995	0
Donations	0	20,000	30,968	10,968
Other	485,805	485,805	69,408	(416,397)
<i>Total Revenues</i>	<u>5,734,413</u>	<u>6,807,045</u>	<u>6,315,587</u>	<u>(491,458)</u>
Expenditures				
Current:				
Security of Persons and Property:				
Police	<u>8,999,500</u>	<u>10,107,132</u>	<u>8,372,987</u>	<u>1,734,145</u>
<i>Excess of Revenues Under Expenditures</i>	<u>(3,265,087)</u>	<u>(3,300,087)</u>	<u>(2,057,400)</u>	<u>1,242,687</u>
Other Financing Sources				
Insurance Proceeds	0	15,000	66,016	51,016
Transfers In	2,559,072	2,559,072	2,069,304	(489,768)
Proceeds from Sale of Capital Assets	<u>0</u>	<u>20,000</u>	<u>24,775</u>	<u>4,775</u>
<i>Total Other Financing Sources</i>	<u>2,559,072</u>	<u>2,594,072</u>	<u>2,160,095</u>	<u>(433,977)</u>
<i>Net Change in Fund Balance</i>	<u>(706,015)</u>	<u>(706,015)</u>	<u>102,695</u>	<u>808,710</u>
<i>Fund Balance Beginning of Year</i>	<u>706,015</u>	<u>706,015</u>	<u>706,015</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$808,710</u></u>	<u><u>\$808,710</u></u>

See accompanying notes to the basic financial statements
See accountant's compilation report

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, 2023

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
Revenues				
Municipal Income Taxes	\$2,023,048	\$2,337,239	\$2,444,100	\$106,861
Charges for Services	153,300	153,300	87,337	(65,963)
Intergovernmental	15,000	15,000	0	(15,000)
Other	200,000	200,000	25,123	(174,877)
<i>Total Revenues</i>	2,391,348	2,705,539	2,556,560	(148,979)
Expenditures				
Current:				
Security of Persons and Property:				
Fire	7,027,280	7,341,471	6,772,534	568,937
<i>Excess of Revenues Under Expenditures</i>	(4,635,932)	(4,635,932)	(4,215,974)	419,958
Other Financing Sources				
Transfers In	4,305,308	4,305,308	4,303,981	(1,327)
Proceeds from Sale of Capital Assets	1,500	1,500	0	(1,500)
<i>Total Other Financing Sources</i>	4,306,808	4,306,808	4,303,981	(2,827)
<i>Net Change in Fund Balance</i>	(329,124)	(329,124)	88,007	417,131
<i>Fund Balance Beginning of Year</i>	329,124	329,124	329,124	0
<i>Fund Balance End of Year</i>	<u>\$0</u>	<u>\$0</u>	<u>\$417,131</u>	<u>\$417,131</u>

See accompanying notes to the basic financial statements
See accountant's compilation report

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, 2023*

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
Revenues	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Expenditures				
Current:				
General Government:				
Legislative and Executive	181,862	181,862	73,554	108,308
Security of Persons and Property:				
Fire	886,392	886,392	358,500	527,892
Community Environment	<u>1,381,144</u>	<u>1,381,144</u>	<u>558,602</u>	<u>822,542</u>
<i>Total Expenditures</i>	<u>2,449,398</u>	<u>2,449,398</u>	<u>990,656</u>	<u>1,458,742</u>
<i>Net Change in Fund Balance</i>	(2,449,398)	(2,449,398)	(990,656)	1,458,742
<i>Fund Balance Beginning of Year</i>	<u>2,449,398</u>	<u>2,449,398</u>	<u>2,449,398</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$1,458,742</u></u>	<u><u>\$1,458,742</u></u>

See accompanying notes to the basic financial statements
See accountant's compilation report

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

	Business Type Activities - Enterprise Funds					Governmental Activities - Internal Service Funds
	Sewer	Water	Sanitation	Nonmajor	Total	
Assets						
Current:						
Equity in Pooled Cash and Cash Equivalents	\$10,380,274	\$1,950,067	\$1,284,853	\$3,391,065	\$17,006,259	\$1,089,099
Accounts Receivable	1,171,898	885,013	432,962	202,721	2,692,594	0
Intergovernmental Receivable	3,968	5,497	2,183	43,137	54,785	18,482
Interfund Receivable	0	0	0	0	0	575,173
Special Assessments Receivable	302	0	0	0	302	0
Materials and Supplies Inventory	264,949	745,605	0	0	1,010,554	157,810
Restricted Assets:						
Customer Deposits - Equity in Pooled Cash and Cash Equivalents	0	419,645	0	0	419,645	0
Prepaid Items	50,991	58,243	16,427	423	126,084	6,782
Total Current Assets	11,872,382	4,064,070	1,736,425	3,637,346	21,310,223	1,847,346
Noncurrent Assets:						
Non-Depreciable Capital Assets	5,126,323	3,423,017	0	0	8,549,340	0
Depreciable Capital Assets, Net	34,940,444	18,381,066	805,611	2,549,842	56,676,963	3,817
Total Noncurrent Assets	40,066,767	21,804,083	805,611	2,549,842	65,226,303	3,817
Total Assets	51,939,149	25,868,153	2,542,036	6,187,188	86,536,526	1,851,163
Deferred Outflows of Resources						
Pension	1,265,499	1,349,864	590,565	0	3,205,928	337,466
OPEB	193,942	206,872	90,507	0	491,321	51,718
Asset Retirement Obligation	400,800	0	0	0	400,800	0
Total Deferred Outflows of Resources	1,860,241	1,556,736	681,072	0	4,098,049	389,184
Liabilities						
Current:						
Accounts Payable	45,810	100,630	28,775	4,000	179,215	63,013
Contracts Payable	1,021,525	1,173,124	107,170	0	2,301,819	0
Accrued Wages Payable	70,177	69,141	30,644	0	169,962	13,858
Intergovernmental Payable	36,402	30,114	10,907	0	77,423	4,967
Retainage Payable	288,863	210,407	0	0	499,270	0
Accrued Interest Payable	0	0	0	2,567	2,567	0
Claims Payable	0	0	0	0	0	985,000
Interfund Payable	63,917	56,072	79,007	0	198,996	19,069
Compensated Absences Payable	63,855	50,013	50,921	0	164,789	12,149
OPWC Loans Payable	109,486	0	0	0	109,486	0
OWDA Loans Payable	914,143	597,526	0	26,069	1,537,738	0
SIB Loan Payable	0	0	0	58,805	58,805	0
Financed Purchases Payable	85,183	73,518	0	0	158,701	0
Current Liabilities Payable from Restricted Assets:						
Customer Deposits	0	419,645	0	0	419,645	0
Total Current Liabilities	2,699,361	2,780,190	307,424	91,441	5,878,416	1,098,056
Long-Term:						
Compensated Absences Payable	188,215	114,367	73,260	0	375,842	36,486
OPWC Loans Payable	1,108,716	0	0	0	1,108,716	0
OWDA Loans Payable	9,359,708	11,026,798	0	68,874	20,455,380	0
SIB Loan Payable	0	0	0	317,749	317,749	0
Financed Purchases Payable	175,389	0	0	0	175,389	0
Net Pension Liability	3,092,843	3,299,032	1,443,325	0	7,835,200	824,758
Net OPEB Liability	64,704	69,019	30,196	0	163,919	17,253
Asset Retirement Obligation	560,000	0	0	0	560,000	0
Total Long-Term Liabilities	14,549,575	14,509,216	1,546,781	386,623	30,992,195	878,497
Total Liabilities	17,248,936	17,289,406	1,854,205	478,064	36,870,611	1,976,553
Deferred Inflows of Resources						
Pension	7,629	8,134	3,563	0	19,326	2,034
OPEB	22,454	23,950	10,480	0	56,884	5,988
Total Deferred Inflows of Resources	30,083	32,084	14,043	0	76,210	8,022
Net Position						
Net Investment in Capital Assets	27,003,754	8,722,710	698,441	2,078,345	38,503,250	3,817
Unrestricted	9,516,617	1,380,689	656,419	3,630,779	15,184,504	251,955
Total Net Position	\$36,520,371	\$10,103,399	\$1,354,860	\$5,709,124	53,687,754	\$255,772

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

(857,334)
\$52,830,420

See accompanying notes to the basic financial statements
See accountant's compilation report

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

	Business Type Activities - Enterprise Funds					Governmental Activities - Internal Service Funds
	Sewer	Water	Sanitation	Nonmajor	Total	
Operating Revenues						
Charges for Services	\$10,067,141	\$7,809,553	\$2,926,711	\$1,686,368	\$22,489,773	\$8,851,583
Other Operating Revenues	3,968	5,497	13,828	0	23,293	1,006
<i>Total Operating Revenues</i>	<u>10,071,109</u>	<u>7,815,050</u>	<u>2,940,539</u>	<u>1,686,368</u>	<u>22,513,066</u>	<u>8,852,589</u>
Operating Expenses						
Salaries and Wages	1,644,678	2,146,763	879,682	69,165	4,740,288	389,294
Fringe Benefits	959,772	1,517,215	324,254	12,842	2,814,083	184,082
Contractual Services	2,447,915	2,132,078	1,016,648	312,361	5,909,002	982,043
Materials and Supplies	623,002	1,302,578	110,026	89,591	2,125,197	1,059,356
Claims	0	0	0	0	0	6,584,893
Depreciation	1,375,767	736,368	138,643	98,370	2,349,148	0
<i>Total Operating Expenses</i>	<u>7,051,134</u>	<u>7,835,002</u>	<u>2,469,253</u>	<u>582,329</u>	<u>17,937,718</u>	<u>9,199,668</u>
<i>Operating Income (Loss)</i>	<u>3,019,975</u>	<u>(19,952)</u>	<u>471,286</u>	<u>1,104,039</u>	<u>4,575,348</u>	<u>(347,079)</u>
Non-Operating Revenues (Expenses)						
Intergovernmental	22,319	0	79,200	43,137	144,656	0
Loss on Disposal of Capital Assets	(26,033)	(648,735)	0	(29,500)	(704,268)	0
Other Non-Operating Revenues	0	57,379	0	28,634	86,013	0
Interest	(327,941)	(266,427)	0	(22,352)	(616,720)	0
<i>Total Non-Operating Revenues (Expenses)</i>	<u>(331,655)</u>	<u>(857,783)</u>	<u>79,200</u>	<u>19,919</u>	<u>(1,090,319)</u>	<u>0</u>
<i>Income (Loss) Before Contributions and Transfers</i>	<u>2,688,320</u>	<u>(877,735)</u>	<u>550,486</u>	<u>1,123,958</u>	<u>3,485,029</u>	<u>(347,079)</u>
Transfers	0	0	0	0	0	83,490
<i>Change in Net Position</i>	<u>2,688,320</u>	<u>(877,735)</u>	<u>550,486</u>	<u>1,123,958</u>	<u>3,485,029</u>	<u>(263,589)</u>
<i>Net Position Beginning of Year</i>	<u>33,832,051</u>	<u>10,981,134</u>	<u>804,374</u>	<u>4,585,166</u>		<u>519,361</u>
<i>Net Position End of Year</i>	<u>\$36,520,371</u>	<u>\$10,103,399</u>	<u>\$1,354,860</u>	<u>\$5,709,124</u>		<u>\$255,772</u>

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

(140,929)
\$3,344,100

See accompanying notes to the basic financial statements
See accountant's compilation report

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

	Business Type Activities - Enterprise Funds					Governmental Activities - Internal Service Funds
	Sewer	Water	Sanitation	Nonmajor	Total Funds	
<i>Increase (Decrease) in Cash and Cash Equivalents</i>						
Cash Flows from Operating Activities:						
Cash Received from Customers	\$9,808,145	\$7,886,220	\$2,878,045	\$1,657,972	\$22,230,382	\$0
Cash Received from Transactions with Other Funds	0	0	0	0	0	8,762,006
Cash Payments for Employee Services and Benefits	(2,407,712)	(3,568,720)	(1,131,879)	(82,007)	(7,190,318)	(522,430)
Cash Payments to Suppliers for Goods and Services	(3,009,385)	(3,509,805)	(1,081,580)	(398,375)	(7,999,145)	(2,017,336)
Other Operating Revenues	0	0	11,645	0	11,645	2,343
Cash Payments for Claims	0	0	0	0	0	(6,378,993)
Other Non-Operating Revenues	0	162,629	0	28,634	191,263	0
Customer Deposits Returned	0	(104,053)	0	0	(104,053)	0
Net Cash Provided by (Used for) Operating Activities	4,391,048	866,271	676,231	1,206,224	7,139,774	(154,410)
Cash Flows from Non-Capital and Related Financing Activities:						
Operating Grants	22,319	0	79,200	0	101,519	0
Operating Transfers In	0	0	0	0	0	83,490
Net Cash Provided by Non-Capital and Related Financing Activities	22,319	0	79,200	0	101,519	83,490
Cash Flows from Capital and Related Financing Activities:						
Acquisition of Capital Assets	(3,286,007)	(1,922,117)	0	0	(5,208,124)	0
Loan Proceeds	3,497,326	1,948,161	0	0	5,445,487	0
Principal Paid on Financed Purchase	(83,552)	(71,690)	0	0	(155,242)	0
Interest Paid on Financed Purchase	(6,720)	(3,703)	0	0	(10,423)	0
Principal Paid on Debt	(1,051,377)	(595,906)	0	(128,971)	(1,776,254)	0
Interest Paid on Debt	(321,221)	(262,724)	0	(19,785)	(603,730)	0
Net Cash Used for Capital and Related Financing Activities	(1,251,551)	(907,979)	0	(148,756)	(2,308,286)	0
Net Increase (Decrease) in Cash and Cash Equivalents	3,161,816	(41,708)	755,431	1,057,468	4,933,007	(70,920)
Cash and Cash Equivalents Beginning of Year	7,218,458	2,411,420	529,422	2,333,597	12,492,897	1,160,019
Cash and Cash Equivalents End of Year	\$10,380,274	\$2,369,712	\$1,284,853	\$3,391,065	\$17,425,904	\$1,089,099
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:						
Operating Income (Loss)	\$3,019,975	(\$19,952)	\$471,286	\$1,104,039	\$4,575,348	(\$347,079)
Adjustments:						
Depreciation	1,375,767	736,368	138,643	98,370	2,349,148	0
Other Non-Operating Revenues	0	57,379	0	28,634	86,013	0
(Increase)/Decrease in Assets and Deferred Outflows of Resources:						
Accounts Receivable	(264,817)	70,028	(51,487)	(28,396)	(274,672)	0
Intergovernmental Receivable	1,853	1,142	638	0	3,633	(6,337)
Interfund Receivable	0	0	0	0	0	(81,903)
Materials and Supplies Inventory	39,542	(15,117)	0	0	24,425	10,509
Prepaid Items	(14,523)	(14,653)	(7,484)	(423)	(37,083)	(1,276)
Deferred Outflows - Pension	588,153	627,364	274,471	0	1,489,988	156,840
Deferred Outflows - OPEB	161,320	172,075	75,283	0	408,678	43,019
Deferred Outflows - Asset Retirement Obligation	11,200	0	0	0	11,200	0
Increase/(Decrease) in Liabilities and Deferred Inflows of Resources:						
Accounts Payable	(5,865)	(18,545)	(4,088)	4,000	(24,498)	14,830
Contracts Payable	(2,499)	(16,519)	0	0	(19,018)	0
Accrued Wages Payable	3,376	(8,724)	(4,843)	0	(10,191)	(2,765)
Intergovernmental Payable	6,838	(5,618)	(1,913)	0	(693)	(1,157)
Interfund Payable	23,328	(9,671)	57,600	0	71,257	16,968
Customer Deposits Payable	0	1,197	0	0	1,197	0
Claims Payable	0	0	0	0	0	205,900
Deferred Inflows - Pension	(457,641)	(488,151)	(213,566)	0	(1,159,358)	(122,037)
Deferred Inflows - OPEB	(247,398)	(263,892)	(115,452)	0	(626,742)	(65,973)
Net OPEB Asset/Liability	(874)	(931)	(408)	0	(2,213)	(234)
Net Pension Liability	99,938	106,600	46,638	0	253,176	26,650
Matured Compensated Absences Payable	0	0	(3,209)	0	(3,209)	0
Compensated Absences Payable	53,375	(44,109)	14,122	0	23,388	(365)
Net Cash Provided by (Used for) Operating Activities	\$4,391,048	\$866,271	\$676,231	\$1,206,224	\$7,139,774	(\$154,410)

Noncash Transactions:

At December 31, 2022, the City had contracts payable related to the purchase of capital assets of \$26,033 in the Sewer Enterprise Fund.
At December 31, 2023, the City had contracts and retainage payables related to the purchase of capital assets of \$1,310,388 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.

See accompanying notes to the basic financial statements
See accountant's compilation report

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

	Private Purpose Trust Funds	Custodial Funds
Assets		
Equity in Pooled Cash and Cash Equivalents	\$26,471	\$231,933
Cash and Cash Equivalents in Segregated Accounts	0	107,888
Accounts Receivable	0	30,021
<i>Total Assets</i>	<u>26,471</u>	<u>369,842</u>
Liabilities		
Accounts Payable	0	11,671
Intergovernmental Payable	0	213,813
<i>Total Liabilities</i>	<u>0</u>	<u>225,484</u>
Net Position		
Restricted for Private Purposes	26,471	0
Restricted for Individuals, Organizations, and Other Governments	0	144,358
<i>Total Net Position</i>	<u>\$26,471</u>	<u>\$144,358</u>

See accompanying notes to the basic financial statements
See accountant's compilation report

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

	Private Purpose Trust Funds	Custodial Funds
Additions		
Fines and Forfeitures for Other Governments	\$0	\$577,569
Interest Income	1,470	0
Income Tax Collections for Other Governments	0	2,098,509
Contributions from Individuals	0	123,880
	<hr/>	<hr/>
<i>Total Additions</i>	1,470	2,799,958
	<hr/>	<hr/>
Deductions		
Distributions to the State of Ohio	0	139,553
Distributions to Other Governments	0	2,375,746
Distributions to Individuals	0	481,784
Miscellaneous	0	47,329
	<hr/>	<hr/>
<i>Total Deductions</i>	0	3,044,412
	<hr/>	<hr/>
<i>Change in Net Position</i>	1,470	(244,454)
	<hr/>	<hr/>
<i>Net Position Beginning of Year</i>	25,001	388,812
	<hr/>	<hr/>
<i>Net Position End of Year</i>	\$26,471	\$144,358
	<hr/> <hr/>	<hr/> <hr/>

See accompanying notes to the basic financial statements
See accountant's compilation report

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

NOTE 1 - DESCRIPTION OF THE CITY AND REPORTING ENTITY

The City of 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 Zanesville Community Improvement Corporation acts as an agent for the City. With the Governmental Accounting Standard Board (GASB) Statement No. 61, "The Financial Reporting Entity: Omnibus", the City determined it is not misleading to exclude the component unit as they do not have a measurable influence on the City's financial statements for the year.

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 22.

Ohio Mid-Eastern Governments Association (OMEGA)
Zanesville/Muskingum County Port Authority
Zanesville/Muskingum Convention Facility Authority
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 23.

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

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

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 24.

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.

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.

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

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, 2023

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, 2023

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, 2023, but which were levied to finance 2024 operations. These amounts have been recorded as a deferred inflow on both the government-wide statement of net position and the governmental fund financial statements. 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

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

reported only on the governmental funds balance sheet, and represents receivables which will not be 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; investment earnings and other interest; insurance recoveries; and other revenues. 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 17. 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."

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

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 2023, 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 2023, 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, which is based on quoted market prices. 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 2023 amounted to \$1,227,526 which includes \$1,049,520 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 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 expended/expensed when used. Inventory consists of expendable supplies held for consumption.

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

Prepaid Items

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

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.

Compensated Absences

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the employer will compensate the employees for the benefits through paid time off or some other means. The liability for vacation benefits is recorded as part of long-term obligations. Sick leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits and those that the City has identified as probable of receiving payment in the future. The amount is based on accumulated sick leave and employee wage rates at year end taking into consideration any limits specified in the City's termination policy. The City records a liability for accumulated unused sick leave for police and jail employees after ten years of service; street, water, sewer, and sanitation employees after seven years of service; fire department employees after ten years of service; and all other City employees after nine years of service.

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.

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. It also includes the long-term amount of interfund loans, prepaids, as well as inventory, unless the use of the collection of the loans, or from the use of the prepaids and inventory, is restricted, committed, or assigned.

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 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 the 2024’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.

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

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

Net Position

Net position represents the difference between all other elements in a statement of financial position. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction, or improvement of those assets. 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 government. The City applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net positions are available.

Pensions/Other Postemployment Benefits (OPEB)

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

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.

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

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.

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

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

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

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

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

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

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

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 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.

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

Net Change in Fund Balance

	General	Police Expenditure	Fire Operating	American Rescue Plan
GAAP Basis	\$1,254,108	\$61,060	\$143,667	\$0
Net Adjustment for Revenue Accruals	293,539	97,309	38,945	(1,086,412)
Beginning of Year:				
Unrecorded Cash	26,388	0	0	0
Unrecorded Interest	267,062	0	0	0
Difference in Fair Market Value	386,932	0	0	0
Prepaid Items	62,153	100,292	47,743	0
Segregated Accounts	26,002	0	0	0
End 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
Net Adjustment for Expenditure Accruals	(1,382,673)	(41,547)	(75,270)	95,756
Budget Basis	<u>(\$1,043,398)</u>	<u>\$102,695</u>	<u>\$88,007</u>	<u>(\$990,656)</u>

NOTE 5 - ACCOUNTABILITY

The Cemetery Endowment Fund had a deficit fund balance as of December 31, 2023, in the amount of \$200,709. 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 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.

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

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.

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.

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

Investments

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

Measurement/Investment	Measurement Amount	Maturity	Ratings	Percent of Total Investments
Net Asset Value Per Share:				
STAR Ohio	<u>\$6,650,797</u>	Average 46.4 Days	Aaa	21.87%
Fair Value - Level One Inputs				
Northern Instl Government Money Market	<u>1,550,840</u>	Less than one year	n/a	5.10%
Fair Value - Level Two Inputs				
US Treasury Notes	1,445,268	Less than five years	Aaa	4.75%
US Treasury Bills	1,481,248	Less than one year	Aaa	4.87%
Municipal Bonds	229,097	Less than two year	Fitch AA	0.75%
Federal Farm Credit Bank Bonds	1,044,277	Less than four years	Aaa	3.43%
Federal Home Loan Mortgage Corporation Notes	255,772	Less than three years	Aaa	0.84%
Federal Home Loan Bank Notes	1,617,073	Less than five years	Aaa	5.32%
Federal Agric Mtg Corp Notes	249,452	Less than five years	Aaa	0.82%
Federal National Mortgage Association Notes	584,712	Less than two years	Aaa	1.92%
Negotiable Certificates of Deposit	<u>15,308,836</u>	Less than five years	n/a	50.33%
<i>Total Fair Value - Level Two Inputs</i>	<u>22,215,735</u>			
Total	<u>\$30,417,372</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, 2023. 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 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.

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

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 2023 for real and public utility property taxes represents collections of 2022 taxes.

2023 real property taxes are levied after October 1, 2023, on the assessed value as of January 1, 2023, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2022 real property taxes are collected in and intended to finance 2023.

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

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

The full tax rate for all City operations for the year ended December 31, 2023, was \$3.40 per \$1,000 of assessed value. The assessed values of real property and public utility property upon which 2022 property tax receipts were based are as follows:

Real Property	\$405,250,140
Public Utility Real Property	25,955,370
	<u>\$431,205,510</u>

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, 2023, and for which there is an enforceable legal claim. In the governmental funds, the portion of the receivable not levied to finance 2023 operations is offset to deferred inflows of resources – property taxes. On the accrual basis, 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.

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

NOTE 8 - TAX ABATEMENTS

As of December 31, 2023, 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, 2023.

<u>Tax Abatement Program</u>	<u>Taxes Abated</u>
<i>Enterprise Zone Tax Exemptions</i>	
JD Equipment Inc and Lyman Drive Group LLC	\$4,916
Worthington Foods Inc	23,032
Store IT	28,395

NOTE 9 - RECEIVABLES

Receivables at December 31, 2023, 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.

A summary of intergovernmental receivables follows:

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

Governmental Activities:	
Community Development Block Grant	\$219,605
Gasoline Tax and Motor Vehicle License Tax	681,766
Joint Economic Development District	22,772
Local Government Funding	463,796
Airport Grants	4,396
Bureau of Workers' Compensation	37,121
Homestead and Rollback	59,295
Court Appointed Counsel	56,593
Resource Officer reimbursement	264,924
Muskingum Avenue Dug Road Project Grants	175,872
Muskingum County Building Code	89,333
Brownfield Grant	117,376
Miscellaneous	18,240
Total Governmental Activities	<u>2,211,089</u>
Business-Type Activities:	
Muskingum Avenue Dug Road Project Grants	43,137
Bureau of Workers' Compensation	11,648
Total Business-Type Activities	<u>54,785</u>
Internal Service Activities:	
Charges for Services	<u>18,482</u>
Total Entity Wide Intergovernmental Receivables	<u><u>\$2,284,356</u></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 receipted 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 \$511,904 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, 2023. 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 \$275,322 as an accounts receivable related to opioid settlement monies in the OneOhio Special Revenue Fund in the accompanying financial statements. Collections of these settlement monies are expected to extend through 2038, with \$26,905 expected to be collected in 2024.

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

Leases Receivable

The City is reporting leases receivable of \$475,096 at December 31, 2023. These amounts represent the discounted future lease payments. This discount is being amortized using the interest method. For 2023, the City reported lease revenue of \$111,758 and other interest of \$11,708 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
2024	\$7,455	\$2,145
2025	7,662	1,938
2026	7,876	1,724
2027	8,095	1,505
2028	8,321	1,279
2029-2033	44,392	4,009
2034-2038	38,644	15,356
2039-2043	44,335	9,405
2044-2048	47,249	1,970
	\$214,029	\$39,331

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
2024	\$1,916	\$3,106
2025	2,032	2,990
2026	2,155	2,866
2027	2,286	2,736
2028	2,424	2,597
2029-2033	14,512	10,595
2034-2038	19,477	5,629
2039-2040	8,707	501
	\$53,509	\$31,020

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:

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

Year	Principal	Interest
2024	\$85,806	\$4,278
2025	88,416	1,668
2026	7,489	19
	\$181,711	\$5,965

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
2024	\$9,612	\$388
2025	9,804	196
	\$19,416	\$584

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. A summary of the future lease amounts receivable is as follows:

Year	Principal	Interest
2024	\$6,431	\$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.

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

NOTE 11 - CAPITAL ASSETS

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

	Balance 12/31/2022	Additions	Reductions	Balance 12/31/2023
Governmental Activities				
<i>Nondepreciable Capital Assets</i>				
Land	\$2,072,338	\$221,840	\$0	\$2,294,178
Construction in Progress	1,087,698	257,143	(1,032,994)	311,847
<i>Total Nondepreciable Capital Assets</i>	3,160,036	478,983	(1,032,994)	2,606,025
<i>Depreciable Capital Assets</i>				
<i>Tangible Assets</i>				
Buildings and Improvements	19,438,650	48,373	0	19,487,023
Machinery and Equipment	5,594,262	358,037	(11,372)	5,940,927
Vehicles	6,691,270	608,157	(232,608)	7,066,819
Infrastructure	25,150,846	0	0	25,150,846
<i>Total Tangible Assets</i>	56,875,028	1,014,567	(243,980)	57,645,615
<i>Intangible Right to Use - Lease Assets</i>				
Intangible Right to Use - Land Improvements	36,000	0	0	36,000
<i>Total Depreciable Capital Assets</i>	56,911,028	1,014,567	(243,980)	57,681,615
<i>Less Accumulated Depreciation/Amortization</i>				
<i>Depreciation</i>				
Buildings and Improvements	(13,975,167)	(388,762)	0	(14,363,929)
Machinery and Equipment	(3,271,561)	(434,092)	11,372	(3,694,281)
Vehicles	(4,907,514)	(387,109)	199,889	(5,094,734)
Infrastructure	(15,224,898)	(688,086)	0	(15,912,984)
<i>Total Depreciation</i>	(37,379,140)	(1,898,049)	211,261	(39,065,928)
<i>Amortization</i>				
<i>Intangible Right to Use - Lease Assets</i>				
Intangible Right to Use - Land Improvements	(15,000)	(12,000)	0	(27,000)
<i>Total Accumulated Depreciation/Amortization</i>	(37,394,140)	(1,910,049) *	211,261	(39,092,928)
<i>Total Depreciable Capital Assets, Net</i>	19,516,888	(895,482)	(32,719)	18,588,687
<i>Governmental Activities Capital Assets, Net</i>	\$22,676,924	(\$416,499)	(\$1,065,713)	\$21,194,712

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

	Depreciation	Amortization	Total
General Government:			
Legislative and Executive	\$277,790	\$0	\$277,790
Court	20,917	0	20,917
Security of Persons and Property:			
Police	276,877	12,000	288,877
Fire	198,407	0	198,407
Public Human Services	54,976	0	54,976
Transportation	854,030	0	854,030
Leisure Time Activities	215,052	0	215,052
Total	\$1,898,049	\$12,000	\$1,910,049

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

During 2023, there were deletions of construction in progress of \$1,032,994 for capitalized costs of projects that have been determined not feasible to complete, and will therefore not result in a capital asset being placed in service.

	Balance 12/31/2022	Additions	Reductions	Balance 12/31/2023
Business-Type Activities:				
Capital Assets not being Depreciated:				
Land	\$233,184	\$0	\$0	\$233,184
Construction in Progress	1,421,775	7,598,649	(704,268)	8,316,156
Total Capital Assets not being Depreciated	1,654,959	7,598,649	(704,268)	8,549,340
Capital Assets being Depreciated:				
Buildings and Improvements	38,176,916	58,793	0	38,235,709
Machinery and Equipment	14,083,329	227,171	(63,913)	14,246,587
Vehicles	3,751,634	0	(79,064)	3,672,570
Infrastructure	47,832,470	98,567	0	47,931,037
Total Capital Assets being Depreciated	103,844,349	384,531	(142,977)	104,085,903
Less Accumulated Depreciation:				
Buildings and Improvements	(12,751,101)	(737,173)	0	(13,488,274)
Machinery and Equipment	(12,924,055)	(226,501)	63,913	(13,086,643)
Vehicles	(1,758,154)	(423,923)	79,064	(2,103,013)
Infrastructure	(17,769,459)	(961,551)	0	(18,731,010)
Total Accumulated Depreciation	(45,202,769)	(2,349,148)	142,977	(47,408,940)
Total Capital Assets being Depreciated, Net	58,641,580	(1,964,617)	0	56,676,963
Business-Type Activities Capital Assets, Net	\$60,296,539	\$5,634,032	(\$704,268)	\$65,226,303

During 2023, there were deletions of construction in progress of \$704,268 for capitalized costs of projects that have been determined not feasible to complete, and will therefore not result in a capital asset being placed in service.

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.

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

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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 \$985,000 reported at December 31, 2023, 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 2022 and 2023 were:

	Balance at Beginning of Year	Current Year Claims	Claims Payments	Balance at End of Year
2022	\$644,600	\$5,022,043	\$4,887,543	\$779,100
2023	779,100	6,584,893	6,378,993	985,000

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 2023 claims paid by the Bureau of Workers' Compensation,

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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, 2023, 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

The net pension liability and the net OPEB liability reported on the statement of net position represent liabilities to employees for pensions and OPEB, respectively. Pensions/OPEB are a component of exchange transactions—between an employer and its employees—of salaries and benefits for employee services. Pensions/OPEB are provided to an employee—on a deferred-payment basis—as part of the total compensation package offered by an employer for employee services each financial period. The obligation to sacrifice resources for pensions is a present obligation because it was created as a result of employment exchanges that already have occurred.

The net pension/OPEB liability represents the City's proportionate share of each pension/OPEB plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension/OPEB plan's fiduciary net position. The net pension/OPEB liability calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting 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. Resulting adjustments to the net pension/OPEB liability would be effective when the changes are legally enforceable. The Ohio revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients.

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The proportionate share of each plan's unfunded benefits is presented as a net pension/ asset or a long-term net pension/OPEB liability on the accrual basis of accounting. Any liability for the contractually-required pension/OPEB contribution outstanding at the end of the year is included in intergovernmental payable on both the accrual and modified accrual bases of accounting. 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, 2022, new members may no longer select the Combined Plan, and current members may no longer make a plan change to this plan. Participating employers are divided into state, local, law enforcement and public safety divisions. While members in the state and local divisions may participate in all three plans, law enforcement and public safety divisions exist only within the traditional plan.

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

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

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

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

Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount. The amount of a member's pension benefit vests upon receipt of the initial benefit payment. The options for Public Safety and Law Enforcement permit early retirement under qualifying circumstances as early as age 48 with a reduced benefit.

When a traditional plan benefit recipient has received benefits for 12 months, the member is eligible for an annual cost of living adjustment (COLA). This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. Members retiring under the combined plan receive a cost-of-living adjustment on the defined benefit portion of their pension benefit. For those who retired prior to January 7, 2013, the cost of living adjustment is 3 percent. For those retiring on or after January 7, 2013, beginning in calendar year 2019, the adjustment is based on the average percentage increase in the Consumer Price Index, capped at 3 percent.

Defined contribution plan benefits are established in the plan documents, which may be amended by the Board. Member-directed plan and combined plan members who have met the retirement eligibility requirements may apply for retirement benefits. The amount available for defined contribution benefits in the combined plan consists of the member's contributions plus or minus the investment gains or losses resulting from the member's investment selections. Combined plan members wishing to receive benefits must meet the requirements for both the defined benefit and defined contribution plans. Member-directed participants must have attained the age of 55, have money on deposit in the defined contribution plan and have terminated public service to apply for retirement benefits. The amount available for defined contribution benefits in the member-directed plan consists of the members' contributions, vested employer contributions and investment gains or losses resulting from the members' investment selections. Employer contributions and associated investment earnings vest over a five-year period, at a rate of 20 percent each year. At retirement, members may select one of several distribution options for payment of the vested balance in their individual OPERS accounts. Options include the annuitization of the benefit (which includes joint and survivor options and will continue to be administered by OPERS), partial lump-sum payments (subject to limitations), a rollover of the vested account balance to another financial institution, receipt of entire account balance, net of taxes withheld, or a combination of these options. When members choose to annuitize their defined contribution benefit, the annuitized portion of the benefit is reclassified to a defined benefit.

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

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	<u>State and Local</u>
2023 Statutory Maximum Contribution Rates	
Employer	14.0 %
Employee	10.0 %
2023 Actual Contribution Rates	
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 2023, the City's contractually required contribution was \$1,633,673 for the traditional plan. Of this amount, \$125,954 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.op-f.org or by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

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

For members hired after July 1, 2013, the minimum retirement age is 52 for normal service retirement with at least 25 years of service credit. For members hired on or before after July 1, 2013, the minimum retirement age is 48 for normal service retirement with at least 25 years of service credit.

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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, statutory survivors and annuity beneficiaries. Members participating in the DROP program have separate eligibility requirements related to COLA.

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

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

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

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

	<u>Police</u>	<u>Firefighters</u>
2023 Statutory Maximum Contribution Rates		
Employer	19.50 %	24.00 %
Employee	12.25 %	12.25 %
2023 Actual Contribution Rates		
Employer:		
Pension	19.00 %	23.50 %
Post-employment Health Care Benefits	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 \$1,729,801 for 2023. Of this amount, \$127,280 is reported as an intergovernmental payable.

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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, 2022, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of that date. OP&F's total pension liability was measured as of December 31, 2022, and was determined by rolling forward the total pension liability as of January 1, 2022, to December 31, 2022. The City's proportion of the net pension liability (asset) was based on the City's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense of the City's defined benefit pension plans:

	<u>Traditional Plan</u>	<u>OP&F</u>	
Proportion of the Net Pension Liability:			
Current Measurement Date	0.06980000%	0.27855440%	
Prior Measurement Date	<u>0.06958000%</u>	<u>0.29814310%</u>	
Change in Proportionate Share	<u>0.00022000%</u>	<u>-0.01958870%</u>	
Proportionate Share of the:			<u>Total</u>
Net Pension Liability	\$20,618,950	\$26,459,968	\$47,078,918
Pension Expense	3,170,014	3,145,692	6,315,706

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

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	OPERS Traditional Plan	OP&F	Total
Deferred Outflows of Resources			
Differences between expected and actual experience	\$684,875	\$396,888	\$1,081,763
Changes of assumptions	217,824	2,386,599	2,604,423
Net difference between projected and actual earnings on pension plan investments	5,877,048	3,852,246	9,729,294
Changes in proportion and differences between City contributions and proportionate share of contributions	23,229	650,811	674,040
City contributions subsequent to the measurement date	<u>1,633,673</u>	<u>1,729,801</u>	<u>3,363,474</u>
Total Deferred Outflows of Resources	<u>\$8,436,649</u>	<u>\$9,016,345</u>	<u>\$17,452,994</u>
Deferred Inflows of Resources			
Differences between expected and actual experience	\$0	\$602,835	\$602,835
Changes of assumptions	0	515,962	515,962
Changes in proportion and differences between City contributions and proportionate share of contributions	<u>50,862</u>	<u>2,013,815</u>	<u>2,064,677</u>
Total Deferred Inflows of Resources	<u>\$50,862</u>	<u>\$3,132,612</u>	<u>\$3,183,474</u>

\$3,363,474 reported as deferred outflows of resources related to pension resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability or increase to the net pension asset in 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	OPERS Traditional Plan	OP&F	Total
Year Ending December 31:			
2024	\$762,790	\$353,022	\$1,115,812
2025	1,380,436	1,110,871	2,491,307
2026	1,729,902	1,128,103	2,858,005
2027	2,878,986	1,805,627	4,684,613
2028	<u>0</u>	<u>(243,691)</u>	<u>(243,691)</u>
Total	<u>\$6,752,114</u>	<u>\$4,153,932</u>	<u>\$10,906,046</u>

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Actuarial Assumptions - OPERS

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

Projections of benefits for financial-reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. The total pension liability was determined by an actuarial valuation as of December 31, 2022, using the following actuarial assumptions and methods applied to all periods included in the measurement in accordance with the requirements of GASB 67.

	<u>OPERS Traditional Plan</u>
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 percent, simple
Post-January 7, 2013 Retirees	3 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 2022, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio, and the Defined Contribution portfolio. The Defined Benefit portfolio contains the investment assets for the Traditional Pension Plan, the defined benefit component of the Combined Plan and the annuitized accounts of the Member-Directed Plan. Within the Defined Benefit portfolio contributions into the plans are all recorded at the same time, and benefit payments all occur on the first of the month. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Defined Benefit portfolio was 12.1 percent for 2022.

The allocation of investment assets with the Defined Benefit portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The long-term expected rate of return on defined benefit investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of

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

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Fixed Income	22.00% %	2.62%
Domestic Equities	22.00	4.60
Real Estate	13.00	3.27
Private Equity	15.00	7.53
International Equities	21.00	5.51
Risk Parity	2.00	4.37
Other investments	5.00	3.27
Total	100.00 %	

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

Sensitivity of the City's Proportionate Share of the Net Pension Liability 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:

	1% Decrease (5.90%)	Current Discount Rate (6.90%)	1% Increase (7.90%)
City's proportionate share of the net pension liability			
OPERS Traditional Plan	\$30,886,500	\$20,618,950	\$12,078,192

Actuarial Assumptions – OP&F

OP&F's total pension liability as of December 31, 2022, is based on the results of an actuarial valuation date of January 1, 2022, and rolled-forward using generally accepted actuarial procedures. The total pension liability is determined by OP&F's actuaries in accordance with GASB Statement No. 67, as part of their annual valuation. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about probability of occurrence of events far into the future. Examples include assumptions about future employment mortality, salary increases, disabilities, retirements and employment terminations. Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

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

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

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

For 2022, mortality for service retirees is based on the Pub-2010 Below-Median Safety Amount-Weighted Healthy Retiree mortality table with rates adjusted by 96.2 percent for males and 98.7 percent for females. All rates are projected using the MP-2021 Improvement Scale.

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

For 2022, mortality for contingent annuitants is based on the Pub- 2010 Below-Median Safety Amount-Weighted Contingent Annuitant Retiree mortality table with rates adjusted by 108.9 percent for males and 131 percent for females. All rates are projected using the MP-2021 Improvement Scale.

For 2022, Mortality for active members is based on the Pub-2010 Below-Median Safety Amount-Weighted Employee mortality table. All rates are projected using the MP- 2021 Improvement Scale.

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

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

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

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

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

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

Best estimates of the long-term expected geometric real rates of return for each major asset class included in OP&F's target asset allocation as of December 31, 2022, are summarized below:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity	18.60 %	4.80 %
Non-US Equity	12.40	5.50
Private Markets	10.00	7.90
Core Fixed Income *	25.00	2.50
High Yield Fixed Income	7.00	4.40
Private Credit	5.00	5.90
U.S. Inflation Linked Bonds*	15.00	2.00
Midstream Energy Infrastructure	5.00	5.90
Real Assets	8.00	5.90
Gold	5.00	3.60
Private Real Estate	12.00	5.30
Commodities	2.00	3.60
Total	<u>125.00 %</u>	

Note: Assumptions are geometric.

* levered 2.5x

OP&F's Board of Trustees has incorporated the risk parity concept into OP&F's asset liability valuation with the goal of reducing equity risk exposure, which reduces overall Total Portfolio risk without sacrificing return, and creating a more risk-balanced portfolio based on their relationship between asset classes and economic environments. From the notional portfolio perspective above, the Total Portfolio may be levered up to 1.25 times due to the application of leverage in certain fixed income asset classes.

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Discount Rate For 2022, the total pension liability was calculated using the discount rate of 7.50 percent. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earning were calculated using the longer-term assumed investment rate of return of 7.50 percent. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, a long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact, the following table presents the net pension liability calculated using the discount rate of 7.50 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.50 percent), or one percentage point higher (8.50 percent) than the current rate.

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
City's proportionate share of the net pension liability	\$34,905,803	\$26,459,968	\$19,438,945

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. Medicare-enrolled retirees in the Traditional Pension and Combined plans may have an allowance deposited into a health reimbursement arrangement (HRA) account to be used toward the health care program of their choice selected with the assistance of an OPERS vendor. Non-Medicare retirees have converted to an arrangement similar to the Medicare-enrolled retirees, and are no longer participating in OPERS provided self-insured group plans.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

OPERS reimburses retirees who are not eligible for premium-free Medicare Part A (hospitalization) for their Part A premiums as well as any applicable surcharges (late-enrollment fees). Retirees within this group must enroll in Medicare Part A and select medical coverage, and may select prescription coverage, 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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The health care trust is also used to fund health care for member-directed plan participants, in the form of a Retiree Medical Account (RMA). At retirement or separation, member directed plan participants may be eligible for reimbursement of qualified medical expenses from their vested RMA balance.

The Ohio Revised Code permits but does not require OPERS to provide health care to its eligible benefit recipients. Authority to establish and amend health care coverage is provided to the Board in Chapter 145 of the Ohio Revised Code.

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

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

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2023, state and local employers contributed at a rate of 14.0 percent of earnable salary 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 2023, OPERS did not allocate any employer contribution to health care for members in the Traditional Pension Plan and beginning July 1, 2022, there was a two percent allocation to health care for the Combined Plan. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the member-directed plan for 2022 was 4.0 percent; however, effective July 1, 2022, a portion of the health care rate was funded with reserves.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The City's contractually required contribution was \$14,857 for 2023. Of this amount, \$1,146 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 or by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

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

The Board of Trustees is authorized to allocate a portion of the total employer contributions for retiree health care benefits. For 2023, the portion of employer contributions allocated to health care was 0.5 percent of covered payroll. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees' primary responsibility to ensure that pension benefits are adequately funded.

The OP&F Board of Trustees is also authorized to establish requirements for contributions to the health care plan by retirees and their eligible dependents or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

The City's contractually required contribution to OP&F was \$40,635 for 2023. Of this amount, \$2,981 is reported as an intergovernmental payable.

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

The net OPEB liability and total OPEB liability for OPERS were determined by an actuarial valuation as of December 31, 2021, rolled forward to the measurement date of December 31, 2022, by incorporating the expected value of health care cost accruals, the actual health care payment, and interest accruals during the year. OP&F's total OPEB liability was measured as of December 31, 2022, and was determined by rolling forward the total OPEB liability as of January 1, 2022, to December 31, 2022. The City's proportion of the net OPEB liability was based on the City's share of contributions to the retirement plan relative to the contributions of all participating entities. Following is information related to the proportionate share and OPEB expense:

	<u>OPERS</u>	<u>OP&F</u>	
Proportion of the Net OPEB Liability:			
Current Measurement Date	0.06841500%	0.27855440%	
Prior Measurement Date	<u>0.06834000%</u>	<u>0.29814310%</u>	
Change in Proportionate Share	<u>0.00007500%</u>	<u>-0.01958870%</u>	
			<u>Total</u>
Proportionate Share of the:			
Net OPEB Liability	\$431,369	\$1,983,226	\$2,414,595
OPEB Expense	(\$564,816)	\$167,761	(\$397,055)

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

	<u>OPERS</u>	<u>OP&F</u>	<u>Total</u>
Deferred Outflows of Resources			
Differences between expected and actual experience	\$0	\$118,347	\$118,347
Changes of assumptions	\$421,329	\$988,331	\$1,409,660
Net difference between projected and actual earnings on pension plan investments	856,715	170,102	1,026,817
Changes in proportion and differences between City contributions and proportionate share of contributions	49	210,385	210,434
City contributions subsequent to the measurement date	<u>14,857</u>	<u>40,635</u>	<u>55,492</u>
Total Deferred Outflows of Resources	<u>\$1,292,950</u>	<u>\$1,527,800</u>	<u>\$2,820,750</u>
Deferred Inflows of Resources			
Differences between expected and actual experience	\$107,601	\$391,053	\$498,654
Changes of assumptions	34,668	1,622,118	1,656,786
Changes in proportion and differences between City contributions and proportionate share of contributions	<u>7,421</u>	<u>327,842</u>	<u>335,263</u>
Total Deferred Inflows of Resources	<u>\$149,690</u>	<u>\$2,341,013</u>	<u>\$2,490,703</u>

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\$55,492 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 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	<u>OPERS</u>	<u>OP&F</u>	<u>Total</u>
Year Ending December 31:			
2024	\$134,056	(\$23,776)	\$110,280
2025	313,330	(5,129)	308,201
2026	267,152	(105,614)	161,538
2027	413,865	(68,913)	344,952
2028	0	(191,194)	(191,194)
Thereafter	<u>0</u>	<u>(459,222)</u>	<u>(459,222)</u>
Total	<u>\$1,128,403</u>	<u>(\$853,848)</u>	<u>\$274,555</u>

Actuarial Assumptions - OPERS

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

Projections of health care costs for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of coverage provided at the time of each valuation and the historical pattern of sharing of costs between OPERS and plan members. The total OPEB liability was determined by an actuarial valuation as of December 31, 2021, rolled forward to the measurement date of December 31, 2022. The actuarial valuation used the following key actuarial assumptions and methods applied to all prior periods included in the measurement in accordance with the requirements of GASB 74:

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

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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 2022, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio and the Defined Contribution portfolio. The Health Care portfolio includes the assets for health care expenses for the Traditional Pension Plan, Combined Plan and Member-Directed Plan eligible members. Within the Health Care portfolio, if any contribution are made into the plans, the contributions are assumed to be received continuously throughout the year based on the actual payroll payable at the time contributions are made. Health care-related payments are assumed to occur mid-year. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Health Care portfolio was 15.6 percent for 2022.

The allocation of investment assets within the Health Care portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Assets are managed on a total return basis with a long-term objective of continuing to offer a sustainable health care program for current and future retirees. OPERS' primary goal is to achieve and maintain a fully funded status for the benefits provided through the defined pension plans. Health care is a discretionary benefit. The long-term expected rate of return on health care investment assets was determined using a building-block method in which best-estimate ranges of expected future rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future rates of return by the target asset allocation percentage, adjusted for inflation. Best estimates of geometric rates of return were provided by the Board's investment consultant. For each major asset class that is included in the Health Care's portfolio's target asset allocation as of December 31, 2022, these best estimates are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)</u>
Fixed Income	34.00 %	2.56 %
Domestic Equities	26.00	4.60
Real Estate Investment Trust	7.00	4.70
International Equities	25.00	5.51
Risk Parity	2.00	4.37
Other investments	6.00	1.84
Total	<u>100.00 %</u>	

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Discount Rate A single discount rate of 5.22 percent was used to measure the OPEB liability on the measurement date of December 31, 2022; however, the single discount rate used at the beginning of the year was 6 percent. Projected benefit payments are required to be discounted to their actuarial present value using a single discount rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the health care fiduciary net position is projected to be sufficient to pay benefits), and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate are not met). This single discount rate was based on an expected rate of return on the health care investment portfolio of 6.00 percent and a municipal bond rate of 4.05 percent (Fidelity Index's "20-Year Municipal GO AA Index"). The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rate. Based on these assumptions, the health care fiduciary net position and future contributions were sufficient to finance health care costs through 2054. As a result, the actuarial assumed long-term expected rate of return on health care investments was applied to projected costs through the year 2054, and the municipal bond rate was applied to all health care costs after that date.

Sensitivity of the City's Proportionate Share of the Net OPEB Asset to Changes in the Discount Rate

The following table presents the City's proportionate share of the net OPEB asset calculated using the single discount rate of 5.22 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 (4.22 percent) or one-percentage-point higher (6.22 percent) than the current rate:

	1% Decrease (4.22%)	Current Discount Rate (5.22%)	1% Increase (6.22%)
City's proportionate share of the net OPEB liability (asset)	\$1,468,186	\$431,369	(\$424,173)

Sensitivity of the City's Proportionate Share of the Net OPEB Liability to Changes in the Health Care Cost Trend Rate

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

	1% Decrease	Current Health Care Cost Trend Rate Assumption	1% Increase
City's proportionate share of the net OPEB liability	\$404,333	\$431,369	\$461,801

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Actuarial Assumptions – OP&F

OP&F's total OPEB liability as of December 31, 2022, is based on the results of an actuarial valuation date of January 1, 2022, and rolled-forward using generally accepted actuarial procedures. The total OPEB liability is determined by OP&F's actuaries in accordance with GASB Statement No. 74, as part of their annual valuation. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, salary increases, disabilities, retirements and employment terminations. Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

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

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

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

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

For 2022, mortality for service retirees is based on the Pub-2010 Below-Median Safety Amount-Weighted Healthy Retiree mortality table with rates adjusted by 96.2 percent for males and 98.7 percent for females. All rates are projected using the MP-2021 Improvement Scale.

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

For 2022, mortality for contingent annuitants is based on the Pub- 2010 Below-Median Safety Amount-Weighted Contingent Annuitant Retiree mortality table with rates adjusted by 108.9 percent for males and 131percent for females. All rates are projected using the MP-2021 Improvement Scale.

For 2022, mortality for active members is based on the Pub-2010 Below-Median Safety Amount-Weighted Employee mortality table. All rates are projected using the MP- 2021 Improvement Scale.

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

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

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

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

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

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

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

Net OPEB liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net OPEB liability calculated using the discount rate of 4.27 percent, as well as what the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (3.27 percent), or one percentage point higher (5.27 percent) than the current rate.

	1% Decrease (3.27%)	Current Discount Rate (4.27%)	1% Increase (5.27%)
City's proportionate share of the net OPEB liability	\$2,442,157	\$1,983,226	\$1,595,771

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NOTE 15 - OTHER EMPLOYEE BENEFITS

Other Insurance Benefits

All employees are covered under a \$20,000 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.

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 of sick leave. 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, with the exception of AFSCME employees who have not been employed with the City for a full year, all other employees will receive 100 percent of vacation earned and not previously taken.

NOTE 16 - CONTRACTUAL COMMITMENTS

As of December 31, 2023, 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
Gant Stadium Lighting and Fence Project - American Rescue Plan Fund	\$606,842	\$150,967	\$455,875
Cemetery Facilities Building Project - Cemetery Development Fund	160,880	160,880	0
Total Governmental Funds	<u>767,722</u>	<u>311,847</u>	<u>455,875</u>
Combined Sewer Project - Sewer Fund	6,414,165	4,981,326	1,432,839
Combined Water Project - Water Fund	4,220,516	3,334,830	885,686
Total Enterprise Funds	<u>10,634,681</u>	<u>8,316,156</u>	<u>2,318,525</u>
Total All Contractual Commitments	<u>\$11,402,403</u>	<u>\$8,628,003</u>	<u>\$2,774,400</u>

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

NOTE 17 - LONG-TERM OBLIGATIONS

Changes in long-term obligations of the City for the year ended December 31, 2023, were as follows:

	Principal Outstanding 12/31/2022	Additions	Deletions	Principal Outstanding 12/31/2023	Amounts Due in One Year
Governmental Activities:					
<u>General Obligation Bonds from</u>					
<u>Direct Placements:</u>					
Various Purpose Bonds					
2016 - \$2,555,000					
Serial Bonds @ 3%	\$230,000	\$0	\$115,000	\$115,000	\$115,000
Term Bonds @ 3.0-3.75%	1,725,000	0	0	1,725,000	0
Premium on Bonds	53,815	0	3,844	49,971	0
Street Improvement Bonds					
2010 - \$1,210,000 @ 4.138%	535,000	0	70,000	465,000	70,000
Total General Obligation Bonds from Direct Placements	2,543,815	0	188,844	2,354,971	185,000
<u>Loans from Direct Borrowings</u>					
2005 SIB Loan \$4,772,627 @ 3%	2,039,614	0	167,950	1,871,664	173,026
2019 SIB Loan \$232,071 @ 3%	205,998	0	26,861	179,137	27,673
2016 Citywide Overlays OPWC Loan \$385,868 @ 0%	135,053	0	38,587	96,466	38,587
Total Long-Term Loans from Direct Borrowings	2,380,665	0	233,398	2,147,267	239,286
<u>Net Pension Liability</u>					
OPERS	3,753,320	9,030,430	0	12,783,750	0
OP&F	18,626,256	7,833,712	0	26,459,968	0
Total Net Pension Liability	22,379,576	16,864,142	0	39,243,718	0
<u>Net OPEB Liability</u>					
OPERS	0	267,450	0	267,450	0
OP&F	3,267,906	0	1,284,680	1,983,226	0
Total Net OPEB Liability	3,267,906	267,450	1,284,680	2,250,676	0
Long-Term Claims Payable	1,852	0	1,852	0	0
Financed Purchases Payable from Direct Borrowings	310,993	0	141,947	169,046	62,079
Police Lease Payable	21,000	0	12,000	9,000	9,000
Compensated Absences	2,166,802	1,441,593	1,423,865	2,184,530	655,267
Total Governmental Activities	\$33,072,609	\$18,573,185	\$3,286,586	\$48,359,208	\$1,150,632

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

	Principal Outstanding 12/31/2022	Additions	Deletions	Principal Outstanding 12/31/2023	Amounts Due in One Year
Business-Type Activities:					
<u>SIB Loan from Direct Borrowing</u>					
2019 SIB Loan \$489,039 @ 3%	\$433,634	\$0	\$57,080	\$376,554	\$58,805
<u>OPWC Loans from Direct Borrowings</u>					
Sewer OPWC Loan					
2014 - \$1,274,932 @ 0.00%	733,084	0	63,747	669,337	63,747
Sewer OPWC Loan					
2015 - \$914,777 @ 0.00%	594,604	0	45,739	548,865	45,739
Total OPWC Loans from Direct Borrowings	1,327,688	0	109,486	1,218,202	109,486
<u>OWDA Loans from Direct Borrowings</u>					
Water OWDA Loan					
2009 - \$895,477 @ 3.20%	379,950	0	37,058	342,892	38,253
Water OWDA Loan					
2009 - \$7,514,758 @ 3.65%	5,520,578	0	205,760	5,314,818	213,339
Water OWDA Loan					
2009 - \$9,197,325 @ 0.00%	2,111,112	0	248,367	1,862,745	248,367
Water OWDA Loan					
2016 - \$401,400 @ 2.06%	297,742	0	18,551	279,191	18,935
Water OWDA Loan					
2018 - \$1,808,793 @ 1.31%	1,347,270	0	52,850	1,294,420	78,632
Water OWDA Loan					
2023 - \$854,800 @ 3.88%	0	548,645	0	548,645	0
Water OWDA Loan					
2023 - \$3,616,015 @ 2.93%	0	1,365,742	0	1,365,742	0
Water OWDA Loan					
2022 - \$528,000 @ 1.66%	477,060	31,544	22,647	485,957	0
Water OWDA Loan					
2021 - \$213,782 @ 1.68%	138,357	2,230	10,673	129,914	0
Total Water OWDA Loans	10,272,069	1,948,161	595,906	11,624,324	597,526
Sewer OWDA Loan					
2002 - \$1,324,942 @ 3.59%	45,887	0	45,887	0	0
Sewer OWDA Loan					
2004 - \$1,268,110 @ 3.41%	97,009	0	64,124	32,885	32,885
Sewer OWDA Loan					
2023 - \$6,067,219 @ 2.32%	0	3,495,659	0	3,495,659	0
Sewer OWDA Loan					
2007 - \$14,337,659 @ 4.47%	4,913,780	0	667,186	4,246,594	697,342
Sewer OWDA Loan					
2023 - \$476,177 @ 3.75%	0	1,667	0	1,667	0
Sewer OWDA Loan					
2013 - \$2,625,195 @ 3.15%	1,678,395	0	129,872	1,548,523	133,995
Sewer OWDA Loan					
2019 - \$241,743 @ 2.87%	313,020	0	6,874	306,146	15,783
Sewer OWDA Loan					
2020 - \$809,373 @ 0.87%	670,325	0	27,948	642,377	34,138
Total Sewer OWDA Loans	7,718,416	3,497,326	941,891	10,273,851	914,143
Storm Water OWDA Loan					
2012 - \$333,431 @ 3.17%	120,205	0	25,262	94,943	26,069
Storm Water OWDA Loan					
2013 - \$393,986 @ 3.92%	46,629	0	46,629	0	0
Total Storm Water OWDA Loans	\$166,834	\$0	\$71,891	\$94,943	\$26,069

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

	Principal Outstanding 12/31/2022	Additions	Deletions	Principal Outstanding 12/31/2023	Amounts Due in One Year
Business-Type Activities: (Continued)					
<u>Net Pension Liability - OPERS</u>					
Sewer	\$908,061	\$2,184,782	\$0	\$3,092,843	\$0
Water	968,599	2,330,433	0	3,299,032	0
Sanitation	423,762	1,019,563	0	1,443,325	0
Total Net Pension Liability	2,300,422	5,534,778	0	7,835,200	0
<u>Net OPEB Liability - OPERS</u>					
Sewer	0	64,704	0	64,704	0
Water	0	69,019	0	69,019	0
Sanitation	0	30,196	0	30,196	0
Total Net OPEB Liability	0	163,919	0	163,919	0
Water Financed Purchases					
Payable from Direct Borrowings	145,208	0	71,690	73,518	73,518
Sewer Financed Purchases					
Payable from Direct Borrowings	344,124	0	83,552	260,572	85,183
Asset Retirement Obligation - Sewer	560,000	0	0	560,000	0
Compensated Absences Payable	517,243	406,932	383,544	540,631	164,789
Total Business-Type Activities	\$23,785,638	\$11,551,116	\$2,315,040	\$33,021,714	\$2,029,519

Compensated Absences - The City will pay compensated absences from 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.

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
2024	\$62,079	\$3,514
2025	63,647	1,949
2026	43,320	406
	<u>\$169,046</u>	<u>\$5,869</u>

City of Zanesville, Ohio
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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 it not returned, the fire truck will be repossessed.

During 2020, the City entered into a financed purchase agreement for a medic truck for the fire department in the amount of \$237,992. This agreement was paid from the Fire Operating Special Revenue Fund. The agreement was paid in full during 2023.

During 2020, the City entered into a financed purchase agreement for a vactor truck for the water department in the amount of \$358,893. The agreement provides for minimum annual finance payments as follows:

Year	Water Enterprise Fund	
	Principal	Interest
2024	\$73,518	\$1,875

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 it 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
2024	\$85,183	\$1,875
2025	86,847	5,088
2026	88,542	3,425
	<u>\$260,572</u>	<u>\$12,117</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 it not returned, the vactor truck will be repossessed.

Long-Term Claims Payable - The City had a liability for workers' compensation as part of the State Workers' Compensation retrospective rating and payment program. This claim was paid in full during 2023.

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.

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

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

Year	Principal	Interest
2024	\$115,000	\$62,912
2025	120,000	59,462
2026	125,000	55,862
2027	125,000	52,112
2028	130,000	48,050
2029-2033	725,000	172,526
2034-2036	500,000	38,065
	<u>\$1,840,000</u>	<u>\$488,989</u>

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
2024	\$70,000	\$20,505
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>\$465,000</u>	<u>\$74,972</u>

The City's outstanding bond from direct placement related to governmental activities of \$600,000 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
2024	\$173,026	\$54,862
2025	178,255	49,633
2026	183,644	44,244
2027	189,194	38,694
2028	194,913	32,975
2029-2033	952,632	72,865
	<u>\$1,871,664</u>	<u>\$293,273</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:

City of Zanesville, Ohio
Notes to the Basic Financial Statements
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Year	Governmental Activities		Storm Water Fund		Total	Total
	Principal	Interest	Principal	Interest	Principal	Interest
2024	\$27,673	\$6,152	\$58,805	\$13,074	\$86,478	\$19,226
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>\$179,137</u>	<u>\$23,850</u>	<u>\$376,554</u>	<u>\$50,682</u>	<u>\$555,691</u>	<u>\$74,532</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.

Lease Payable - The City has an outstanding agreement with Harris Industrial Parkway LLC to lease a facility for the City's impound lot. Any interest payments / payables have been deemed immaterial. This lease is to be paid from the Law Enforcement Special Revenue Fund. The lease will end in 2024. The remaining principal amount is \$9,000 for the lease.

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
2024	\$38,587
2025	38,587
2026	19,292
	<u>\$96,466</u>

The City's outstanding OPWC loans from direct borrowings related to governmental activities of \$96,466 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
2024	\$63,747
2025	63,746
2026	63,746
2027	63,746
2028	63,746
2029-2033	318,730
2034	31,876
	<u>\$669,337</u>

City of Zanesville, Ohio
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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
2024	\$45,739
2025	45,739
2026	45,739
2027	45,739
2028	45,739
2029-2033	228,690
2034-2036	91,480
	<u>\$548,865</u>

The City's outstanding OPWC loans from direct borrowings related to business-type activities of \$1,218,202 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
2024	\$914,143	\$243,484	\$597,526	\$225,085	\$26,069	\$26,099
2025	917,723	206,459	608,042	214,569	26,902	26,902
2026	955,761	168,420	618,909	203,699	27,761	27,761
2027	995,441	128,740	630,144	192,467	14,211	14,212
2028	1,036,836	87,346	641,751	180,860	0	0
2029-2033	1,540,061	123,285	2,672,438	721,852	0	0
2034-2038	295,799	19,184	2,183,106	397,725	0	0
2039-2041	120,761	1,714	1,142,150	74,055	0	0
	<u>\$6,776,525</u>	<u>\$978,632</u>	<u>\$9,094,066</u>	<u>\$2,210,312</u>	<u>\$94,943</u>	<u>\$94,974</u>

The City's outstanding OWDA loans from direct borrowings related to business type activities of \$21,993,118 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 2041. 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 \$11,252,483. Principal and interest payments for the current year were \$1,200,577, net revenues were \$4,466,437, and total revenues were \$10,071,109.

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 \$13,834,636. Principal and interest payments for the current year were \$839,655, net revenues were \$761,794, and total revenues were \$7,872,429.

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 \$189,917. Principal and interest payments for the current year were \$133,958, net revenues were \$1,274,180, and total revenues were \$1,758,139.

Debt Margin - As of December 31, 2023, the City's overall legal debt margin (the ability to issue additional amounts of general obligation bonded debt) was \$42,120,235.

NOTE 18 - NOTES PAYABLE

Changes in the short-term obligation of the City for the year ended December 31, 2023, were as follows:

	Outstanding 12/31/2022	Additions	Deletions	Outstanding 12/31/2023
Governmental Activities:				
2022 Ohio National Road Business Park Infrastructure Notes - 4.623%	\$1,525,000	\$0	\$1,525,000	\$0

The 2022 Ohio National Road Business Park Infrastructure Notes issued on July 30, 2022, for \$1,525,000 matured during 2023. The note was issued to finance infrastructure at the National Road Business Park on behalf of the newly created Zanesville-Perry Township JEDD. Per the cooperative agreement, no assets are owned by the City.

NOTE 19 - INTERFUND TRANSFERS AND BALANCES

Transfers

Interfund transfers during 2023 consisted of the following:

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

Transfers from	Transfers to				Total
	Major Funds		Other Nonmajor Governmental	Internal Service Fund	
	Police Expenditure	Fire Operating		Vehicle Maintenance	
Major Fund: General	\$2,069,304	\$4,303,981	\$3,302,458	\$83,490	\$9,759,233

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.

Balances

Interfund balances, as of December 31, 2023, consist of the following individual interfund receivables and payables:

Interfund Payable	Other Governmental	Internal Service	Total
Major Governmental Funds:			
General	\$55,830	\$90,087	\$145,917
Police Expenditure	0	105,856	105,856
Fire Operating	0	66,208	66,208
Other Governmental	0	94,957	94,957
Major Enterprise Funds:			
Sewer	0	63,917	63,917
Water	0	56,072	56,072
Sanitation	0	79,007	79,007
Internal Service	0	19,069	19,069
Total All Funds	\$55,830	\$575,173	\$631,003

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 20 - 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 \$560,000 associated with

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

the City's waste water treatment facilities were estimated by the City Public Service Director. The remaining useful life of these facilities range from 24 to 42 years.

NOTE 21 - FUND BALANCES

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

Fund Balances	General	Police Expenditures	Fire Operating	American Rescue Plan	Other Governmental	Total
Nonspendable:						
Prepays	\$73,108	\$114,419	\$67,078	\$0	\$127,458	\$382,063
Cemetery Endowments	0	0	0	0	692,865	692,865
Unclaimed Monies	1,950	0	0	0	0	1,950
Materials and Supplies Inventory	179	5,143	0	0	248,901	254,223
<i>Total Nonspendable</i>	<u>75,237</u>	<u>119,562</u>	<u>67,078</u>	<u>0</u>	<u>1,069,224</u>	<u>1,331,101</u>
Restricted for:						
Street	0	0	0	0	632,357	632,357
Cemetery Operations	0	0	0	0	317,772	317,772
Community Development	0	0	0	0	108,535	108,535
Jail Operations	0	0	0	0	1,788,914	1,788,914
Police Operations	0	933,221	0	0	641,773	1,574,994
Fire Operations	0	0	285,358	0	73,996	359,354
Court Operations	0	0	0	0	595,489	595,489
Airport Operations	0	0	0	0	347,253	347,253
Public Health	0	0	0	0	67,016	67,016
Debt Service	0	0	0	0	89,703	89,703
Capital Improvements	0	0	0	0	991,134	991,134
<i>Total Restricted</i>	<u>0</u>	<u>933,221</u>	<u>285,358</u>	<u>0</u>	<u>5,653,942</u>	<u>6,872,521</u>
Committed for:						
Capital Improvements	0	0	0	0	18,485	18,485
Auditorium Operating	0	0	0	0	64,144	64,144
<i>Total Committed</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>82,629</u>	<u>82,629</u>
Assigned to:						
Assigned to Subsequent Year's Appropriations	4,653,628	0	0	0	0	4,653,628
Unassigned:	2,553,488	0	0	0	(200,709)	2,352,779
<i>Total Fund Balances</i>	<u>\$7,282,353</u>	<u>\$1,052,783</u>	<u>\$352,436</u>	<u>\$0</u>	<u>\$6,605,086</u>	<u>\$15,292,658</u>

NOTE 22 - 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 2023, 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.

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 2023, 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 2023, the Authority received \$558,314 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.

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

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.

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 23 - 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.

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

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

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.

NOTE 24 - 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 25 - 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, 2023.

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.

NOTE 26 - 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 2023 the City received no additional COVID-19 funding, the City will continue to spend available COVID-19 funding consistent with the applicable program guidelines.

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

	2023	2022	2021	2020	2019
City's Proportion of the Net Pension Liability	0.069800%	0.069580%	0.071013%	0.064816%	0.065367%
City's Proportionate Share of the Net Pension Liability	\$20,618,950	\$6,053,742	\$10,515,482	\$12,811,321	\$17,902,697
City's Covered Payroll	\$10,820,007	\$10,098,164	\$10,001,814	\$9,119,543	\$8,828,986
City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	190.56%	59.95%	105.14%	140.48%	202.77%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	75.74%	92.62%	86.88%	82.17%	74.70%

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.

See accountant's compilation report.

2018	2017	2016	2015	2014
0.065310%	0.066385%	0.068924%	0.068205%	0.068205%
\$10,245,871	\$15,074,904	\$11,938,507	\$8,226,286	\$8,040,481
\$8,630,777	\$8,581,633	\$8,579,733	\$8,362,000	\$8,490,462
118.71%	175.66%	139.15%	98.38%	94.70%
84.66%	77.25%	81.08%	86.45%	86.36%

See accountant's compilation report.

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 Seven Years (1)

	2023	2022	2021	2020
City's Proportion of the Net OPEB Liability / Asset	0.0684150%	0.0683400%	0.0696220%	0.0632660%
City's Proportionate Share of the Net OPEB Liability (Asset)	\$431,369	(\$2,140,514)	(\$1,240,372)	\$8,738,679
City's Covered Payroll	\$11,239,632	\$10,525,639	\$10,465,089	\$9,501,068
City's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered Payroll	3.84%	-20.34%	-11.85%	91.98%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	94.79%	128.23%	115.57%	47.80%

(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.
See accountant's compilation report.

2019	2018	2017
0.0636110%	0.0633900%	0.0642400%
\$8,293,372	\$6,883,686	\$6,488,458
\$9,173,836	\$8,927,477	\$8,854,508
90.40%	77.11%	73.28%
46.33%	54.14%	54.04%

See accountant's compilation report.

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

	2023	2022	2021	2020	2019
City's Proportion of the Net Pension Liability	0.2785544%	0.2981431%	0.3165225%	0.2965233%	0.3001160%
City's Proportionate Share of the Net Pension Liability	\$26,459,968	\$18,626,256	\$21,577,623	\$19,975,393	\$24,497,396
City's Covered Payroll	\$7,507,292	\$7,489,513	\$7,176,412	\$7,036,889	\$6,695,669
City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	352.46%	248.70%	300.67%	283.87%	365.87%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	62.90%	75.03%	70.65%	69.89%	63.07%

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.

See accountant's compilation report.

2018	2017	2016	2015	2014
0.2925050%	0.2955580%	0.3133700%	0.3125626%	0.3125626%
\$17,952,353	\$18,720,348	\$20,159,310	\$16,192,046	\$15,222,779
\$6,374,377	\$6,311,524	\$6,341,694	\$6,161,926	\$5,312,905
281.63%	296.61%	317.89%	262.78%	286.52%
70.91%	68.36%	66.77%	71.71%	73.00%

See accountant's compilation report.

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)

	2023	2022	2021	2020
City's Proportion of the Net OPEB Liability	0.2785544%	0.2981431%	0.3165225%	0.2965233%
City's Proportionate Share of the Net OPEB Liability	\$1,983,226	\$3,731,987	\$3,353,607	\$2,928,978
City's Covered Payroll	\$7,507,292	\$7,489,513	\$7,176,412	\$7,036,889
City's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	26.42%	49.83%	46.73%	41.62%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	52.59%	46.86%	45.42%	47.08%

(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.
See accountant's compilation report.

2019	2018	2017
0.3001160%	0.2925050%	0.2955580%
\$2,733,017	\$16,572,924	\$14,029,474
\$6,695,669	\$6,374,377	\$6,311,524
40.82%	259.99%	222.28%
46.57%	14.13%	15.96%

See accountant's compilation report.

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

	2023	2022	2021	2020	2019
Net Pension Liability - Traditional Plan					
Contractually Required Contribution	\$1,633,673	\$1,514,801	\$1,413,743	\$1,400,254	\$1,276,736
Contributions in Relation to the Contractually Required Contribution	<u>(1,633,673)</u>	<u>(1,514,801)</u>	<u>(1,413,743)</u>	<u>(1,400,254)</u>	<u>(1,276,736)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
City Covered Payroll	\$11,669,079	\$10,820,007	\$10,098,164	\$10,001,814	\$9,119,543
Pension Contributions as a Percentage of Covered Payroll	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>
Net OPEB Liability (Asset) - OPEB Plan					
Contractually Required Contribution	\$14,857	\$16,785	\$17,099	\$18,531	\$15,261
Contributions in Relation to the Contractually Required Contribution	<u>(14,857)</u>	<u>(16,785)</u>	<u>(17,099)</u>	<u>(18,531)</u>	<u>(15,261)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
City Covered Payroll (2)	\$12,123,422	\$11,239,632	\$10,525,639	\$10,465,089	\$9,501,068
OPEB Contributions as a Percentage of Covered Payroll	<u>0.12%</u>	<u>0.15%</u>	<u>0.16%</u>	<u>0.18%</u>	<u>0.16%</u>

- (1) Beginning in 2016, OPERS used one trust fund as the funding vehicle for all health care plans; therefore, information prior to 2016 is not presented.
- (2) The OPEB plan includes the members from the traditional plan, the combined plan, and the member directed plan. The member directed pension plan is a defined contribution pension plan; therefore, the pension side is not included above.

See accompanying notes to the required supplementary information.
See accountant's compilation report.

<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
\$1,236,058	\$1,122,001	\$1,029,796	\$1,029,568	\$1,003,440
<u>(1,236,058)</u>	<u>(1,122,001)</u>	<u>(1,029,796)</u>	<u>(1,029,568)</u>	<u>(1,003,440)</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$8,828,986	\$8,630,777	\$8,581,633	\$8,579,733	\$8,362,000
<u>14.00%</u>	<u>13.00%</u>	<u>12.00%</u>	<u>12.00%</u>	<u>12.00%</u>
\$13,794	\$23,608	\$31,980		
<u>(13,794)</u>	<u>(23,608)</u>	<u>(31,980)</u>		
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>		
\$9,173,836	\$8,927,477	\$8,854,508		
<u>0.15%</u>	<u>0.26%</u>	<u>0.36%</u>		

See accountant's compilation report.

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

	2023	2022	2021	2020	2019
Net Pension Liability					
Contractually Required Contribution	\$1,729,801	\$1,597,521	\$1,590,947	\$1,521,672	\$1,489,766
Contributions in Relation to the Contractually Required Contribution	(1,729,801)	(1,597,521)	(1,590,947)	(1,521,672)	(1,489,766)
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
City Covered Payroll (1)	\$8,126,988	\$7,507,292	\$7,489,513	\$7,176,412	\$7,036,889
Pension Contributions as a Percentage of Covered Payroll	<u>21.28%</u>	<u>21.28%</u>	<u>21.24%</u>	<u>21.20%</u>	<u>21.17%</u>
Net OPEB Liability					
Contractually Required Contribution	\$40,635	\$37,536	\$37,448	\$35,882	\$35,184
Contributions in Relation to the Contractually Required Contribution	(40,635)	(37,536)	(37,448)	(35,882)	(35,184)
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
OPEB Contributions as a Percentage of Covered Payroll	<u>0.50%</u>	<u>0.50%</u>	<u>0.50%</u>	<u>0.50%</u>	<u>0.50%</u>
Total Contributions as a Percentage of Covered Payroll	<u>21.78%</u>	<u>21.78%</u>	<u>21.74%</u>	<u>21.70%</u>	<u>21.67%</u>

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

See accompanying notes to the required supplementary information.
See accountant's compilation report.

2018	2017	2016	2015	2014
\$1,419,118	\$1,351,485	\$1,341,260	\$1,347,036	\$1,308,054
<u>(1,419,118)</u>	<u>(1,351,485)</u>	<u>(1,341,260)</u>	<u>(1,347,036)</u>	<u>(1,308,054)</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$6,695,669	\$6,374,377	\$6,311,524	\$6,341,694	\$6,161,926
<u>21.19%</u>	<u>21.20%</u>	<u>21.25%</u>	<u>21.24%</u>	<u>21.23%</u>
\$33,479	\$31,872	\$31,558	\$31,708	\$30,809
<u>(33,479)</u>	<u>(31,872)</u>	<u>(31,558)</u>	<u>(31,708)</u>	<u>(30,809)</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<u>0.50%</u>	<u>0.50%</u>	<u>0.50%</u>	<u>0.50%</u>	<u>0.50%</u>
<u>21.69%</u>	<u>21.70%</u>	<u>21.75%</u>	<u>21.74%</u>	<u>21.73%</u>

See accountant's compilation report.

City of Zanesville, Ohio
Notes to the Required Supplementary Information
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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:

2023	3.0 percent, simple through 2022 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

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.

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

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

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

Changes in Assumptions – OPERS Pension – Combined Plan

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

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

Changes in Assumptions – OP&F Pension

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

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

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

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

Beginning in 2023, mortality for service retirees is based on the Pub-2010 Below-Median Safety Amount-Weighted Healthy Retiree mortality table with rates adjusted by 96.2 percent for males and 98.7 percent for females. All rates are projected using the MP-2021 Improvement Scale.

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

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

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

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

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

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

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

City of Zanesville, Ohio
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Changes in Assumptions – OPERS OPEB

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

Changes in Assumptions – OP&F OPEB

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

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

Changes in Benefit Terms – OPERS OPEB

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

Changes in Benefit Terms – OP&F OPEB

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