

**OHIO AUDITOR OF STATE
KEITH FABER**



**City of Zanesville, Ohio
Muskingum County**

**General Purpose External Financial Statements
For the Year Ended December 31, 2021**

Local Government Services Section

City of Zanesville, Ohio
General Purpose External Financial Statements
For the Year Ended December 31, 2021

Table of Contents

	<u>Page</u>
Table of Contents.....	1
Accountant's Compilation Report.....	3
Management's Discussion and Analysis.....	4
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Position	14
Statement of Activities.....	15
Fund Financial Statements	
Balance Sheet – Governmental Funds	16
Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities	17
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	18
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	19
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget (Non-GAAP Basis) and Actual – General Fund.....	20
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget (Non-GAAP Basis) and Actual – Police Expenditure Fund.....	21
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget (Non-GAAP Basis) and Actual – Fire Operating Fund	22
Statement of Fund Net Position – Proprietary Funds.....	23
Statement of Revenues, Expenses and Changes in Fund Net Position – Proprietary Funds.....	24
	(continued)

City of Zanesville, Ohio
General Purpose External Financial Statements
For the Year Ended December 31, 2021

Table of Contents (Continued)

	<u>Page</u>
Statement of Cash Flows – Proprietary Funds.....	25
Statement of Fiduciary Net Position – Custodial Funds.....	26
Statement of Changes in Fiduciary Net Position – Custodial Funds	27
Notes to the Basic Financial Statements	28
 Required Supplementary Information:	
Schedule of the City’s Proportionate Share of the Net Pension Liability - Ohio Public Employees Retirement System – Traditional Plan – Last Eight Years.....	90
Schedule of the City’s Proportionate Share of the Net OPEB Liability (Asset) - Ohio Public Employees Retirement System – Last Five Years.....	92
Schedule of the City’s Proportionate Share of the Net Pension Liability - Ohio Police and Fire Pension Fund – Last Eight Years.....	94
Schedule of the City’s Proportionate Share of the Net OPEB Liability - Ohio Police and Fire Pension Fund – Last Five Years	96
 Schedule of City Contributions:	
Ohio Public Employees Retirement System – Last Nine Years	98
Ohio Police and Fire Pension Fund – Last Ten Years	100
Notes to the Required Supplementary Information	102

OHIO AUDITOR OF STATE KEITH FABER



Local Government Services
88 East Broad Street, Fourth Floor
Columbus, Ohio 43215-3506
(614) 466-4717 or (800) 345-2519
ContactLGS@ohioauditor.gov

City Council
City of Zanesville
401 Market Street
Zanesville, Ohio 43701

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, 2021, 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 City's Proportionate Share of Net OPEB Liability/Asset and the Schedules of City 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

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

May 31, 2022

City of Zanesville, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2021
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, 2021. 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 2021 are as follows:

- In total, net position increased \$10,855,882. Net position of governmental activities increased \$7,342,462. The business-type activities increased \$3,513,420.
- General governmental revenues accounted for \$26,852,792 in revenue or 80 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 \$6,516,916 or 20 percent of total revenues of \$33,369,708.
- The City had \$26,027,246 in expenses related to governmental activities; only \$6,516,916 of which was offset by program specific charges of services, and operating and capital grants, contributions and interest. General revenues in the amount of \$26,852,792 were adequate to provide for these programs.
- At the end of the current year, unassigned fund balance for the General Fund was \$657,210.

Using this Annual Financial Report

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

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

City of Zanesville, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2021
Unaudited

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 2021?" 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 and Fire Operating Special Revenue Funds, and the Sewer, Water, and Sanitation Enterprise Funds.

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.

City of Zanesville, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2021
Unaudited

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 2021 compared to 2020.

City of Zanesville, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2021
Unaudited

(Table 1)
 Net Position

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Assets						
Current and Other Assets	\$27,175,630	\$23,077,804	\$12,056,417	\$10,769,794	\$39,232,047	\$33,847,598
Capital Assets, Net	23,042,842	23,328,195	61,246,457	63,092,392	84,289,299	86,420,587
<i>Total Assets</i>	<u>50,218,472</u>	<u>46,405,999</u>	<u>73,302,874</u>	<u>73,862,186</u>	<u>123,521,346</u>	<u>120,268,185</u>
Deferred Outflows of Resources						
Pension	5,596,766	4,349,890	861,471	793,290	6,458,237	5,143,180
OPEB	2,972,793	2,905,017	441,987	535,866	3,414,780	3,440,883
Asset Retirement Obligation	0	0	423,200	434,400	423,200	434,400
<i>Total Deferred Outflows of Resources</i>	<u>8,569,559</u>	<u>7,254,907</u>	<u>1,726,658</u>	<u>1,763,556</u>	<u>10,296,217</u>	<u>9,018,463</u>
Liabilities						
Current and Other Liabilities	5,556,117	4,334,689	942,267	1,126,765	6,498,384	5,461,454
Long-term Liabilities						
Due Within One Year	1,327,060	1,351,180	2,017,571	1,886,876	3,344,631	3,238,056
Due in More Than One Year:						
Net Pension Liability	28,097,222	27,918,412	3,995,883	4,868,302	32,093,105	32,786,714
Net OPEB Liability	3,353,607	8,346,958	0	3,320,699	3,353,607	11,667,657
Other Amounts	6,696,368	7,368,138	20,496,280	21,993,727	27,192,648	29,361,865
<i>Total Liabilities</i>	<u>45,030,374</u>	<u>49,319,377</u>	<u>27,452,001</u>	<u>33,196,369</u>	<u>72,482,375</u>	<u>82,515,746</u>
Deferred Inflows of Resources						
Property Taxes	1,243,848	1,172,278	0	0	1,243,848	1,172,278
Payment in Lieu of Taxes	304,572	639,038	0	0	304,572	639,038
Leases	670,983	777,445	0	0	670,983	777,445
Pension	5,102,648	4,340,459	1,734,478	1,060,254	6,837,126	5,400,713
OPEB	3,669,444	1,988,609	1,444,186	483,672	5,113,630	2,472,281
<i>Total Deferred Inflows of Resources</i>	<u>10,991,495</u>	<u>8,917,829</u>	<u>3,178,664</u>	<u>1,543,926</u>	<u>14,170,159</u>	<u>10,461,755</u>
Net Position						
Net Investment in Capital Assets	17,030,083	16,569,110	39,750,854	40,039,512	56,780,937	56,608,622
Restricted	6,283,439	5,900,090	0	0	6,283,439	5,900,090
Unrestricted (Deficits)	(20,547,360)	(27,045,500)	4,648,013	845,935	(15,899,347)	(26,199,565)
<i>Total Net Position</i>	<u>\$2,766,162</u>	<u>(\$4,576,300)</u>	<u>\$44,398,867</u>	<u>\$40,885,447</u>	<u>\$47,165,029</u>	<u>\$36,309,147</u>

City of Zanesville, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2021
Unaudited

The net pension liability (NPL) is one of the largest single liabilities reported by the City at December 31, 2021. 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 increase in deferred inflows. These changes are affected by changes in benefits, contribution rates, return on investments, and actuarial assumptions. The decrease in the net pension liability and increase 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 liability to a net OPEB asset is due primarily to changes to the health care plan approved by the OPERS Board on January 15, 2020.

Aside from changes related to pension/OPEB, there were several other changes of note for governmental activities. The increase in current and other assets was due to an increases in cash and cash equivalents, which were offset by a decrease in intergovernmental receivable. The increase in cash and cash equivalents is attributable to higher revenues coupled with careful spending. The decrease in intergovernmental receivable was due to the amount of awarded grants through Community Development programs and the timing of those grant revenues have lowered from the prior year. During 2021 capital assets of governmental activities increased due to current year capitalizations exceeding current year deletions and depreciation. For more information on capital assets, see the Capital Assets section of this discussion and analysis. Current liabilities increased due to increases in unearned revenue. The increase in unearned revenue in 2021 was a direct result of American Rescue Plan Act resources received in advance of providing the services.

City of Zanesville, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2021
Unaudited

The net position of the City's business-type activities increased \$3,513,420. 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 decreased from the prior year due to current year depreciation outpacing the additions. Long-term liabilities decreased, largely the net result of pension and OPEB liabilities and applicable assets. 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, 2021, and comparisons to 2020.

(Table 2)
 Changes in Net Position

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Program Revenues:						
Charges for Services	\$2,929,432	\$1,220,267	\$16,491,111	\$15,696,983	\$19,420,543	\$16,917,250
Operating Grants, Contributions and Interest	2,694,944	5,620,374	30,274	33,799	2,725,218	5,654,173
Capital Grants and Contributions	892,540	746,375	0	0	892,540	746,375
Total Program Revenues	6,516,916	7,587,016	16,521,385	15,730,782	23,038,301	23,317,798
General Revenues:						
Property Taxes	1,175,924	1,143,657	0	0	1,175,924	1,143,657
Income Tax	21,942,942	18,385,410	0	0	21,942,942	18,385,410
Payments in Lieu of Taxes	568,845	503,138	0	0	568,845	503,138
Franchise Tax	326,696	328,124	0	0	326,696	328,124
Grants and Entitlements	1,107,817	2,706,034	0	0	1,107,817	2,706,034
Investment Earnings	0	394,528	0	0	0	394,528
Gain on Sale of Capital Assets	23,439	4,518	27,605	16,059	51,044	20,577
Other	1,707,129	1,988,306	163,375	275,030	1,870,504	2,263,336
Total General Revenues	26,852,792	25,453,715	190,980	291,089	27,043,772	25,744,804
Total Revenues	\$33,369,708	\$33,040,731	\$16,712,365	\$16,021,871	\$50,082,073	\$49,062,602

City of Zanesville, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2021
Unaudited

(Table 2)
 Changes in Net Position (continued)

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Program Expenses						
General Government:						
Legislative and Executive	2,857,673	6,102,484	0	0	2,857,673	6,102,484
Court	431,362	634,818	0	0	431,362	634,818
Security of Persons and Property:						
Police	8,668,091	10,596,108	0	0	8,668,091	10,596,108
Fire	6,422,195	6,737,055	0	0	6,422,195	6,737,055
Other	130,638	91,377	0	0	130,638	91,377
Public Health Services	330,185	1,027,585	0	0	330,185	1,027,585
Community Environment	1,264,649	2,718,934	0	0	1,264,649	2,718,934
Community Environment -						
Intergovernmental	0	1,500,000	0	0	0	1,500,000
Transportation	4,726,713	5,128,681	0	0	4,726,713	5,128,681
Leisure Time Activities	989,801	1,031,526	0	0	989,801	1,031,526
Interest and Fiscal Charges	205,939	213,209	0	0	205,939	213,209
Sewer	0	0	6,168,820	6,931,075	6,168,820	6,931,075
Water	0	0	5,233,958	6,393,626	5,233,958	6,393,626
Sanitation	0	0	1,756,665	2,177,698	1,756,665	2,177,698
Nonmajor Enterprise	0	0	39,502	180,366	39,502	180,366
<i>Total Program Expenses</i>	<u>26,027,246</u>	<u>35,781,777</u>	<u>13,198,945</u>	<u>15,682,765</u>	<u>39,226,191</u>	<u>51,464,542</u>
<i>Increase Before Transfers</i>	<u>7,342,462</u>	<u>(2,741,046)</u>	<u>3,513,420</u>	<u>339,106</u>	<u>10,855,882</u>	<u>(2,401,940)</u>
Transfers	<u>0</u>	<u>(581,000)</u>	<u>0</u>	<u>581,000</u>	<u>0</u>	<u>0</u>
<i>Increase (Decrease) in Net Position</i>	<u>7,342,462</u>	<u>(3,322,046)</u>	<u>3,513,420</u>	<u>920,106</u>	<u>10,855,882</u>	<u>(2,401,940)</u>
Net Position (Deficit)	<u>(4,576,300)</u>	<u>(1,254,254)</u>	<u>40,885,447</u>	<u>39,965,341</u>	<u>36,309,147</u>	<u>38,711,087</u>
Beginning of Year						
Net Position (Deficit)						
End of Year	<u>\$2,766,162</u>	<u>(\$4,576,300)</u>	<u>\$44,398,867</u>	<u>\$40,885,447</u>	<u>\$47,165,029</u>	<u>\$36,309,147</u>

Governmental Activities

Several revenue sources fund our governmental activities, with the City income tax being the biggest contributor. The income tax rate is 1.9 percent. General revenues from grants and entitlements, such as local government funds, are revenue generators for the City. The City monitors both of these revenue sources very closely for fluctuations because the income tax and grants and entitlements general revenues represent 66 and 3 percent, respectively, of all revenues in the governmental activities.

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

City of Zanesville, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2021
Unaudited

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

Business-Type Activities

The City's business-type activities consist of the sanitation, sewer, water, and storm water departments. The major source of revenue for these funds is charges for services. Over the past few years, the City has lost customers to Muskingum County as a result of the County completing construction of a County owned water plant. As a result, the City has begun to plan accordingly which includes finding additional ways to be able to effectively operate the enterprise funds without having to drastically increase utility rates.

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. In particular, 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 2021, fund balance was \$6,321,767. 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 6 percent of total General Fund disbursements, while total fund balance represents 89 percent of that same amount. The fund balance of the City's General Fund increased by \$1,929,724. The City was able to provide a positive spending surplus within the general fund due to less expenditures being made than in 2020.

Other Major Governmental Funds

The fund balance of the Police Expenditure Fund at December 31, 2021, was \$986,016, an increase of \$246,372. The Police Expenditure Fund's Restricted Fund Balance of \$895,703 represents 12 percent of current year expenditures. This increase in fund balance is directly due to the reimbursement of police wages from the Federal Cares Act monies.

The fund balance of the Fire Operating Fund at December 31, 2021, was \$295,869, an increase of \$135,342. The Fire Operating Fund's Restricted Fund Balance of \$251,457 represents 4 percent of current year expenditures. This increase in fund balance is directly due to the reimbursement of fire wages from the Federal Cares Act monies.

City of Zanesville, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2021
Unaudited

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. During 2021, the City had negative fringe benefit expense in certain Enterprise Funds, due to significant OPEB and pension liability decreases. See Note 14 for more information.

The Sewer Fund had operating income and an increase in net position for 2021. Operating revenues continue to be sufficient to cover operating costs.

The Water Fund had an operating income and an increase in net position for 2021. Operating revenues continue to be sufficient to cover operating costs. The City is continually working on adjusting the utility rates to cover the yearly costs of operations.

The Sanitation Fund has operating income in 2021 which eliminated the deficit balance in the fund. 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 2021, 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 emergency 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. There was an increase in revenues from the final budget due to an increased amount of municipal income taxes and franchise taxes. There was a decrease in actual expenditures plus other financing uses made compared to the final budget. 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 County's capital assets for governmental and business-type activities as of December 31, 2021, were \$84,289,299 (net of accumulated depreciation). This includes land, 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. Other additions include improvements to city parks, the city jail, the municipal court, and construction in progress for the following projects: Linden Avenue project, cemetery facilities building project, Dug Road improvement project, and a streetscape project.

City of Zanesville, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2021
Unaudited

Total capital assets for the business-type assets, net of accumulated depreciation decreased from the prior year as a result of annual depreciation outpacing current year additions and asset transfers. Current year additions consisted of the purchase of building and improvements, machinery, equipment, and vehicles. Construction in progress projects included water mains, water lines, sewer stations, and storm sewer improvements.

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

Long-term Obligations

As of December 31, 2021, long-term obligations include general obligation bonds, state infrastructure bank (SIB) loans, OPWC loans, OWDA loans, workers compensation long-term claims payable, financed purchases, lease payable, net pension liability, net OPEB liability, compensated absences, and asset retirement obligation.

During 2021, the City had financed purchases for a fire truck, a medic, radio equipment, a vactor truck, a sanitation truck, and a street sweeper. These financed purchases are being paid from the following funds: the fire operating, police operating, and street and state highway special revenue funds; the fire capital projects fund; and the water, sanitation, storm sewer enterprise funds.

For further information regarding the City's long-term obligations, refer to Notes 13, 14, and 17 to the basic financial statements.

Current Financial Issues

During the year 2021, the City completed several projects that were started in 2020. Those projects included the Sewer System Bar Screen update and the airfield lighting project. The Dug Road Replacement project was started in 2020 and has an estimated cost of \$5,000,000. Only the design phase started in 2020 and the construction work was bid out in late 2021, with contracts being entered into in early 2022. The fight against blight within the city limits continued with an additional \$325,000 invested in demolition of real property.

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, 2021

	Governmental Activities	Business-Type Activities	Total
Assets			
Equity in Pooled Cash and Cash Equivalents	\$16,133,580	\$9,442,146	\$25,575,726
Cash and Cash Equivalents in Segregated Accounts	23,705	0	23,705
Cash and Cash Equivalents with Fiscal Agents	0	40,000	40,000
Investments	50,000	0	50,000
Accrued Interest Receivable	26,868	0	26,868
Accounts Receivable	132,716	1,952,572	2,085,288
Intergovernmental Receivable	1,622,120	0	1,622,120
Internal Balances	786,529	(786,529)	0
Municipal Income Taxes Receivable	2,668,776	0	2,668,776
Property Taxes Receivable	1,473,023	0	1,473,023
Payments in Lieu of Taxes Receivable	304,572	0	304,572
Loans Receivable	10,035	0	10,035
Special Assessments Receivable	1,996,433	302	1,996,735
Leases Receivable	670,983	0	670,983
Materials and Supplies Inventory	280,654	879,044	1,159,698
Prepaid Items	226,603	57,543	284,146
Net OPEB Asset	769,033	471,339	1,240,372
Non-Depreciable Capital Assets	2,425,627	1,243,829	3,669,456
Depreciable Capital Assets, Net	20,617,215	60,002,628	80,619,843
<i>Total Assets</i>	<i>50,218,472</i>	<i>73,302,874</i>	<i>123,521,346</i>
Deferred Outflows of Resources			
Pension	5,596,766	861,471	6,458,237
OPEB	2,972,793	441,987	3,414,780
Asset Retirement Obligation	0	423,200	423,200
<i>Total Deferred Outflows of Resources</i>	<i>8,569,559</i>	<i>1,726,658</i>	<i>10,296,217</i>
Liabilities			
Accounts Payable	509,910	258,443	768,353
Accrued Wages Payable	624,252	176,550	800,802
Accrued Interest Payable	36,237	0	36,237
Intergovernmental Payable	398,454	76,778	475,232
Unearned Revenue	1,817,664	0	1,817,664
Claims Payable	644,600	0	644,600
Customer Deposits Payable	0	430,496	430,496
Notes Payable	1,525,000	0	1,525,000
Long-Term Liabilities			
Due Within One Year	1,327,060	2,017,571	3,344,631
Due in More Than One Year:			
Net Pension Liability	28,097,222	3,995,883	32,093,105
Net OPEB Liability	3,353,607	0	3,353,607
Other Amounts	6,696,368	20,496,280	27,192,648
<i>Total Liabilities</i>	<i>45,030,374</i>	<i>27,452,001</i>	<i>72,482,375</i>
Deferred Inflows of Resources			
Property Taxes	1,243,848	0	1,243,848
Payments in Lieu of Taxes	304,572	0	304,572
Leases	670,983	0	670,983
Pension	5,102,648	1,734,478	6,837,126
OPEB	3,669,444	1,444,186	5,113,630
<i>Total Deferred Inflows of Resources</i>	<i>10,991,495</i>	<i>3,178,664</i>	<i>14,170,159</i>
Net Position			
Net Investment in Capital Assets	17,030,083	39,750,854	56,780,937
Restricted for:			
Street	1,000,454	0	1,000,454
Cemetery Operations	248,348	0	248,348
Community Development	362,144	0	362,144
Jail Operations	861,166	0	861,166
Police Operations	1,088,147	0	1,088,147
Fire Operations	36,546	0	36,546
Court Operations	592,890	0	592,890
Police and Fire Pension	51,014	0	51,014
Airport Operations	442,457	0	442,457
Capital Improvements	898,763	0	898,763
Unclaimed Monies	15,985	0	15,985
Perpetual Care:			
Non-expendable	685,525	0	685,525
Unrestricted (Deficit)	(20,547,360)	4,648,013	(15,899,347)
<i>Total Net Position</i>	<i>\$2,766,162</i>	<i>\$44,398,867</i>	<i>\$47,165,029</i>

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, 2021

	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 Court	\$2,857,673	\$918,979	\$60,252	\$0	(\$1,878,442)	\$0	(\$1,878,442)
Court	431,362	328,371	46,436	0	(56,555)	0	(56,555)
Security of Persons and Property:							
Police	8,668,091	921,246	568,329	0	(7,178,516)	0	(7,178,516)
Fire	6,422,195	406,894	55,568	0	(5,959,733)	0	(5,959,733)
Other	130,638	0	0	0	(130,638)	0	(130,638)
Public Health Services	330,185	92,497	164,188	0	(73,500)	0	(73,500)
Community Environment	1,264,649	54,560	45,154	0	(1,164,935)	0	(1,164,935)
Transportation	4,726,713	123,096	1,755,017	892,540	(1,956,060)	0	(1,956,060)
Leisure Time Activities	989,801	83,789	0	0	(906,012)	0	(906,012)
Interest and Fiscal Charges	205,939	0	0	0	(205,939)	0	(205,939)
<i>Total Governmental Activities</i>	<i>26,027,246</i>	<i>2,929,432</i>	<i>2,694,944</i>	<i>892,540</i>	<i>(19,510,330)</i>	<i>0</i>	<i>(19,510,330)</i>
Business-Type Activities							
Sewer	6,168,820	7,086,475	30,274	0	0	947,929	947,929
Water	5,233,958	5,865,624	0	0	0	631,666	631,666
Sanitation	1,756,665	2,186,563	0	0	0	429,898	429,898
Nonmajor	39,502	1,352,449	0	0	0	1,312,947	1,312,947
<i>Total Business-Type Activities</i>	<i>13,198,945</i>	<i>16,491,111</i>	<i>30,274</i>	<i>0</i>	<i>0</i>	<i>3,322,440</i>	<i>3,322,440</i>
<i>Total</i>	<i>\$39,226,191</i>	<i>\$19,420,543</i>	<i>\$2,725,218</i>	<i>\$892,540</i>	<i>(19,510,330)</i>	<i>3,322,440</i>	<i>(16,187,890)</i>
General Revenues							
Property Taxes Levied for:							
General Purposes					963,904	0	963,904
Police and Fire Pension					212,020	0	212,020
Income Taxes Levied for:							
General Purposes					12,302,079	0	12,302,079
Police Operations					5,354,867	0	5,354,867
Jail Operations					2,142,998	0	2,142,998
Fire Operations					2,142,998	0	2,142,998
Payments in Lieu of Taxes					568,845	0	568,845
Franchise Taxes					326,696	0	326,696
Grants and Entitlements not Restricted to Specific Programs					1,107,817	0	1,107,817
Gain on Sale of Capital Assets					23,439	27,605	51,044
Other					1,707,129	163,375	1,870,504
<i>Total General Revenues and Transfers</i>					<i>26,852,792</i>	<i>190,980</i>	<i>27,043,772</i>
<i>Change in Net Position</i>					<i>7,342,462</i>	<i>3,513,420</i>	<i>10,855,882</i>
<i>Net Position (Deficit) Beginning of Year</i>					<i>(4,576,300)</i>	<i>40,885,447</i>	<i>36,309,147</i>
<i>Net Position End of Year</i>					<i>\$2,766,162</i>	<i>\$44,398,867</i>	<i>\$47,165,029</i>

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

City of Zanesville, Ohio

*Balance Sheet
Governmental Funds
December 31, 2021*

	General	Police Expenditure	Fire Operating	Other Governmental Funds	Total Governmental Funds
Assets					
Equity in Pooled Cash and Cash Equivalents	\$6,869,839	\$726,970	\$411,696	\$7,044,699	\$15,053,204
Cash and Cash Equivalents in Segregated Accounts	14,754	0	0	8,951	23,705
Restricted Cash	15,985	0	0	0	15,985
Investments	0	0	0	50,000	50,000
Receivables:					
Accrued Interest	24,260	0	0	2,608	26,868
Accounts	109,436	0	0	23,280	132,716
Interfund	1,113	0	0	56,000	57,113
Intergovernmental	517,593	0	0	1,095,441	1,613,034
Municipal Income Taxes	1,404,577	702,155	281,022	281,022	2,668,776
Property Taxes	1,208,024	0	0	264,999	1,473,023
Payments in Lieu of Taxes	0	0	0	304,572	304,572
Loans	0	0	0	10,035	10,035
Special Assessments	1,995,537	0	0	896	1,996,433
Leases	19,110	0	0	651,873	670,983
Materials and Supplies Inventory	1,731	541	0	114,693	116,965
Prepaid Items	50,608	89,772	44,412	36,955	221,747
<i>Total Assets</i>	<u>\$12,232,567</u>	<u>\$1,519,438</u>	<u>\$737,130</u>	<u>\$9,946,024</u>	<u>\$24,435,159</u>
Liabilities					
Accounts Payable	\$173,380	\$11,381	\$15,410	\$287,844	\$488,015
Accrued Wages Payable	128,878	199,649	166,131	114,089	608,747
Accrued Interest Payable	25,346	0	0	0	25,346
Interfund Payable	62,666	105,725	101,676	53,259	323,326
Intergovernmental Payable	85,859	107,075	114,182	84,845	391,961
Unearned Revenue	0	0	0	1,817,664	1,817,664
Notes Payable	1,525,000	0	0	0	1,525,000
<i>Total Liabilities</i>	<u>2,001,129</u>	<u>423,830</u>	<u>397,399</u>	<u>2,357,701</u>	<u>5,180,059</u>
Deferred Inflows of Resources					
Property Taxes	1,019,335	0	0	224,513	1,243,848
Payments in Lieu of Taxes	0	0	0	304,572	304,572
Unavailable Revenue	2,871,226	109,592	43,862	872,986	3,897,666
Leases	19,110	0	0	651,873	670,983
<i>Total Deferred Inflows of Resources</i>	<u>3,909,671</u>	<u>109,592</u>	<u>43,862</u>	<u>2,053,944</u>	<u>6,117,069</u>
Fund Balances					
Nonspendable	68,324	90,313	44,412	837,173	1,040,222
Restricted	0	895,703	251,457	4,614,208	5,761,368
Committed	0	0	0	96,939	96,939
Assigned	5,596,233	0	0	0	5,596,233
Unassigned	657,210	0	0	(13,941)	643,269
<i>Total Fund Balances</i>	<u>6,321,767</u>	<u>986,016</u>	<u>295,869</u>	<u>5,534,379</u>	<u>13,138,031</u>
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balances</i>	<u><u>\$12,232,567</u></u>	<u><u>\$1,519,438</u></u>	<u><u>\$737,130</u></u>	<u><u>\$9,946,024</u></u>	<u><u>\$24,435,159</u></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, 2021*

Total Governmental Fund Balances	\$13,138,031
<i>Amounts reported for governmental activities in the statement of net position are different because</i>	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	23,042,842
Other long-term assets are not available to pay for current-period expenditures and therefore are unavailable revenue in the funds:	
Delinquent Property Taxes	229,175
Municipal Income Taxes	416,541
Charges for Services	1,998,139
Fines, Licenses and Permits	31,737
Franchise Tax	82,340
Intergovernmental Revenues	1,118,638
Investment Earnings	<u>21,096</u>
	3,897,666
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).	929,927
An interfund payable is recorded in governmental activities to reflect overpayments to the internal service fund by the business-type activities.	676,344
Some liabilities are not due and payable in the current period and therefore are not reported in the funds:	
Bonds Payable	(2,722,659)
Accrued Interest Payable	(10,891)
Loans Payable	(2,613,818)
Workers' Compensation Claims Payable	(1,852)
Financed Purchases Payable	(586,041)
Lease Payable	(33,000)
Compensated Absences Payable	<u>(2,066,058)</u>
	(8,034,319)
The net pension and net OPEB liabilities are not due and payable in the current period; therefore, the liabilities and related deferred inflows/outflows are not reported in the funds:	
Net OPEB Asset	769,033
Deferred Outflows - Pension	5,596,766
Deferred Inflows - Pension	(5,102,648)
Net Pension Liability	(28,097,222)
Deferred Outflows - OPEB	2,972,793
Deferred Inflows - OPEB	(3,669,444)
Net OPEB Liability	<u>(3,353,607)</u>
	(30,884,329)
<i>Net Position of Governmental Activities</i>	<u><u>\$2,766,162</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 Balances
Governmental Funds
For the Year Ended December 31, 2021

	General	Police Expenditure	Fire Operating	Other Governmental Funds	Total Governmental Funds
Revenues					
Property Taxes	\$994,857	\$0	\$0	\$218,960	\$1,213,817
Permissive Motor Vehicle License	0	0	0	109,130	109,130
Municipal Income Taxes	12,322,385	5,365,018	2,147,060	2,147,060	21,981,523
Payments in Lieu of Taxes	0	0	0	568,845	568,845
Charges for Services	1,021,277	79,852	275,133	174,696	1,550,958
Fines, Licenses and Permits	359,806	4,555	0	984,703	1,349,064
Franchise Tax	328,612	0	0	0	328,612
Intergovernmental	1,114,175	314,286	20,000	3,598,086	5,046,547
Investment Earnings	2,979	0	0	56,230	59,209
Donations	6,197	4,888	0	0	11,085
Leases	12,099	0	0	94,761	106,860
Other	1,334,878	45,284	10,999	347,215	1,738,376
<i>Total Revenues</i>	<i>17,497,265</i>	<i>5,813,883</i>	<i>2,453,192</i>	<i>8,299,686</i>	<i>34,064,026</i>
Expenditures					
Current:					
General Government:					
Legislative and Executive	4,290,149	0	0	54,055	4,344,204
Court	535,447	0	0	207,201	742,648
Security of Persons and Property:					
Police	0	7,328,355	0	2,743,297	10,071,652
Fire	0	0	5,861,000	193,880	6,054,880
Other	130,638	0	0	0	130,638
Public Health Services	0	0	0	594,501	594,501
Community Environment	859,275	0	0	1,003,125	1,862,400
Transportation	407,708	0	0	3,329,430	3,737,138
Leisure Time Activities	856,013	0	0	431,282	1,287,295
Capital Outlay	19,091	0	0	944,490	963,581
Debt Service:					
Principal Retirement	0	76,822	132,911	464,190	673,923
Interest and Fiscal Charges	12,743	4,979	9,865	182,867	210,454
Issuance Costs	12,700	0	0	0	12,700
<i>Total Expenditures</i>	<i>7,123,764</i>	<i>7,410,156</i>	<i>6,003,776</i>	<i>10,148,318</i>	<i>30,686,014</i>
<i>Excess of Revenues Over (Under) Expenditures</i>	<i>10,373,501</i>	<i>(1,596,273)</i>	<i>(3,550,584)</i>	<i>(1,848,632)</i>	<i>3,378,012</i>
Other Financing Sources (Uses)					
Transfers In	0	1,837,440	3,685,926	2,572,135	8,095,501
Proceeds from Sale of Capital Assets	4,928	5,205	0	11,150	21,283
Transfers Out	(8,448,705)	0	0	0	(8,448,705)
<i>Total Other Financing Sources (Uses)</i>	<i>(8,443,777)</i>	<i>1,842,645</i>	<i>3,685,926</i>	<i>2,583,285</i>	<i>(331,921)</i>
<i>Net Change in Fund Balances</i>	<i>1,929,724</i>	<i>246,372</i>	<i>135,342</i>	<i>734,653</i>	<i>3,046,091</i>
<i>Fund Balances Beginning of Year</i>	<i>4,392,043</i>	<i>739,644</i>	<i>160,527</i>	<i>4,799,726</i>	<i>10,091,940</i>
<i>Fund Balances End of Year</i>	<i>\$6,321,767</i>	<i>\$986,016</i>	<i>\$295,869</i>	<i>\$5,534,379</i>	<i>\$13,138,031</i>

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, 2021*

Net Change in Fund Balances - Total Governmental Funds	\$3,046,091
<i>Amounts reported for governmental activities in the statement of activities are different because</i>	
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 expense. In the current period, these amounts are:	
Capital Outlay	1,664,188
Depreciation	<u>(1,973,541)</u>
Excess of Depreciation over Capital Outlay	(309,353)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds:	
Delinquent Property Taxes	(37,893)
Municipal Income Taxes	(38,581)
Charges for Services	(163,818)
Fines, License and Permits	(26,254)
Franchise Tax	(1,916)
Intergovernmental Revenues	(406,031)
Investment Earnings	(40,403)
Other Revenues	<u>(2,861)</u>
	(717,757)
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>671</u>
	4,515
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	165,000
Long-Term Loans	207,525
Lease Payable	12,000
Financed Purchases	<u>301,398</u>
	685,923
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	
	463,932
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	21,568
Lease Payable	(12,000)
Claims Payable - BWC Retro	<u>20,555</u>
	30,123
Contractually required contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows:	
Pension	2,410,918
OPEB	<u>47,365</u>
	2,458,283
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	(2,133,082)
OPEB	<u>3,813,787</u>
	1,680,705
<i>Change in Net Position of Governmental Activities</i>	
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, 2021

	Budgeted Amounts			Variance with Final Budget Over (Under)
	Original	Final	Actual	
Revenues				
Property Taxes	\$1,039,615	\$1,039,615	\$994,857	(\$44,758)
Municipal Income Taxes	9,684,991	11,184,991	12,098,028	913,037
Charges for Services	832,346	879,446	1,024,086	144,640
Fines, Licenses and Permits	377,069	377,069	367,802	(9,267)
Franchise Tax	320,000	320,000	328,612	8,612
Intergovernmental	944,966	960,966	1,156,423	195,457
Investment Earnings	42,000	42,000	3,077	(38,923)
Donations	0	0	6,197	6,197
Leases	14,800	14,800	12,800	(2,000)
Other	2,135,858	1,535,858	1,330,946	(204,912)
<i>Total Revenues</i>	<u>15,391,645</u>	<u>16,354,745</u>	<u>17,322,828</u>	<u>968,083</u>
Expenditures				
Current:				
General Government:				
Legislative and Executive	6,291,872	6,718,061	4,394,175	2,323,886
Court	497,637	534,637	517,102	17,535
Security of Persons and Property:				
Other	144,300	157,261	126,863	30,398
Community Environment	980,490	1,059,880	859,049	200,831
Transportation	390,000	416,000	407,708	8,292
Leisure Time Activities	1,172,889	1,110,811	874,987	235,824
Capital Outlay	50,000	50,000	19,091	30,909
Debt Service:				
Principal Retirement	0	0	1,512,300	(1,512,300)
Issuance Costs	0	0	12,700	(12,700)
<i>Total Expenditures</i>	<u>9,527,188</u>	<u>10,046,650</u>	<u>8,723,975</u>	<u>1,322,675</u>
<i>Excess of Revenues Over Expenditures</i>	<u>5,864,457</u>	<u>6,308,095</u>	<u>8,598,853</u>	<u>2,290,758</u>
Other Financing Sources (Uses)				
Proceeds from Notes	0	0	1,525,000	1,525,000
Proceeds from Sale of Capital Assets	0	0	4,928	4,928
Transfers Out	(9,774,846)	(10,198,896)	(8,448,705)	1,750,191
<i>Total Other Financing Sources (Uses)</i>	<u>(9,774,846)</u>	<u>(10,198,896)</u>	<u>(6,918,777)</u>	<u>3,280,119</u>
<i>Net Change in Fund Balance</i>	<u>(3,910,389)</u>	<u>(3,890,801)</u>	<u>1,680,076</u>	<u>5,570,877</u>
<i>Fund Balance Beginning of Year</i>	<u>3,916,155</u>	<u>3,916,155</u>	<u>3,916,155</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$5,766</u>	<u>\$25,354</u>	<u>\$5,596,231</u>	<u>\$5,570,877</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, 2021

	<u>Budgeted Amounts</u>			Variance with Final Budget Over (Under)
	Original	Final	Actual	
Revenues				
Municipal Income Taxes	\$4,541,631	\$5,291,631	\$5,291,631	\$0
Charges for Services	89,675	89,675	79,852	(9,823)
Intergovernmental	384,377	384,377	329,363	(55,014)
Fines, Licenses and Permits	4,555	4,555	4,555	0
Donations	0	0	4,888	4,888
Other	179,994	179,994	45,284	(134,710)
<i>Total Revenues</i>	5,200,232	5,950,232	5,755,573	(194,659)
Expenditures				
Current:				
Security of Persons and Property:				
Police	8,145,401	8,895,401	7,526,497	1,368,904
<i>Excess of Revenues Under Expenditures</i>	(2,945,169)	(2,945,169)	(1,770,924)	1,174,245
Other Financing Sources				
Transfers In	2,289,920	2,289,920	1,837,440	(452,480)
Proceeds from Sale of Capital Assets	0	0	5,205	5,205
<i>Total Other Financing Sources</i>	2,289,920	2,289,920	1,842,645	(447,275)
<i>Net Change in Fund Balance</i>	(655,249)	(655,249)	71,721	726,970
<i>Fund Balance Beginning of Year</i>	655,249	655,249	655,249	0
<i>Fund Balance End of Year</i>	<u>\$0</u>	<u>\$0</u>	<u>\$726,970</u>	<u>\$726,970</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, 2021*

	<u>Budgeted Amounts</u>			Variance with Final Budget Over (Under)
	Original	Final	Actual	
Revenues				
Municipal Income Taxes	\$1,817,689	\$2,117,689	\$2,117,689	\$0
Charges for Services	81,600	181,600	286,933	105,333
Intergovernmental	0	0	20,000	20,000
Other	132,000	132,000	10,999	(121,001)
<i>Total Revenues</i>	2,031,289	2,431,289	2,435,621	4,332
Expenditures				
Current:				
Security of Persons and Property:				
Fire	6,372,281	6,772,281	6,034,775	737,506
<i>Excess of Revenues Under Expenditures</i>	(4,340,992)	(4,340,992)	(3,599,154)	741,838
Other Financing Sources				
Transfers In	4,014,568	4,014,568	3,685,926	(328,642)
Proceeds from Sale of Capital Assets	1,500	1,500	0	(1,500)
<i>Total Other Financing Sources</i>	4,016,068	4,016,068	3,685,926	(330,142)
<i>Net Change in Fund Balance</i>	(324,924)	(324,924)	86,772	411,696
<i>Fund Balance Beginning of Year</i>	324,924	324,924	324,924	0
<i>Fund Balance End of Year</i>	<u>\$0</u>	<u>\$0</u>	<u>\$411,696</u>	<u>\$411,696</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, 2021

	Business Type Activities - Enterprise Funds					Governmental Activities - Internal Service Funds
	Sewer	Water	Sanitation	Nonmajor	Total	
Assets						
Current:						
Equity in Pooled Cash and Cash Equivalents	\$6,010,015	\$817,746	\$599,835	\$1,581,252	\$9,008,848	\$1,064,391
Cash and Cash Equivalents with Fiscal Agents	40,000	0	0	0	40,000	0
Accounts Receivable	812,466	663,275	307,131	169,700	1,952,572	0
Intergovernmental Receivable	0	0	0	0	0	9,086
Interfund Receivable	0	0	0	0	0	429,590
Special Assessments Receivable	302	0	0	0	302	0
Materials and Supplies Inventory	330,756	548,288	0	0	879,044	163,689
Restricted Assets:						
Customer Deposits - Equity in Pooled Cash and Cash Equivalents	0	433,298	0	0	433,298	0
Prepaid Items	24,365	25,331	7,847	0	57,543	4,856
<i>Total Current Assets</i>	<i>7,217,904</i>	<i>2,487,938</i>	<i>914,813</i>	<i>1,750,952</i>	<i>12,371,607</i>	<i>1,671,612</i>
Noncurrent:						
Net OPEB Asset	186,054	198,459	86,826	0	471,339	49,616
Non-Depreciable Capital Assets	583,288	624,341	0	36,200	1,243,829	0
Depreciable Capital Assets, Net	36,384,822	19,993,799	507,940	3,116,067	60,002,628	3,817
<i>Total Noncurrent Assets</i>	<i>37,154,164</i>	<i>20,816,599</i>	<i>594,766</i>	<i>3,152,267</i>	<i>61,717,796</i>	<i>53,433</i>
<i>Total Assets</i>	<i>44,372,068</i>	<i>23,304,537</i>	<i>1,509,579</i>	<i>4,903,219</i>	<i>74,089,403</i>	<i>1,725,045</i>
Deferred Outflows of Resources						
Pension	340,055	362,724	158,692	0	861,471	90,681
OPEB	174,469	186,100	81,418	0	441,987	46,525
Asset Retirement Obligation	423,200	0	0	0	423,200	0
<i>Total Deferred Outflows of Resources</i>	<i>937,724</i>	<i>548,824</i>	<i>240,110</i>	<i>0</i>	<i>1,726,658</i>	<i>137,206</i>
Liabilities						
Current:						
Accounts Payable	113,063	66,680	59,374	19,326	258,443	21,895
Accrued Wages Payable	70,207	72,459	33,884	0	176,550	15,505
Intergovernmental Payable	32,979	29,879	13,920	0	76,778	6,493
Claims Payable	0	0	0	0	0	644,600
Interfund Payable	49,823	39,150	21,212	0	110,185	53,192
Compensated Absences Payable	54,252	66,290	38,612	0	159,154	15,850
OPWC Loans Payable	109,486	0	0	0	109,486	0
OWDA Loans Payable	968,851	585,436	0	69,332	1,623,619	0
SIB Loan Payable	0	0	0	55,405	55,405	0
Financed Purchases Payable	0	69,907	0	0	69,907	0
Current Liabilities Payable from Restricted Assets:						
Customer Deposits	0	430,496	0	0	430,496	0
<i>Total Current Liabilities</i>	<i>1,398,661</i>	<i>1,360,297</i>	<i>167,002</i>	<i>144,063</i>	<i>3,070,023</i>	<i>757,535</i>
Long-Term:						
Compensated Absences Payable	127,557	158,548	69,605	0	355,710	39,565
OPWC Loans Payable	1,327,688	0	0	0	1,327,688	0
OWDA Loans Payable	7,703,937	9,803,269	0	166,834	17,674,040	0
SIB Loan Payable	0	0	0	433,634	433,634	0
Financed Purchases Payable	0	145,208	0	0	145,208	0
Net Pension Liability	1,577,321	1,682,479	736,083	0	3,995,883	420,618
Asset Retirement Obligation Liability	560,000	0	0	0	560,000	0
<i>Total Long-Term Liabilities</i>	<i>11,296,503</i>	<i>11,789,504</i>	<i>805,688</i>	<i>600,468</i>	<i>24,492,163</i>	<i>460,183</i>
<i>Total Liabilities</i>	<i>12,695,164</i>	<i>13,149,801</i>	<i>972,690</i>	<i>744,531</i>	<i>27,562,186</i>	<i>1,217,718</i>
Deferred Inflows of Resources						
Pension	684,663	730,305	319,510	0	1,734,478	182,577
OPEB	570,072	608,078	266,036	0	1,444,186	152,019
<i>Total Deferred Inflows of Resources</i>	<i>1,254,735</i>	<i>1,338,383</i>	<i>585,546</i>	<i>0</i>	<i>3,178,664</i>	<i>334,596</i>
Net Position						
Net Investment in Capital Assets	26,801,530	10,014,321	507,940	2,427,063	39,750,854	3,817
Unrestricted (Deficit)	4,558,363	(649,144)	(316,487)	1,731,625	5,324,357	306,120
<i>Total Net Position</i>	<i>\$31,359,893</i>	<i>\$9,365,177</i>	<i>\$191,453</i>	<i>\$4,158,688</i>	<i>45,075,211</i>	<i>\$309,937</i>

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 (676,344)
\$44,398,867

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, 2021*

	Business Type Activities - Enterprise Funds					Governmental Activities - Internal Service Funds
	Sewer	Water	Sanitation	Nonmajor	Total	
Operating Revenues						
Charges for Services	\$7,086,475	\$5,865,624	\$2,186,563	\$1,352,449	\$16,491,111	\$7,699,348
Other Operating Revenues	0	0	3,906	135,530	139,436	1,805
<i>Total Operating Revenues</i>	<i>7,086,475</i>	<i>5,865,624</i>	<i>2,190,469</i>	<i>1,487,979</i>	<i>16,630,547</i>	<i>7,701,153</i>
Operating Expenses						
Salaries and Wages	1,689,192	1,658,448	792,059	24,077	4,163,776	391,975
Fringe Benefits	(137,004)	(127,304)	(267,669)	2,845	(529,132)	22,775
Contractual Services	2,137,664	1,491,015	909,617	68,085	4,606,381	806,645
Materials and Supplies	458,127	470,443	85,134	1,828	1,015,532	902,275
Claims	0	0	0	0	0	5,517,662
Depreciation and Amortization	1,689,706	1,264,974	67,908	67,248	3,089,836	0
<i>Total Operating Expenses</i>	<i>5,837,685</i>	<i>4,757,576</i>	<i>1,587,049</i>	<i>164,083</i>	<i>12,346,393</i>	<i>7,641,332</i>
<i>Operating Income (Loss)</i>	<i>1,248,790</i>	<i>1,108,048</i>	<i>603,420</i>	<i>1,323,896</i>	<i>4,284,154</i>	<i>59,821</i>
Non-Operating Revenues (Expenses)						
Intergovernmental	30,274	0	0	0	30,274	0
Gain on Sale of Capital Assets	16,455	11,150	0	0	27,605	2,156
Loss on Sale of Capital Assets	0	0	(197,087)	0	(197,087)	0
Other Non-Operating Expenses	0	(99,017)	0	0	(99,017)	0
Other Non-Operating Revenues	0	159,469	0	0	159,469	0
Interest and Fiscal Charges	(357,678)	(264,141)	(1,561)	(10,949)	(634,329)	0
<i>Total Non-Operating Revenues (Expenses)</i>	<i>(310,949)</i>	<i>(192,539)</i>	<i>(198,648)</i>	<i>(10,949)</i>	<i>(713,085)</i>	<i>2,156</i>
<i>Income Before Contributions and Transfers</i>	<i>937,841</i>	<i>915,509</i>	<i>404,772</i>	<i>1,312,947</i>	<i>3,571,069</i>	<i>61,977</i>
Transfers	0	0	0	0	0	353,204
<i>Change in Net Position</i>	<i>937,841</i>	<i>915,509</i>	<i>404,772</i>	<i>1,312,947</i>	<i>3,571,069</i>	<i>415,181</i>
<i>Net Position (Deficit) Beginning of Year</i>	<i>30,422,052</i>	<i>8,449,668</i>	<i>(213,319)</i>	<i>2,845,741</i>		<i>(105,244)</i>
<i>Net Position End of Year</i>	<i>\$31,359,893</i>	<i>\$9,365,177</i>	<i>\$191,453</i>	<i>\$4,158,688</i>		<i>\$309,937</i>

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 (57,649)
\$3,513,420

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, 2021

	Business Type Activities - Enterprise Funds					Governmental Activities - Internal Service Funds	
	Sewer	Water	Sanitation	Nonmajor	Total Funds		
Increase (Decrease) in Cash and Cash Equivalents							
Cash Flows from Operating Activities:							
Cash Received from Customers	\$7,061,579	\$5,795,308	\$2,175,229	\$1,318,928	\$16,351,044	\$0	
Cash Received from Transactions with Other Funds	0	0	0	0	0	7,536,104	
Cash Payments for Employee Services and Benefits	(2,758,628)	(2,789,245)	(1,099,262)	(26,922)	(6,674,057)	(704,877)	
Cash Payments to Suppliers for Goods and Services	(2,654,459)	(1,972,259)	(956,730)	(90,587)	(5,674,035)	(1,718,111)	
Other Operating Revenues	0	0	3,906	135,530	139,436	1,805	
Cash Payments for Claims	0	0	0	0	0	(5,350,262)	
Other Non-Operating Revenues	0	159,469	0	0	159,469	0	
Customer Deposits Returned	0	(99,017)	0	0	(99,017)	0	
<i>Net Cash Provided by (Used for) Operating Activities</i>	1,648,492	1,094,256	123,143	1,336,949	4,202,840	(235,741)	
Cash Flows from Non-Capital and Related Financing Activities:							
Operating Grants	30,274	0	0	0	30,274	0	
Operating Transfers In	0	0	0	0	0	353,204	
<i>Net Cash Provided by Non-Capital and Related Financing Activities</i>	30,274	0	0	0	30,274	353,204	
Cash Flows from Capital and Related Financing Activities:							
Acquisition of Capital Assets	(342,189)	(540,912)	(190,896)	(616,474)	(1,690,471)	0	
Proceeds from Sale of Capital Assets	16,455	11,150	20,027	0	47,632	2,156	
Loan Proceeds	429,028	146,617	0	0	575,645	0	
Principal Paid on Financed Purchase	0	(68,385)	(70,972)	(34,062)	(173,419)	0	
Interest Paid on Financed Purchase	0	(7,008)	(1,561)	(938)	(7,946)	0	
Principal Paid on Debt	(1,022,423)	(643,938)	0	(66,867)	(1,733,228)	0	
Interest Paid on Debt	(357,678)	(257,133)	0	(10,011)	(624,822)	0	
<i>Net Cash Provided by (Used for) Capital and Related Financing Activities</i>	(1,276,807)	(1,359,609)	(243,402)	(728,352)	(3,606,609)	2,156	
<i>Net Increase (Decrease) in Cash and Cash Equivalents</i>	401,959	(265,353)	(120,259)	608,597	626,505	119,619	
<i>Cash and Cash Equivalents Beginning of Year</i>	5,648,057	1,516,397	720,094	972,655	8,857,203	944,772	
<i>Cash and Cash Equivalents End of Year</i>	\$6,050,016	\$1,251,044	\$599,835	\$1,581,252	\$9,483,708	\$1,064,391	
Reconciliation of Operating Income to Net Cash Provided by (Used for) Operating Activities:							
<i>Operating Income</i>	\$1,248,790	\$1,108,048	\$603,420	\$1,323,896	\$4,284,154	\$59,821	
Adjustments:							
Depreciation and Amortization	1,689,706	1,264,974	67,908	67,248	3,089,836	0	
Other Non-Operating Revenues	0	60,453	0	0	60,453	0	
(Increase)/Decrease in Assets and Deferred Outflows of Resources:							
Accounts Receivable	(34,606)	(70,316)	(11,334)	(33,521)	(149,777)	0	
Intergovernmental Receivable	274	0	0	0	274	(1,762)	
Interfund Receivable	0	0	0	0	0	(161,482)	
Special Assessments Receivable	9,436	0	0	0	9,436	0	
Materials and Supplies Inventory	(84,025)	(59,167)	0	0	(143,192)	(2,604)	
Prepaid Items	2,626	1,952	(57)	0	4,521	300	
Deferred Outflows - Pension	379,946	405,275	177,308	0	962,529	101,318	
Deferred Outflows - OPEB	218,941	233,537	102,172	0	554,650	58,384	
Deferred Outflows - Asset Retirement Obligation	11,200	0	0	0	11,200	0	
Increase/(Decrease) in Liabilities and Deferred Inflows of Resources:							
Accounts Payable	(12,984)	30,608	47,651	(20,674)	44,601	(7,287)	
Accrued Wages Payable	4,729	(4,522)	(3,369)	0	(3,162)	(3,002)	
Intergovernmental Payable	3,695	(744)	568	0	3,519	(89)	
Interfund Payable	24,515	15,806	(9,573)	0	30,748	38,076	
Claims Payable	0	0	0	0	0	167,400	
Deferred Inflows - Pension	(476,644)	(508,419)	(222,434)	0	(1,207,497)	(127,105)	
Deferred Inflows - OPEB	(400,426)	(427,119)	(186,864)	0	(1,014,409)	(106,779)	
Net OPEB Asset/ Liability	(899,166)	(959,110)	(419,610)	0	(2,277,886)	(239,778)	
Net Pension Liability	(8,449)	(9,015)	(3,944)	0	(21,408)	(2,254)	
Compensated Absences Payable	(29,066)	12,015	(18,699)	0	(35,750)	(8,898)	
<i>Net Cash Provided by (Used for) Operating Activities</i>	\$1,648,492	\$1,094,256	\$123,143	\$1,336,949	\$4,202,840	(\$235,741)	

At December 31, 2020, the City had contracts payable related to the purchase of capital assets of \$58,161 in the Sewer Enterprise Fund.

At December 31, 2020, the City had contracts payable related to the purchase of capital assets of \$24,520 in the Water Enterprise Fund.

At December 31, 2020, the City had accounts payable and contracts payable related to the purchase of capital assets of \$136,030 and \$67,363, respectively in the Nonmajor Enterprise Fund.

At December 31, 2021, the City had accounts payable related to the purchase of capital assets of \$56,618 in the Sewer Enterprise Fund.

During 2021, there were deletions of construction in progress of \$423,944 for capitalized costs of projects that have been determined not feasible to complete, and will therefore not result in a capital asset placed in service. This was netted with depreciation expense.

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, 2021

	Private Purpose Trust Funds	Custodial Funds
Assets		
Equity in Pooled Cash and Cash Equivalents	\$24,790	\$215,815
Cash and Cash Equivalents in Segregated Accounts	0	96,626
Accrued Interest Receivable	4	0
Accounts Receivable	<u>0</u>	<u>67,893</u>
<i>Total Assets</i>	<u>24,794</u>	<u>380,334</u>
Liabilities		
Accounts Payable	0	29,571
Intergovernmental Payable	<u>0</u>	<u>229,440</u>
<i>Total Liabilities</i>	<u>0</u>	<u>259,011</u>
Net Position		
Restricted for Private Purposes	24,794	0
Restricted for Individuals, Organizations, and Other Governments	<u>0</u>	<u>121,323</u>
<i>Total Net Position</i>	<u><u>\$24,794</u></u>	<u><u>\$121,323</u></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, 2021

	Private Purpose Trust Funds	Custodial Funds
Additions		
Fines and Forfeitures for Other Governments	\$0	\$520,217
Income Tax Collections for Other Governments	0	1,963,363
Contributions from Individuals	<u>221</u>	<u>169,862</u>
<i>Total Additions</i>	<u>221</u>	<u>2,653,442</u>
Deductions		
Distributions to the State of Ohio	0	141,568
Distributions to Other Governments	0	1,987,940
Distributions to Individuals	0	427,865
Miscellaneous	<u>0</u>	<u>78,974</u>
<i>Total Deductions</i>	<u>0</u>	<u>2,636,347</u>
<i>Change in Net Position</i>	221	17,095
<i>Net Position Beginning of Year</i>	<u>24,573</u>	<u>104,228</u>
<i>Net Position End of Year</i>	<u><u>\$24,794</u></u>	<u><u>\$121,323</u></u>

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, 2021

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, 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 implementation of 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 21.

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 (Land Bank)

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

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

City of Zanesville, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

The City is involved with the following organization which is defined as a related organization. Additional information concerning the related organization is presented in Note 23.

South East Area Transit Authority

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, 2021

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.

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.

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.

City of Zanesville, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

The City's fiduciary funds are private purpose trust funds and custodial funds. The City's trust funds are a private-purpose trust which accounts for an endowment. 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.

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.

City of Zanesville, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

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 position 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 position 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, 2021, but which were levied to finance 2022 operations. These amounts have been recorded as a deferred inflow on both the government-wide statement of net position and the governmental fund financial statements. The deferred inflow for leases is related to the leases receivable and is being amortized to leases revenue in a systematic and rational manner over the term of the lease. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. For the City, unavailable revenue includes delinquent property taxes, municipal income taxes, charges for services, fines, licenses and permits, franchise tax, intergovernmental revenues, investment earnings, 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)

City of Zanesville, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

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."

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 2021, investments were limited to federal agency securities, municipal bonds, money market mutual funds, negotiable certificates of deposit, and the State Treasury Asset Reserve of Ohio (STAR Ohio).

City of Zanesville, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

STAR Ohio (the State Treasury Asset Reserve of 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 2021, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, twenty-four hours advance notice is appreciated for deposits and withdrawals of \$100 million or more. STAR Ohio reserves the right to limit the transaction to \$250 million per day, requiring the excess amount to be transacted the following business day(s), but only to the \$250 million limit. All accounts of the participant will be combined for these purposes.

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.

Investment procedures are restricted by the provisions of the Ohio Revised Code. Interest is credited to the General Fund, the Street and State Highway, and Law Enforcement Special Revenue Funds. Interest revenue credited to the General Fund during 2021 amounted to \$2,979, which includes \$2,301 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.

The City has monies on hand at a fiscal agent which represents loan principal that was paid to the Ohio Water Development Authority (OWDA) for a project which has yet to be started. These monies are presented as "Cash and Cash Equivalents with Fiscal Agent" as they are held outside of 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 or enabling legislation.

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.

City of Zanesville, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

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.

Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2021, 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 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 and construction in progress. Improvements are depreciated over the remaining useful lives of the related capital assets. Useful lives for infrastructure were estimated based on the City's historical records of necessary improvements and replacement. Depreciation 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

City of Zanesville, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

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.

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).

City of Zanesville, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

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 2022's appropriated budget.

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

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

Net Position

Net position represents the difference between all other elements in a statement of financial position. Net 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 either through constitutional provisions or enabling legislation or 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.

City of Zanesville, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

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.

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.

City of Zanesville, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

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 PRINCIPLE

For 2021, the City implemented the Governmental Accounting Standards Board's (GASB) Statement No. 98, The Annual Comprehensive Financial Report. GASB 98 establishes the term annual comprehensive financial report and its acronym ACFR. That new term and acronym replace instances of comprehensive annual financial report and its acronym in generally accepted accounting principles for state and local governments.

The City is also implementing Implementation Guide No. 2019-1. These changes were incorporated in the City's 2021 financial statements; however, there was no effect on beginning net position/fund balance.

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.
4. Notes issued are operating transactions (budget basis) as opposed to balance sheet transactions (GAAP basis).

City of Zanesville, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

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 and Fire Operating Special Revenue Funds.

	Net Change in Fund Balance		
	General	Police Expenditure	Fire Operating
GAAP Basis	\$1,929,724	\$246,372	\$135,342
Net Adjustment for Revenue Accruals	(157,833)	(58,310)	(17,571)
Beginning of Year:			
Unrecorded Cash	3,932	0	0
Unrecorded Interest	148,248	0	0
Difference in Fair Market Value	1,119,195	0	0
Prepaid Items	55,243	63,203	42,801
Segregated Accounts	16,368	0	0
End of Year:			
Unrecorded Cash	(81,487)	0	0
Unrecorded Interest	(152,961)	0	0
Difference in Fair Market Value	(1,055,145)	0	0
Prepaid Items	(50,608)	(89,772)	(44,412)
Segregated Accounts	(14,754)	0	0
Net Adjustment for Expenditure Accruals	(1,604,846)	(89,772)	(29,388)
Notes Issued	<u>1,525,000</u>	<u>0</u>	<u>0</u>
Budget Basis	<u><u>\$1,680,076</u></u>	<u><u>\$71,721</u></u>	<u><u>\$86,772</u></u>

NOTE 5 - 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:

City of Zanesville, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

Fund Balances	General	Police Expenditures	Fire Operating	Other Governmental	Total
Nonspendable:					
Prepays	\$50,608	\$89,772	\$44,412	\$36,955	\$221,747
Cemetery Endowments	0	0	0	685,525	685,525
Unclaimed Monies	15,985	0	0	0	15,985
Materials and Supplies					
Inventory	1,731	541	0	114,693	116,965
<i>Total Nonspendable</i>	<i>68,324</i>	<i>90,313</i>	<i>44,412</i>	<i>837,173</i>	<i>1,040,222</i>
Restricted for:					
Street	0	0	0	555,365	555,365
Cemetery Operations	0	0	0	268,338	268,338
Community Development	0	0	0	50,144	50,144
Jail Operations	0	0	0	872,470	872,470
Police Operations	0	895,703	0	958,388	1,854,091
Fire Operations	0	0	251,457	36,546	288,003
Court Operations	0	0	0	514,675	514,675
Airport Operations	0	0	0	459,519	459,519
Capital Improvements	0	0	0	898,763	898,763
<i>Total Restricted</i>	<i>0</i>	<i>895,703</i>	<i>251,457</i>	<i>4,614,208</i>	<i>5,761,368</i>
Committed for:					
Capital Improvements	0	0	0	38,636	38,636
Auditorium Operating	0	0	0	58,303	58,303
<i>Total Committed</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>96,939</i>	<i>96,939</i>
Assigned to:					
Assigned to Subsequent Year's Appropriations	5,596,233	0	0	0	5,596,233
<i>Unassigned:</i>	<i>657,210</i>	<i>0</i>	<i>0</i>	<i>(13,941)</i>	<i>643,269</i>
<i>Total Fund Balances</i>	<i>\$6,321,767</i>	<i>\$986,016</i>	<i>\$295,869</i>	<i>\$5,534,379</i>	<i>\$13,138,031</i>

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.

City of Zanesville, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

Protection of the City's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, or by the financial institutions participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

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

1. United States Treasury bills, bonds notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, and Government National Mortgage Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. No-load money market mutual funds consisting exclusively of obligations described in (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
4. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
5. Bonds and other obligations of the State of Ohio, and, with certain limitations including a requirement for maturity within ten years from the date of settlement, bonds and other obligations of political subdivisions of the State of Ohio, if training requirements have been met;
6. The State Treasurer's investment pool (STAR Ohio);
7. Certain bankers' acceptances (for a period not to exceed one hundred eighty days) and commercial paper notes (for a period not to exceed two hundred seventy days) in an amount not to exceed 40 percent of the interim monies available for investment at any one time if training requirements have been met; and
8. Written repurchase agreements in the securities described in (1) or (2) provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and the term of the agreement must not exceed thirty days.

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.

City of Zanesville, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

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.

At December 31, 2021, the City's sewer fund had a balance of \$40,000 with fiscal agent. The cash balance was held under the control of the Ohio Water Development Authority (OWDA). These monies represents loan principal that was paid to the Ohio Water Development Authority (OWDA) for a project which has yet to be started.

Investments

Investments are reported at fair value. As of December 31, 2021, the City had the following investments:

Measurement/Investment	Measurement Amount	Maturity	Moody's Ratings	Percent of Total Investments
Net Asset Value Per Share:				
Star Ohio	<u>\$5,657,692</u>	Average 51 Days	Aaa	27.16%
Fair Value - Level One Inputs				
United States Money Market	573,365	Less than one year	n/a	2.75%
First American Treasury Money Market	<u>168,309</u>	Less than one year	n/a	0.81%
<i>Total Fair Value - Level One Inputs</i>	<u>741,674</u>			
Fair Value - Level Two Inputs				
US Treasury Notes	246,318	Less than one year	Aaa	1.18%
Municipal Bonds	1,244,508	Less than one year	Aa2	5.97%
Federal Farm Credit Bank Bonds	1,681,407	Less than five years	Aaa	8.07%
Federal Home Loan Mortgage Corporation Notes	146,442	Less than five years	Aaa	0.70%
Federal National Mortgage Association Notes	611,160	Less than four years	Aaa	2.93%
Negotiable Certificates of Deposit	<u>10,505,149</u>	Less than five years	n/a	50.43%
<i>Total Fair Value - Level Two Inputs</i>	<u>14,434,984</u>			
Total	<u><u>\$20,834,350</u></u>			

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, 2021. The Money Market Mutual Fund is measured at fair value and is valued using quoted market prices (Level 1 inputs). Other than STAR Ohio and the Money Markets, 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).

City of Zanesville, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

Interest Rate Risk

As a means of limiting its exposure to fair value losses caused by rising interest rates, the City's investment policy requires that operating funds be invested primarily in short-term investments maturing within five years from the date of purchase and that the City's investment portfolio be structured so that securities mature to meet cash requirements for ongoing operations and/or long-term debt payments. The Treasurer cannot make investments which he does not reasonably believe can be held until the maturity date.

Credit Risk

The Moody's ratings of the City's investments are listed in the table above. The City has no investment policy that would further limit its investment choices other than what has been approved by State statute.

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 2021 for real and public utility property taxes represents collections of 2020 taxes.

2021 real property taxes are levied after October 1, 2021, on the assessed value as of January 1, 2021, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2021 real property taxes are collected in and intended to finance 2022.

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. 2021 public utility property taxes become a lien December 31, 2021, are levied after October 1, 2021, and are collected in 2022 with real property taxes.

The full tax rate for all City operations for the year ended December 31, 2021, was \$3.40 per \$1,000 of assessed value. The assessed values of real property and public utility property upon which 2021 property tax receipts were based are as follows:

Real Property	\$381,393,170
Public Utility Real Property	23,237,290
	<u><u>\$404,630,460</u></u>

City of Zanesville, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

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, 2021, and for which there is an enforceable legal claim. In the governmental funds, the portion of the receivable not levied to finance 2021 operations is offset to deferred inflows of resources – property taxes. On the accrual basis, delinquent collectible property taxes have been recorded as a receivable and revenue, while on a modified accrual basis the revenue has been reported as deferred inflows of resources – unavailable revenue.

NOTE 8 - TAX ABATEMENTS

As of December 31, 2021, 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, 2021.

Tax Abatement Program	Amount of 2021
	Taxes Abated
<i>Enterprise Zone Tax Exemptions</i>	
JD Equipment Inc and Lyman Drive Group LLC	\$4,794
Store IT	14,555

NOTE 9 - RECEIVABLES

Receivables at December 31, 2021, consisted of taxes, payments in lieu of taxes, permissive motor vehicle license, special assessments, accounts (billings for user charged services including unbilled utility services), interfund, accrued interest, loans, leases, and intergovernmental receivables arising from grants, entitlements, and shared revenues. All receivables 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 \$10,035. 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. The amount not scheduled for collection during the subsequent year is \$4,165. A summary of intergovernmental receivables follows:

City of Zanesville, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

Governmental Activities:

Community Development Block Grant	\$374,916
Gasoline Tax and Motor Vehicle License Tax	663,510
Local Government Funding	468,780
Homestead and Rollback	59,341
Probation Grant	33,510
State of Ohio Grants for Police	10,977
Miscellaneous	<u>11,086</u>
Total Intergovernmental Receivables	<u>\$1,622,120</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 \$304,572 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, 2021. The City is not able to record a receivable for all future payments because payments are based upon projected collections.

Leases Receivable

The City is reporting leases receivable of \$670,983 at December 31, 2021. For 2021, the City reported lease revenue of \$106,860 and interest revenue of \$14,876 related to lease payments received. 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.

A summary of the future principal and interest to be received is as follows:

City of Zanesville, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

Year	Principal	Interest
2022	\$8,126	\$274
2023	7,983	817
2024	7,455	2,145
2025	7,662	1,938
2026	7,876	1,724
2027-2031	42,793	5,207
2032-2036	40,562	11,439
2037-2041	41,964	12,036
2042-2046	48,143	5,857
2047-2048	17,574	426
	<u>\$230,138</u>	<u>\$41,863</u>

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

A summary of the future principal and interest to be received is as follows:

Year	Principal	Interest
2022	\$1,703	\$3,318
2023	1,806	3,215
2024	1,916	3,106
2025	2,032	2,990
2026	2,155	2,866
2027-2031	12,900	12,206
2032-2036	17,315	7,793
2037-2040	17,191	2,059
	<u>\$57,018</u>	<u>\$37,553</u>

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. Based on this agreement, the City is receiving monthly payments through 2025.

A summary of the future principal and interest to be received is as follows:

Year	Principal	Interest
2022	\$80,815	\$9,269
2023	83,273	6,811
2024	85,806	4,278
2025	88,416	1,668
2026	7,489	19
	<u>\$345,799</u>	<u>\$22,045</u>

City of Zanesville, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

Law Director Office Lease - On January 1, 2020, the City entered into a four year lease agreement with City Law Director for the lease of an office within the municipal building. Based on this agreement, the City received monthly payments through 2023.

Year	Principal	Interest
2022	\$4,583	\$217
2023	4,723	77
	<hr style="border: 1px solid black; border-top: none; border-bottom: 1px solid black; margin: 0; padding: 0;"/> <u>\$9,306</u>	<hr style="border: 1px solid black; border-top: none; border-bottom: 1px solid black; margin: 0; padding: 0;"/> <u>\$294</u>

Softball Complex Lease - On January 1, 2020, the City entered into a three year lease agreement with District 11 Softball, LLC for the lease of a land and facilities at the City's Riverside Park Softball Complex. Based on this agreement, the City received annual payments through 2022.

Year	Principal	Interest
2022	\$9,804	\$196

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 received annual payments through 2023.

Year	Principal	Interest
2022	\$6,182	\$378
2023	6,305	255
2024	6,431	129
	<hr style="border: 1px solid black; border-top: none; border-bottom: 1px solid black; margin: 0; padding: 0;"/> <u>\$18,918</u>	<hr style="border: 1px solid black; border-top: none; border-bottom: 1px solid black; margin: 0; padding: 0;"/> <u>\$762</u>

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, 2021

NOTE 11 - CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2021, was as follows:

	Balance 12/31/2020	Increases	Decreases	Balance 12/31/2021
Governmental Activities:				
Capital Assets not being Depreciated:				
Land	\$1,485,854	\$82,164	\$0	\$1,568,018
Construction in Progress	398,959	492,900	(34,250)	857,609
Total Capital Assets not being Depreciated	<u>1,884,813</u>	<u>575,064</u>	<u>(34,250)</u>	<u>2,425,627</u>
Capital Assets being Depreciated:				
Buildings and Improvements	19,356,857	81,793	0	19,438,650
Machinery and Equipment	4,559,392	850,868	(53,904)	5,356,356
Vehicles	6,421,929	104,849	(202,107)	6,324,671
Intangible Right to Use Lease - Property	24,000	36,000	(24,000)	36,000
Infrastructure	25,083,433	85,864	0	25,169,297
Total Capital Assets being Depreciated	<u>55,445,611</u>	<u>1,159,374</u>	<u>(280,011)</u>	<u>56,324,974</u>
Less Accumulated Depreciation and Amortization:				
Buildings and Improvements	(13,160,479)	(424,776)	0	(13,585,255)
Machinery and Equipment	(2,733,157)	(239,080)	53,904	(2,918,333)
Vehicles	(4,566,405)	(305,270)	202,107	(4,669,568)
Intangible Right to Use Lease - Property	(15,000)	(12,000)	24,000	(3,000)
Infrastructure	(13,527,188)	(1,004,415)	0	(14,531,603)
Total Accumulated Depreciation and Amortization	<u>(34,002,229)</u>	<u>(1,985,541)</u>	<u>*</u>	<u>280,011</u>
Total Capital Assets being Depreciated, Net	<u>21,443,382</u>	<u>(826,167)</u>	<u>0</u>	<u>20,617,215</u>
Governmental Activities Capital Assets, Net	<u><u>\$23,328,195</u></u>	<u><u>(\$251,103)</u></u>	<u><u>(\$34,250)</u></u>	<u><u>\$23,042,842</u></u>

*Of this amount, \$9,000 is presented as amortization expense on the Statement of Activities and Net Position related to the City's intangible asset of property that the Police Department is using as an impound lot, which is included in the above table as Intangible Right to Use Lease. With the implementation of Governmental Accounting Standards Board Statement No. 87, Leases, a lease meeting the criteria of this statement requires the lessee to recognize a lease liability and an intangible right to use asset. Depreciation and amortization expense was charged to governmental programs as follows:

General Government - Legislative and Executive	\$193,902
Security of Persons and Property:	
Police	211,957
Fire	172,677
Public Health Services	40,534
Transportation	1,171,512
Leisure Time Activities	194,959
Total Depreciation Expense	<u><u>\$1,985,541</u></u>

City of Zanesville, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

	Balance 12/31/2020	Increases	Decreases	Balance 12/31/2021
Business-Type Activities:				
Capital Assets not being Depreciated:				
Land	\$233,184	\$0	\$0	\$233,184
Construction in Progress	1,097,660	534,339	(621,354)	1,010,645
Total Capital Assets not being Depreciated	<u>1,330,844</u>	<u>534,339</u>	<u>(621,354)</u>	<u>1,243,829</u>
Capital Assets being Depreciated:				
Buildings and Improvements	37,292,857	45,654	0	37,338,511
Machinery and Equipment	13,984,739	153,330	0	14,138,069
Vehicles	3,161,765	303,747	(742,498)	2,723,014
Infrastructure	47,832,470	621,354	0	48,453,824
Total Capital Assets being Depreciated	<u>102,271,831</u>	<u>1,124,085</u>	<u>(742,498)</u>	<u>102,653,418</u>
Less Accumulated Depreciation and Amortization:				
Buildings and Improvements	(11,334,839)	(719,430)	0	(12,054,269)
Machinery and Equipment	(11,775,249)	(730,843)	0	(12,506,092)
Vehicles	(1,550,553)	(255,709)	525,384	(1,280,878)
Infrastructure	(15,849,642)	(959,909)	0	(16,809,551)
Total Accumulated Depreciation and Amortization	<u>(40,510,283)</u>	<u>(2,665,891)</u>	<u>525,384</u>	<u>(42,650,790)</u>
Total Capital Assets being Depreciated, Net	<u>61,761,548</u>	<u>(1,541,806)</u>	<u>(217,114)</u>	<u>60,002,628</u>
Business-Type Activities Capital Assets, Net	<u><u>\$63,092,392</u></u>	<u><u>(\$1,007,467)</u></u>	<u><u>(\$838,468)</u></u>	<u><u>\$61,246,457</u></u>

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, 2021, 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 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.

City of Zanesville, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

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 \$644,600 reported at December 31, 2021, 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 2020 and 2021 were:

	Balance at Beginning of Year	Current Year Claims	Claims Payments	Balance at End of Year
2020	\$603,500	\$4,344,713	\$4,471,013	\$477,200
2021	477,200	5,517,662	5,350,262	644,600

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 2021 claims paid by the Bureau of Workers' Compensation, the City will reimburse the State for claims paid on the City's behalf. This payable is reclassified from claims payable to intergovernmental payable.

Participation in the plan is approved on a yearly basis and is limited to entities that can meet the plan's selection criteria. The City contracts with the firm of Comp Management, Inc. to provide administrative, costs controls, and actuarial services for the plan. Incurred but not reported, incurred but not paid, and premiums have been accrued as liabilities at December 31, 2021, based on an estimate by the City Auditor's office and the Bureau of Workers' Compensation.

City of Zanesville, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

NOTE 13 - DEFINED BENEFIT PENSION PLANS

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

Net Pension Liability / Net OPEB Liability (Asset)

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

The net pension/OPEB liability (asset) 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 (asset) 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 (asset). Resulting adjustments to the net pension/OPEB liability (asset) would be effective when the changes are legally enforceable. The Ohio revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients.

The proportionate share of each plan's unfunded benefits is presented as a net pension/OPEB asset or a long-term net pension/OPEB liability on the accrual basis of accounting. Any liability for the contractually-required pension/OPEB contribution outstanding at the end of the year is included in intergovernmental payable 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.

Plan Description – 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

City of Zanesville, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

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

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

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

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

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 initial amount of a member's pension benefit is vested upon receipt of the initial benefit payment for calculation of an annual cost-of-living adjustment.

When a traditional plan benefit recipient has received benefits for 12 months, current law provides 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.

City of Zanesville, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

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), 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.

Beginning in 2022, the Combined Plan will be consolidated under the Traditional Pension Plan (defined benefit plan) and the Combined Plan option will no longer be available for new hires beginning in 2022.

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

		<u>State and Local</u>
2021 Statutory Maximum Contribution Rates		
Employer		14.0 %
Employee *		10.0 %
2021 Actual Contribution Rates		
Employer:		
Pension **		14.0 %
Post-employment Health Care Benefits **		<u>0.0</u>
Total Employer		<u><u>14.0 %</u></u>
Employee		<u><u>10.0 %</u></u>

- * Member contributions within the combined plan are not used to fund the defined benefit retirement allowance.
- ** These pension and employer health care rates are for the traditional and combined plans. The employer contributions rate for the member-directed plan is allocated 4 percent for health care with the remainder going to pension.

City of Zanesville, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll.

For 2021, the City's contractually required contribution was \$1,413,743 for the traditional plan. Of these amounts, \$158,509 is reported as an intergovernmental payable for the traditional plan.

Plan Description – Ohio Police & Fire Pension Fund (OP&F)

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

The annual pension benefit for normal service retirement is equal to a percentage of the allowable average annual salary. The percentage equals 2.5 percent for each of the first 20 years of service credit, 2.0 percent for each of the next five years of service credit and 1.5 percent for each year of service credit in excess of 25 years. The maximum pension of 72 percent of the allowable average annual salary is paid after 33 years of service credit (see OP&F Annual Comprehensive Financial Report referenced above for additional information, including requirements for Deferred Retirement Option Plan provisions and reduced and unreduced benefits).

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

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

The COLA amount for members who have less than 15 years of service credit as of July 1, 2013, and members whose pension benefit became effective on or after July 1, 2013, will be equal to a percentage of the member's base pension benefit where the percentage is the lesser of 3.0% 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.

City of Zanesville, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

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>
2021 Statutory Maximum Contribution Rates		
Employer	19.50 %	24.00 %
Employee	12.25 %	12.25 %
2021 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 \$1,590,947 for 2021. Of this amount, \$176,750 is reported as an intergovernmental payable.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

The net pension liability (asset) for OPERS was measured as of December 31, 2020, 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, 2020, and was determined by rolling forward the total pension liability as of January 1, 2020, to December 31, 2020. 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>OPERS</u>		
	<u>Traditional Plan</u>	<u>OP&F</u>	
Proportion of the Net Pension Liability/Asset:			
Current Measurement Date	0.071013%	0.3165225%	
Prior Measurement Date	<u>0.064816%</u>	<u>0.2965233%</u>	
 Change in Proportionate Share	 <u>0.006197%</u>	 <u>0.0199992%</u>	
 Proportionate Share of the:			<u>Total</u>
Net Pension Liability	\$10,515,482	\$21,577,623	\$32,093,105
Pension Expense	712,754	1,719,683	2,432,437

City of Zanesville, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

At December 31, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to defined benefit pensions from the following sources:

	OPERS		
	Traditional Plan	OP&F	Total
Deferred Outflows of Resources			
Differences between expected and actual experience	\$0	\$902,018	\$902,018
Changes of assumptions	0	361,867	361,867
Changes in proportion and differences between City contributions and proportionate share of contributions	853,289	1,336,373	2,189,662
City contributions subsequent to the measurement date	<u>1,413,743</u>	<u>1,590,947</u>	<u>3,004,690</u>
Total Deferred Outflows of Resources	<u><u>\$2,267,032</u></u>	<u><u>\$4,191,205</u></u>	<u><u>\$6,458,237</u></u>
Deferred Inflows of Resources			
Differences between expected and actual experience	\$439,871	\$840,600	\$1,280,471
Net difference between projected and actual earnings on pension plan investments	4,098,626	1,046,658	5,145,284
Changes in proportion and differences between City contributions and proportionate share of contributions	<u>25,925</u>	<u>385,446</u>	<u>411,371</u>
Total Deferred Inflows of Resources	<u><u>\$4,564,422</u></u>	<u><u>\$2,272,704</u></u>	<u><u>\$6,837,126</u></u>

\$3,004,690 reported as deferred outflows of resources related to pension resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year Ending December 31:	OPERS		
	Traditional		
	Plan	OP&F	Total
2022	(\$1,190,141)	\$69,027	(\$1,121,114)
2023	(291,259)	678,872	387,613
2024	(1,670,740)	(723,816)	(2,394,556)
2025	(558,993)	134,618	(424,375)
2026	0	168,853	168,853
Thereafter	<u>0</u>	<u>0</u>	<u>0</u>
Total	<u><u>(\$3,711,133)</u></u>	<u><u>\$327,554</u></u>	<u><u>(\$3,383,579)</u></u>

City of Zanesville, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

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, 2020, using the following actuarial assumptions applied to all periods included in the measurement in accordance with the requirements of GASB 67. Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results, prepared as of December 31, 2020, are presented below.

OPERS Traditional Plan

Wage Inflation	3.25 percent
Future Salary Increases, including inflation	3.25 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	.5 percent, simple through 2021, then 2.15 percent, simple
Investment Rate of Return	7.2 percent
Actuarial Cost Method	Individual Entry Age

In October 2020, the OPERS Board adopted a change in COLA for Post-January 7, 2013 retirees, changing it from 1.4 percent simple through 2020 then 2.15 simple to .5 percent simple through 2021 then 2.15 percent simple.

Pre-retirement mortality rates are based on the RP-2014 Employees mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates are based on the RP-2014 Healthy Annuitant mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates for disabled retirees are based on the RP-2014 Disabled mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Mortality rates for a particular calendar year are determined by applying the MP-2015 mortality improvement scale to all of the above described tables.

The most recent experience study was completed for the five year period ended December 31, 2015.

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 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

City of Zanesville, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

percentage, adjusted for inflation. Best estimates of arithmetic real rates of return were provided by the Board's investment consultant. For each major asset class that is included in the Defined Benefit portfolio's target asset allocation as of December 31, 2020, 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	25.00 %	1.32 %
Domestic Equities	21.00	5.64
Real Estate	10.00	5.39
Private Equity	12.00	10.42
International Equities	23.00	7.36
Other investments	9.00	4.75
Total	100.00 %	5.43 %

Discount Rate

The discount rate used to measure the total pension liability was 7.2 percent for the traditional plan and the combined plan. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefits payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments for the traditional pension plan, combined plan and member-directed plan was applied to all periods of projected benefit payments to determine the total pension liability.

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

The following table presents the City's proportionate share of the net pension liability (asset) calculated using the current period discount rate assumption of 7.2 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 (6.2 percent) or one-percentage-point higher (8.2 percent) than the current rate:

	Current		
	1% Decrease (6.20%)	Discount Rate (7.20%)	1% Increase (8.20%)
City's proportionate share of the net pension liability (asset)			
OPERS Traditional Plan	\$20,058,332	\$10,515,482	\$2,580,612

Changes between the Measurement Date and the Reporting Date

During 2021, the OPERS Board lowered the investment rate of return from 7.2 percent to 6.9 along with certain other changes to assumptions for the actuarial valuation as of December 31, 2021. The effects of these changes are unknown.

City of Zanesville, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

Actuarial Assumptions – OP&F

OP&F's total pension liability as of December 31, 2020, is based on the results of an actuarial valuation date of January 1, 2020, and rolled-forward using generally accepted actuarial procedures. The total pension liability is determined by OP&F's actuaries in accordance with GASB Statement No. 67, as part of their annual valuation. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about probability of occurrence of events far into the future. Examples include assumptions about future employment mortality, salary increases, disabilities, retirements and employment terminations. Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future. Assumptions considered are: withdrawal rates, disability retirement, service retirement, DROP elections, mortality, percent married and forms of the payment, DROP interest rate, CPI-based COLA, investment returns, salary increases and payroll growth.

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results, prepared as of January 1, 2020, are presented below.

Valuation Date	January 1, 2020, with actuarial liabilities rolled forward to December 31, 2020
Actuarial Cost Method	Entry Age Normal
Investment Rate of Return	8.0 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 for increases based on the lesser of the increase in CPI and 3 percent

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

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

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

City of Zanesville, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

The most recent experience study was completed for the five year period ended December 31, 2016.

The long-term expected rate of return on pension plan investments was determined using a building-block approach and assumes a time horizon, as defined in the Statement of Investment Policy. A forecasted rate of inflation serves as the baseline for the return expected. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating a weighted averaged of the expected real return premiums for each asset class, adding the projected inflation rate and adding the expected return from rebalancing uncorrelated asset classes. 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, 2020, are summarized below:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash and Cash Equivalents	0.00 %	0.00 %
Domestic Equity	21.00	4.10
Non-US Equity	14.00	4.80
Private Markets	8.00	6.40
Core Fixed Income *	23.00	0.90
High Yield Fixed Income	7.00	3.00
Private Credit	5.00	4.50
U.S. Inflation Linked Bonds*	17.00	0.70
Midstream Energy Infrastructure	5.00	5.60
Real Assets	8.00	5.80
Gold	5.00	1.90
Private Real Estate	12.00	5.30
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.

Discount Rate

The total pension liability was calculated using the discount rate of 8.00 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 8.00 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.

City of Zanesville, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

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 8.00 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 (7.00 percent), or one percentage point higher (9.00 percent) than the current rate.

	1% Decrease (7.00%)	Current Discount Rate (8.00%)	1% Increase (9.00%)
City's proportionate share of the net pension liability	\$30,038,815	\$21,577,623	\$14,496,459

NOTE 14 - DEFINED BENEFIT OPEB PLANS

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

Plan Description – 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, which funds multiple health care plans including medical coverage, prescription drug coverage and deposits to a Health Reimbursement Arrangement (HRA) to qualifying benefit recipients of both the traditional pension and the combined plans. Currently, Medicare-eligible retirees are able to select medical and prescription drug plans from a range of options and may elect optional vision and dental plans. Retirees and eligible dependents enrolled in Medicare Parts A and B have the option to enroll in a Medicare supplemental plan with the assistance of the OPERS Medicare Connector. The OPERS Medicare Connector is a relationship with a vendor selected by OPERS to assist retirees, spouses and dependents with selecting a medical and pharmacy plan. Monthly allowances, based on years of service and the age at which the retiree first enrolled in OPERS coverage, are deposited into an HRA. For non-Medicare retirees and eligible dependents, OPERS sponsors medical and prescription coverage through a professionally managed self-insured plan. An allowance to offset a portion of the monthly premium is offered to retirees and eligible dependents. The allowance is based on the retiree's years of service and age when they first enrolled in OPERS coverage.

Medicare-eligible retirees who choose to become re-employed or survivors who become employed in an OPERS-covered position are prohibited from participating in an HRA. For this group of retirees, OPERS sponsors secondary coverage through a professionally managed self-insured program. Retirees who enroll in this plan are provided with a monthly allowance to offset a portion of the monthly premium. Medicare-eligible spouses and dependents can also enroll in this plan as long as the retiree is enrolled.

OPERS provides a monthly allowance for health care coverage for eligible retirees and their eligible dependents. The base allowance is determined by OPERS.

City of Zanesville, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

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.

Effective January 1, 2022, OPERS will discontinue the group plans currently offered to non-Medicare retirees and re-employed retirees. Instead, eligible non-Medicare retirees will select an individual medical plan. OPERS will provide a subsidy or allowance via an HRA allowance to those retirees who meet health care eligibility requirements. Retirees will be able to seek reimbursement for plan premiums and other qualified medical expenses. These changes are reflected in the December 31, 2020, measurement date health care valuation.

In order to qualify for postemployment health care coverage, age and service retirees under the traditional pension and combined plans must have twenty or more years of qualifying Ohio service credit with a minimum age of 60, or generally 30 years of qualifying service at any age. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. Current retirees eligible (or who become eligible prior to January 1, 2022) to participate in the OPERS health care program will continue to be eligible after January 1, 2022. Eligibility requirements will change for those retiring after January 1, 2022, with differing eligibility requirements for Medicare retirees and non-Medicare retirees. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 75. See OPERS' Annual Comprehensive Financial Report referenced below for additional information.

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 and the combined plan

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2021, 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 2021, OPERS did not allocate any employer contribution to health care for members in the Traditional Pension Plan and 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 2021 was 4.0 percent.

City of Zanesville, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The City's contractually required contribution was \$17,099 for 2021. Of this amount, \$1,917 is reported as an intergovernmental payable.

Plan Description – 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.

A retiree is eligible for the OP&F health care stipend unless they have access to any other group coverage including employer and retirement coverage. The eligibility of spouses and dependent children could increase the stipend amount. If the spouse or dependents have access to any other group coverage including employer or retirement coverage, they are not eligible for stipend support from OP&F. Even if an OP&F member or their dependents are not eligible for a stipend, they can use the services of the third-party administrator to select and enroll in a plan. 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 2021, the portion of employer contributions allocated to health care was 0.5

City of Zanesville, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

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 \$37,448 for 2021. Of this amount, \$4,151 is reported as an intergovernmental payable.

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

The net OPEB liability (asset) and total OPEB liability for OPERS were determined by an actuarial valuation as of December 31, 2019, rolled forward to the measurement date of December 31, 2020, 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, 2020, and was determined by rolling forward the total OPEB liability as of January 1, 2020, to December 31, 2020. The City's proportion of the net OPEB liability (asset) was based on the City's share of contributions to the retirement plan relative to the contributions of all participating entities. Following is information related to the proportionate share and OPEB expense:

	<u>OPERS</u>	<u>OP&F</u>	
Proportion of the Net OPEB Liability:			
Current Measurement Date	0.069622%	0.3165225%	
Prior Measurement Date	<u>0.063266%</u>	<u>0.2965233%</u>	
Change in Proportionate Share	<u>0.006356%</u>	<u>0.0199992%</u>	<u>Total</u>
Proportionate Share of the:			
Net OPEB Liability	\$0	\$3,353,607	\$3,353,607
Net OPEB Asset	(\$1,240,372)	\$0	(\$1,240,372)
OPEB Expense	(\$7,187,232)	\$354,809	(\$6,832,423)

At December 31, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

City of Zanesville, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

	OPERS	OP&F	Total
Deferred Outflows of Resources			
Changes of assumptions	\$609,781	\$1,852,686	\$2,462,467
Changes in proportion and differences between City contributions and proportionate share of contributions	536,243	361,523	897,766
City contributions subsequent to the measurement date	17,099	37,448	54,547
Total Deferred Outflows of Resources	<u>\$1,163,123</u>	<u>\$2,251,657</u>	<u>\$3,414,780</u>
Deferred Inflows of Resources			
Differences between expected and actual experience	\$1,119,428	\$553,166	\$1,672,594
Changes of assumptions	2,009,774	534,627	2,544,401
Net difference between projected and actual earnings on OPEB plan investments	660,639	124,626	785,265
Changes in proportion and differences between City contributions and proportionate share of contributions	10,645	100,725	111,370
Total Deferred Inflows of Resources	<u>\$3,800,486</u>	<u>\$1,313,144</u>	<u>\$5,113,630</u>

\$54,547 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 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending December 31:	OPERS	OP&F	Total
2022	(\$1,342,783)	\$180,710	(\$1,162,073)
2023	(946,747)	210,222	(736,525)
2024	(287,086)	163,694	(123,392)
2025	(77,846)	184,415	106,569
2026	0	74,926	74,926
Thereafter	<u>0</u>	<u>87,098</u>	<u>87,098</u>
Total	<u>(\$2,654,462)</u>	<u>\$901,065</u>	<u>(\$1,753,397)</u>

Actuarial Assumptions - OPERS

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

Projections of health care costs for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of coverage provided at the time of each valuation and the historical pattern of sharing of costs between OPERS and plan members. The

City of Zanesville, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

total OPEB liability was determined by an actuarial valuation as of December 31, 2019, rolled forward to the measurement date of December 31, 2020. The actuarial valuation used the following actuarial assumptions applied to all prior periods included in the measurement in accordance with the requirements of GASB 74:

Wage Inflation	3.25 percent
Projected Salary Increases, including inflation	3.25 to 10.75 percent including wage inflation
Single Discount Rate:	
Current measurement date	6.00 percent
Prior Measurement date	3.16 percent
Investment Rate of Return	6.00 percent
Municipal Bond Rate:	
Current measurement date	2.00 percent
Prior Measurement date	2.75 percent
Health Care Cost Trend Rate:	
Current measurement date	8.5 percent, initial
	3.50 percent, ultimate in 2035
Prior Measurement date	10.5 percent, initial
	3.50 percent, ultimate in 2030
Actuarial Cost Method	Individual Entry Age

Pre-retirement mortality rates are based on the RP-2014 Employees mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Postretirement mortality rates are based on the RP-2014 Healthy Annuitant mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Postretirement mortality rates for disabled retirees are based on the RP-2014 Disabled mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Mortality rates for a particular calendar year are determined by applying the MP-2015 mortality improvement scale to all of the above described tables.

The most recent experience study was completed for the five year period ended December 31, 2015.

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 real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected real rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation. Best estimates of arithmetic rates of return were provided by OPERS investment consultant. For each major asset class that is included in the Health Care's portfolio's target asset allocation as of December 31, 2019, these best estimates are summarized in the following table:

City of Zanesville, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Fixed Income	34.00 %	1.07 %
Domestic Equities	25.00	5.64
Real Estate Investment Trust	7.00	6.48
International Equities	25.00	7.36
Other investments	<u>9.00</u>	4.02
Total	<u><u>100.00 %</u></u>	<u><u>4.43 %</u></u>

Discount Rate

A single discount rate of 6.0 percent was used to measure the OPEB liability on the measurement date of December 31, 2020. A single discount rate of 3.16 percent was used to measure the OPEB liability on the measurement date of December 31, 2019. 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 2.00 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 2120. As a result, the actuarial assumed long-term expected rate of return on health care investments was applied to projected costs through the year 2120, the duration of the projection period through which projected health care payments are fully funded.

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 6.00 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 (5.00 percent) or one-percentage-point higher (7.00 percent) than the current rate:

	Current		
	1% Decrease	Discount Rate	1% Increase
	<u>(5.00%)</u>	<u>(6.00%)</u>	<u>(7.00%)</u>
City's proportionate share of the net OPEB asset	(\$308,425)	(\$1,240,372)	(\$2,006,506)

City of Zanesville, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

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

Changes in the health care cost trend rate may also have a significant impact on the net OPEB liability. The following table presents the net OPEB asset calculated using the assumed trend rates, and the expected net OPEB 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 2021 is 8.50 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.

	Current Health Care Cost Trend Rate		
	<u>1% Decrease</u>	<u>Assumption</u>	<u>1% Increase</u>
City's proportionate share of the net OPEB asset	(\$1,270,602)	(\$1,240,372)	(\$1,206,549)

Changes between the Measurement Date and the Reporting Date

During 2021, the OPERS Board made various changes to assumptions for the actuarial valuation as of December 31, 2021. The effects of these changes are unknown.

Actuarial Assumptions – OP&F

OP&F's total OPEB liability as of December 31, 2020, is based on the results of an actuarial valuation date of January 1, 2020, 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.

City of Zanesville, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

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

Valuation Date	January 1, 2020, with actuarial liabilities rolled forward to December 31, 2020
Actuarial Cost Method	Entry Age Normal
Investment Rate of Return	8.0 percent
Projected Salary Increases	3.75 percent to 10.5 percent
Payroll Growth	3.25 percent
Blended discount rate:	
Current measurement date	2.96 percent
Prior measurement date	3.56 percent
Cost of Living Adjustments	2.2 percent simple

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

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, 2016.

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 2020, the total OPEB liability was calculated using the discount rate of 2.96 percent. For 2019, the total OPEB liability was calculated using the discount rate of 3.56 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 8 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, a municipal bond rate of 2.12 percent at December 31, 2020 and 2.75 percent at December 31, 2019, was blended with the long-term rate of 8 percent, which resulted in a blended discount rate of 2.96 percent for 2020 and 3.56 percent for 2019. The municipal bond rate was determined using the Bond Buyers General Obligation 20-year Municipal Bond Index Rate. The OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments

City of Zanesville, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

until 2037. The long-term expected rate of return on health care investments was applied to projected costs through 2037, and the municipal bond rate was applied to all health care costs after that date.

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

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 2.96 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 (1.96 percent), or one percentage point higher (3.96 percent) than the current rate.

	1% Decrease (1.96%)	Current Discount Rate (2.96%)	1% Increase (3.96%)
City's proportionate share of the net OPEB liability	\$4,181,757	\$3,353,607	\$2,670,481

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

The total OPEB liability is based on a medical benefit that is a flat dollar amount; therefore, it is unaffected by a health care cost trend rate. An increase or decrease in the trend rate would have no effect on the total OPEB liability.

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 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, and assistant fire chiefs are insured for \$30,000. Police sergeants and lieutenants and firefighters 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

City of Zanesville, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

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, 2021, 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
Muskingum Avenue Dug Road Improvement Project - General Fund	\$497,828	\$365,848	\$131,980
Canal Trail Lighting Project - General Fund	12,000	6,000	6,000
Linden Avenue Project - General Fund	134,170	128,651	5,519
Cemetery Facilities Building Project - Cemetery Development Fund	61,695	46,157	15,538
Jail Rehab Project - Police Operating Fund	85,500	62,985	22,515
Court Facilities Building Project - General Fund	85,500	74,447	11,053
Airport Runway Project - Airport Fund	177,030	173,521	3,509
Total Governmental Funds	<u>1,053,723</u>	<u>857,609</u>	<u>196,114</u>
Combined Sewer Project - Sewer Fund	532,715	438,291	94,424
Combined Water Project - Water Fund	789,250	536,154	253,096
Combined Storm Sewer Replacement Projects - Non major Enterprise Fund	40,700	36,200	4,500
Total Enterprise Funds	<u>1,362,665</u>	<u>1,010,645</u>	<u>352,020</u>
Total All Construction In Progress Projects	<u><u>\$2,416,388</u></u>	<u><u>\$1,868,254</u></u>	<u><u>\$548,134</u></u>

City of Zanesville, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

NOTE 17 - LONG-TERM OBLIGATIONS

Changes in long-term obligations of the City for the year ended December 31, 2021, were as follows:

	Principal Outstanding 12/31/2020	Additions	Deletions	Principal Outstanding 12/31/2021	Amounts Due in One Year
Governmental Activities:					
<u>General Obligation Bonds from Direct Placements:</u>					
Various Purpose Bonds					
2016 - \$2,555,000					
Serial Bonds @ 3%	\$445,000	\$0	\$105,000	\$340,000	\$110,000
Term Bonds @ 3.0-3.75%	1,725,000	0	0	1,725,000	0
Premium on Bonds	61,503	0	3,844	57,659	0
Street Improvement Bonds					
2010 - \$1,210,000 @ 4.138%	660,000	0	60,000	600,000	65,000
Total General Obligation Bonds from Direct Placements	<u>2,891,503</u>	<u>0</u>	<u>168,844</u>	<u>2,722,659</u>	<u>175,000</u>
<u>Loans from Direct Borrowings</u>					
2005 SIB Loan \$4,772,627 @ 3%	2,360,877	0	158,240	2,202,637	163,023
2013 SIB Loan \$73,273 @ 3%	16,168	0	10,698	5,470	5,470
2019 SIB Loan \$232,071 @ 3%	232,071	0	0	232,071	26,073
2016 Citywide Overlays OPWC Loan \$385,868 @ 0%	212,227	0	38,587	173,640	38,587
Total Long-Term Loans from Direct Borrowings	<u>2,821,343</u>	<u>0</u>	<u>207,525</u>	<u>2,613,818</u>	<u>233,153</u>
<u>Net Pension Liability</u>					
OPERS	7,943,019	0	1,423,420	6,519,599	0
OP&F	<u>19,975,393</u>	<u>1,602,230</u>	<u>0</u>	<u>21,577,623</u>	<u>0</u>
Total Net Pension Liability	<u>27,918,412</u>	<u>1,602,230</u>	<u>1,423,420</u>	<u>28,097,222</u>	<u>0</u>
<u>Net OPEB Liability</u>					
OPERS	5,417,980	0	5,417,980	0	0
OP&F	<u>2,928,978</u>	<u>424,629</u>	<u>0</u>	<u>3,353,607</u>	<u>0</u>
Total Net OPEB Liability	<u>8,346,958</u>	<u>424,629</u>	<u>5,417,980</u>	<u>3,353,607</u>	<u>0</u>
Workers' Compensation Claims Payable	22,407	1,852	22,407	1,852	1,852
Financed Purchases Payable from Direct Borrowings	887,439	0	301,398	586,041	275,048
Police Lease Payable	9,000	36,000	12,000	33,000	12,000
Compensated Absences	<u>2,087,626</u>	<u>1,326,016</u>	<u>1,347,584</u>	<u>2,066,058</u>	<u>630,007</u>
Total Governmental Activities	<u><u>\$44,984,688</u></u>	<u><u>\$3,390,727</u></u>	<u><u>\$8,901,158</u></u>	<u><u>\$39,474,257</u></u>	<u><u>\$1,327,060</u></u>

City of Zanesville, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

	Principal Outstanding 12/31/2020	Additions	Deletions	Principal Outstanding 12/31/2021	Amounts Due in One Year
Business-Type Activities:					
<u>SIB Loan from Direct Borrowing</u>					
2019 SIB Loan \$489,039 @ 3%	\$489,039	\$0	\$0	\$489,039	\$55,405
<u>OPWC Loans from Direct Borrowings</u>					
Sewer OPWC Loan 2014 - \$1,274,932 @ 0.00%	860,578	0	63,747	796,831	63,747
Sewer OPWC Loan 2015 - \$914,777 @ 0.00%	686,082	0	45,739	640,343	45,739
Total OPWC Loans from Direct Borrowings	<u>1,546,660</u>	<u>0</u>	<u>109,486</u>	<u>1,437,174</u>	<u>109,486</u>
<u>OWDA Loans from Direct Borrowings</u>					
Water OWDA Loan 2009 - \$895,477 @ 3.20%	450,628	0	34,778	415,850	35,900
Water OWDA Loan 2009 - \$7,514,758 @ 3.65%	5,910,430	0	191,401	5,719,029	198,451
Water OWDA Loan 2009 - \$9,197,325 @ 0.00%	2,607,846	0	248,367	2,359,479	248,367
Water OWDA Loan 2016 - \$401,400 @ 2.06%	333,723	0	17,806	315,917	18,175
Water OWDA Loan 2018 - \$1,808,793 @ 1.31%	1,512,031	0	81,841	1,430,190	82,920
Water OWDA Loan 2019 - \$348,725 @ 0.00%	71,368	0	69,745	1,623	1,623
Water OWDA Loan 2021 - \$213,782 @ 1.68%	0	<u>146,617</u>	0	<u>146,617</u>	0
Total Water OWDA Loans	<u>10,886,026</u>	<u>146,617</u>	<u>643,938</u>	<u>10,388,705</u>	<u>585,436</u>
Sewer OWDA Loan 2002 - \$1,324,942 @ 3.59%	221,482	0	86,236	135,246	89,359
Sewer OWDA Loan 2004 - \$1,268,110 @ 3.41%	218,932	0	59,931	159,001	61,992
Sewer OWDA Loan 2007 - \$14,337,659 @ 4.47%	6,162,842	0	610,729	5,552,113	638,333
Sewer OWDA Loan 2013 - \$2,625,195 @ 3.15%	1,926,272	0	122,002	1,804,270	125,875
Sewer OWDA Loan 2019 - \$241,743 @ 2.87%	344,241	0	15,417	328,824	15,804
Sewer OWDA Loan 2020 - \$809,373 @ 0.87%	282,928	<u>429,028</u>	<u>18,622</u>	<u>693,334</u>	<u>37,488</u>
Total Sewer OWDA Loans	<u>9,156,697</u>	<u>429,028</u>	<u>912,937</u>	<u>8,672,788</u>	<u>968,851</u>
Storm Water OWDA Loan 2012 - \$333,431 @ 3.17%	168,406	0	23,722	144,684	24,479
Storm Water OWDA Loan 2013 - \$393,986 @ 3.92%	134,627	0	43,145	91,482	44,853
Total Storm Water OWDA Loans	<u>\$303,033</u>	<u>\$0</u>	<u>\$66,867</u>	<u>\$236,166</u>	<u>\$69,332</u>

(continued)

City of Zanesville, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

	Principal Outstanding 12/31/2020	Additions	Deletions	Principal Outstanding 12/31/2021	Amounts Due in One Year
Business-Type Activities: (Continued)					
<u>Net Pension Liability - OPERS</u>					
Sewer	\$1,921,697	\$0	\$344,376	\$1,577,321	\$0
Water	2,049,813	0	367,334	1,682,479	0
Sanitation	896,792	0	160,709	736,083	0
Total Net Pension Liability	4,868,302	0	872,419	3,995,883	0
<u>Net OPEB Liability - OPERS</u>					
Sewer	1,310,803	0	1,310,803	0	0
Water	1,398,189	0	1,398,189	0	0
Sanitation	611,707	0	611,707	0	0
Total Net OPEB Liability	3,320,699	0	3,320,699	0	0
Storm Water Financed Purchases Payable from Direct Borrowings	34,062	0	34,062	0	0
Water Financed Purchases Payable from Direct Borrowings	283,500	0	68,385	215,115	69,907
Sanitation Financed Purchases Payable from Direct Borrowings	70,972	0	70,972	0	0
Asset Retirement Obligation - Sewer	560,000	0	0	560,000	0
Compensated Absences Payable	550,614	288,036	323,786	514,864	159,154
Total Business-Type Activities	\$32,069,604	\$863,681	\$6,423,551	\$26,509,734	\$2,017,571

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 had entered into financed purchase agreements for a fire truck, radio equipment, street sweeper, medic truck, vactor truck, and two trucks for sanitation. 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. Principal payments made in 2021 totaled \$301,398 in Governmental Funds, \$68,385 in the Water Enterprise Fund, \$70,972 in the Sanitation Enterprise Fund, and \$34,062 in the Nonmajor Enterprise Fund. The financed purchases payable have been recorded on the proprietary fund statements.

During 2016, the City entered into a financed purchase for a street sweeper in the amount of \$209,802. Financed purchase payments are reflected as debt service expenditures in the Street Fund and Nonmajor Enterprise Fund in the amount of \$34,062, respectively. This agreement was paid in full during 2021.

City of Zanesville, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

During 2017, the City entered into a financed purchase agreement for a fire truck in the amount of \$581,293. The agreement provides for minimum annual finance payments as follows:

Year Ended	Governmental Activities Amount
2022	\$65,592
2023	65,592
2024	65,592
2025	65,592
2026	<u>43,732</u>
Total Minimum Finance Payments	306,100
Less: Amount Representing Interest	<u>(17,447)</u>
Present Value of Net Minimum Finance Payments	<u><u>\$288,653</u></u>

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

During 2017, the City entered into financed purchase agreements for a sanitation truck in the amount of \$347,385 and a truck for the sanitation department in the amount of \$161,090. These agreements were paid in full during 2021.

During 2018, the City entered into a financed purchase agreement for radio equipment for the fire and police departments in the amount of \$662,911. The agreement provides for minimum annual finance payments as follows:

Year Ended	Governmental Activities Amount
2022	\$141,037
Total Minimum Finance Payments	141,037
Less: Amount Representing Interest	<u>(4,360)</u>
Present Value of Net Minimum Finance Payments	<u><u>\$136,677</u></u>

The City's outstanding financed purchases from direct borrowings related to governmental activities for the radio equipment 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 radio equipment be returned, and if not returned, the radio equipment will be repossessed.

City of Zanesville, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

During 2020, the City entered into a financed purchase agreement for a medic truck for the fire department in the amount of \$237,992. The agreement provides for minimum annual finance payments as follows:

Year Ended	Governmental Activities Amount
2022	\$83,540
2023	<u>83,539</u>
Total Minimum Finance Payments	167,079
Less: Amount Representing Interest	<u>(6,368)</u>
Present Value of Net Minimum Finance Payments	<u><u>\$160,711</u></u>

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

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

Year Ended	Water Enterprise Fund Amount
2022	\$75,393
2023	75,393
2024	<u>75,392</u>
Total Minimum Finance Payments	226,178
Less: Amount Representing Interest	<u>(11,063)</u>
Present Value of Net Minimum Finance Payments	<u><u>\$215,115</u></u>

The City's outstanding financed purchases from direct borrowings related to business type activities for the sanitation 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 sanitation truck be returned, and if not returned, the sanitation truck will be repossessed.

Workers' Compensation Claims Payable - The City has a liability for workers' compensation as part of the State Workers' Compensation retrospective rating and payment program. The City will pay the claims from the General Fund.

City of Zanesville, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

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

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

Year	Principal	Interest
2022	\$110,000	\$69,662
2023	115,000	66,362
2024	115,000	62,912
2025	120,000	59,462
2026	125,000	55,862
2027-2031	675,000	218,314
2032-2036	<u>805,000</u>	<u>92,439</u>
	<u><u>\$2,065,000</u></u>	<u><u>\$625,013</u></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
2020	\$65,000	\$26,175
2023	70,000	23,445
2024	70,000	20,505
2025	70,000	17,565
2026	80,000	14,625
2027-2029	<u>245,000</u>	<u>22,275</u>
	<u><u>\$600,000</u></u>	<u><u>\$124,590</u></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 Loan - 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
2022	\$163,022	\$64,866
2023	167,950	59,938
2024	173,026	54,862
2025	178,255	49,633
2026	183,644	44,244
2027-2031	1,004,911	134,530
2032-2033	<u>331,829</u>	<u>10,004</u>
	<u><u>\$2,202,637</u></u>	<u><u>\$418,077</u></u>

City of Zanesville, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

SIB Loan - During 2013, the City entered into a loan agreement with the Ohio Department of Transportation through the State Infrastructure Bank. These proceeds were used to complete the State Street Bridge project. The loan was issued at 3 percent and will mature in 2022, with a final principal and interest payment of \$5,470 and \$82, respectively.

SIB Loan - 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 Governmental Fund as well as the Storm Water (Nonmajor) Enterprise Fund due to the City having to install a storm water system under the replaced roadway. The loan was issued at 3 percent and is to be paid over ten years. A summary of the principal and interest requirements to retire this loan is as follows:

Year	Governmental Activities		Storm Water Fund		Total Principal	Total Interest
	Principal	Interest	Principal	Interest		
2022	\$26,073	\$7,752	\$55,405	\$16,473	\$81,478	\$24,225
2023	26,861	6,964	57,080	14,799	83,941	21,763
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
2027-2029	93,584	7,928	194,753	16,847	288,337	24,775
	<u>\$232,071</u>	<u>\$38,566</u>	<u>\$489,039</u>	<u>\$81,954</u>	<u>\$721,110</u>	<u>\$120,520</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 - \$36,000 has been recorded as intangible right to use lease in the Governmental Activities capital assets. Due to the implementation of GASB Statement No. 87, this lease for property met the criteria of a lease thus requiring it to be recorded by the City. This asset will be amortized over the lease term since it is shorter than the useful life due to the City not taking ownership of the property. The lease will end in 2024. The remaining principal and interest amount is \$33,000 for the remaining lease.

OPWC Loan - 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
2022	\$38,587
2023	38,587
2024	38,587
2025	38,587
2026	19,292
	<u>\$173,640</u>

The City's outstanding OPWC loans from direct borrowings related to governmental activities of \$173,640 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.

City of Zanesville, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

OPWC Loan - 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
2022	\$63,747
2023	63,746
2024	63,746
2025	63,746
2026	63,746
2027-2031	318,730
2032-2034	159,370
	<hr/> <hr/> <hr/> <hr/> <hr/>
	\$796,831

OPWC Loan - 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
2022	\$45,739
2023	45,739
2024	45,739
2025	45,739
2026	45,739
2027-2031	228,694
2032-2036	182,954
	<hr/> <hr/> <hr/> <hr/> <hr/>
	\$640,343

The City's outstanding OPWC loans from direct borrowings related to business-type activities of \$1,437,174 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 three 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. (Estimates have been used to calculate due in one year.) 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:

City of Zanesville, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

Year	Sewer		Water		Storm Water	
	Principal	Interest	Principal	Interest	Principal	Interest
2022	\$968,851	\$321,191	\$585,436	\$226,388	\$69,332	\$27,631
2023	961,086	282,240	593,751	236,731	71,891	26,637
2024	918,977	244,181	604,019	226,467	26,069	26,099
2025	922,615	207,086	614,627	215,863	26,902	26,902
2026	960,713	168,976	625,586	204,905	27,761	27,761
2027-2031	3,430,230	326,756	3,181,379	846,967	14,211	14,212
2032-2036	664,301	41,171	2,135,193	530,996	0	0
2037-2041	132,346	4,360	1,996,782	192,724	0	0
	<u>\$8,959,119</u>	<u>\$1,595,961</u>	<u>\$10,336,773</u>	<u>\$2,681,041</u>	<u>\$236,166</u>	<u>\$149,242</u>

The City's outstanding OWDA loans from direct borrowings related to business type activities of \$19,297,659 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.

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 2033. 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 \$9,084,011. Principal and interest payments for the current year were \$1,268,288, net revenues were \$2,938,496, and total revenues were \$7,086,475.

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 bonds is \$11,325,561. Principal and interest payments for the current year were \$900,211, net revenues were \$2,532,491, and total revenues were \$6,025,093.

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 2029. 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 bonds is \$385,408. Principal and interest payments for the current year were \$246177, net revenues were \$1,391,144, and total revenues were \$1,352,449.

Debt Margin - As of December 31, 2021, the City's overall legal debt margin (the ability to issue additional amounts of general obligation bonded debt) was \$38,134,774.

City of Zanesville, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

NOTE 18 - INTERFUND TRANSFERS AND BALANCES

Transfers

Interfund transfers during 2021 consisted of the following:

Transfers from	Transfers to				
	Major Fund		Other	Internal Service Fund	
	Police Expenditure	Fire Operating		Nonmajor Governmental	Vehicle Maintenance
Major Fund:					
General	<u>\$1,837,440</u>	<u>\$3,685,926</u>	<u>\$2,572,135</u>	<u>\$353,204</u>	<u>\$8,448,705</u>

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, 2021, consist of the following individual interfund receivables and payables:

Interfund Payable	Interfund Receivable			
	Major Fund		Other Governmental	Internal Service
	General	General		
Major Governmental Funds:				
General	\$0	\$0	\$62,666	\$62,666
Police Expenditure	0	0	105,725	105,725
Fire Operating	1	56,000	45,675	101,676
Other Governmental	325	0	52,934	53,259
Major Enterprise Funds:				
Sewer	2	0	49,821	49,823
Water	782	0	38,368	39,150
Sanitation	2	0	21,210	21,212
Internal Service	1	0	53,191	53,192
Total All Funds	<u>\$1,113</u>	<u>\$56,000</u>	<u>\$429,590</u>	<u>\$486,703</u>

City of Zanesville, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

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 Funds are a result of the liability from City Funds to those funds for services that were provided to the corresponding funds.

Certain interfund receivable/payables of a longer term repayment schedule also exist. The Cemetery Endowment Fund provided an interfund loan to the Fire Operating Special Revenue Fund in the amount of \$482,021 in 2013 for the purchase of a fire truck. As of December 31, 2021, the remaining balance is \$56,000. The Debt Service Fund will make repayments on the loan from portions of tax revenue.

NOTE 19 - ASSET RETIREMENT OBLIGATIONS

The Governmental Accounting Standard Board's (GASB) Statement No. 83, Certain Asset Retirement Obligations, provides guidance related to asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. State and/or federal laws and regulations require the City to go through a decommissioning process if their waste water treatment facilities were to close. Through this decommissioning process, the City would be responsible to remediate any public safety issues associated with their waste water treatment facilities. The City Public Service Director estimates these public safety issues to include cleaning/removing certain equipment and backfilling certain exposed areas. These assets retirement obligations (ARO) of \$560,000 associated with the City's waste water treatment facilities were estimated by the City Public Service Director. The remaining useful life of these facilities range from 28 to 46 years.

NOTE 20 – ACCOUNTABILITY

The Cemetery Endowment Fund had a deficit fund balance as of December 31, 2021 in the amount of \$13,941. These types of deficits are 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 21 - JOINTLY GOVERNED ORGANIZATIONS

Ohio Mid-Eastern Governments Association (OMEGA)

The Ohio Mid-Eastern Governments Association (OMEGA) is a ten-county regional council of governments comprised of Belmont, Carroll, Coshocton, Columbiana, Guernsey, Harrison, Holmes, Jefferson, Muskingum, and Tuscarawas Counties. OMEGA was formed to aid and assist the participating counties in the application for Appalachian Regional Commission and Economic Development grant monies. OMEGA is governed by a twenty-one member executive board comprised of members appointed from each participating county and cities within each county. City membership is voluntary. The mayor of the City of Zanesville serves as the City's representative on the board. The board exercises total control over the operations of OMEGA including budgeting, appropriating, contracting, and designating management. Each participant's degree of control is limited to its representation on the Board. Each member currently pays a nine cent per capita membership fee based upon the most recent U.S. census. During 2021, the City paid \$3,823 in membership dues to OMEGA. OMEGA has no outstanding debt. Financial information can be obtained from the Ohio Mid-Eastern Governments Association, 326 Highland Avenue, Suite B, Cambridge, Ohio 43725.

City of Zanesville, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

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 2021, 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 2021, the Authority received \$497,335 from excise taxes and rental income. The Authority has no outstanding debt. Complete financial information can be obtained from the Zanesville/Muskingum Conventions Facility Authority, 205 North Fifth Street, Zanesville, Ohio 43701.

Zanesville Metropolitan Housing Authority

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

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

City of Zanesville, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

appointed by the Mayor of the City of Zanesville, and one member appointed by the above appointed ten members. The Center was the recipient of support from the Muskingum County Senior Services Levy. Additional revenue is provided through contracts with the Area Agency on Aging. Continued existence of the Center is not dependent upon the City's continued participation, no equity interest exists, and no debt is outstanding.

Muskingum County Land Reutilization Corporation

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

NOTE 22 - JOINT VENTURES

Zanesville, South Zanesville and Springfield Joint Economic Development District

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

The City and the Village of South Zanesville appoint one member jointly, Springfield Township appoints one member, and these two JEDD members jointly appoint the third member of the JEDD. The JEDD's board exercises total control over the budgeting, appropriation, contacting, and management. The JEDD's board, pursuant to Revised Code Section 715.72 has implemented a 1.7 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

City of Zanesville, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

budgeting, appropriation, contacting, and management. The JEDD's board, pursuant to Revised Code Section 715.72 has implemented a 1.7 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 1.7 percent income tax that will be used for the purposes of the JEDD. The continued existence of the JEDD is dependent upon the continued participation by the City and Township; however, the City or Township does not have an equity interest in the JEDD. The JEDD is not accumulating significant financial resources and is not experiencing fiscal distress that may cause an additional financial burden on the City. The City serves as fiscal agent for the JEDD. Complete financial information can be obtained from the Zanesville-Newton Township Joint Economic Development District, Zanesville, Ohio.

Zanesville-Perry Township Joint Economic Development District

Zanesville-Perry Township Joint Economic Development District (JEDD) was created by contract during 2020 pursuant to Revised Code Section 715.72. The JEDD was created to facilitate economic development to create or preserve jobs and employment opportunities and to improve the economic welfare of the people in the State, the County, the City, the Township, the Zanesville-Muskingum County Port Authority, and the JEDD. The JEDD is operated by a three member board. The City and Perry Township each appoint one member and these two JEDD members jointly appoint the third member of the JEDD. The JEDD's board exercises total control the budgeting, appropriation, contacting, and management. The JEDD's board, pursuant to Revised Code Section 715.72 has implemented a 1.7 percent income tax that will be used for the purposes of the JEDD. The continued existence of the JEDD is dependent upon the continued participation by the City and Township; however, the City or Township does not have an equity interest in the JEDD. The JEDD is not accumulating significant financial resources and is not experiencing fiscal distress that may cause an additional financial burden on the City. The City serves as fiscal agent for the JEDD. Complete financial information can be obtained from the Zanesville-Perry Township Joint Economic Development District, Zanesville, Ohio.

City of Zanesville, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

NOTE 23 - RELATED ORGANIZATION

South East Area Transit Authority

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

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

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

NOTE 24 - NOTES PAYABLE

Changes in short-term obligation of the City for the year ended December 31, 2021 were as follows:

	Outstanding 12/31/2020	Additions	Deletions	Outstanding 12/31/2021
Governmental Activities:				
2020 Ohio National Road Business Park Infrastructure Notes - 2%	\$1,512,300	\$0	\$1,512,300	\$0
2021 Ohio National Road Business Park Infrastructure Notes - 2%	0	1,525,000	0	1,525,000
	<u>\$1,512,300</u>	<u>\$1,525,000</u>	<u>\$1,512,300</u>	<u>\$1,525,000</u>

The 2020 Ohio National Road Business Park Infrastructure Notes issued on July 30, 2020, for \$1,512,300, which matured during 2021. The 2021 Ohio National Road Business Park Infrastructure Notes issued on July 30, 2021, for \$1,525,000. 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.

City of Zanesville, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

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, 2021.

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 of 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the City. The City's investment portfolio fluctuates with market conditions, and due to market volatility, the amount of gains or losses that will be realized in subsequent periods, if any, cannot be determined. In addition, the impact on the City's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated. Additional funding will be available through the Consolidated Appropriations Act, 2021, passed by Congress on December 21, 2020 and/or the American Rescue Plan Act, passed by Congress on March 11, 2021.

**Required
Supplementary
Information**

City of Zanesville, Ohio
Required Supplementary Information
Schedule of the City's Proportionate Share of the
Net Pension Liability
Ohio Public Employees Retirement System - Traditional Plan
Last Eight Years (1)

	2021	2020	2019	2018
City's Proportion of the Net Pension Liability	0.071013%	0.064816%	0.065367%	0.065310%
City's Proportionate Share of the Net Pension Liability	\$10,515,482	\$12,811,321	\$17,902,697	\$10,245,871
City's Covered Payroll	\$10,001,814	\$9,119,543	\$8,828,986	\$8,630,777
City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	105.14%	140.48%	202.77%	118.71%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	86.88%	82.17%	74.70%	84.66%

(1) Although this schedule is intended to reflect information for ten years, information prior to 2014 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.

2017	2016	2015	2014
0.066385%	0.068924%	0.068205%	0.068205%
\$15,074,904	\$11,938,507	\$8,226,286	\$8,040,481
\$8,581,633	\$8,579,733	\$8,362,000	\$8,490,462
175.66%	139.15%	98.38%	94.70%
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 Five Years (1)

	2021	2020	2019	2018	2017
City's Proportion of the Net OPEB Liability / Asset	0.0696220%	0.0632660%	0.0636110%	0.0633900%	0.0642400%
City's Proportionate Share of the Net OPEB Liability (Asset)	(\$1,240,372)	\$8,738,679	\$8,293,372	\$6,883,686	\$6,488,458
City's Covered Payroll	\$10,624,856	\$10,453,343	\$10,117,787	\$9,804,778	\$9,634,896
City's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered Payroll	-11.67%	83.60%	81.97%	70.21%	67.34%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	115.57%	47.80%	46.33%	54.14%	54.04%

(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.

This page intentionally left blank.

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 Eight Years (1)

	2021	2020	2019	2018
City's Proportion of the Net Pension Liability	0.3165225%	0.2965233%	0.3001160%	0.2925050%
City's Proportionate Share of the Net Pension Liability	\$21,577,623	\$19,975,393	\$24,497,396	\$17,952,353
City's Covered Payroll	\$7,176,412	\$7,036,889	\$6,695,669	\$6,374,377
City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	300.67%	283.87%	365.87%	281.63%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	70.65%	69.89%	63.07%	70.91%

(1) Although this schedule is intended to reflect information for ten years, information prior to 2014 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.

2017	2016	2015	2014
0.2955580%	0.3133700%	0.3125626%	0.3125626%
\$18,720,348	\$20,159,310	\$16,192,046	\$15,222,779
\$6,311,524	\$6,341,694	\$6,161,926	\$5,312,905
296.61%	317.89%	262.78%	286.52%
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 Five Years (1)

	2021	2020	2019	2018	2017
City's Proportion of the Net OPEB Liability	0.3165225%	0.2965233%	0.3001160%	0.2925050%	0.2955580%
City's Proportionate Share of the Net OPEB Liability	\$3,353,607	\$2,928,978	\$2,733,017	\$16,572,924	\$14,029,474
City's Covered Payroll	\$7,176,412	\$7,036,889	\$6,695,669	\$6,374,377	\$6,311,524
City's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	46.73%	41.62%	40.82%	259.99%	222.28%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	69.89%	47.08%	46.57%	14.13%	15.96%

(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.

This page intentionally left blank.

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

	2021	2020	2019	2018
Net Pension Liability - Traditional Plan				
Contractually Required Contribution	\$1,413,743	\$1,400,254	\$1,276,736	\$1,236,058
Contributions in Relation to the Contractually Required Contribution	<u>(1,413,743)</u>	<u>(1,400,254)</u>	<u>(1,276,736)</u>	<u>(1,236,058)</u>
Contribution Deficiency (Excess)	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>
City Covered Payroll	\$10,098,164	\$10,001,814	\$9,119,543	\$8,828,986
Pension Contributions as a Percentage of Covered Payroll	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>
Net OPEB Liability - OPEB Plan				
Contractually Required Contribution	\$17,099	\$18,531	\$15,261	\$13,794
Contributions in Relation to the Contractually Required Contribution	<u>(17,099)</u>	<u>(18,531)</u>	<u>(15,261)</u>	<u>(13,794)</u>
Contribution Deficiency (Excess)	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>
City Covered Payroll (3)	\$11,466,311	\$11,562,661	\$10,453,343	\$10,117,787
OPEB Contributions as a Percentage of Covered Payroll	<u>0.15%</u>	<u>0.16%</u>	<u>0.15%</u>	<u>0.14%</u>

- (1) Information prior to 2013 is not available for traditional plan.
- (2) 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.
- (3) 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.

2017	2016	2015	2014	2013
\$1,122,001	\$1,029,796	\$1,029,568	\$1,003,440	\$1,103,760
(1,122,001)	(1,029,796)	(1,029,568)	(1,003,440)	(1,103,760)
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$8,630,777	\$8,581,633	\$8,579,733	\$8,362,000	\$8,490,462
<u>13.00%</u>	<u>12.00%</u>	<u>12.00%</u>	<u>12.00%</u>	<u>13.00%</u>
 \$23,608	 \$31,980			
<u>(23,608)</u>	<u>(31,980)</u>			
<u>\$0</u>	<u>\$0</u>			
\$9,804,778	\$9,634,896			
<u>0.24%</u>	<u>0.33%</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

	2021	2020	2019	2018	2017
Net Pension Liability					
Contractually Required Contribution	\$1,590,947	\$1,521,672	\$1,489,766	\$1,419,118	\$1,351,485
Contributions in Relation to the Contractually Required Contribution	(1,590,947)	(1,521,672)	(1,489,766)	(1,419,118)	(1,351,485)
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
City Covered Payroll (1)	\$7,489,513	\$7,176,412	\$7,036,889	\$6,695,669	\$6,374,377
Pension Contributions as a Percentage of Covered Payroll	<u>21.24%</u>	<u>21.20%</u>	<u>21.17%</u>	<u>21.19%</u>	<u>21.20%</u>
Net OPEB Liability					
Contractually Required Contribution	\$37,448	\$35,882	\$35,184	\$33,479	\$31,872
Contributions in Relation to the Contractually Required Contribution	(37,448)	(35,882)	(35,184)	(33,479)	(31,872)
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>21.74%</u>	<u>21.70%</u>	<u>21.67%</u>	<u>21.69%</u>	<u>21.70%</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.

2016	2015	2014	2013	2012
\$1,341,260	\$1,347,036	\$1,308,054	\$963,099	\$794,724
(1,341,260)	(1,347,036)	(1,308,054)	(963,099)	(794,724)
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$6,311,524	\$6,341,694	\$6,161,926	\$5,312,905	\$5,276,839
<u>21.25%</u>	<u>21.24%</u>	<u>21.23%</u>	<u>18.13%</u>	<u>15.06%</u>
\$31,558	\$31,708	\$30,809	\$192,150	\$356,187
(31,558)	(31,708)	(30,809)	(192,150)	(356,187)
<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>3.62%</u>	<u>6.75%</u>
<u>21.75%</u>	<u>21.74%</u>	<u>21.73%</u>	<u>21.75%</u>	<u>21.81%</u>

See accountant's compilation report.

City of Zanesville, Ohio
Notes to the Required Supplementary Information
For the Year Ended December 31, 2021

Changes in Assumptions – OPERS Pension – Traditional Plan

Amounts reported beginning in 2019 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:

	2019	2018 and 2017	2016 and prior
Wage Inflation	3.25 percent	3.25 percent	3.75 percent
Future Salary Increases, including 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 see below	3 percent, simple see below	3 percent, simple see below
Post-January 7, 2013 Retirees			
Investment Rate of Return	7.2 percent	7.5 percent	8 percent
Actuarial Cost Method	Individual Entry Age	Individual Entry Age	Individual Entry Age

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

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

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

Amounts reported beginning in 2017 use pre-retirement mortality rates are based on the RP-2014 Employees mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates are based on the RP-2014 Healthy Annuitant mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates for disabled retirees are based on the RP-2014 Disabled mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Mortality rates for a particular calendar year are determined by applying the MP-2015 mortality improvement scale to all of 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.

City of Zanesville, Ohio
Notes to the Required Supplementary Information
For the Year Ended December 31, 2021

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	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

Amounts reported beginning in 2018 use valuation, 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/Conduent 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

Amounts reported beginning in 2018 use valuation, 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/Conduent 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

Amounts reported for 2017 and prior use valuation, rates of death were based on the RP2000 Combined Table, age-adjusted as follows. For active members, set back six years. For disability retirements, set forward five years for police and three years for firefighters. For service retirements, set back zero years for police and two years for firefighters. For beneficiaries, set back zero years. The rates are applied on a fully generational basis, with a base year of 2009, using mortality improvement Scale AA.

City of Zanesville, Ohio
Notes to the Required Supplementary Information
For the Year Ended December 31, 2021

Changes in Assumptions – OPERS OPEB

Investment Return Assumption:	
Beginning in 2019	6.00 percent
2018	6.50 percent
Municipal Bond Rate:	
2021	2.00 percent
2020	2.75 percent
2019	3.71 percent
2018	3.31 percent
Single Discount Rate:	
2021	6.00 percent
2020	3.16 percent
2019	3.96 percent
2018	3.85 percent
Health Care Cost Trend Rate:	
2021	8.5 percent, initial
2020	3.5 percent, ultimate in 2035
2019	10.5 percent, initial
2018	3.5 percent, ultimate in 2030
	10.0 percent, initial
	3.25 percent, ultimate in 2029
	7.5 percent, initial
	3.25 percent, ultimate in 2028

Changes in Assumptions – OP&F OPEB

Blended Discount Rate:	
2021	2.96 percent
2020	3.56 percent
2019	4.66 percent
2018	3.24 percent

Changes in Benefit Terms – OPERS OPEB

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

Changes in Benefit Terms – OP&F OPEB

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