



OHIO AUDITOR OF STATE
KEITH FABER



**ZANESVILLE CITY SCHOOL DISTRICT
MUSKINGUM COUNTY
JUNE 30, 2025**

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MUSKINGUM COUNTY
JUNE 30, 2025**

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OHIO AUDITOR OF STATE KEITH FABER



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INDEPENDENT AUDITOR'S REPORT

Zanesville City School District
Muskingum County
956 Moxahala Avenue
Zanesville, Ohio 43701

To the Board of Education:

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Zanesville City School District, Muskingum County, Ohio (District), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the Table of Contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Zanesville City School District, Muskingum County, Ohio as of June 30, 2025, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparisons for the General Fund and Miscellaneous Federal Grants Fund for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Emphasis of Matter

As discussed in Note 3 to the financial statements, during 2025, the District adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences*. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Supplementary Information

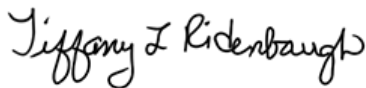
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The Schedule of Expenditures of Federal Awards as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards is presented for purposes of additional analysis and is not a required part of the basic financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 27, 2026, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

KEITH FABER
Ohio Auditor of State



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

March 27, 2026

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ZANESVILLE CITY SCHOOL DISTRICT, OHIO

Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2025

Unaudited

This discussion and analysis of Zanesville City School District's (the District) financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2025. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the financial statements and notes to the basic financial statements to enhance their understanding of the District's financial performance.

FINANCIAL HIGHLIGHTS

Key financial highlights for fiscal year 2025 are as follows:

- ❑ Net position increased \$9,049,460, or 30.2% during fiscal year 2025.
- ❑ General revenues accounted for \$45,906,968 of revenue or 69.1% of all revenues. Program specific revenues in the form of charges for services and sales and operating grants and contributions accounted for \$20,527,690 or 30.9% of total revenues of \$66,434,658.
- ❑ The District had \$57,385,198 in expenses related to governmental activities; only \$20,527,690 of these expenses were offset by program specific charges for services and sales, operating grants or contributions. General revenues of \$45,906,968 also provided for these programs.
- ❑ The general fund had \$49,738,758 in revenues and \$46,609,095 in expenditures and other financing uses. The general fund's fund balance increased \$3,129,663 to an ending balance of \$12,683,912.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of two parts – *management's discussion and analysis* and the *basic financial statements*. The basic financial statements include two kinds of statements that present different views of the District:

These statements are as follows:

1. *The Government-Wide Financial Statements* – These statements provide both long-term and short-term information about the District's overall financial status.
2. *The Fund Financial Statements* – These statements focus on individual parts of the District, reporting the District's operations in more detail than the government-wide statements.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data.

ZANESVILLE CITY SCHOOL DISTRICT, OHIO

***Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2025***

Unaudited

Government-wide Statements

The government-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the District's assets, liabilities, and deferred outflows/inflows of resources. All of the current fiscal year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the District's net position and how it has changed. Net position is one way to measure the District's financial health.

- Over time, increases or decreases in the District's net position is an indicator of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the District you need to consider additional nonfinancial factors such as the property tax base, current property tax laws, student enrollment growth, and facility conditions.

The government-wide financial statements of the District reflect the following category for its activities:

- *Governmental Activities* – Most of the District's programs and services are reported here including instruction, support services, operation and maintenance of plant, pupil transportation, extracurricular activities, and food service operations.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's most significant funds, not the District as a whole. Funds are accounting devices that the District uses to keep track of specific sources of funding and spending for particular purposes.

Governmental Funds – Most of the District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at fiscal year-end available for spending in future periods. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is reconciled in the financial statements.

Proprietary Funds – The District uses an internal service fund to report activities that provide services for the District's other programs and activities. The District's medical, dental, and prescription drug self insurance program is reported in an internal service fund. Proprietary funds are reported in the same manner that all activities are reported in the Statement of Net Position and the Statement of Activities.

ZANESVILLE CITY SCHOOL DISTRICT, OHIO

Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2025

Unaudited

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE

The following table provides a summary of the District's net position for fiscal year 2025 compared to fiscal year 2024.

	Governmental Activities	
	2025	2024
Current and Other Assets	\$36,420,977	\$34,299,269
Net OPEB Asset	2,708,333	2,747,349
Capital Assets, Net	74,543,326	68,822,993
Total Assets	113,672,636	105,869,611
Deferred Outflows of Resources	10,489,345	11,694,888
Net Pension Liability	37,154,756	41,466,841
Net OPEB Liability	1,959,713	3,259,370
Other Long-term Liabilities	19,774,134	15,800,476
Other Liabilities	7,104,924	7,387,372
Total Liabilities	65,993,527	67,914,059
Deferred Inflows of Resources	19,108,773	14,169,980
Net Position		
Net Investment in Capital Assets	65,816,351	57,608,800
Restricted	9,009,641	8,980,151
Unrestricted (Deficit)	(35,766,311)	(31,108,491)
Total Net Position	\$39,059,681	\$35,480,460

The net pension liability is reported by the District pursuant to GASB Statement 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27." The net OPEB liability/asset is reported by the District pursuant to GASB Statement 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions." For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the District's actual financial condition by adding deferred inflows of resources related to pension and OPEB, the net pension liability and the net OPEB liability to the reported net position and subtracting deferred outflows of resources related to pension and OPEB and the net OPEB asset.

ZANESVILLE CITY SCHOOL DISTRICT, OHIO

Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2025

Unaudited

Governmental Accounting Standards Board standards are national and apply to all government financial reports prepared in accordance with accounting principles generally accepted in the United States of America. Prior accounting for pensions (GASB 27) and postemployment benefits (GASB 45) focused on a funding approach. This approach limited pension and OPEB costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's *net pension liability* or *net OPEB liability/asset*. GASB 68 and GASB 75 take an earnings approach to pension and OPEB accounting; however, the nature of Ohio's statewide pension/OPEB plans and state law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

GASB 68 and GASB 75 require the net pension liability and the net OPEB liability/asset to equal the District's proportionate share of each plan's collective:

1. Present value of estimated future pension/OPEB benefits attributable to active and inactive employees' past service.
2. Minus plan assets available to pay these benefits.

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 District 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.

The employee enters the employment exchange with the knowledge that the employer's promise is limited not by contract but by law. The employer enters the exchange also knowing that there is a specific, legal limit to its contribution to the retirement system. In Ohio, there is no legal means to enforce the unfunded liability of the pension/OPEB plan *as against the public employer*. State law operates to mitigate/lessen the moral obligation of the public employer to the employee, because all parties enter the employment exchange with notice as to the law. The retirement system is responsible for the administration of the pension and OPEB plans.

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/asset. 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/asset are satisfied, these liabilities are separately identified within the long-term liability section of the statement of net position.

ZANESVILLE CITY SCHOOL DISTRICT, OHIO

Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2025

Unaudited

In accordance with GASB 68 and GASB 75, the District'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/asset, respectively, not accounted for as deferred inflows/outflows of resources.

Changes in Net Position – The following table shows the changes in net position for fiscal year 2025 compared to fiscal year 2024:

	Governmental Activities		Increase (Decrease)
	2025	2024	
Revenues			
Program Revenues:			
Charges for Services and Sales	\$2,002,238	\$2,305,303	(\$303,065)
Operating Grants and Contributions	18,525,452	22,038,304	(3,512,852)
Total Program Revenues	20,527,690	24,343,607	(3,815,917)
General Revenues and Extraordinary Item:			
Property Taxes	16,520,372	12,599,818	3,920,554
Grants and Entitlements	26,423,297	26,321,106	102,191
Investment Earnings	548,015	600,669	(52,654)
Miscellaneous	2,415,284	2,029,091	386,193
Total General Revenues and Extraordinary Item	45,906,968	41,550,684	4,356,284
Total Revenues	66,434,658	65,894,291	540,367
Program Expenses			
Instruction:			
Regular	17,413,830	20,270,681	(2,856,851)
Special	13,656,857	13,286,651	370,206
Vocational	28,864	121,194	(92,330)
Intervention	2,110,672	274,948	1,835,724
Support Services:			
Pupils	2,758,301	3,000,579	(242,278)
Instructional Staff	1,542,954	2,064,188	(521,234)
Board of Education	198,720	117,054	81,666
Administration	3,764,162	3,868,304	(104,142)
Fiscal Services	761,555	703,296	58,259
Operation and Maintenance of Plant	5,082,989	5,410,612	(327,623)
Pupil Transportation	2,145,446	2,130,097	15,349
Central	975,824	761,952	213,872
Operation of Non-Instructional:			
Food Service Operations	3,483,587	3,461,210	22,377
Other	2,099,153	1,691,228	407,925
Extracurricular Activities	1,058,212	944,657	113,555
Interest and Fiscal Charges	304,072	275,414	28,658
Total Expenses	57,385,198	58,382,065	(996,867)
Change in Net Position	9,049,460	7,512,226	1,537,234
Net Position as Previously Reported	35,480,460	0	35,480,460
Change in Accounting Principle (GASB 101)	(5,470,239)	0	(5,470,239)
Beginning Net Position, Restated	30,010,221	27,968,234	2,041,987
Ending Net Position	\$39,059,681	\$35,480,460	\$3,579,221

ZANESVILLE CITY SCHOOL DISTRICT, OHIO

Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2025

Unaudited

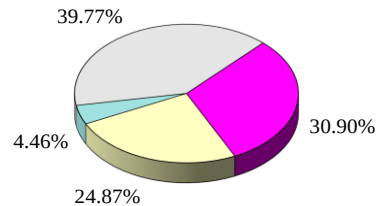
Governmental Activities

Net position of the District's governmental activities increased \$9,049,460, which can be attributed mainly to revenues continuing to outpace expenses. Increases in taxes and miscellaneous revenues helped offset decreases in operating grant revenues.

The unique nature of property taxes in Ohio creates the need to routinely seek voter approval for operating funds. In general, the overall revenue generated by the levy will not increase solely as a result of inflation. As an example, a homeowner with a home valued at \$100,000 and taxed at 1.0 mill would pay \$35.00 annually in taxes. If three years later the home were reappraised and increased to \$200,000 (and this inflationary increase in value is comparable to other property owners) the effective tax rate would become .5 mills and the owner would still pay \$35.00.

Property taxes made up 24.87% of revenues for Zanesville City Schools in fiscal year 2025. The District's reliance upon tax revenues is demonstrated by the following graph:

Revenue Sources	2025	Percent of Total
General Grants	\$26,423,297	39.77%
Program Revenues	20,527,690	30.90%
General Tax Revenues	16,520,372	24.87%
General Other	2,963,299	4.46%
Total Revenue	<u>\$66,434,658</u>	<u>100.00%</u>



FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT'S FUNDS

The District's governmental funds reported a combined fund balance of \$17,788,584, which is above last fiscal year's restated balance of \$15,968,899. The schedule below indicates the fund balance and the total change in fund balance as of June 30, 2025 and 2024.

	Fund Balance June 30, 2025	Restated Fund Balance June 30, 2024	Increase (Decrease)
General	\$12,683,912	\$9,554,249	\$3,129,663
Miscellaneous Federal Grants	(27,582)	1,209,163	(1,236,745)
Bond Retirement	3,444,946	3,176,948	267,998
Other Governmental	1,687,308	2,028,539	(341,231)
Total	<u>\$17,788,584</u>	<u>\$15,968,899</u>	<u>\$1,819,685</u>

ZANESVILLE CITY SCHOOL DISTRICT, OHIO

Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2025

Unaudited

General Fund – The tables that follow assist in illustrating the financial activities and balance of the General Fund:

	2025	2024	Increase
	<u>Revenues</u>	<u>Revenues</u>	<u>(Decrease)</u>
Property Taxes	\$13,845,071	\$10,129,372	\$3,715,699
Tuition	688,531	744,933	(56,402)
Investment Earnings	547,687	600,117	(52,430)
Extracurricular Activities	88,235	89,484	(1,249)
Intergovernmental	32,153,950	30,571,043	1,582,907
All Other Revenue	<u>2,415,284</u>	<u>2,029,091</u>	<u>386,193</u>
Total	<u><u>\$49,738,758</u></u>	<u><u>\$44,164,040</u></u>	<u><u>\$5,574,718</u></u>

General Fund revenues in fiscal year 2025 increased 12.6% compared to revenues in fiscal year 2024. Property taxes accounted for the majority of the increase. The increase in intergovernmental revenues can be attributed to a change in the state funding formula for 2025 and less COVID related grant revenues.

	2025	2024	Increase
	<u>Expenditures</u>	<u>Expenditures</u>	<u>(Decrease)</u>
Instruction:			
Regular	\$14,566,831	\$16,101,255	(\$1,534,424)
Special	9,331,164	8,546,588	784,576
Vocational	17,621	152,154	(134,533)
Intervention	2,108,690	284,250	1,824,440
Supporting Services:			
Pupils	2,806,821	2,940,647	(133,826)
Instructional Staff	1,088,319	777,614	310,705
Board of Education	111,813	117,261	(5,448)
Administration	3,746,658	3,519,603	227,055
Fiscal Services	723,180	649,462	73,718
Operation and Maintenance of Plant	5,341,585	9,151,283	(3,809,698)
Pupil Transportation	1,991,343	1,940,021	51,322
Central	921,237	700,608	220,629
Operation of Non-Instructional:			
Other	1,576,161	1,308,694	267,467
Extracurricular Activities	781,068	607,615	173,453
Capital Outlay	1,477,531	0	1,477,531
Debt Service			
Principal Retirement	0	49,402	(49,402)
Interest and Fiscal Charges	<u>0</u>	<u>2,269</u>	<u>(2,269)</u>
Total	<u><u>\$46,590,022</u></u>	<u><u>\$46,848,726</u></u>	<u><u>(\$258,704)</u></u>

ZANESVILLE CITY SCHOOL DISTRICT, OHIO

Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2025

Unaudited

General Fund expenditures decreased \$258,704, or approximately .6%. Regular Instruction decreased in 2025 due to a reduction in regular staff through attrition. Operation and Maintenance of Plant also decreased due to the repair and replacement of several building roofs in 2024 caused by storm damage and the partial reclassification of expenditures to Capital Outlay in 2025. Special Instruction expenditures increased over 2024 levels as the number of students receiving these services has increased. Various expenditure functions changed due to reallocation of expenditures with the receipt of grant monies and new funds.

Miscellaneous Federal Grant Fund – This fund reported a decrease in fund balance of 102.3% mainly due to the timing of the reimbursement of federal expenditures.

Bond Retirement Fund – The Bond Retirement Fund reported an increase in fund balance of 8.4%. This fund will vary fiscal year to fiscal year dependent upon the required debt service.

The District'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 fiscal year 2025 the District amended its General Fund budget several times.

For the General Fund, final revenue estimates increased \$2,980,825 compared to original revenue estimates. Final budgeted expenditures increased \$2,294,173 when compared to original budgeted amounts. The General Fund had an adequate fund balance to cover expenditures.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal year 2025 the District had \$74,543,326 net of accumulated depreciation invested in land, buildings, improvements, machinery, equipment, vehicles and SBITA assets. The following table shows fiscal year 2025 and 2024 balances:

	Governmental Activities		Increase (Decrease)
	2025	2024	
Land	\$2,030,284	\$2,030,284	\$0
Land Improvements	68,107	68,107	0
Construction in Progress	14,749,998	6,063,906	8,686,092
Buildings and Building Improvements	96,088,458	95,950,148	138,310
Improvements Other Than Buildings	5,809,238	5,737,868	71,370
Furniture, Fixtures, Equipment & Vehicles	8,057,214	7,652,798	404,416
SBITA Assets	0	113,590	(113,590)
Less: Accumulated Depreciation	(52,259,973)	(48,793,708)	(3,466,265)
Totals	\$74,543,326	\$68,822,993	\$5,720,333

Significant capital asset activity consisted of construction in progress and furniture, fixtures, equipment and vehicles. Additional information on the District's capital assets can be found in Note 9.

ZANESVILLE CITY SCHOOL DISTRICT, OHIO

Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2025

Unaudited

Debt and Other Long-term Obligations

The following table summarizes the District's debt outstanding as of June 30, 2025 and 2024:

	2025	2024
Governmental Activities:		
General Obligation Bonds	\$11,204,242	\$13,420,420
Compensated Absences	8,569,892	2,380,056
Totals	\$19,774,134	\$15,800,476

Under current state statutes, the District's general obligation bonded debt issues are subject to a legal limitation based on 9% of the total assessed value of real and personal property. At June 30, 2025, the District's outstanding debt was below the legal limit. Additional information on the District's long-term debt can be found in Note 13.

ECONOMIC FACTORS

During fiscal year 2025, the District did not receive all revenues with regards to the current Ohio Department of Education funding formula. This means that although the new funding formula indicates a certain revenue amount allocated for the District, the percentage of increase from prior year to current year funding was limited or "capped" at percentages outlined in each two-year biennium State budget. For fiscal year 2025, the District originally received a 16% increase of the difference over fiscal year 2024.

The Board of Education and Administration of the District must maintain careful financial planning and prudent fiscal management in order to ensure financial stability. Based on the most recent Board-adopted three year forecast, the District is projecting a surplus for fiscal years 2026 through 2028 and a deficit-for fiscal year 2029.

REQUESTS FOR INFORMATION

This financial report is designed to provide our citizen's, taxpayers, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have any questions about this report or need additional financial information you may contact Michael Young, Treasurer, Zanesville City School District, 956 Moxahala Ave, Zanesville, Ohio 43701. You may also email the Treasurer at myoung@zanesville.k12.oh.us.

ZANESVILLE CITY SCHOOL DISTRICT, OHIO

Statement of Net Position **June 30, 2025**

	Primary Government Governmental Activities	Component Unit Zanesville Community High School
Assets:		
Equity in Pooled Cash, Cash Equivalents and Investments	\$ 15,104,936	\$ 2,561,150
Cash and Cash Equivalents in Segregated Accounts	322,782	0
Receivables:		
Taxes	18,858,849	0
Accounts	10,417	0
Intergovernmental	1,851,179	33,548
Due from Component Unit	183,396	0
Inventory Held for Resale	10,599	0
Materials and Supplies Inventory	5,529	0
Prepaid Items	66,835	8,857
Restricted Assets:		
Cash and Cash Equivalents	6,455	0
Net OPEB Asset	2,708,333	0
Capital Assets Not Being Depreciated	16,848,389	69,449
Capital Assets Being Depreciated, Net	57,694,937	42,931
Total Assets	113,672,636	2,715,935
Deferred Outflows of Resources:		
Pension	8,546,339	0
OPEB	1,943,006	0
Total Deferred Outflows of Resources	10,489,345	0
Liabilities:		
Accounts Payable	589,722	103
Accrued Wages and Benefits	4,908,565	0
Intergovernmental Payable	748,732	11,250
Claims Payable	837,238	0
Due to Primary Government	0	183,396
Accrued Interest Payable	20,667	0
Long Term Liabilities:		
Due Within One Year	4,083,892	0
Due in More Than One Year:		
Net Pension Liability	37,154,756	0
Net OPEB Liability	1,959,713	0
Other Amounts Due in More Than One Year	15,690,242	0
Total Liabilities	65,993,527	194,749

(Continued)

ZANESVILLE CITY SCHOOL DISTRICT, OHIO

	Primary Government Governmental Activities	Component Unit Zanesville Community High School
Deferred Inflows of Resources:		
Property Taxes	9,779,942	0
Pension	4,432,984	0
OPEB	4,895,847	0
Total Deferred Inflows of Resources	19,108,773	0
Net Position:		
Net Investment in Capital Assets	65,816,351	112,380
Restricted For:		
Capital Projects	197,153	0
Debt Service	3,725,699	0
Unclaimed Monies	6,455	0
Athletics and Music	209,872	0
Grants	1,102,397	0
Scholarships	71,572	0
Classroom Facilities Maintenance	988,160	0
OPEB	2,708,333	0
Unrestricted (Deficit)	(35,766,311)	2,408,806
Total Net Position	\$ 39,059,681	\$ 2,521,186

See accompanying notes to the basic financial statements

ZANESVILLE CITY SCHOOL DISTRICT, OHIO

Statement of Activities For the Fiscal Year Ended June 30, 2025

		Program Revenues	
	Expenses	Charges for Services and Sales	Operating Grants and Contributions
Governmental Activities:			
Instruction:			
Regular	\$ 17,413,830	1,032,743	319,883
Special	13,656,857	140,395	9,156,373
Vocational	28,864	0	335,705
Intervention	2,110,672	0	0
Support Services:			
Pupils	2,758,301	13,112	705,736
Instructional Staff	1,542,954	53,165	342,714
Board of Education	198,720	44,796	0
Administration	3,764,162	0	119,974
Fiscal Services	761,555	0	0
Operation and Maintenance of Plant	5,082,989	26,808	3,676,310
Pupil Transportation	2,145,446	17,250	3,044
Central	975,824	0	30,650
Operation of Non-Instructional Services:			
Food Service Operations	3,483,587	153,831	3,356,643
Other	2,099,153	32,776	478,420
Extracurricular Activities	1,058,212	487,362	0
Interest and Fiscal Charges	304,072	0	0
Total Primary Government	57,385,198	2,002,238	18,525,452
Component Unit:			
Zanesville Community High School	\$ 1,970,433	\$ 19,186	\$ 173,571

General Revenues

Property Taxes Levied for:

 General Purposes

 Debt Service

 Other Purposes

Grants and Entitlements not Restricted to Specific Programs

Investment Earnings

Miscellaneous

Total General Revenues

Change in Net Position

Net Position as Previously Reported

Change in Accounting Principle (GASB Statement 101)

Net Position Beginning of Year, As Restated

Net Position End of Year

See accompanying notes to the basic financial statements

ZANESVILLE CITY SCHOOL DISTRICT, OHIO

Net (Expense) Revenue and Changes in Net Position	
Primary Government	
Governmental Activities	Component Unit
(16,061,204)	
(4,360,089)	
306,841	
(2,110,672)	
(2,039,453)	
(1,147,075)	
(153,924)	
(3,644,188)	
(761,555)	
(1,379,871)	
(2,125,152)	
(945,174)	
26,887	
(1,587,957)	
(570,850)	
(304,072)	
(36,857,508)	
	\$ (1,777,676)
13,951,459	0
2,392,234	0
176,679	0
26,423,297	1,922,773
548,015	70,116
2,415,284	0
45,906,968	1,992,889
9,049,460	215,213
35,480,460	2,305,973
(5,470,239)	0
30,010,221	2,305,973
\$ 39,059,681	\$ 2,521,186

ZANESVILLE CITY SCHOOL DISTRICT, OHIO

Balance Sheet Governmental Funds June 30, 2025

	General	Miscellaneous Federal Grants	Bond Retirement
Assets:			
Equity in Pooled Cash, Cash Equivalents and Investments	\$ 10,656,866	\$ 0	\$ 2,399,354
Receivables:			
Taxes	15,828,575	0	2,822,541
Accounts	1,365	0	0
Intergovernmental	102,100	263,419	0
Due from Component Unit	183,396	0	0
Interfund Loan Receivable	531,326	0	0
Materials and Supplies Inventory	0	0	0
Inventory Held for Resale	0	0	0
Prepaid Items	65,227	0	0
Restricted Assets:			
Cash and Cash Equivalents	6,455	0	0
Advance to Other Funds	470,000	0	0
Total Assets	<u>\$ 27,845,310</u>	<u>\$ 263,419</u>	<u>\$ 5,221,895</u>
Liabilities:			
Accounts Payable	\$ 336,974	\$ 20,142	\$ 0
Accrued Wages and Benefits	4,123,047	60,117	0
Intergovernmental Payable	618,679	8,207	0
Interfund Loans Payable	0	158,285	0
Compensated Absences Payable	243,173	0	0
Total Liabilities	<u>5,321,873</u>	<u>246,751</u>	<u>0</u>
Deferred Inflows of Resources:			
Unavailable Amounts	1,643,284	44,250	301,420
Property Tax Levy for Next Fiscal Year	8,196,241	0	1,475,529
Total Deferred Inflows of Resources	<u>9,839,525</u>	<u>44,250</u>	<u>1,776,949</u>
Fund Balances:			
Nonspendable	541,682	0	0
Restricted	0	0	3,444,946
Assigned	670,187	0	0
Unassigned	11,472,043	(27,582)	0
Total Fund Balances	<u>12,683,912</u>	<u>(27,582)</u>	<u>3,444,946</u>
Total Liabilities, Deferred Inflows of Resources and Funds Balances	<u>\$ 27,845,310</u>	<u>\$ 263,419</u>	<u>\$ 5,221,895</u>

See accompanying notes to the basic financial statements

ZANESVILLE CITY SCHOOL DISTRICT, OHIO

Other Governmental Funds	Total Governmental Funds
\$ 2,048,716	\$ 15,104,936
207,733	18,858,849
9,052	10,417
1,467,861	1,833,380
0	183,396
0	531,326
5,529	5,529
10,599	10,599
1,608	66,835
0	6,455
0	470,000
<u>\$ 3,751,098</u>	<u>\$ 37,081,722</u>
\$ 232,606	\$ 589,722
725,401	4,908,565
121,846	748,732
373,041	531,326
0	243,173
<u>1,452,894</u>	<u>7,021,518</u>
502,724	2,491,678
<u>108,172</u>	<u>9,779,942</u>
<u>610,896</u>	<u>12,271,620</u>
7,137	548,819
1,817,890	5,262,836
197,153	867,340
<u>(334,872)</u>	<u>11,109,589</u>
<u>1,687,308</u>	<u>17,788,584</u>
<u>\$ 3,751,098</u>	<u>\$ 37,081,722</u>

ZANESVILLE CITY SCHOOL DISTRICT, OHIO

Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities June 30, 2025

Total Governmental Fund Balances	\$	17,788,584
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*Amounts reported for governmental activities in the
statement of net position are different because*

Capital Assets used in governmental activities are not resources and therefore are not reported in the funds.		74,543,326
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Other long-term assets are not available to pay for current- period expenditures and therefore are deferred in the funds.		2,491,678
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The net pension liability is not due and payable in the current period;
therefore, the liability and related deferred inflows/outflows are not
reported in governmental funds:

Deferred Outflows - Pension	8,546,339	
Deferred Inflows - Pension	(4,432,984)	
Net Pension Liability	<u>(37,154,756)</u>	(33,041,401)

The net OPEB liability/asset is not due and payable nor available in
the current period; therefore, the liability/asset and related
deferred inflows/outflows are not reported in governmental funds:

Deferred Outflows - OPEB	1,943,006	
Deferred Inflows - OPEB	(4,895,847)	
Net OPEB Asset	2,708,333	
Net OPEB Liability	<u>(1,959,713)</u>	(2,204,221)

Long-term liabilities, including bonds and notes payable, are not
due and payable in the current period and therefore are not
reported in the funds.

2012 School Improvement Refunding Bonds	(4,454,382)	
2021 School Improvement Refunding Bonds	(6,749,860)	
Compensated Absences Payable	(8,326,719)	
Accrued Interest Payable	<u>(20,667)</u>	<u>(19,551,628)</u>

The internal service fund is used by management to
charge the costs of services to individual funds. The assets
and liabilities of the internal service fund is included in
governmental activities in the statement of net position.

	<u>(966,657)</u>
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Net Position of Governmental Activities

\$	<u>39,059,681</u>
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See accompanying notes to the basic financial statements

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ZANESVILLE CITY SCHOOL DISTRICT, OHIO

Statement of Revenues, Expenditures and Changes in Fund Balances Governmental Funds For the Fiscal Year Ended June 30, 2025

	General	Miscellaneous Federal Grants	Bond Retirement
Revenues:			
Taxes	\$ 13,845,071	\$ 0	\$ 2,418,062
Tuition	688,531	0	0
Investment Earnings	547,687	0	0
Food Services	0	0	0
Extracurricular Activities	88,235	0	0
Intergovernmental	32,153,950	6,314,177	426,861
All Other Revenue	2,415,284	0	0
Total Revenue	49,738,758	6,314,177	2,844,923
Expenditures:			
Current:			
Instruction:			
Regular	14,566,831	230,057	0
Special	9,331,164	457,042	0
Vocational	17,621	0	0
Intervention	2,108,690	0	0
Supporting Services:			
Pupils	2,806,821	10,871	0
Instructional Staff	1,088,319	272,909	0
Board of Education	111,813	0	0
Administration	3,746,658	45,576	0
Fiscal Services	723,180	0	49,225
Operation & Maintenance of Plant	5,341,585	70,862	0
Pupil Transportation	1,991,343	5,436	0
Central	921,237	0	0
Operation of Non-Instructional Services:			
Food Service Operations	0	0	0
Other	1,576,161	53,904	0
Extracurricular Activities	781,068	0	0
Capital Outlay	1,477,531	6,404,265	0
Debt Service:			
Principal Retirement	0	0	2,235,000
Interest & Fiscal Charges	0	0	292,700
Total Expenditures	46,590,022	7,550,922	2,576,925
Excess (Deficiency) of Revenues			
Over Expenditures	3,148,736	(1,236,745)	267,998

ZANESVILLE CITY SCHOOL DISTRICT, OHIO

Other Governmental Funds	Total Governmental Funds
\$ 181,355	\$ 16,444,488
0	688,531
328	548,015
153,831	153,831
299,621	387,856
8,136,664	47,031,652
772,020	3,187,304
9,543,819	68,441,677
397,595	15,194,483
4,248,009	14,036,215
0	17,621
0	2,108,690
16,031	2,833,723
261,644	1,622,872
88,609	200,422
98,696	3,890,930
3,799	776,204
364,145	5,776,592
21,170	2,017,949
35,018	956,255
3,460,692	3,460,692
544,584	2,174,649
266,474	1,047,542
97,657	7,979,453
0	2,235,000
0	292,700
9,904,123	66,621,992

(360,304)

1,819,685

(Continued)

ZANESVILLE CITY SCHOOL DISTRICT, OHIO

Statement of Revenues, Expenditures and Changes in Fund Balances Governmental Funds For the Fiscal Year Ended June 30, 2025

	General	Miscellaneous Federal Grants	Bond Retirement
Other Financing Sources (Uses):			
Transfers In	0	0	0
Transfers Out	(19,073)	0	0
Total Other Financing Sources (Uses)	(19,073)	0	0
Net Change in Fund Balance	3,129,663	(1,236,745)	267,998
Fund Balances as Previously Reported	10,954,249	1,209,163	3,176,948
Restatement of Advances Receivable	(1,400,000)	0	0
Fund Balances at Beginning of Year - as Restated	9,554,249	1,209,163	3,176,948
Fund Balances End of Year	<u>\$ 12,683,912</u>	<u>\$ (27,582)</u>	<u>\$ 3,444,946</u>

See accompanying notes to the basic financial statements

ZANESVILLE CITY SCHOOL DISTRICT, OHIO

Other Governmental Funds	Total Governmental Funds
19,073	19,073
<u>0</u>	<u>(19,073)</u>
19,073	0
(341,231)	1,819,685
2,028,539	17,368,899
<u>0</u>	<u>(1,400,000)</u>
2,028,539	15,968,899
<u>\$ 1,687,308</u>	<u>\$ 17,788,584</u>

ZANESVILLE CITY SCHOOL DISTRICT, OHIO

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds To the Statement of Activities For the Fiscal Year Ended June 30, 2025

Net Change in Fund Balances - Total Governmental Funds	\$	1,819,685
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***Amounts reported for governmental activities in the statement of
activities are different because***

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.		5,720,333
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		(2,007,019)
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Contractually required contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows.		4,171,769
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Except for amounts reported as deferred inflows/outflows, changes in the net pension liability are reported as pension expense in the statement of activities.		(2,503,654)
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Except for amounts reported as deferred inflows/outflows, changes in the net OPEB liability/asset are reported as OPEB income/(expense) in the statement of activities.		903,544
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The repayment of principal of long-term debt consumes current financial resources of governmental funds, however, it does not effect net position.		2,235,000
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In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, interest expenditure is reported when due.		7,450
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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.

Compensated Absences	(634,216)	
Interest Accretion	(271,040)	
Amortization of Bond Premiums	252,218	
		(653,038)

The internal service fund, which is used by management to charge the costs of services to individual funds, is not included in the statement of activities. Governmental fund expenditures and related internal service fund revenues are eliminated. The net revenue (expense) of the internal service fund is allocated among the governmental activities.		(644,610)
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Change in Net Position of Governmental Activities	\$	9,049,460
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See accompanying notes to the basic financial statements

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ZANESVILLE CITY SCHOOL DISTRICT, OHIO

**Statement of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
General Fund
For the Fiscal Year Ended June 30, 2025**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:				
Local Sources:				
Taxes	\$ 9,480,400	\$ 11,960,242	\$ 11,960,242	\$ 0
Tuition	735,000	735,000	735,233	233
Investment Earnings	375,000	475,000	490,836	15,836
Intergovernmental	31,688,775	32,278,181	32,315,017	36,836
All Other Revenues	<u>2,586,500</u>	<u>2,398,077</u>	<u>1,944,909</u>	<u>(453,168)</u>
Total Revenues	<u>44,865,675</u>	<u>47,846,500</u>	<u>47,446,237</u>	<u>(400,263)</u>
Expenditures:				
Current:				
Regular	14,251,899	14,379,421	14,549,163	(169,742)
Special	9,145,448	9,390,434	9,278,144	112,290
Vocational	34,550	50,287	49,916	371
Intervention	2,560,810	2,123,878	2,117,765	6,113
Support Services:				
Pupils	2,991,110	2,964,855	2,793,063	171,792
Instructional Staff	873,330	1,102,531	1,074,652	27,879
Board of Education	143,156	120,381	115,021	5,360
Administration	3,635,155	3,758,889	3,723,112	35,777
Fiscal Services	678,700	729,177	725,896	3,281
Operation and Maintenance of Plant	3,874,838	6,173,786	5,968,307	205,479
Pupil Transportation	1,981,322	2,036,102	1,996,546	39,556
Central	895,390	957,977	943,847	14,130
Operation of Non-Instructional Services:				
Other	1,988,706	2,021,054	1,582,909	438,145
Extracurricular Activities	561,200	711,015	681,311	29,704
Capital Outlay	<u>1,477,531</u>	<u>1,477,531</u>	<u>1,477,531</u>	<u>0</u>
Total Expenditures	<u>45,093,145</u>	<u>47,997,318</u>	<u>47,077,183</u>	<u>920,135</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(227,470)	(150,818)	369,054	519,872

(Continued)

ZANESVILLE CITY SCHOOL DISTRICT, OHIO

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Other Financing Sources (Uses):				
Insurance Proceeds	450,000	450,000	449,215	(785)
Transfers Out	(550,000)	(20,000)	(19,073)	927
Advances Out	<u>(550,000)</u>	<u>(470,000)</u>	<u>(470,000)</u>	<u>0</u>
Total Other Financing Sources (Uses):	<u>(650,000)</u>	<u>(40,000)</u>	<u>(39,858)</u>	<u>142</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under)				
Expenditures and Other Financing Uses	(877,470)	(190,818)	329,196	520,014
Fund Balance at Beginning of Year	10,044,534	10,044,534	10,044,534	0
Prior Year Encumbrances	<u>81,892</u>	<u>81,892</u>	<u>81,892</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 9,248,956</u>	<u>\$ 9,935,608</u>	<u>\$ 10,455,622</u>	<u>\$ 520,014</u>

See accompanying notes to the basic financial statements

ZANESVILLE CITY SCHOOL DISTRICT, OHIO

**Statement of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Special Revenue Fund – Miscellaneous Federal Grants Fund
For the Fiscal Year Ended June 30, 2025**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental	\$ 9,197,184	\$ 9,197,184	\$ 8,480,871	\$ (716,313)
Total Revenues	9,197,184	9,197,184	8,480,871	(716,313)
Expenditures:				
Current:				
Regular	269,092	371,782	368,742	3,040
Special	621,315	647,776	516,095	131,681
Support Services:				
Pupils	10,871	10,871	10,871	0
Instructional Staff	423,299	419,692	293,117	126,575
Administration	15,000	74,981	57,761	17,220
Operation and Maintenance of Plant	1,105,255	914,611	680,886	233,725
Pupil Transportation	11,000	10,297	3,256	7,041
Operation of Non-Instructional Services:				
Other	101,197	106,668	69,965	36,703
Capital Outlay	6,404,265	6,404,265	6,404,265	0
Total Expenditures	8,961,294	8,960,943	8,404,958	555,985
Excess (Deficiency) of Revenues Over (Under) Expenditures	235,890	236,241	75,913	(160,328)
Fund Balance at Beginning of Year	(7,834,521)	(7,834,521)	(7,834,521)	0
Prior Year Encumbrances	7,563,503	7,563,503	7,563,503	0
Fund Balance at End of Year	<u>\$ (35,128)</u>	<u>\$ (34,777)</u>	<u>\$ (195,105)</u>	<u>\$ (160,328)</u>

See accompanying notes to the basic financial statements

ZANESVILLE CITY SCHOOL DISTRICT, OHIO

Statement of Net Position *Proprietary Funds* *June 30, 2025*

	Governmental Activities - Internal Service Funds
Assets:	
<i>Current Assets:</i>	
Cash and Cash Equivalents in Segregated Accounts	\$ 322,782
Receivables:	
Intergovernmental	17,799
Total Assets	<u>340,581</u>
Liabilities:	
<i>Current Liabilities:</i>	
Claims Payable	837,238
Advances from Other Funds	470,000
Total Liabilities	<u>1,307,238</u>
Net Position:	
Unrestricted	<u>(966,657)</u>
Total Net Position	<u>\$ (966,657)</u>

See accompanying notes to the basic financial statements

ZANESVILLE CITY SCHOOL DISTRICT, OHIO

Statement of Revenues, Expenses and Changes in Net Position Proprietary Funds For the Fiscal Year Ended June 30, 2025

	Governmental Activities - Internal Service Funds
Operating Revenues:	
Charges for Services	\$ 10,462,075
Total Operating Revenues	<u>10,462,075</u>
Operating Expenses:	
Contractual Services	1,282,936
Claims Expense	9,823,749
Total Operating Expenses	<u>11,106,685</u>
Change in Net Position	(644,610)
Net Position, as Previously Reported	(1,722,047)
Restatement of Advances Payable	1,400,000
Net Position Beginning of Year, as Restated	<u>(322,047)</u>
Net Position End of Year	<u>\$ (966,657)</u>

See accompanying notes to the basic financial statements

ZANESVILLE CITY SCHOOL DISTRICT, OHIO

Statement of Cash Flows

Proprietary Funds

For the Fiscal Year Ended June 30, 2025

	Governmental Activities - Internal Service Fund
<u>Cash Flows from Operating Activities:</u>	
Cash Received from Interfund Charges	\$ 10,444,276
Cash Payments for Services	(1,282,936)
Cash Payments for Claims	(9,732,052)
Net Cash Used by Operating Activities	(570,712)
<u>Cash Flows from Noncapital Financing Activities:</u>	
Advances In	470,000
Net Cash Provided by Noncapital Financing Activities	470,000
Net Decrease in Cash and Cash Equivalents	(100,712)
Cash and Cash Equivalents at Beginning of Year	423,494
Cash and Cash Equivalents at End of Year	\$322,782
<u>Reconciliation of Operating Loss to Net Cash</u>	
<u>Used by Operating Activities:</u>	
Operating Loss	(\$644,610)
Adjustments to Reconcile Operating Loss to	
Net Cash Used by Operating Activities:	
Changes in Assets and Liabilities:	
Increase in Intergovernmental Receivable	(17,799)
Increase in Claims Payable	91,697
Total Adjustments	73,898
Net Cash Used by Operating Activities	\$ (570,712)

See accompanying notes to the basic financial statements

ZANESVILLE CITY SCHOOL DISTRICT, OHIO

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Zanesville City School District (the District) is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The District operates under a locally-elected five-member Board form of government and provides educational services as authorized by its charter and further mandated by State and federal agencies.

The District was established in 1849 when the first Zanesville High School was built with an enrollment of 50 students. The District serves the City of Zanesville and is located in Muskingum County. The District is staffed by 248 classified employees and 279 certificated full-time teaching personnel and administrative employees providing education to 3053 students. The District currently operates six instructional buildings, one administrative building, and one garage.

A. Reporting Entity

A reporting entity is composed of the primary government, component units, and other organizations that are included to ensure the basic financial statements of the District are not misleading. The primary government of the District consists of all funds, departments, boards, and agencies that are not legally separate from the District. For Zanesville City School District, this includes general operations, food service, preschool, and student related activities of the District.

Component units are legally separate organizations for which the District is financially accountable. The District is financially accountable for an organization if the District appoints a voting majority of the organization's governing board and (1) the District is able to significantly influence the programs or services performed or provided by the organization; or (2) the District is legally entitled to or can otherwise access the organization's resources; the District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the District in that the District 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.

Discretely Presented Component Unit - The component unit information on the statement of net position and the statement of activities identifies the financial data of the District's component unit, Zanesville Community High School. It is reported separately to emphasize that it is legally separate from the District.

ZANESVILLE CITY SCHOOL DISTRICT, OHIO

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Reporting Entity (Continued)

Zanesville Community High School - The Zanesville Community High School is a legally separate community school created under Ohio Revised Code Chapter 3314 and incorporated under Chapter 1702. The Zanesville Community High School's mission, under a contractual agreement with the District (Zanesville Community High School's sponsor), is to help at-risk students meet Ohio's graduation requirements. The Zanesville Community High School focuses on ensuring that basic survival needs are met so that students can achieve success in school. The Zanesville Community High School serves high school age students who have dropped out or are at risk of dropping out of school. A particular emphasis is placed on assisting parents and/or pregnant students obtain a high school diploma.

The Zanesville Community High School operates under the direction of a six-member Governing Authority made up of six voting community members appointed by the sponsor's non-voting six-member Board of Directors. All governing authority members live and/or work in the Zanesville-Muskingum County community as well as to represent the interest of the Muskingum County community. The Sponsor is able to impose its will on Zanesville Community High School and, due to Zanesville Community High School's relationship with the Sponsor, it would be misleading to exclude Zanesville Community High School. The Sponsor can suspend the Zanesville Community High School's operations for any of the following reasons: 1) The Zanesville Community High School's failure to meet student performance requirements stated in its contract with the Sponsor, 2) The Zanesville Community High School's failure to meet generally accepted standards of fiscal management, 3) The Zanesville Community High School's violation of any provisions of the contract with the Sponsor or applicable state or federal law, or 4) Other good cause. The Zanesville Community High School uses the facilities of the Sponsor. Separately issued financial statements can be obtained from the Zanesville Community High School, 956 Moxahala Avenue, Zanesville, Ohio 43701.

The District participates in two insurance purchasing pools and three jointly governed organizations and. These organizations are the Ohio SchoolComp Workers' Compensation Group Retrospective Rating Program, the Ohio School Benefits Cooperative (OSBC), META Solutions, Mid-East Career and Technology Centers, Coalition of Rural and Appalachian Schools,. These organizations are presented in Notes 15 and 16 to the basic financial statements.

ZANESVILLE CITY SCHOOL DISTRICT, OHIO

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation - Fund Accounting

The accounting system is organized and operated on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, deferred outflows/inflows of resources, revenues and expenditures/expenses. The various funds are grouped into the categories governmental, proprietary and fiduciary.

Governmental Funds - These are funds through which most governmental functions typically are financed. The acquisition, use and balances of the District's expendable financial resources and the related current liabilities (except those accounted for in the proprietary funds) are accounted for through governmental funds. The measurement focus is upon determination of "financial flow" (sources, uses and balances of financial resources). The following are the District's major governmental funds:

General Fund - This fund is the general operating fund of the District and is used to account for all financial resources except those accounted for in another fund. The general fund balance is available to the District for any purpose provided it is expended or transferred according to the general laws of Ohio.

Miscellaneous Federal Grants Fund - This fund accounts for federal monies related to Elementary and Secondary School Emergency Relief (ESSER) funds and various monies received through state agencies from the federal government or directly from the federal government which are not classified elsewhere. The fiscal year 2025, the ESSER monies accounted for approximately 86 percent of the revenues and 87 percent of the expenditures of this fund.

Bond Retirement Fund - To account for resources that are used for payment of principal, interest, and fiscal charges on general obligation debt.

Proprietary Funds - The proprietary funds are accounted for on an "economic resources" measurement focus. This measurement focus provides that all assets and liabilities associated with the operation of the proprietary funds are included on the balance sheet. The proprietary fund operating statement presents increases (i.e., revenues) and decreases (i.e., expenses) in net position.

Internal Service Fund - Internal service funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the District or to other governments on a cost-reimbursement basis. The District's internal service fund accounts for the operation of the District's self-insurance program for employee medical, surgical, prescription drug, and dental claims.

ZANESVILLE CITY SCHOOL DISTRICT, OHIO

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation – Financial Statements

Government-wide Financial Statements – The statement of net position and the statement of activities display information about the District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. Internal service fund activity is eliminated to avoid “doubling up” revenues and expenses.

The government-wide statements are prepared using the economic resources measurement focus. This is the same approach used in the preparation of the proprietary fund financial statements but differs from the manner in which governmental fund 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.

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each function or program of the District’s governmental activities. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues which are not classified as program revenues are presented as general revenues of the District, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the District.

Fund Financial Statements – Fund financial statements report detailed information about the District. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. Internal service funds are combined and the totals are presented in a single column on the face of the proprietary fund statements. Fiduciary funds are reported by fund type.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using a flow of current financial resources measurement focus. The financial statements for governmental funds are a balance sheet, which generally includes only current assets, current liabilities, deferred inflows of resources, and a statement of revenues, expenditures and changes in fund balances, which reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources.

ZANESVILLE CITY SCHOOL DISTRICT, OHIO

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation – Financial Statements

All proprietary fund types are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and liabilities associated with the operation of these funds are included on the statement of net position. The statement of changes in fund net position presents increases (i.e., revenues) and decreases (i.e. expenses) in net position. The statement of cash flows provides information about how the District finances and meets the cash flow needs of its proprietary activities.

D. Basis of Accounting

Basis of accounting represents the methodology utilized in the recognition of revenues and expenditures or expenses reported in the financial statements. The accounting and reporting treatment applied to a fund is determined by its measurement focus.

The modified accrual basis of accounting is followed by the governmental funds. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual, (i.e., both measurable and available). The term “available” means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period, which for the District is considered to be 60 days after fiscal year end. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on general long-term debt which is recognized when due.

Under the modified accrual basis, the following revenue sources are considered susceptible to accrual at year end: property taxes, tuition, grants and entitlements, student fees, and interest on investments.

Current property taxes measurable at June 30, 2025, and which are not intended to finance fiscal year 2025 operations, have been recorded as deferred inflows of resources. Delinquent property taxes measurable and available (received within 60 days) and amounts available as an advance on future tax settlements are recognized as revenue at fiscal year end.

The accrual basis of accounting is utilized for reporting purposes by the government-wide financial statements and the proprietary fund. Revenues are recognized when they are earned and expenses are recognized when incurred.

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.

ZANESVILLE CITY SCHOOL DISTRICT, OHIO

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Basis of Accounting (Continued)

Non-exchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, entitlements, and donations. Revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Eligibility requirements include timing requirements, which specify the fiscal year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

E. Budgetary Process

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriation resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriation resolution are subject to amendment throughout the fiscal year.

All funds are legally required to be budgeted and appropriated; however, only the General Fund and major special revenue funds are required to be reported. The primary level of budgetary control is at the fund level. Supplemental budgetary modifications may only be made by resolution of the Board of Education.

1. Tax Budget

By January 15, the Superintendent and Treasurer submit an annual operating budget for the following fiscal year to the Board of Education for consideration and passage. The adopted budget is submitted to the County Auditor, as Secretary of the County Budget Commission, by January 20 of each year for the period July 1 to June 30 of the following fiscal year.

ZANESVILLE CITY SCHOOL DISTRICT, OHIO

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process (Continued)

2. Estimated Resources

Prior to April 1, the Board accepts by formal resolution, the tax rates as determined by the County Budget Commission and receives the Commission's Certificate of Estimated Resources which states the projected revenue of each fund. Prior to June 30, the District must revise its budget so that the total contemplated expenditures from any fund during the ensuing fiscal year will not exceed the amount available as stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriations measure. On or about July 1, the certificate of estimated resources is amended to include any unencumbered fund balances from the preceding year. The certificate may be further amended during the fiscal year if a new source of revenue is identified or actual receipts exceed current estimates. The amounts reported on the budgetary statement reflect the amounts in the first and final amended official certificate of estimated resources issued during fiscal year 2025.

3. Appropriations

A temporary appropriation measure to control expenditures may be passed on or about July 1 of each fiscal year for the period July 1 through September 30. An annual appropriation resolution must be passed by October 1 of each fiscal year for the period July 1 through June 30. The appropriation resolution establishes spending controls at the fund level. The appropriation resolution may be amended during the fiscal year as additional information becomes available, provided that total fund appropriations do not exceed the current estimated resources as certified. The allocation of appropriations may be modified during the fiscal year. Administrative control is maintained through the establishment of more detailed line-item budgets. The budgetary figures which appear in the "Statement of Revenues, Expenditures, and Changes in Fund Balances Budget and Actual (Non-GAAP Budgetary Basis)" are provided on the budgetary basis to provide a comparison of actual results to the final budget, including all amendments and modifications.

4. Lapsing of Appropriations

At the close of each fiscal year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriations. The encumbered appropriation balance is carried forward to the subsequent fiscal year and need not be reappropriated.

ZANESVILLE CITY SCHOOL DISTRICT, OHIO

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process (Continued)

5. Basis of Budgeting

The District's budgetary process accounts for certain transactions on a basis other than accounting principles generally accepted in the United States of America (GAAP). The major differences between the budgetary basis and the GAAP basis lie in the manner in which revenues and expenditures are recorded. Under the budgetary basis, revenues and expenditures are recognized on a cash basis. Utilizing the cash basis, revenues are recorded when received in cash and expenditures when paid. Under the GAAP basis, revenues and expenditures are recorded on the modified accrual basis of accounting.

The following table summarizes the adjustments necessary to reconcile the GAAP basis statements to the budgetary basis statements for the General Fund and the Miscellaneous Federal Grants Fund:

	Net Change in Fund Balance	
	General Fund	Miscellaneous Federal Grants
GAAP Basis (as reported)	\$3,129,663	(\$1,236,745)
Increase (Decrease):		
Accrued Revenues at June 30, 2025, received during FY 2026	(6,614,177)	(219,169)
Accrued Revenues at June 30, 2024, received during FY 2025	4,369,421	2,385,863
Accrued Expenditures at June 30, 2025, paid during FY 2026	5,297,079	88,466
Accrued Expenditures at June 30, 2024, paid during FY 2025	(5,023,275)	(905,682)
FY 2025 Prepaids for FY 2026	(65,227)	0
FY 2024 Prepaids for FY 2025	48,422	0
Encumbrances Outstanding	(816,365)	(36,820)
Perspective Difference:		
Activity of Funds Reclassified for GAAP Reporting Purposes	3,655	0
Budget Basis	<u>\$329,196</u>	<u>\$75,913</u>

ZANESVILLE CITY SCHOOL DISTRICT, OHIO

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Cash and Cash Equivalents

Cash and cash equivalents include amounts in demand deposits, investments with original maturities of less than three months and the State Treasury Asset Reserve (STAR Ohio). STAR Ohio is a very liquid investment and is reported as a cash equivalent in the basic financial statements.

The District pools its cash for investment and resource management purposes. Each fund's equity in pooled cash and investments represents the balance on hand as if each fund maintained its own cash and investment account. See Note 5, "Cash, Cash Equivalents and Investments."

G. Investments

Investment procedures and interest allocations are restricted by provisions of the Ohio Constitution and the Ohio Revised Code. The District allocates interest among certain funds based upon the fund's cash balance at the date of investment. In accordance with GASB Statement No. 31, "*Accounting and Financial Reporting for Certain Investments and for External Investment Pools*" and GASB Statement No. 72, "*Fair Value Measurement and Application*," the District records all its investments at fair value except for nonparticipating investment contracts which are reported at cost, which approximates fair value. All investment income, including changes in the fair value of investments, is recognized as revenue in the operating statements.

The District categorizes its fair value measurements within the fair value hierarchy established by GAAP. See Note 5, "Cash, Cash Equivalents and Investments."

The District's investment in the State Treasury Asset Reserve of Ohio (STAR Ohio) is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company and is recognized as an external investment pool by the District. The District measures the 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 a NAV per share that approximates fair value. For fiscal year 2025, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, notice must be given 24 hours in advance of all deposits and withdrawals exceeding \$100 million. STAR Ohio reserves the right to limit the transaction to \$250 million, 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.

ZANESVILLE CITY SCHOOL DISTRICT, OHIO

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. Inventory

On the government-wide financial statements, inventories are presented at the lower of cost or market on a first-in, first-out basis and are expensed when used.

On fund financial statements, inventory is stated at cost (first-in, first-out) in the governmental funds and at the lower of cost or market in the proprietary funds. The costs of inventory items are recorded as expenditures in the governmental funds when purchased and as expenses in the proprietary funds when used.

I. Capital Assets and Depreciation

Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000 and an estimated useful life threshold of five or more fiscal years.

1. Property, Plant and Equipment - Governmental Activities

Governmental capital assets are those that are acquired or constructed for governmental activities and are recorded as expenditures in the governmental funds. These assets are capitalized at cost (or estimated historical cost for assets not purchased in recent fiscal years) within the governmental activities in the government-wide statement of net position but are not reported in the fund financial statements.

Contributed capital assets are recorded at acquisition value at the date received. The District does not possess any infrastructure. Capital asset values were initially determined by identifying historical costs where such information was available. In cases where information supporting original cost was not obtainable, estimated historical costs were developed. For certain capital assets, the estimates were arrived at by indexing estimated current costs back to the estimated fiscal year of acquisition.

The District reports capital assets for Subscription Based Information Technology Arrangements (SBITAs). A SBITA asset is an intangible asset which represents the District's right to use another entity's information technology software.

2. Depreciation

All capital assets are depreciated, excluding land, land improvements and construction in progress. Depreciation has been provided using the straight-line method over the following estimated useful lives:

<u>Description</u>	<u>Estimated Lives (in years)</u>
Buildings and Building Improvements	15-50
Improvements Other Than Buildings	10-45
Furniture, Fixtures, Equipment and Vehicles	5-20
SBITA Assets	2-3

ZANESVILLE CITY SCHOOL DISTRICT, OHIO

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. Long-Term Obligations

Long-term liabilities are being repaid from the following funds:

<u>Obligation</u>	<u>Fund</u>
General Obligation Bonds	Bond Retirement Fund
Compensated Absences/ Net Pension Liability/Net OPEB Liability	General Fund, Food Service Fund, Other Grants Fund, Misc. State Grants Fund, Title VI-B Fund, Title I Fund, Misc. Federal Grants Fund

K. Compensated Absences

GASB Statement No. 101, “*Compensated Absences*”, requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. GASB Statement No. 101 establishes guidance for measuring a liability for leave that has not been used, generally using an employee’s pay rate as of the date of the financial statements. In addition, certain salary related payments that are directly and incrementally associated with the payments for leave should be included in the measurement of the liability. Accrued vacation and sick leave are accumulated to District employees at varying amounts and are attributable to services already rendered. At the time of the employee’s termination, such accruals are paid to the employee at varying rates from the fund to which the employee’s payroll is charged.

For governmental funds, that portion of unpaid compensated absences that is expected to be paid using expendable, available resources is reported as an expenditure in the fund from which the individual earning the leave is paid, and a corresponding liability is reflected in the account “Compensated Absences Payable.” For governmental funds, compensated absences are recognized as liabilities and expenditures to the extent payments come due each period upon the occurrence of employee resignations and retirements. In the government wide statement of net position, “Compensated Absences Payable” is recorded within the “Due within one year” account and the long-term portion of the liability is recorded within the “Due in more than one year” account.

ZANESVILLE CITY SCHOOL DISTRICT, OHIO

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

L. Net Position

Net position represents the difference between assets, liabilities, and deferred outflows/inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The District applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

M. Pension/OPEB

For purposes of measuring the net pension/OPEB liability, deferred outflows of resources and deferred inflows of resources related to pension/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.

N. Interfund Activity

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 basic financial statements.

On the fund financial statements, receivables and payables to cover deficit cash balances are classified as “interfund receivables/payable” and receivables and payables resulting from long-term interfund loans are classified as “advances to/from other funds.” These amounts are eliminated in the governmental activities column on the statement of net position.

O. Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the District is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

Nonspendable - The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of loans receivable, unclaimed monies, as well as property acquired for resale, unless the use of the proceeds from the collection of those receivables or from the sale of those properties is restricted, committed, or assigned.

ZANESVILLE CITY SCHOOL DISTRICT, OHIO

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

O. Fund Balance (Continued)

Restricted – The 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.

Committed - The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by a formal action (resolution) of the District Board of Education. Those committed amounts cannot be used for any other purpose unless the District Board of Education removes or changes the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. 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 District 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 the District Board of Education.

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

P. Restricted Assets

Restricted assets in the General Fund represent cash and cash equivalents restricted for unclaimed monies. Unclaimed monies that are required to be held for five fiscal years before they may be utilized by the District are reported as restricted.

Q. Estimates

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

ZANESVILLE CITY SCHOOL DISTRICT, OHIO

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

R. Operating Revenues and Expenses

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the District, these revenues are interfund charges for the internal service fund self insurance program. Operating expenses are the necessary costs incurred to provide the good or service that is the primary activity of the fund. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

S. 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 the Board of Education and that are either unusual in nature or infrequent in occurrence. There were no extraordinary or special items for fiscal year 2025.

T. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expenditure) until then. For the District, deferred outflows of resources are reported on the government-wide statement of net position for pension and OPEB. The deferred outflows of resources related to pension and OPEB are explained in Notes 10 and 11.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. For the District, deferred inflows of resources include property taxes, pension, OPEB, and unavailable revenue. On the government-wide statement of net position and governmental funds balance sheet, property taxes that are intended to finance future fiscal periods are reported as deferred inflows. In addition, the governmental funds balance sheet reports deferred inflows which arise only under a modified accrual basis of accounting. Accordingly, the item, unavailable amounts, is reported only in the governmental funds balance sheet. The governmental funds report unavailable amounts for property taxes and grants. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. Deferred inflows of resources related to pension and OPEB are reported on the government-wide statement of net position and are explained in Notes 10 and 11.

ZANESVILLE CITY SCHOOL DISTRICT, OHIO

Notes to the Basic Financial Statements *For the Fiscal Year Ended June 30, 2025*

NOTE 2 - COMPLIANCE AND ACCOUNTABILITY

Fund Deficits - The fund deficits at June 30, 2025 of \$99,883 in the Title VI-B Fund, \$234,989 in the Title I Fund and of \$27,582 in the Miscellaneous Federal Grants Fund (special revenue funds) and of \$966,657 in the Self Insurance Internal Service Fund arose from the recognition of expenditures on the modified/full accrual basis which are greater than expenditures recognized on the budgetary/cash basis.

The Food Services Fund, Miscellaneous State Grants Fund, Title VI-B, Title I and Miscellaneous Federal Grants funds also had cash deficits at fiscal year end due to timing issues with grant reimbursements. The General Fund provided interfund loans to cover these deficits at fiscal year end.

NOTE 3 – CHANGE IN ACCOUNTING PRINCIPLES – RESTATEMENT OF NET POSITION/FUND BALANCE

For fiscal year 2025, the District implemented Governmental Accounting Standards Board (GASB) Statement No. 101, “Compensated Absences” and Statement No. 102, “Certain Risk Disclosures.”

GASB Statement No. 102 requires the disclosure of information about risks related to a government’s vulnerabilities due to certain concentrations or constraints. The implementation of this Statement had no effect on beginning net position/fund balance.

GASB Statement No. 101 updates the recognition and measurement guidance for compensated absences. The implementation of this Statement had the following effect on beginning net position:

	Governmental Activities
Net Position, June 30, 2024 as reported	\$35,480,460
Change in Accounting Principle	(5,470,239)
Net Position, July 1, 2024 as restated	<u>\$30,010,221</u>

The District also restated both the General Fund and Internal Service Fund to eliminate an advance to (General Fund) and advance from (Internal Service Fund) because the District agreed to make the original transaction a transfer of funds rather than an advance. The restatement had the following effect on beginning fund balance and retained earnings:

	General Fund	Internal Service Fund
Fund Balance/Net Position, June 30, 2024 as reported	\$10,954,249	(\$1,722,047)
Restatement of Advance To/From	(1,400,000)	1,400,000
Fund Balance/Net Position, July 1, 2024 as restated	<u>\$9,554,249</u>	<u>(\$322,047)</u>

ZANESVILLE CITY SCHOOL DISTRICT, OHIO

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2025

NOTE 4 – FUND BALANCES

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

Fund Balances	General Fund	Miscellaneous Federal Grants Fund	Bond Retirement Fund	Other Governmental Funds	Total Governmental Funds
Nonspendable:					
Supplies Inventory	\$0	\$0	\$0	\$5,529	\$5,529
Prepaid Items	65,227	0	0	1,608	66,835
Advances to Other Funds	470,000	0	0	0	470,000
Unclaimed Monies	6,455	0	0	0	6,455
Total Nonspendable	<u>541,682</u>	<u>0</u>	<u>0</u>	<u>7,137</u>	<u>548,819</u>
Restricted:					
Athletics and Music	0	0	0	209,872	209,872
Grants	0	0	0	441,166	441,166
Scholarships	0	0	0	71,572	71,572
Food Services	0	0	0	128,326	128,326
Classroom Facilities Maintenance	0	0	0	966,954	966,954
Debt Service	0	0	3,444,946	0	3,444,946
Total Restricted	<u>0</u>	<u>0</u>	<u>3,444,946</u>	<u>1,817,890</u>	<u>5,262,836</u>
Assigned:					
Purchases on Order	642,210	0	0	0	642,210
Capital Improvements	0	0	0	197,153	197,153
Public School Support	27,977	0	0	0	27,977
Total Assigned	<u>670,187</u>	<u>0</u>	<u>0</u>	<u>197,153</u>	<u>867,340</u>
Unassigned (Deficit)	<u>11,472,043</u>	<u>(27,582)</u>	<u>0</u>	<u>(334,872)</u>	<u>11,109,589</u>
Total Fund Balances	<u><u>\$12,683,912</u></u>	<u><u>(\$27,582)</u></u>	<u><u>\$3,444,946</u></u>	<u><u>\$1,687,308</u></u>	<u><u>\$17,788,584</u></u>

ZANESVILLE CITY SCHOOL DISTRICT, OHIO

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2025

NOTE 5 - CASH, CASH EQUIVALENTS AND INVESTMENTS

Cash resources of several individual funds are combined to form a pool of cash, cash equivalents and investments.

Statutes require the classification of funds held by the District into three categories. Category 1 consists of “active” funds - those funds required to be kept in a “cash” or “near cash” status for immediate use by the District. Such funds must be maintained either as cash in the District Treasury or in depository accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts.

Category 2 consists of “inactive” funds - those funds not required for use within the current five fiscal year period of designation of depositories. Inactive funds may be deposited or invested only as certificates of deposit maturing not later than the end of the current period of designation of depositories.

Category 3 consists of “interim” funds - those funds which are not needed for immediate use but, which will be needed before the end of the current period of designation of depositories. Interim funds may be invested or deposited in the following securities:

- United States treasury notes, bills, bonds, or any other obligation or security issued by the United States treasury or any other obligation guaranteed as to principal or interest by the United States;
- Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the federal national mortgage association, federal home loan bank, federal farm credit bank, federal home loan mortgage corporation, government national mortgage association, and student loan marketing association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
- Written repurchase agreements in the securities listed above provided that 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 that the term of the agreement must not exceed thirty days;
- Interim deposits in eligible institutions applying for interim funds;
- Bonds and other obligations of the State of Ohio;
- No-load money market mutual funds consisting exclusively of obligations described in the first two bullets of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
- The State Treasury Asset Reserve of Ohio (STAR Ohio).

ZANESVILLE CITY SCHOOL DISTRICT, OHIO

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2025

NOTE 5 - CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

- Certain banker's acceptance and commercial paper notes for a period not to exceed one hundred eighty days from the purchase date in an amount not to exceed twenty five percent of the interim monies available for investment at any one time; and
- Under limited circumstances, corporate debt interests rated in either of the two highest classifications by at least two nationally recognized rating agencies

A. Deposits

Custodial credit risk is the risk that in the event of bank failure, the District's deposits may not be returned to it. The District has no deposit policy for custodial risk beyond the requirements of State statute.

Ohio law requires that deposits be either insured or be protected by eligible securities pledged to the District and deposited with a qualified trustee by the financial institution as security for repayment whose market value at all times shall be at least 105 percent of the deposits being secured, or 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. OPCS requires the total market value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State. The District's policy is to deposit funds with banking institutions which collateralize public monies in accordance with the Ohio Revised Code.

At fiscal year end the carrying amount of the District's deposits was \$13,181,597 and the bank balance was \$13,788,076. Federal depository insurance covered \$500,000 of the bank balance and \$12,681,597 was exposed to custodial risk and was collateralized with securities held by the pledging financial institutions trust department or agent but not in the District's name and securities held in the Ohio Pooled Collateral System.

B. Investments

The District's investments at June 30, 2025 were as follows:

	Fair Value	Credit Rating	Fair Value Hierarchy	Investment Maturities (in Fiscal Years)		
				less than 1	1-3	3-5
FHLB	\$615,858	AA+*	Level 2	\$124,301	\$367,209	\$124,348
FFCB	374,601	AA+*	Level 2	0	124,520	250,081
FHLMC	250,223	AA+*	Level 2	0	124,551	125,672
Negotiable C/D's	1,011,894	NA	Level 2	147,757	739,086	125,051
Total Investments	\$2,252,576			\$272,058	\$1,355,366	\$625,152

* Standard & Poor's

ZANESVILLE CITY SCHOOL DISTRICT, OHIO

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2025

NOTE 5 - CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

B. Investments (Continued)

The District categorizes its fair value measurements within the fair value hierarchy established by GAAP. 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. Active markets are those in which transactions for the asset or liability occur in sufficient frequency and volume to provide pricing information on an ongoing basis. Quoted prices are available in active markets for identical assets or liabilities as of the reporting date. Level 2 inputs are significant other observable inputs. Investments classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices. Level 3 inputs are significant unobservable inputs.

Interest Rate Risk – The Ohio Revised Code generally limits security purchases to those that mature within five fiscal years of settlement date.

Investment Credit Risk – The District has no investment policy that limits its investment choices other than the limitation of State statute for “interim” funds described previously.

Concentration of Credit Risk – The District places no limit on the amount the District may invest in one issuer. Of the District's total investments, 27% are in an FHLB, 17% are in FFCB, 11% are FHLMC and 45% are in negotiable certificates of deposit.

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ZANESVILLE CITY SCHOOL DISTRICT, OHIO

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2025

NOTE 6 - PROPERTY TAXES

A. Property Tax

Property taxes are levied and assessed on a calendar year basis while the District fiscal year runs from July through June. First half tax collections are received by the District in the second half of the fiscal year. Second half tax distributions occur in the first half of the following fiscal year.

Property taxes include amounts levied against all real and public utility property located in the District. Real property tax revenue received in calendar year 2025 represents collections of calendar year 2024 taxes. Real property taxes received in calendar year 2025 were levied after April 1, 2024, on the assessed value listed as of January 1, 2024, the lien date. Assessed values for real property taxes are established by State law at 35 percent of appraised market value. 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 alternate payment dates to be established.

Public utility real property tax revenue received in calendar year 2025 represents collections of calendar year 2024 taxes. Public utility real taxes received in calendar year 2025 became a lien December 31, 2022, were levied after April 1, 2024 and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

The County Treasurer collects property taxes on behalf of all taxing districts in the County including Zanesville City School District. The County Auditor periodically remits to the District its portion of the taxes collected. The assessed values upon which the fiscal year 2025 taxes were collected are as follows:

	2024 Second Half Collections	2025 First Half Collections
Agricultural/Residential and Other Real Estate	\$429,222,550	\$592,645,070
Public Utility Personal	29,502,540	31,085,900
Total Assessed Value	<u>\$458,725,090</u>	<u>\$623,730,970</u>
Tax rate per \$1,000 of assessed valuation	\$48.95	\$47.95

B. Tax Abatements

The School District property taxes were reduced by an Enterprise Zone Tax Exemption agreement entered into by the City of Zanesville. The amount of the fiscal year 2025 taxes abated was \$32,889.

ZANESVILLE CITY SCHOOL DISTRICT, OHIO

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2025

NOTE 7 - RECEIVABLES

Receivables at June 30, 2025 consisted of taxes, interfund and intergovernmental receivables.

NOTE 8 - INTERFUND RECEIVABLES/PAYABLES/TRANSFERS

A. Interfund Receivables/Payables

Following is a summary of interfund receivables/payables for all funds at June 30, 2025:

	Interfund Loans Receivable	Interfund Loans Payable
General Fund	\$531,326	\$0
Miscellaneous Federal Grants Fund	0	158,285
Other Governmental Funds	0	373,041
Totals	<u>\$531,326</u>	<u>\$531,326</u>
	Advances To Other Funds	Advances From Other Funds
General Fund	\$470,000	\$0
Self Insurance Internal Service Fund	0	470,000
Totals	<u>\$470,000</u>	<u>\$470,000</u>

Interfund balances 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 authorization; and to segregate and to return money to the fund from which it was originally provided once a project is completed. Of the amounts above, the Interfund Loans represent the amount due to the General Fund from Special Revenue Funds for cash deficits. The advance from the General Fund to the Self Insurance Fund represents a loan to fund claims payments and will be repaid in the future.

B. Transfers

Following is a summary of transfers in and out for all funds for the fiscal year ended June 30, 2025:

Fund	Transfer In	Transfer Out
General Fund	\$0	\$19,073
Other Governmental Funds	19,073	0
Total All Funds	<u>\$19,073</u>	<u>\$19,073</u>

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 and to use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. All transfers were made in accordance with Ohio Revised Code Sections 5705.14, 5705.15 and 5705.16.

ZANESVILLE CITY SCHOOL DISTRICT, OHIO

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2025

NOTE 9 - CAPITAL ASSETS

A. Governmental Activities Capital Assets

Summary by category of changes in governmental activities capital assets at June 30, 2025:

<i>Historical Cost:</i>	Balance			Balance
Class	June 30, 2024	Additions	Deletions	June 30, 2025
<i>Capital assets not being depreciated:</i>				
Land	\$2,030,284	\$0	\$0	\$2,030,284
Land Improvements	68,107	0	0	68,107
Construction in Progress	6,063,906	14,749,998	(6,063,906)	14,749,998
Total Nondepreciable Capital Assets	8,162,297	14,749,998	(6,063,906)	16,848,389
<i>Capital assets being depreciated:</i>				
Buildings and Building Improvements	95,950,148	138,310	0	96,088,458
Improvements Other Than Buildings	5,737,868	71,370	0	5,809,238
Furniture, Fixtures, Equipment & Vehicles	7,652,798	404,416	0	8,057,214
SBITA Assets	113,590	0	(113,590)	0
Total Cost	\$117,616,701	\$15,364,094	(\$6,177,496)	\$126,803,299
<i>Accumulated Depreciation:</i>	Balance			Balance
Class	June 30, 2024	Additions	Deletions	June 30, 2025
Buildings and Building Improvements	(\$39,880,559)	(\$2,930,581)	\$0	(\$42,811,140)
Improvements Other Than Buildings	(3,602,730)	(178,386)	0	(3,781,116)
Furniture, Fixtures, Equipment & Vehicles	(5,212,615)	(455,102)	0	(5,667,717)
SBITA Assets	(97,804)	(15,786)	113,590	0
Total Depreciation	(\$48,793,708)	(\$3,579,855) *	\$113,590	(\$52,259,973)

* Depreciation expenses were charged to governmental functions as follows:

Instruction:	
Regular	\$2,602,393
Special	8,786
Support Services:	
Instructional Staff	9,010
Fiscal Services	1,008
Operation and Maintenance of Plant	624,707
Pupil Transportation	155,272
Central	52,980
Operation of Non-Instructional:	
Food Service Operations	34,338
Extracurricular Activities	91,361
Total Depreciation Expense	<u>\$3,579,855</u>

ZANESVILLE CITY SCHOOL DISTRICT, OHIO

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2025

NOTE 10 - DEFINED BENEFIT PENSION PLANS

All of the District's full-time employees participate in one of two separate retirement systems which are cost-sharing, multiple-employer defined benefit pension plans.

A. Net Pension Liability

The net pension liability reported on the statement of net position represents a liability to employees for pensions. Pensions are a component of exchange transactions—between an employer and its employees—of salaries and benefits for employee services. Pensions 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 liability represents the District's proportionate share of each pension plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension plan's fiduciary net position. The net pension liability calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting this estimate annually.

Ohio Revised Code limits the District's obligation for this liability to annually required payments. The District cannot control benefit terms or the manner in which pensions are financed; however, the District does receive the benefit of employees' services in exchange for compensation including pension.

GASB 68 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires all funding to come from these employers. All contributions to date have come solely from these employers (which also includes costs paid in the form of withholdings from employees). State statute requires the pension plans to amortize unfunded liabilities within 30 years. If the amortization period exceeds 30 years, each pension plan's board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension liability. Resulting adjustments to the net pension liability would be effective when the changes are legally enforceable.

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

ZANESVILLE CITY SCHOOL DISTRICT, OHIO

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2025

NOTE 10 - DEFINED BENEFIT PENSION PLANS (Continued)

B. Plan Description

School Employees Retirement System (SERS)

District non-teaching employees participate in SERS, a cost-sharing multiple-employer defined benefit pension plan administered by SERS. SERS provides retirement, disability and survivor benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Ohio Revised Code Chapter 3309. SERS issues a publicly available, stand-alone financial report that includes financial statements, required supplementary information and detailed information about SERS' fiduciary net position. That report can be obtained by visiting the SERS website at www.ohsers.org under Employers/Audit Resources.

Age and service requirements for retirement are as follows:

	Eligible to Retire on or before August 1, 2017 *	Eligible to Retire on or after August 1, 2017
Full Benefits	Any age with 30 years of service credit	Age 67 with 10 years of service credit; or Age 57 with 30 years of service credit
Actuarially Reduced Benefits	Age 60 with 5 years of service credit Age 55 with 25 years of service credit	Age 62 with 10 years of service credit; or Age 60 with 25 years of service credit

* Members with 25 years of service credit as of August 1, 2017, will be included in this plan.

Annual retirement benefits are calculated based on final average salary multiplied by a percentage that varies based on year of service; 2.2 percent for the first thirty years of service and 2.5 percent for years of service credit over 30. Final average salary is the average of the highest three years of salary.

An individual whose benefit effective date is before April 1, 2018, is eligible for a cost of living adjustment (COLA) on the first anniversary date of the benefit. Beginning April 1, 2018, new benefit recipients must wait until the fourth anniversary of their benefit for COLA eligibility. The COLA is added each year to the base benefit amount on the anniversary date of the benefit. The COLA is indexed to the percentage increase in the CPI-W, not to exceed 2.5 percent and with a floor of 0 percent. A three-year COLA suspension was in effect for all benefit recipients for the years 2018, 2019, and 2020. The Retirement Board approved a 2.5 percent COLA for calendar year 2023.

Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary and the School District is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System's funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2025, the allocation to pension, death benefits, and Medicare B was 14 percent. No amount was allocated to the Health Care Fund.

The District's contractually required contribution to SERS was \$1,175,523 for fiscal year 2025.

ZANESVILLE CITY SCHOOL DISTRICT, OHIO

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2025

NOTE 10 - DEFINED BENEFIT PENSION PLANS (Continued)

B. Plan Description (Continued)

State Teachers Retirement System (STRS)

District licensed teachers and other faculty members participate in STRS Ohio, a cost-sharing multiple-employer public employee retirement system administered by STRS. STRS provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about STRS' fiduciary net position. That report can be obtained by writing to STRS, 275 E. Broad St., Columbus, OH 43215-3771, by calling (888) 227-7877, or by visiting the STRS Web site at www.strsoh.org.

New members have a choice of three retirement plans; a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. Benefits are established by Ohio Revised Code Chapter 3307. The DB plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. The calculation is 2.2 percent of final average salary for the five highest years of earnings multiplied by all years of credited service. Effective August 1, 2023, any member can retire with unreduced benefits with 34 years of services credit at any age; or five years of service credit and age 65. Effective June 1, 2025 - July 1, 2027, any member can retire with unreduced benefits with 33 years of service credit at any age; or five years of service credit and age 65. Effective on or after August 1, 2027, any member can retire with unreduced benefits with 34 years of service credit at any age; or five years of service credit and age 65.

In April 2017, the Retirement Board made the decision to reduce COLA granted on or after July 1, 2017, to 0 percent upon a determination by its actuary that it was necessary to preserve the fiscal integrity of the retirement system. Benefit recipients' base benefit and past cost-of living increases are not affected by this change. Effective July 1, 2022, an ad-hoc COLA of 3 percent of the base benefit was granted to eligible benefit recipients to begin on the anniversary of their retirement benefit in fiscal year 2023 as long as they retired prior to July 1, 2018. Effective July 1, 2023, a permanent 1 percent COLA of the base benefit was granted to eligible benefit recipients to begin on the anniversary of their retirement benefit in fiscal year 2024 as long as they retired prior to July 1, 2019.

Eligibility changes for DB Plan members who retire with actuarially reduced benefits effective August 1, 2023, can retire with 29 years of service credit at any age; or five years of service credit and age 60. Effective June 1, 2025 - July 1, 2027, retirement eligibility for reduced benefits is 28 years of service credit at any age; or five years of service credit and age 60. Effective on or after August 1, 2027, retirement eligibility for reduced benefits is 29 years of service credit at any age; or five years of service credit and age 60.

The DC Plan allows members to place all of their member contributions and 11.09 percent of the 14 percent employer contributions into an investment account. Investment allocation decisions are determined by the member. The remaining 2.91 percent of the 14 percent employer rate is allocated to the defined benefit unfunded liability. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal.

ZANESVILLE CITY SCHOOL DISTRICT, OHIO

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2025

NOTE 10 - DEFINED BENEFIT PENSION PLANS (Continued)

B. Plan Description (Continued)

The Combined Plan offers features of both the DB Plan and the DC Plan. In the Combined Plan, 12 percent of the 14 percent member rate goes to the DC Plan and the remaining 2 percent is applied to the DB Plan. Member contributions to the DC Plan are allocated among investment choices by the member, and contributions to the DB Plan from the employer and the member are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The defined benefit portion of the Combined Plan payment is payable to a member on or after age 60 with five years of service. The defined contribution portion of the account may be taken as a lump sum payment or converted to a lifetime monthly annuity after termination of employment at age 50 or later.

New members who choose the DC plan or Combined Plan will have another opportunity to reselect a permanent plan during their fifth year of membership. Members may remain in the same plan or transfer to another STRS plan. The optional annuitization of a member's defined contribution account or the defined contribution portion of a member's Combined Plan account to a lifetime benefit results in STRS bearing the risk of investment gain or loss on the account. STRS has therefore included all three plan options as one defined benefit plan for GASB 68 reporting purposes.

A DB or Combined Plan member with five or more years of credited service who is determined to be disabled may qualify for a disability benefit. Eligible survivors of members who die before service retirement may qualify for monthly benefits. New members on or after July 1, 2013, must have at least ten years of qualifying service credit that apply for disability benefits. Members in the DC Plan who become disabled are entitled only to their account balance. If a member of the DC Plan dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

Funding Policy – Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. For the fiscal year ended June 30, 2025, the employer rate was 14% and the member rate was 14% of covered payroll. The fiscal year 2025 contribution rates were equal to the statutory maximum rates.

The District's contractually required contribution to STRS was \$2,853,884 for fiscal year 2025. Of this amount \$449,360 is reported as an intergovernmental payable.

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

The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's share of contributions to the pension plan relative to the contributions of all participating entities.

ZANESVILLE CITY SCHOOL DISTRICT, OHIO

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2025

NOTE 10 - DEFINED BENEFIT PENSION PLANS (Continued)

C. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

Following is information related to the proportionate share and pension expense:

	SERS	STRS	Total
Proportionate Share of the Net Pension Liability	\$9,680,867	\$27,473,889	\$37,154,756
Proportion of the Net Pension Liability -2025	0.1892422%	0.1427837%	
Proportion of the Net Pension Liability -2024	0.1999116%	0.1412621%	
Percentage Change	<u>(0.0106694%)</u>	<u>0.0015216%</u>	
Pension Expense	\$922,544	\$1,581,110	\$2,503,654

At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	SERS	STRS	Total
Deferred Outflows of Resources			
Differences between expected and actual experience	\$369,606	\$1,730,139	\$2,099,745
Change of assumptions	86,603	1,266,147	1,352,750
District contributions subsequent to the measurement date	1,175,523	2,853,884	4,029,407
Changes in proportionate share	499,723	564,714	1,064,437
Total Deferred Outflows of Resources	<u>\$2,131,455</u>	<u>\$6,414,884</u>	<u>\$8,546,339</u>
Deferred Inflows of Resources			
Differences between expected and actual experience	\$0	\$15,050	\$15,050
Changes of assumptions	0	953,046	953,046
Net difference between projected and actual earnings on pension plan investments	605,533	2,362,194	2,967,727
Changes in proportionate share and differences between District contributions and proportionate share of contributions	419,926	77,235	497,161
Total Deferred Inflows of Resources	<u>\$1,025,459</u>	<u>\$3,407,525</u>	<u>\$4,432,984</u>

\$4,029,407 reported as deferred outflows of resources related to pension resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2026	(\$329,879)	(\$1,369,034)	(\$1,698,913)
2027	652,801	2,608,078	3,260,879
2028	(214,389)	(610,975)	(825,364)
2029	(178,060)	(474,594)	(652,654)
Total	<u>(\$69,527)</u>	<u>\$153,475</u>	<u>\$83,948</u>

ZANESVILLE CITY SCHOOL DISTRICT, OHIO

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2025

NOTE 10 - DEFINED BENEFIT PENSION PLANS (Continued)

D. Actuarial Assumptions

School Employees Retirement System (SERS)

SERS' total pension liability was determined by their actuaries in accordance with GASB Statement No. 67, as part of their annual actuarial valuation for each defined benefit retirement plan. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts (e.g., salaries, credited service) and assumptions about the probability of occurrence of events far into the future (e.g., mortality, disabilities, retirements, employment termination). Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

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

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

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of June 30, 2024, are presented below:

Wage Inflation	2.40 percent
Future Salary Increases, including inflation	3.25 percent to 13.58 percent
COLA or Ad Hoc COLA	2.00 percent
Investment Rate of Return	7.00 percent net of investment expense, including inflation
Actuarial Cost Method	Entry Age Normal

Mortality rates were based on the PUB-2010 General Employee Amount Weight Below Median Healthy Retiree mortality table projected to 2017 with ages set forward 1 year and adjusted 94.20% for males and set forward 2 years and adjusted 81.35% for females. Mortality among disable members were based upon the PUB-2010 General Disabled Retiree mortality table projected to 2017 with ages set forward 5 years and adjusted 103.3% for males and set forward 3 years and adjusted 106.8% for females. Future improvement in mortality rates is reflected by applying the MP-2020 projection scale generationally.

The most recent experience study was completed June 30, 2020.

ZANESVILLE CITY SCHOOL DISTRICT, OHIO

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2025

NOTE 10 - DEFINED BENEFIT PENSION PLANS (Continued)

D. Actuarial Assumptions (Continued)

The long-term return expectation for the Pension Plan Investments has been determined by using a building-block approach and assumes a time horizon, as defined in SERS' *Statement of Investment Policy*. A forecasted rate of inflation serves as the baseline for the return expectation. 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 an arithmetic weighted average of the expected real return premiums for each asset class, adding the projected inflation rate, and adding the expected return from rebalanced uncorrelated asset classes. The target allocation and best estimates of arithmetic real rates of return for each major assets class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long Term Expected Real Rate of Return</u>
Cash	3.00%	0.97%
US Equity	22.00%	4.68%
Non-US Equity Developed	12.00%	4.96%
Non-US Equity Emerging	6.00%	5.66%
Fixed Income/Global Bonds	18.00%	2.38%
Private Equity	14.00%	7.10%
Real Estate	13.00%	3.64%
Infrastructure	7.00%	4.80%
Private Debt/Private Credit	5.00%	5.86%
Total	<u>100.00%</u>	

Discount Rate - The total pension liability was calculated using the discount rate of 7.00 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 long-term assumed investment rate of return (7.00 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, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability. The annual money-weighted rate of return, calculated as the internal rate of return on pension plan investments, for fiscal year 2024 was 9.31%.

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability calculated using the discount rate of 7.00 percent, as well as what each plan's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00 percent), or one percentage point higher (8.00 percent) than the current rate.

ZANESVILLE CITY SCHOOL DISTRICT, OHIO

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2025

NOTE 10 - DEFINED BENEFIT PENSION PLANS (Continued)

D. Actuarial Assumptions (Continued)

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
District's proportionate share of the net pension liability	\$14,810,387	\$9,680,867	\$5,362,089

State Teachers Retirement System (STRS)

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the July 1, 2024 actuarial valuation are presented below:

Inflation	2.50 percent
Projected salary increases	Varies by service from 2.50 percent to 8.50 percent
Investment Rate of Return	7.00 percent, net of investment expenses, including inflation
Discount Rate	7.00 percent
Payroll Increases	3.00 percent
Cost-of-Living Adjustments (COLA)	0.0 percent, effective July 1, 2017

For 2024, Post-retirement mortality rates are based on the Pub-2010 Teachers Healthy Annuitant Mortality Table, adjusted 110% for males, projected forward generationally using mortality improvement scale MP-2020. Pre-retirement mortality rates are based on Pub-2010 Teachers Employee Table adjusted 95% for females, projected forward generationally using mortality improvement scale MP-2020. Post-retirement disabled mortality rates are based on Pub-2010 Teachers Disable Annuitant Table projected forward generationally using mortality improvement scale MP-2020.

Actuarial assumptions used in the June 30, 2024 valuation are based on the results of the latest available actuarial experience study which is for the period July 1, 2015 through June 30, 2021.

The 10 year expected real rate of return on pension plan investments was determined by STRS' investment consultant by developing best estimates of expected future real rates of return for each major asset class. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized as follows:

ZANESVILLE CITY SCHOOL DISTRICT, OHIO

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2025

NOTE 10 - DEFINED BENEFIT PENSION PLANS (Continued)

D. Actuarial Assumptions (Continued)

Asset Class	Target Allocation*	Long Term Expected Rate of Return**
Domestic Equity	26.00 %	6.90 %
International Equity	22.00	7.70
Alternatives	19.00	9.10
Fixed Income	22.00	4.50
Real Estate	10.00	5.10
Liquidity Reserves	1.00	2.40
Total	100.00 %	

*Final target weights reflected at October 1, 2022.

**10-Year geometric nominal returns, which include the real rate of return and inflation of 2.25% and does not include investment expenses. Over a 30-year period, STRS' investment consultant indicates that the above target allocations should generate a return above the actuarial rate of return, without net value added by management.

Discount Rate - The discount rate used to measure the total pension liability was 7.00 percent as of June 30, 2024. The projection of cash flows used to determine the discount rate assumes member and employer contributions will be made at the statutory contribution rates in accordance with rate increases described above. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, STRS' fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2024. Therefore, the long-term expected rate of return on pension plan investments of 7.00 percent was applied to all periods of projected benefit payments to determine the total pension liability as of June 30, 2024.

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following table presents the District's proportionate share of the net pension liability calculated using the current period discount rate assumption of 7.00 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.00 percent) or one-percentage-point higher (8.00 percent) than the current rate:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
District's proportionate share of the net pension liability	\$44,320,197	\$27,473,889	\$13,224,806

ZANESVILLE CITY SCHOOL DISTRICT, OHIO

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2025

NOTE 11 - DEFINED BENEFIT OPEB PLANS

A. Net OPEB Liability (Asset)

The net OPEB liability (asset) reported on the statement of net position represents a liability (asset) for OPEB. OPEB is a component of exchange transactions—between an employer and its employees—of salaries and benefits for employee services. 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 OPEB is a present obligation because it was created as a result of employment exchanges that already have occurred.

The net OPEB liability (asset) represents the District's proportionate share of each OPEB plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each OPEB plan's fiduciary net position. The net 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 District's obligation to annually required payments. The District cannot control benefit terms or the manner in which OPEB are financed; however, the District does receive the benefit of employees' services in exchange for compensation including OPEB.

GASB 75 assumes the liability is solely the obligation of the employer, because they benefit from employee services. OPEB contributions come from these employers and health care plan enrollees which pay a portion of the health care costs in the form of a monthly premium. State statute requires the retirement systems to amortize unfunded OPEB liabilities within 30 years. If the OPEB 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 OPEB liability (asset). Resulting adjustments to the net 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 long-term *net OPEB liability* on the accrual basis of accounting. Any liability for the contractually-required OPEB contribution outstanding at the end of the year is included in *intergovernmental payable* on both the accrual and modified accrual bases of accounting.

B. Plan Description

School Employees Retirement System (SERS)

The District contributes to the SERS Health Care Fund, administered by SERS for non-certificated retirees and their beneficiaries. For GASB 75 purposes, this plan is considered a cost-sharing other postemployment benefit (OPEB) plan. SERS' Health Care Plan provides healthcare benefits to eligible individuals receiving retirement, disability, and survivor benefits, and to their eligible dependents. Members who retire after June 1, 1986, need 10 years of service credit, exclusive of most types of purchased credit, to qualify to participate in SERS' health care coverage.

ZANESVILLE CITY SCHOOL DISTRICT, OHIO

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2025

NOTE 11 - DEFINED BENEFIT OPEB PLANS (Continued)

B. Plan Description (Continued)

In addition to age and service retirees, disability benefit recipients and beneficiaries who are receiving monthly benefits due to the death of a member or retiree, are eligible for SERS' health care coverage. Most retirees and dependents choosing SERS' health care coverage are over the age of 65 and therefore enrolled in a fully insured Medicare Advantage plan; however, SERS maintains a traditional, self-insured preferred provider organization for its non-Medicare retiree population. For both groups, SERS offers a self-insured prescription drug program. Health care is a benefit that is permitted, not mandated, by statute. The financial report of the Plan is included in the SERS Annual Comprehensive Financial Report which can be obtained on SERS' website at www.ohsers.org under Employers/Audit Resources.

The Health Care program is financed through a combination of employer contributions, recipient premiums, investment returns, and any funds received on behalf of SERS' participation in Medicare programs. The System's goal is to maintain a health care reserve account with a 20-year solvency period in order to ensure that fluctuations in the cost of health care do not cause an interruption in the program. However, during any period in which the 20-year solvency period is not achieved, the System shall manage the Health Care Fund on a pay-as-you-go basis.

Access to health care for retirees and beneficiaries is permitted in accordance with Section 3309 of the Ohio Revised Code. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). SERS' Retirement Board reserves the right to change or discontinue any health plan or program. Active employee members do not contribute to the Health Care Plan. The SERS Retirement Board established the rules for the premiums paid by the retirees for health care coverage for themselves and their dependents or for their surviving beneficiaries. Premiums vary depending on the plan selected, qualified years of service, Medicare eligibility, and retirement status.

Funding Policy – State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund in accordance with the funding policy. For fiscal year 2025, 0.0 percent of covered payroll was contributed to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal year 2025, this amount was \$30,000. Statutes provide that no employer shall pay a health care surcharge greater than 2 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2025, the District's surcharge obligation was \$142,362.

The surcharge, added to the allocated portion of the 14 percent employer contribution rate is the total amount assigned to the Health Care Fund. The District's contractually required contribution to SERS was \$142,362 for fiscal year 2025, which is reported as an intergovernmental payable.

ZANESVILLE CITY SCHOOL DISTRICT, OHIO

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2025

NOTE 11 - DEFINED BENEFIT OPEB PLANS (Continued)

B. Plan Description (Continued)

State Teachers Retirement System (STRS)

Plan Description – The District contributes to the cost sharing multiple employer defined benefit Health Plan administered by the State Teachers Retirement System of Ohio (STRS Ohio) for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS Ohio. Benefits include hospitalization, physicians' fees, prescription drugs and reimbursement of monthly Medicare Part B premiums. The Plan is included in the report of STRS Ohio which may be obtained by visiting www.strsoh.org or by calling (888) 227-7877.

Medicare Part D is a federal program to help cover the costs of prescription drugs for Medicare beneficiaries. This program allows STRS Ohio to recover part of the cost for providing prescription coverage since all eligible STRS Ohio health care plans include creditable prescription drug coverage.

Funding Policy – Ohio Revised Code Chapter 3307 authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2025, STRS Ohio allocated employer contributions equal to zero percent of covered payroll to the Health Care Stabilization Fund.

C. OPEB Liability (Asset), OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

The net OPEB liability (asset) was measured as of June 30, 2024, and the total OPEB liability used to calculate the net OPEB liability (asset) was determined by an actuarial valuation as of that date. The District's proportion of the net OPEB liability (asset) was based on the District's share of contributions to the pension and OPEB plans relative to the projected contributions of all participating entities. Following is information related to the proportionate share:

	SERS	STRS	Total
Proportionate Share of the Net OPEB Liability (Asset)	\$1,959,713	(\$2,708,333)	
Proportion of the Net OPEB Liability (Asset) -2025	0.1924126%	0.1427837%	
Proportion of the Net OPEB Liability (Asset) -2024	0.1978440%	0.1412621%	
Percentage Change	(0.0054314%)	0.0015216%	
OPEB Expense	(\$296,716)	(\$606,828)	(\$903,544)

ZANESVILLE CITY SCHOOL DISTRICT, OHIO

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2025

NOTE 11 - DEFINED BENEFIT OPEB PLANS (Continued)

C. OPEB Liability (Asset), OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	SERS	STRS	Total
Deferred Outflows of Resources			
Differences between expected and actual experience	\$0	\$117,743	\$117,743
Changes of assumptions	841,102	333,356	1,174,458
Net difference between projected and actual earnings on OPEB plan investments	9,567	0	9,567
Changes in proportionate share	498,876	0	498,876
District contributions subsequent to the measurement date	142,362	0	142,362
Total Deferred Outflows of Resources	<u>\$1,491,907</u>	<u>\$451,099</u>	<u>\$1,943,006</u>
Deferred Inflows of Resources			
Differences between expected and actual experience	\$2,113,081	\$291,865	\$2,404,946
Changes of assumptions	900,214	1,221,442	2,121,656
Changes in proportionate share	252,954	0	252,954
Net difference between projected and actual earnings on OPEB plan investments	0	116,291	116,291
Total Deferred Inflows of Resources	<u>\$3,266,249</u>	<u>\$1,629,598</u>	<u>\$4,895,847</u>

\$142,362 reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2026	(\$472,818)	(\$414,023)	(\$886,841)
2027	(339,307)	(182,475)	(521,782)
2028	(284,772)	(233,447)	(518,219)
2029	(244,052)	(217,155)	(461,207)
2030	(241,172)	(175,828)	(417,000)
Thereafter	(334,583)	44,429	(290,154)
Total	<u>(\$1,916,704)</u>	<u>(\$1,178,499)</u>	<u>(\$3,095,203)</u>

ZANESVILLE CITY SCHOOL DISTRICT, OHIO

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2025

NOTE 11 - DEFINED BENEFIT OPEB PLANS (Continued)

D. Actuarial Assumptions

School Employees Retirement System (SERS)

The total OPEB liability is determined by SERS' actuaries in accordance with GASB Statement No. 74, as part of their annual actuarial valuation for each retirement plan. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts (e.g., salaries, credited service) and assumptions about the probability of occurrence of events far into the future (e.g., mortality, disabilities, retirements, employment terminations). Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

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

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

Key methods and assumptions used in calculating the total OPEB liability in the latest actuarial valuation, prepared as of June 30, 2024, are presented below:

Wage Inflation	2.40 percent
Future Salary Increases, including inflation	3.25 percent to 13.58 percent
Investment Rate of Return	7.00 percent net of investment expense, including inflation
Fiduciary Net Position is Expected to be Depleted	2059
Municipal Bond Index Rate:	
Measurement Date	3.93 percent
Prior Measurement Date	3.86 percent
Single Equivalent Interest Rate, net of plan investment expense, including price inflation	
Measurement Date	4.88 percent
Prior Measurement Date	4.27 percent
Medical Trend Assumption	
Measurement Date	7.00 to 4.40 percent
Prior Measurement Date	6.75 to 4.40 percent

ZANESVILLE CITY SCHOOL DISTRICT, OHIO

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2025

NOTE 11 - DEFINED BENEFIT OPEB PLANS (Continued)

D. Actuarial Assumptions (Continued)

Mortality rates were based on the PUB-2010 General Employee Amount Weight Below Median Healthy Retiree mortality table projected to 2017 with ages set forward 1 year and adjusted 94.20% for males and set forward 2 years and adjusted 81.35% for females. Mortality among disable members were based upon the PUB-2010 General Disabled Retiree mortality table projected to 2017 with ages set forward 5 years and adjusted 103.3% for males and set forward 3 years and adjusted 106.8% for females. Future improvement in mortality rates is reflected by applying the MP-2020 projection scale generationally.

The most recent experience study was completed for the five year period ended June 30, 2020.

The long-term expected rate of return on plan assets is reviewed as part of the actuarial five-year experience study. The most recent study covers fiscal years 2015 through 2020, and was adopted by the Board in 2021. Several factors are considered in evaluating the long-term rate of return assumption including long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return were developed by the investment consultant for each major asset class. These ranges were combined to produce the long-term expected rate of return, 7.00%, by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The capital market assumptions developed by the investment consultant are intended for use over a 10-year horizon and may not be useful in setting the long-term rate of return for funding pension plans which covers a longer timeframe. The assumption is intended to be a long-term assumption and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

The target asset allocation and best estimates of arithmetic real rates of return for each major asset class, as used in the June 30, 2020 five-year experience study, are summarized as follows:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long Term Expected Real Rate of Return</u>
Cash	3.00%	0.97%
US Equity	22.00%	4.68%
Non-US Equity Developed	12.00%	4.96%
Non-US Equity Emerging	6.00%	5.66%
Fixed Income/Global Bonds	18.00%	2.38%
Private Equity	14.00%	7.10%
Real Estate	13.00%	3.64%
Infrastructure	7.00%	4.80%
Private Debt/Private Credit	5.00%	5.86%
Total	<u>100.00%</u>	

ZANESVILLE CITY SCHOOL DISTRICT, OHIO

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2025

NOTE 11 - DEFINED BENEFIT OPEB PLANS (Continued)

D. Actuarial Assumptions (Continued)

Discount Rate - The discount rate used to measure the total OPEB liability at June 30, 2024, was 4.88%. The discount rate used to measure the total OPEB liability prior to June 30, 2024, was 4.27%. The projection of cash flows used to determine the discount rate assumed that contributions will be made from members and the System at the contribution rate of 1.50% of projected covered payroll each year, which includes a 1.50% payroll surcharge and no contributions from the basic benefits plan. Based on these assumptions, the OPEB plan's fiduciary net position was projected to become insufficient to make all projected future benefit payments of current System members in 2059 by SERS actuaries. The Fidelity General Obligation 20-year Municipal Bond Index Rate is used in the determination of the SEIR for both the June 30, 2023 and the June 30, 2024 total OPEB liability. The Municipal Bond Index rate is the single rate that will generate a present value of benefit payments equal to the sum of the present value determined by the long-term expected rate of return, and the present value determined by discounting those benefits after the date of depletion. The Municipal Bond Index Rate is 3.93% at June 30, 2024 and 3.86% at June 30, 2023.

Sensitivity of the District's Proportionate Share of the Net OPEB Liability to Changes in the Discount and Health Care Cost Trend Rates – The net OPEB liability is sensitive to changes in the discount rate and the health care cost trend rate. The following table presents the net OPEB liability of SERS, what SERS' net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (3.88%) and higher (5.88%) than the current discount rate (4.88%). Also shown is what SERS' net OPEB liability would be based on health care cost trend rates that are 1 percentage point lower (6.00% decreasing to 3.40%) and higher (8.00% decreasing to 5.40%) than the current rate.

	1% Decrease (3.88%)	Current Discount Rate (4.88%)	1% Increase (5.88%)
School District's proportionate share of the net OPEB liability	\$2,613,208	\$1,959,713	\$1,440,423

	1% Decrease (6.00% Decreasing to 3.40%)	Current Trend Rate (7.00% Decreasing to 4.40%)	1% Increase (8.00% Decreasing to 5.40%)
School District's proportionate share of the net OPEB liability	\$1,324,693	\$1,959,713	\$2,794,396

ZANESVILLE CITY SCHOOL DISTRICT, OHIO

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2025

NOTE 11 - DEFINED BENEFIT OPEB PLANS (Continued)

D. Actuarial Assumptions (Continued)

State Teachers Retirement System (STRS)

The total OPEB liability in the June 30, 2024 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

	June 30, 2024	June 30, 2023
Projected salary increases	Varies by service from 2.5 percent to 8.5 percent	Varies by service from 2.5 percent to 8.5 percent
Investment Rate of Return	7.00 percent, net of investment expenses, including inflation	7.00 percent, net of investment expenses, including inflation
Payroll Increases	3 percent	3 percent
Discount Rate of Return	7.00 percent	7.00 percent
Health Care Cost Trends		
Medical		
Pre-Medicare	7.50 percent initial 3.94 percent ultimate	7.50 percent initial 4.14 percent ultimate
Medicare	(112.22) percent initial 3.94 percent ultimate	(10.94) percent initial 4.14 percent ultimate
Prescription Drug		
Pre-Medicare	8.00 percent initial 3.94 percent ultimate	(11.95) percent initial 4.14 percent ultimate
Medicare	(15.14) percent initial 3.94 percent ultimate	1.33 percent initial 4.14 percent ultimate

Projections of benefits include the historical pattern of sharing benefit costs between the employers and retired plan members.

Post-retirement mortality rates are based on the Pub-2010 Teachers Healthy Annuitant Mortality Table, adjusted 110% for males, projected forward generationally using mortality improvement scale MP-2020. Pre-retirement mortality rates are based on Pub-2010 Teachers Employee Table adjusted 95% for females, projected forward generationally using mortality improvement scale MP-2020. Post-retirement disabled mortality rates are based on Pub-2010 Teachers Disable Annuitant Table projected forward generationally using mortality improvement scale MP-2020.

Actuarial assumptions used in the June 30, 2024 valuation are based on the results of the latest available actuarial experience study which is for the period July 1, 2015 through June 30, 2021.

ZANESVILLE CITY SCHOOL DISTRICT, OHIO

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2025

NOTE 11 - DEFINED BENEFIT OPEB PLANS (Continued)

D. Actuarial Assumptions (Continued)

STRS' investment consultant develops an estimate range for the investment return assumption based on the target allocation adopted by the Retirement Board. The target allocation and long-term expected rate of return for each major asset class are summarized as follows:

<u>Asset Class</u>	<u>Target Allocation*</u>	<u>Long Term Expected Rate of Return**</u>
Domestic Equity	26.00 %	6.90 %
International Equity	22.00	7.70
Alternatives	19.00	9.10
Fixed Income	22.00	4.50
Real Estate	10.00	5.10
Liquidity Reserves	1.00	2.40
Total	<u>100.00 %</u>	

*Final target weights reflected at October 1, 2022.

**10-Year geometric nominal returns, which include the real rate of return and inflation of 2.25% and does not include investment expenses. Over a 30-year period, STRS' investment consultant indicates that the above target allocations should generate a return above the actuarial rate of return, without net value added by management.

Discount Rate - The discount rate used to measure the total OPEB liability was 7.00 percent as of June 30, 2024. The projection of cash flows used to determine the discount rate assumes STRS Ohio continues to allocate no employer contributions to the health care fund. Based on these assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan assets of 7.00% was used to measure the total OPEB liability as of June 30, 2024.

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ZANESVILLE CITY SCHOOL DISTRICT, OHIO

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2025

NOTE 11 - DEFINED BENEFIT OPEB PLANS (Continued)

D. Actuarial Assumptions (Continued)

Sensitivity of the District's Proportionate Share of the Net OPEB Liability (Asset) to Changes in the Discount and Health Care Cost Trend Rates – The net OPEB liability (asset) is sensitive to changes in the discount and health care cost trend rates. To illustrate the potential impact the following table presents the net OPEB liability (asset) calculated using the discount rate of 7.00 percent, as well as what the net OPEB liability (asset) would be if it were calculated using a discount rate that is one percentage point lower (6.00 percent), or one percentage point higher (8.00 percent) than the current rate. Also shown is the net OPEB liability (asset) calculated using a health care cost trend rate this is one percentage point lower and one percentage point higher.

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
School District's proportionate share of the net OPEB liability (asset)	(\$2,202,054)	(\$2,708,333)	(\$3,148,907)

	1% Decrease in Trend Rate	Current Trend Rate	1% Increase in Trend Rate
School District's proportionate share of the net OPEB liability (asset)	(\$3,178,668)	(\$2,708,333)	(\$2,142,696)

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ZANESVILLE CITY SCHOOL DISTRICT, OHIO

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2025

NOTE 12 – OTHER EMPLOYEE BENEFITS

A. Compensated Absences

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. Classified employees and administrators who are contracted to work on an eleven or twelve month basis earn five to twenty days of vacation per year, depending upon length of service. Vacation leave may be accumulated by employees up to 30 days and up to 60 days for the Superintendent and Treasurer. Accumulated, unused vacation time is paid to classified employees and administrators upon termination of employment. Nine and ten month employees, including teachers, do not earn vacation time.

Teachers, administrators, and classified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated up to 300 days for certified employees and up to 296 days for classified employees, including the Superintendent and Treasurer. Upon retirement, certificated employees receive payment for one-fourth of the total sick leave accumulation up to a maximum of 75 days. Classified employees, upon retirement, receive a severance payment for one-fourth of the total sick leave accumulation up to a maximum of 74 days. In addition, teachers may earn an additional day of sick leave compensation for each year that they served with perfect attendance.

B. Life and Vision Insurance

The District provides life insurance and accidental death and dismemberment insurance to most employees through Lincoln National Life Insurance Company.

The District provides vision insurance to employees through Vision Service Plan.

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ZANESVILLE CITY SCHOOL DISTRICT, OHIO

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2025

NOTE 13 - LONG-TERM DEBT AND OTHER OBLIGATIONS

Detail of the changes in long term debt of the District for the fiscal year ended June 30, 2025 is as follows:

		Restated Balance June 30, 2024	Additions	Deductions	Balance June 30, 2025	Amount Due Within One Year
Governmental Activities:						
General Obligation Bonds:						
2012 School Improvement Refunding Bonds						
Capital Appreciation Bonds		\$1,910,000	\$0	\$0	\$1,910,000	\$1,910,000
Capital Appreciation Bond Accretion		2,206,227	271,040	0	2,477,267	0
Capital Appreciation Bond Premium, \$939,688		134,236	0	(67,121)	67,115	0
Total 2012 School Improvement Refunding Bonds		4,250,463	271,040	(67,121)	4,454,382	1,910,000
2019 School Improvement Refunding Bonds						
Serial Bonds, \$8,440,000	4.00%	1,920,000	0	(1,920,000)	0	0
Serial Bond Premium, \$792,594		62,905	0	(62,905)	0	0
Total 2019 School Improvement Refunding Bonds		1,982,905	0	(1,982,905)	0	0
2021 School Improvement Refunding Bonds						
Serial Bonds, \$7,190,000	2.00 - 5.00%	6,515,000	0	(315,000)	6,200,000	5,000
Serial Bond Premium, \$1,069,176		672,052	0	(122,192)	549,860	0
Total 2021 School Improvement Refunding Bonds		7,187,052	0	(437,192)	6,749,860	5,000
Total General Obligation Bonds		13,420,420	271,040	(2,487,218)	11,204,242	1,915,000
Compensated Absences *		7,850,295	719,597	0	8,569,892	2,168,892
Total Governmental Activities		\$21,270,715	\$990,637	(\$2,487,218)	\$19,774,134	\$4,083,892

* - Increases in to compensated absences are presented net.

ZANESVILLE CITY SCHOOL DISTRICT, OHIO

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2025

NOTE 13 - LONG-TERM DEBT AND OTHER OBLIGATIONS (Continued)

The 2012 capital appreciation bonds mature on December 1, 2026. These bonds were issued at a premium at the time issuance. At maturity, all compounded interest is paid and the bond holder receives the face value of the bond. As the value of the bond increases, the accretion is reflected as principal liability. The maturity amount of the bonds, including accretion, is \$4,675,000. For fiscal year 2025, \$271,040 was accreted for a total bond liability of \$4,387,267.

As part of the bond issuance, the School District, pursuant to Section 3317.18, Ohio Revised Code, and Section 3301-8-01, Ohio Administrative Code, participated in the Ohio Credit Enhancement Program, and was assigned a rating of AA from Standard & Poor's for the bond issuance. In the event the School District is unable to make sufficient debt service payments and the payment will not be made by a credit enhancement facility, the department of education will make the sufficient payment.

On September 5, 2019, the School District issued \$8,440,000 of School Improvement General Obligation Refunding serial bonds to advance refund \$9,115,000 of the 2011 School Improvement Refunding Bonds. The refunding bonds were sold with a total premium of \$792,594 that will be amortized over the term of the bonds. \$9,272,345, (after premium, underwriting fees, and other issuance costs) was deposited into an irrevocable trust to provide for all future debt service payments on the refunded 2011 bonds.

On April 1, 2021, the School District issued \$7,190,000 of School Improvement General Obligation Refunding serial bonds to advance refund \$7,850,000 of the 2012 School Improvement Refunding Bonds. The refunding bonds were sold with a total premium of \$1,069,176 that will be amortized over the term of the bonds. \$8,248,416, (after premium, underwriting fees, and other issuance costs) was deposited into an irrevocable trust to provide for all future debt service payments on the refunded 2012 bonds.

A. Principal and Interest Requirements

A summary of the District's future long-term debt funding requirements, including principal and interest payments as of June 30, 2025 follows:

Fiscal Years	Serial/Current Interest Bonds		Capital Appreciation Bonds	
	Principal	Interest	Principal	Interest
2026	\$5,000	\$247,900	\$1,910,000	\$2,765,000
2027	5,000	247,700	0	0
2028	2,385,000	123,800	0	0
2029	2,525,000	152,200	0	0
2030	1,280,000	51,200	0	0
Totals	<u>\$6,200,000</u>	<u>\$822,800</u>	<u>\$1,910,000</u>	<u>\$2,765,000</u>

ZANESVILLE CITY SCHOOL DISTRICT, OHIO

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2025

NOTE 14 – STATUTORY RESERVES

The District is required by state law to set aside certain general fund revenue amounts, as defined, into a capital acquisition reserve. During the fiscal year ended June 30, 2025, the reserve activity (cash-basis) was as follows:

	Capital Acquisition Reserve
Set-aside Cash Balance as of June 30, 2024	\$0
Current Fiscal Year Set-Aside Requirement	693,033
Qualifying Disbursements	(693,033)
Total	\$0
Set-aside Reserve Balance June 30, 2026	\$0

Although the District had offsets and qualifying disbursements during the year that reduced the set-aside amounts below zero, the extra amount for capital acquisition may not be used to reduce the set-aside requirements of future fiscal years. Negative amounts for capital acquisition are therefore not presented as being carried forward to the next fiscal year.

NOTE 15 - RISK MANAGEMENT

A. Insurance Purchasing Pools

Ohio SchoolComp Workers' Compensation Group Retrospective Rating Program

The Ohio SchoolComp Workers' Compensation Group Retrospective Rating Program (Program) is a shared risk pool among school districts in Ohio. Section 4123.29, Ohio Revised Code, permits the establishment of employer group retrospective rating plans for workers' compensation rating purposes. The Program is governed by the Ohio School Board Association (OSBA) Executive Committee that consists of seven members as follows: the president of OSBA, Immediate Past President of OSBA, and five representatives elected from the participating school districts.

The Program, a Bureau of Workers' Compensation certified sponsor, established the program based upon guidelines set forth by the Bureau of Workers' Compensation (BWC). The Program created a group of school districts that will practice effective workplace safety and claims management to achieve lower premiums for workers compensation coverage than they would individually. The participating school districts continue to pay their own premiums and have the opportunity to receive retrospective premium adjustments based upon the combined performance of the group. Depending upon that performance, the participating school districts can receive either a premium refund or assessment. The Program's third party administrator (TPA), Comp Management, Inc., provides administrative, cost control, and actuarial services to the Program. The cost of the TPA will be paid by each school district in proportion to its payroll to the total payroll of the group.

ZANESVILLE CITY SCHOOL DISTRICT, OHIO

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2025

NOTE 15 - RISK MANAGEMENT (Continued)

A. Insurance Purchasing Pools (Continued)

The School District began participating in the program effective January 1, 2014. The School District participated in the Ohio Association of School Business Officials Workers' Compensation Group Rating Plan prior to 2014. The School District paid \$28,125 in enrollment fees to the Program as of June 30, 2025.

Ohio School Benefits Cooperative (OSBC)

The School District participates in the Ohio School Benefits Cooperative, a claims servicing and group purchasing pool comprised of 39 members. The Ohio School Benefits Cooperative (OSBC) is created and organized pursuant to and as authorized by Section 9.833 of the Ohio Revised Code. OSBC is governed by a nine member Board of Directors, all of whom must be school district and/or educational service center administrators. The Muskingum Valley Educational Service Center serves as the fiscal agent for OSBC. OSBC is an unincorporated, non-profit association of its members which was created for the purpose of enabling members of the Plan to maximize benefits and/or reduce costs of medical, prescription drug, vision, dental, life and/or other group insurance coverage for their employees, and the eligible dependents and designated beneficiaries of such employees.

Participants paid an initial \$500 membership fee to OSBC. OSBC offers two options to participants. The first option is that participants may enroll in the joint insurance purchasing program for medical, prescription drug, vision dental and/or life insurance. A second option is available for self-insured participants that provides for the purchase of stop-loss insurance coverage through OSBC's third party administrator. The School District participates in the second option. Medical Mutual/Antares is the Administrator of the OSBC. During fiscal year 2013, the School District elected to participate in the self-insured joint insurance program for medical, prescription drug, and dental coverage.

B. Other Insurance

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. During fiscal year 2025, the District contracted for various insurance coverages, as follows:

ZANESVILLE CITY SCHOOL DISTRICT, OHIO

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2025

NOTE 15 - RISK MANAGEMENT (Continued)

B. Other Insurance (Continued)

Insurance Provider	Coverage	Deductible
Liberty Mutual	Building & Personal Property Blanket	\$5,000
Liberty Mutual	Commercial General Liability	Not Applicable
Liberty Mutual	Commercial Inland Marine	\$1,000
Liberty Mutual	Commercial Auto Coverage	\$1,000
Liberty Mutual	Commercial Crime Coverage	\$500
Liberty Mutual	Commercial Umbrella Liability	Not Applicable
Auto Owners Insurance	Flood Insurance	\$1,250

There has been no significant reduction in insurance coverages from coverages in the prior fiscal year. In addition, settled claims resulting from these risks have not exceeded commercial insurance coverages in any of the past three fiscal years.

C. Self-Insurance

Medical, surgical, prescription drug, and dental insurance is offered to employees through a self-insurance internal service fund. Monthly premiums are paid to the fiscal agent who in turn pays the claims on the School District's behalf. The claims liability of \$837,238 reported in the internal service fund at June 30, 2025, is based on an estimate provided by the third party administrator and the requirements of Governmental Accounting Standards Board Statement No. 30, which requires that a liability for unpaid claim costs, including estimates of costs relating to incurred but not reported claims, be reported. The estimate was not affected by incremental claim adjustment expenses and does not include other allocated or unallocated claim adjustment expenses. The School District purchased a portion of an aggregate stop-loss coverage policy in the amount of \$12,133,275 annually. In addition, the School District has contracted for an excess stop-loss coverage with a maximum allowable covered expense per individual of \$100,000 annually.

Changes in the fund's claims liability amount in fiscal year 2025 were as follows:

Fiscal Year	Beginning of Fiscal Year Liability	Current Year Claims and Changes in Estimates	Claims Payments	Balance at Fiscal Year End
2024	\$636,640	\$9,766,191	(\$9,657,290)	\$745,541
2025	\$745,541	\$9,915,446	(\$9,823,749)	\$837,238

ZANESVILLE CITY SCHOOL DISTRICT, OHIO

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2025

NOTE 16 - JOINTLY GOVERNED ORGANIZATIONS

A. META Solutions

The School District participates in META Solutions, which is a jointly governed organization, created as a regional council of governments pursuant to Chapter 167 of the Ohio Revised Code. META is also known as META Solutions. META operates as, and has all the powers of, a data acquisition site/information technology center pursuant to applicable provisions of the Ohio Revised Code. The organization was formed for the purpose of identifying, developing, and providing to members and nonmembers innovative educational and technological services and products, as well as expanded opportunities for cooperative purchasing. The General Assembly of META consists of one delegate from every member school district. The delegate is the superintendent of the school district or the superintendent's designee. The degree of control exercised by any participating school district is limited to its representation on the General Assembly. The General Assembly exercises total control over the operation of META including budgeting, appropriating, contracting, and designating management. During fiscal year 2025, the School District paid \$101,867 for services with META. Financial information can be obtained from META Solutions at 2100 Citygate Drive, Columbus, Ohio 43219.

B. Mid-East Career and Technology Centers

The Mid-East Career and Technology Centers is a jointly governed organization providing vocational education services to its thirteen member school districts. The Center is a distinct political subdivision of the State of Ohio operated under the direction of a board consisting of one representative from each of the participating school district's elected boards. The board possesses its own taxing authority. The board also exercised total control over the operations of Mid-East Career and Technology Centers including budgeting, appropriating, contracting, and designating management. Each participant's control is limited to its representation on the board. The continued existence of the Center is not dependent on the School District's continued participation and no equity interest exists. During fiscal year 2025, the School District made no contributions to the Center. Financial information may be obtained from Mid-East Career and Technology Centers at 400 Richards Road, Zanesville, Ohio 43701.

C. Coalition of Rural and Appalachian Schools

The Coalition of Rural and Appalachian Schools (CORAS) is a jointly governed organization composed of over 130 school districts and other educational institutions in the 35-county region of Ohio designated as Appalachia. The Coalition is operated by a board which is composed of nineteen members. One elected and one appointed from each of the eight regions into which the 35 Appalachian counties are divided; and three from Ohio University College of Education.

ZANESVILLE CITY SCHOOL DISTRICT, OHIO

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2025

NOTE 16 - JOINTLY GOVERNED ORGANIZATIONS (Continued)

C. Coalition of Rural and Appalachian Schools (Continued)

The board exercised total control over the operations of CORAS including budgeting, appropriating, contracting, and designating management. Each participant's control is limited to its representation on the board. The Coalition provides various in-service training programs for school district administrative personnel; gathers data regarding the level of education provided to children in the region; cooperates with other professional groups to assess and develop programs designed to meet the needs of member districts; and provides staff development programs for school district personnel. The Coalition is not dependent on the continued participation of the School District and the School District does not maintain an equity interest in or financial responsibility for the Coalition. During fiscal year 2025, the School District made a membership payment in the amount of \$400 to CORAS. Financial information may be obtained from the Coalition of Rural and Appalachian Schools at 322 McCracken Hall, Ohio University, Athens, Ohio 45701.

NOTE 17 - CONTINGENCIES

A. Grants

The District receives financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at June 30, 2025.

B. Litigation

The District is not a party to any legal proceedings which seek damages or injunctive relief generally incidental to its operations and pending projects as of June 30, 2025.

NOTE 18 – SIGNIFICANT COMMITMENTS

The District utilizes encumbrance accounting as part of its budgetary controls. Encumbrances outstanding at fiscal year end may be reported as part of restricted, committed, or assigned classifications of fund balance. At June 30, 2025 the District had encumbrance commitments in the Governmental Funds as follows:

<u>Fund</u>	<u>Encumbrances</u>
General Fund	\$816,365
Miscellaneous Federal Grants Fund	36,821
Other Governmental Funds	419,128
Total Governmental Funds	<u><u>\$1,272,314</u></u>

ZANESVILLE CITY SCHOOL DISTRICT, OHIO

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2025

NOTE 19 – RELATED PARTY TRANSACTIONS

For fiscal year 2025, the District provided \$2,156,468 to the Zanesville Community High School, a discretely presented component unit, for administrative, fiscal, and student services. As of June 30, 2025, Zanesville Community High School has repaid all but \$183,396 of this amount. The balance remaining to be paid is reflected as Due from Component Unit by the School District and as Due to Primary Government by the component unit. In addition, Zanesville Community High School utilizes the facilities of the District to provide instructional services.

NOTE 20 – ZANESVILLE COMMUNITY HIGH SCHOOL COMPONENT UNIT

The Zanesville Community High School (High School) is a nonprofit corporation established pursuant to Ohio Revised Code Chapters 3314 and 1702. The High School is an approved tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code. Management is not aware of any course of action or series of events that have occurred that might adversely affect the High School's tax exempt status. The High School was created on April 16, 2007, by entering a five year contract with the Zanesville City School District (the Sponsor). The High School entered into a new five year contract with the Sponsor on May 10, 2022. This contract will expire June 30, 2027. The Sponsor is responsible for evaluating the performance of the High School and has the authority to deny renewal of the contract at its expiration. The Sponsor is also the fiscal agent of the High School with the Treasurer of the Sponsor completing the role of Treasurer for the High School.

The High School's significant accounting policies are described below.

Basis of Presentation

The Zanesville Community High School is accounted for using a flow of economic resources measurement focus. With this measurement focus, all assets and liabilities are included on the statement of net position. The Zanesville Community High School uses the full accrual basis of accounting. Revenues are recognized in the accounting period in which they are earned and expenses are recognized at the time they are incurred. The High School's basic financial statements consist of a statement of net position, a statement of activities and a statement of cash flows.

Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. The High School's financial statements are prepared using the accrual basis of accounting. 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. Revenue resulting from nonexchange transactions, in which the High School receives value without directly giving equal value in return, such as grants and entitlements, are recognized in the period in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the period when the resources are required to be used or the period when use is first permitted; matching requirements, in which the High School must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the High School on a reimbursement basis. Expenses are recognized at the time they are incurred.

ZANESVILLE CITY SCHOOL DISTRICT, OHIO

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2025

NOTE 20 – ZANESVILLE COMMUNITY HIGH SCHOOL COMPONENT UNIT (Continued)

Budgetary Process

Unlike other public schools located in the State of Ohio, community schools are not required to follow the budgetary provisions set forth in Ohio Revised Code Chapter 5705, unless specifically provided by the High School's contract with its Sponsor. The contract between the High School and its Sponsor prescribes an annual budget requirement as part of preparing a five year forecast, which is updated on an annual basis.

Cash and Cash Equivalents

Cash received by the High School is reflected as "Cash and Cash Equivalents" on the statement of net position. Investments with original maturities of three months or less at the time they are purchased are presented on the financial statements as cash equivalents. Investments with an initial maturity of more than three months are reported as investments. During fiscal year 2025, the Zanesville Community High School had no investments.

Capital Assets and Depreciation

Capital assets for the High School consisted of construction in progress, wood-working equipment for a classroom, a digital sign and a vehicle. Capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the fiscal year. Donated capital assets are recorded at their acquisition value as of the date received. The High School maintains a capitalization threshold of five thousand dollars. Capital assets are depreciated using the straight-line method. This wood-working equipment is depreciated over ten years of useful life, the digital sign over 15 years and the vehicle over 8 years.

Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2025, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expense is reported in the year in which services are consumed.

Net Position

Net position represents the difference between assets and liabilities. Net investment in capital assets represents capital assets net of accumulated depreciation. Net position is reported as restricted when there are limitations imposed on their use either through enabling legislation adopted by the High School or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The High School applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

ZANESVILLE CITY SCHOOL DISTRICT, OHIO

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2025

NOTE 20 – ZANESVILLE COMMUNITY HIGH SCHOOL COMPONENT UNIT (Continued)

Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the High School.

Operating expenses are necessary costs incurred to provide the service that is the primary activity of the High School. All revenues and expenses not meeting this definition are reported as non-operating.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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.

CHANGE IN ACCOUNTING PRINCIPLE

For fiscal year 2025, the High School implemented Governmental Accounting Standards Board (GASB) Statement No. 101, “Compensated Absences” and Statement No. 102, “Certain Risk Disclosures.”

GASB Statement No. 102 requires the disclosure of information about risks related to a government’s vulnerabilities due to certain concentrations or constraints. The implementation of this Statement had no effect on beginning net position/fund balance.

GASB Statement No. 101 updates the recognition and measurement guidance for compensated absences. The implementation of this Statement had no effect on beginning net position/fund balance.

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ZANESVILLE CITY SCHOOL DISTRICT, OHIO

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2025

NOTE 20 – ZANESVILLE COMMUNITY HIGH SCHOOL COMPONENT UNIT (Continued)

CASH AND CASH EQUIVALENTS

Ohio law requires that deposits be either insured or be protected by eligible securities pledged to the High School and deposited with a qualified trustee by the financial institution as security for repayment whose market value at all times shall be at least 105 percent of the deposits being secured, or 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. OPCS requires the total market value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State. The High School's policy is to deposit funds with banking institutions which collateralize public monies in accordance with the Ohio Revised Code.

Custodial credit risk is the risk that, in the event of a bank failure, the High School's deposits may not be returned. The School does not have a deposit policy for custodial credit risk. At June 30, 2025, the bank balance of the School's deposits was \$2,571,184. Of this bank balance, \$250,000 was covered by federal depository insurance and the remaining balance was covered by OPCS. There are no significant statutory restrictions regarding the deposit and investment of funds by the nonprofit corporation.

RECEIVABLES

Receivables at June 30, 2025 consisted of intergovernmental grant receivables.

CAPITAL ASSETS

Summary by category of changes in capital assets at June 30, 2025:

Historical Cost:	Balance			Balance
Class	June 30, 2024	Additions	Deletions	June 30, 2025
Capital assets not being depreciated:				
Construction in Progress	\$0	\$69,449	\$0	\$69,449
Total Nondepreciable Capital Assets	0	69,449	0	69,449
Capital assets being depreciated:				
Improvements Other Than Buildings	21,850	0	0	21,850
Equipment and Vehicles	41,128	0	0	41,128
Total Cost	\$62,978	\$69,449	\$0	\$132,427
Accumulated Depreciation:	Balance			Balance
Class	June 30, 2024	Additions	Deletions	June 30, 2025
Improvements Other Than Buildings	(\$728)	(\$1,456)	\$0	(\$2,184)
Equipment and Vehicles	(13,044)	(4,819)	0	(17,863)
Total Depreciation	(\$13,772)	(\$6,275)	\$0	(\$20,047)
Net Value:	\$49,206			\$112,380

ZANESVILLE CITY SCHOOL DISTRICT, OHIO

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2025

NOTE 20 – ZANESVILLE COMMUNITY HIGH SCHOOL COMPONENT UNIT (Continued)

RISK MANAGEMENT

The High School is exposed to various risks of loss related to torts; errors and omissions; and natural disasters. During the fiscal year ended June 30, 2025, the High School had liability insurance through the Zanesville City School District's policy. Settled claims have not exceeded commercial coverage in the past three fiscal years and there has been no significant reduction in coverage from the prior fiscal year.

RELATED PARTY TRANSACTIONS

Zanesville City School District, the Sponsor, approves each of the High School's six board members from the general public. The High School is presented as a component unit of the Sponsor. For fiscal year 2025, \$2,156,468 was provided by the Sponsor for administrative, fiscal, and student services provided to the High School. The High School paid all but \$183,396 of this amount as of June 30, 2025. This amount is reflected as a Due to Primary Government in the financial statements.

<u>Direct Expenses</u>	<u>Instruction Regular</u>	<u>Instruction Special</u>	<u>Instruction Intervention</u>	<u>Support Services</u>	<u>Non-Instructional Services - Other</u>	<u>Total</u>
Professional and Technical Services	\$404,052	\$443,628	\$38,018	\$942,546	\$16,811	\$1,845,055
Materials and Supplies	10,186	100	0	46,079	25,393	81,758
Capital Outlay	0	0	0	36,679	0	36,679
Other Expense	0	0	0	9,580	0	9,580
Totals	<u>\$414,238</u>	<u>\$443,728</u>	<u>\$38,018</u>	<u>\$1,034,884</u>	<u>\$42,204</u>	<u>\$1,973,072</u>

Expenses in the table are presented on a cash basis.

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ZANESVILLE CITY SCHOOL DISTRICT, OHIO

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2025

NOTE 20 – ZANESVILLE COMMUNITY HIGH SCHOOL COMPONENT UNIT (Continued)

CONTINGENCIES

A. Grants

The High School received financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the High School. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the High School at June 30, 2025.

B. Litigation

The High School is not a party to any legal proceedings which seek damages or injunctive relief generally incidental to its operations and pending projects as of June 30, 2025.

C. School Foundation

School District Foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. Traditional school districts must comply with minimum hours of instruction, instead of a minimum number of school days each year. The funding formula the Ohio Department of Education (ODE) is legislatively required to follow will continue to adjust as enrollment information is updated by the High School, which can extend past the fiscal year end. As of the date of this report, ODE has finalized the impact of enrollment adjustments to the June 30, 2025 foundation funding. The financial impact was not significant to the High School.

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ZANESVILLE CITY SCHOOL DISTRICT, OHIO

***R*_{REQUIRED} *S*_{SUPPLEMENTARY} *I*_{INFORMATION}**

ZANESVILLE CITY SCHOOL DISTRICT, OHIO

Schedule of District's Proportionate Share of the Net Pension Liability Last Ten Fiscal Years

State Teachers Retirement System

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
District's proportion of the net pension liability	0.13933605%	0.13635153%	0.14165593%	0.14055222%
District's proportionate share of the net pension liability	\$38,508,409	\$45,640,967	\$33,650,670	\$30,904,277
District's covered payroll	\$14,165,900	\$14,669,821	\$15,702,729	\$15,990,671
District's proportionate share of the net pension liability as a percentage of its covered payroll	271.84%	311.12%	214.30%	193.26%
Plan fiduciary net position as a percentage of the total pension liability	72.10%	66.80%	75.30%	77.30%

Source: District Treasurer's Office and State Teachers Retirement System

School Employees Retirement System

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
District's proportion of the net pension liability	0.16180200%	0.16279450%	0.17317890%	0.16799130%
District's proportionate share of the net pension liability	\$9,232,579	\$11,915,056	\$10,347,057	\$9,621,173
District's covered payroll	\$4,881,517	\$5,128,100	\$5,595,893	\$5,653,415
District's proportionate share of the net pension liability as a percentage of its covered payroll	189.13%	232.35%	184.90%	170.18%
Plan fiduciary net position as a percentage of the total pension liability	69.16%	62.98%	69.50%	71.36%

Source: District Treasurer's Office and School Employees Retirement System

Notes: The District implemented GASB Statement 68 in 2015.

Amounts presented as of the District's measurement date which is the prior fiscal year end.

See accompanying notes to the required supplementary information

ZANESVILLE CITY SCHOOL DISTRICT, OHIO

2020	2021	2022	2023	2024	2025
0.14016739%	0.13925501%	0.13748527%	0.14084002%	0.14126207%	0.14278369%
\$30,997,177	\$33,694,758	\$17,578,728	\$31,308,914	\$30,420,696	\$27,473,889
\$16,605,086	\$16,884,057	\$17,732,979	\$18,873,379	\$19,477,400	\$20,206,736
186.67%	199.57%	99.13%	165.89%	156.18%	135.96%
77.40%	75.48%	87.78%	78.88%	80.02%	82.50%
2020	2021	2022	2023	2024	2025
0.16306140%	0.18496920%	0.18483060%	0.17962220%	0.19991160%	0.18924220%
\$9,756,250	\$12,234,253	\$6,819,716	\$9,715,366	\$11,046,145	\$9,680,867
\$5,829,733	\$6,936,257	\$6,534,507	\$7,032,571	\$7,684,836	\$8,015,979
167.35%	176.38%	104.36%	138.15%	143.74%	120.77%
70.85%	68.55%	82.86%	75.82%	76.06%	78.52%

ZANESVILLE CITY SCHOOL DISTRICT, OHIO

***Schedule of District Pension Contributions
Last Ten Fiscal Years***

State Teachers Retirement System

Fiscal Year	2016	2017	2018	2019
Contractually required contribution	\$2,053,775	\$2,198,382	\$2,238,694	\$2,324,712
Contributions in relation to the contractually required contribution	2,053,775	2,198,382	2,238,694	2,324,712
Contribution deficiency (excess)	\$0	\$0	\$0	\$0
District's covered payroll	\$14,669,821	\$15,702,729	\$15,990,671	\$16,605,086
Contributions as a percentage of covered payroll	14.00%	14.00%	14.00%	14.00%

Source: District Treasurer's Office and State Teachers Retirement System

School Employees Retirement System

Fiscal Year	2016	2017	2018	2019
Contractually required contribution	\$717,934	\$783,425	\$763,211	\$787,014
Contributions in relation to the contractually required contribution	717,934	783,425	763,211	787,014
Contribution deficiency (excess)	\$0	\$0	\$0	\$0
District's covered payroll	\$5,128,100	\$5,595,893	\$5,653,415	\$5,829,733
Contributions as a percentage of covered payroll	14.00%	14.00%	13.50%	13.50%

Source: District Treasurer's Office and School Employees Retirement System

Notes: The District implemented GASB Statement 68 in 2015.

See accompanying notes to the required supplementary information

ZANESVILLE CITY SCHOOL DISTRICT, OHIO

<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
\$2,363,768	\$2,482,617	\$2,642,273	\$2,726,836	\$2,828,943	\$2,853,884
<u>2,363,768</u>	<u>2,482,617</u>	<u>2,642,273</u>	<u>2,726,836</u>	<u>2,828,943</u>	<u>2,853,884</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$16,884,057	\$17,732,979	\$18,873,379	\$19,477,400	\$20,206,736	\$20,384,886
14.00%	14.00%	14.00%	14.00%	14.00%	14.00%

<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
\$971,076	\$914,831	\$984,560	\$1,075,877	\$1,122,237	\$1,175,523
<u>971,076</u>	<u>914,831</u>	<u>984,560</u>	<u>1,075,877</u>	<u>1,122,237</u>	<u>1,175,523</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$6,936,257	\$6,534,507	\$7,032,571	\$7,684,836	\$8,015,979	\$8,396,593
14.00%	14.00%	14.00%	14.00%	14.00%	14.00%

ZANESVILLE CITY SCHOOL DISTRICT, OHIO

Schedule of the District's Proportionate Share of the Net Other Postemployment Benefits (OPEB) Liability (Asset) Last Nine Fiscal Years

State Teachers Retirement System

Fiscal Year	2017	2018	2019
District's proportion of the net OPEB liability (asset)	0.13635153%	0.14165593%	0.14055222%
District's proportionate share of the net OPEB liability (asset)	\$7,292,115	\$5,526,892	(\$2,258,530)
District's covered payroll	\$14,669,821	\$15,702,729	\$15,990,671
District's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	49.71%	35.20%	(14.12%)
Plan fiduciary net position as a percentage of the total OPEB liability	37.30%	47.10%	176.00%

Source: District Treasurer's Office and State Teachers Retirement System

School Employees Retirement System

Fiscal Year	2017	2018	2019
District's proportion of the net OPEB liability	0.16484230%	0.17573970%	0.17051930%
District's proportionate share of the net OPEB liability	\$4,698,615	\$4,716,393	\$4,730,666
District's covered payroll	\$5,128,100	\$5,595,893	\$5,653,415
District's proportionate share of the net OPEB liability as a percentage of its covered payroll	91.62%	84.28%	83.68%
Plan fiduciary net position as a percentage of the total OPEB liability	11.49%	12.46%	13.57%

Source: District Treasurer's Office and School Employees Retirement System

Notes: The District implemented GASB Statement 75 in 2018.

The schedule is intended to show ten fiscal years of information. Additional fiscal years will be displayed as they become available. Information prior to 2017 is not available.

The schedule is reported as of the measurement date of the Net OPEB Liability (Asset), which is the prior fiscal year end.

See accompanying notes to the required supplementary information

ZANESVILLE CITY SCHOOL DISTRICT, OHIO

<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
0.14016739%	0.13925501%	0.13748527%	0.14084002%	0.14126207%	0.14278369%
(\$2,321,510)	(\$2,447,404)	(\$2,898,766)	(\$3,646,817)	(\$2,747,349)	(\$2,708,333)
\$16,605,086	\$16,884,057	\$17,732,979	\$18,873,379	\$19,477,400	\$20,206,736
(13.98%)	(14.50%)	(16.35%)	(19.32%)	(14.11%)	(13.40%)
174.74%	182.13%	174.73%	230.73%	168.52%	158.00%
<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
0.16774750%	0.18496540%	0.18816220%	0.18251260%	0.19784400%	0.19241260%
\$4,218,497	\$4,019,903	\$3,561,124	\$2,562,495	\$3,259,370	\$1,959,713
\$5,829,733	\$6,936,257	\$6,534,507	\$7,032,571	\$7,684,836	\$8,015,979
72.36%	57.95%	54.50%	36.44%	42.41%	24.45%
15.57%	18.17%	24.08%	30.34%	30.02%	44.50%

ZANESVILLE CITY SCHOOL DISTRICT, OHIO

Schedule of District Other Postemployment Benefit (OPEB) Contributions Last Ten Fiscal Years

State Teachers Retirement System

	2016	2017	2018	2019
Contractually required contribution	\$0	\$0	\$0	\$0
Contributions in relation to the contractually required contribution	0	0	0	0
Contribution deficiency (excess)	\$0	\$0	\$0	\$0
District's covered payroll	\$14,669,821	\$15,702,729	\$15,990,671	\$16,605,086
Contributions as a percentage of covered payroll	0.00%	0.00%	0.00%	0.00%

Source: District Treasurer's Office and State Teachers Retirement System

School Employees Retirement System

	2016	2017	2018	2019
Contractually required contribution	\$81,170	\$95,797	\$120,798	\$134,544
Contributions in relation to the contractually required contribution	81,170	95,797	120,798	134,544
Contribution deficiency (excess)	\$0	\$0	\$0	\$0
District's covered payroll	\$5,128,100	\$5,595,893	\$5,653,415	\$5,829,733
Contributions as a percentage of covered payroll	1.58%	1.71%	2.14%	2.31%

Source: District Treasurer's Office and School Employees Retirement System

Notes: The District implemented GASB Statement 75 in 2018.

See accompanying notes to the required supplementary information

ZANESVILLE CITY SCHOOL DISTRICT, OHIO

<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
\$0	\$0	\$0	\$0	\$0	\$0
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$16,884,057	\$17,732,979	\$18,873,379	\$19,477,400	\$20,206,736	\$20,384,886
0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
\$85,827	\$109,693	\$113,295	\$102,193	\$135,884	\$142,362
<u>85,827</u>	<u>109,693</u>	<u>113,295</u>	<u>102,193</u>	<u>135,884</u>	<u>142,362</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$6,936,257	\$6,534,507	\$7,032,571	\$7,684,836	\$8,015,979	\$8,396,593
1.24%	1.68%	1.61%	1.33%	1.70%	1.70%

ZANESVILLE CITY SCHOOL DISTRICT, OHIO

Notes to the Required Supplementary Information For the Fiscal Year Ended June 30, 2025

NET PENSION LIABILITY

SERS

Changes in benefit terms – For fiscal years 2019 through 2025, there were no changes to benefit terms.

For fiscal year 2018, the following were the most significant changes in benefits that affected the total pension liability since the prior measurement date:

- The cost-of-living adjustment was changed from a fixed 3.00 percent to a cost-of-living adjustment that is indexed to CPI-W not greater than 2.5 percent with a floor of 0 percent beginning January 1, 2018. In addition, with the authority granted the Board under HB 49, the Board has enacted a three-year COLA suspension for benefit recipients in calendars 2018, 2019, and 2020.

There were no changes to benefit terms for fiscal years 2016 through 2017.

Changes in assumptions

For fiscal years 2024 and 2025 there were no changes in assumptions.

For fiscal year 2023, the following changes were made to the actuarial assumptions as identified. These new assumptions compared with those used in fiscal year 2022 and prior are presented below:

- Cost of living adjustment was increased from 2.00% to 2.50%.

For fiscal year 2022, the following changes were made to the actuarial assumptions as identified. These new assumptions compared with those used in fiscal year 2021 and prior are presented below:

- Assumed rate of inflation was reduced from 3.00% to 2.40%
- Payroll growth assumption was reduced from 3.50% to 1.75%
- Assumed real wage growth was increased from 0.50% to 0.85%
- Cost-of-Living-Adjustments was reduced from 2.50% to 2.00%
- The discount rate was reduced from 7.50% to 7.00%
- Rates of withdrawal, compensation, participation, spouse coverage assumption, retirement and disability were updated to reflect recent experience.
- Mortality among active members was updated to the following:
 - PUB-2010 General Amount Weighted Below Median Employee mortality table. Future improvement in mortality rates is reflected by applying the MP-2020 projection scale generationally.
- Mortality among service retired members was updated to the following:
 - PUB-2010 General Employee Weighted Below Median Healthy Retiree mortality table projected to 2017 with ages set forward 1 year and adjusted 94.20% for males and set forward 2 years and adjusted 81.35% for females. Future improvement in mortality rates is reflected by applying the MP-2020 projection scale generationally.
- Mortality among contingent survivors was updated to the following:
 - PUB-2010 General Amount Weighted Below Median Contingent Survivor mortality table projected to 2017 with ages set forward 1 year and adjusted 105.5% for males and adjusted 122.5% for females. Future improvement in mortality rates is reflected by applying the MP-2020 projection scale generationally.

ZANESVILLE CITY SCHOOL DISTRICT, OHIO

Notes to the Required Supplementary Information For the Fiscal Year Ended June 30, 2025

NET PENSION LIABILITY (Continued)

SERS (Continued)

- Mortality among disabled members was updated to the following:
 - PUB-2010 General Disabled Retiree mortality table projected to 2017 with ages set forward 5 years and adjusted 103.3% for males and set forward 3 years and adjusted 106.8% for females. Future improvement in mortality rates is reflected by applying the MP-2020 projection scale generationally.

For fiscal years 2021, 2020, and 2019 there were no changes in assumptions.

For fiscal year 2018, the following changes were made to the actuarial assumptions as identified. These new assumptions compared with those used in fiscal year 2017 and prior are presented below:

- Assumed rate of inflation was reduced from 3.25% to 3.00%
- Payroll Growth Assumption was reduced from 4.00% to 3.50%
- Assumed real wage growth was reduced from 0.75% to 0.50%
- Rates of withdrawal, retirement and disability were updated to reflect recent experience.
- Mortality among active members was updated to the following:
 - RP-2014 Blue Collar Mortality Table with fully generational projection and a five year age set-back for both males and females. The above rates represent the base rates used.
- Mortality among service retired members, and beneficiaries was updated to the following:
 - RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120% of male rates, and 110% of female rates.
- Mortality among disable member was updated to the following:
 - RP-2000 Disabled Mortality Table, 90% for male rates and 100% for female rates, set back five years is used for the period after disability retirement.

There were no changes in assumptions for fiscal years 2016 through 2017.

ZANESVILLE CITY SCHOOL DISTRICT, OHIO

Notes to the Required Supplementary Information For the Fiscal Year Ended June 30, 2025

NET PENSION LIABILITY (Continued)

STRS

Changes in benefit terms – For fiscal years 2025 through 2019, there were no changes to benefit terms. For fiscal year 2018, the cost of living adjustment (COLA) was reduced to 0 percent effective July 1, 2017. There were no changes to benefit terms for fiscal years 2016 through 2017.

Changes in assumptions

For fiscal year 2023, the following were the most significant changes of assumptions that affected the total pension liability since the prior measurement date:

- Total salary increase rates were lowered to a range of 2.5 percent to 8.5 percent.
- Updated the health and disability mortality assumptions to the Pub-2010 Teachers Healthy Annuitant Mortality Table projected forward generationally using mortality improvement scale MP-2020.
- Demographic assumptions were modified to reflect the June 30, 2021 experience study.

In fiscal year 2022 the investment return was lowered from 7.45 percent to 7.00 percent. For fiscal year 2021, 2020, and 2019, there were no changes in assumptions. For fiscal year 2018, the following were the most significant changes of assumptions that affected the total pension liability since the prior measurement date:

- Inflation assumptions were lowered from 2.75 percent to 2.50 percent.
- Investment return assumptions were lowered from 7.75 percent to 7.45 percent.
- Total salary increases rates were lowered by decreasing merit component of the individual salary increases, as well as by 0.25 percent due to lower inflation.
- Payroll growth assumptions were lowered to 3.00 percent.
- Updated the health and disability mortality assumption to the RP-2014 mortality tables with generational improvement scale MP-2016.
- Rates of retirement, termination and disability were modified to better reflect anticipated future experience.

There were no changes in assumptions for fiscal years 2016 to 2017, and 2024 to 2025.

NET OPEB LIABILITY (ASSET)

SERS

Changes in benefit terms – There were no changes to benefit terms for fiscal years 2025 - 2018.

Changes in assumptions

For fiscal year 2025, the following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:

The discount rate was changed from 4.27% to 4.88%

ZANESVILLE CITY SCHOOL DISTRICT, OHIO

Notes to the Required Supplementary Information For the Fiscal Year Ended June 30, 2025

NET OPEB LIABILITY (ASSET)

SERS (Continued)

For fiscal year 2024, the following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:

- The discount rate was changed from 4.08% to 4.27%

For fiscal year 2023, the following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:

- The discount rate was changed from 2.27% to 4.08%

For fiscal year 2022, the following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:

- The discount rate was changed from 2.63% to 2.27%
- The investment rate of return was reduced from 7.50% to 7.00%
- Assumed rate of inflation was reduced from 3.00% to 2.40%
- Payroll Growth Assumption was reduced from 3.50% to 1.75%
- Assumed real wage growth was increased from 0.50% to 0.85%
- Rates of withdrawal, retirement and disability were updated to reflect recent experience
- Rate of health care participation for future retirees and spouses was updated to reflect recent experience
- Mortality among active members was updated to the following:
 - PUB-2010 General Amount Weighted Below Median Employee mortality table.
- Mortality among service retired members was updated to the following:
 - PUB-2010 General Employee Amount Weighted Below Median Healthy Retiree mortality table projected to 2017 with ages set forward 1 year and adjusted 94.20% for males and set forward 2 years and adjusted 81.35% for females.
- Mortality among beneficiaries was updated to the following:
 - PUB-2010 General Amount Weighted Below Median Contingent Survivor mortality table projected to 2017 with ages set forward 1 year and adjusted 105.5% for males and adjusted 122.5% for females.

ZANESVILLE CITY SCHOOL DISTRICT, OHIO

Notes to the Required Supplementary Information For the Fiscal Year Ended June 30, 2025

NET OPEB LIABILITY (ASSET) (Continued)

SERS (Continued)

- Mortality among disabled member was updated to the following:
 - PUB-2010 General Disabled Retiree mortality table projected to 2017 with ages set forward 5 years and adjusted 103.3% for males and set forward 3 years and adjusted 106.8% for females.
- Mortality rates are projected using a fully generational projection with Scale MP-2020.

For fiscal year 2021, the following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:

- The municipal bond index rate decreased from 3.13 percent to 2.45 percent.
- The single equivalent interest rate, net of plan investment expense, including price inflation decreased from 3.22 percent to 2.63 percent.

For fiscal year 2020, the following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:

- The municipal bond index rate decreased from 3.62 percent to 3.13 percent.
- The single equivalent interest rate, net of plan investment expense, including price inflation decreased from 3.70 percent to 3.22 percent.
- The medical trend assumption rate changed as follows:
 - Medicare – 2019 – 5.375 to 4.75 percent, 2020 – 5.25 to 4.75 percent
 - Pre-Medicare – 2019 – 7.25 to 4.75 percent, 2020 – 7.00 to 4.75

For fiscal year 2019, the following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:

- The discount rate was changed from 3.63 percent to 3.70 percent.
- The municipal bond index rate increased from 3.56 percent to 3.62 percent.
- The single equivalent interest rate, net of plan investment expense, including price inflation increased from 3.63 percent to 3.70 percent.
- The medical trend assumption rate changed as follows:
 - Medicare – 2018 – 5.50 to 5.00 percent, 2019 – 5.375 to 4.75 percent
 - Pre-Medicare – 2018 – 7.50 to 5.00 percent, 2019 – 7.25 to 4.75

For fiscal year 2018, the following was the most significant change of assumptions that affected the total OPEB liability since the prior measurement date:

- The discount rate was increased from 2.98 percent to 3.63 percent.

ZANESVILLE CITY SCHOOL DISTRICT, OHIO

Notes to the Required Supplementary Information For the Fiscal Year Ended June 30, 2025

NET OPEB LIABILITY (ASSET) (Continued)

SERS (Continued)

For fiscal year 2017, the following was the most significant change of assumptions that affected the total OPEB liability since the prior measurement date:

- Assumed rate of inflation was reduced from 3.25% to 3.00%
- Payroll Growth Assumption was reduced from 4.00% to 3.50%
- Assumed real wage growth was reduced from 0.75% to 0.50%
- Rates of withdrawal, retirement and disability were updated to reflect recent experience.
- Mortality among active members was updated to the following:
 - RP-2014 Blue Collar Mortality Table with fully generational projection and a five year age set-back for both males and females.
- Mortality among service retired members, and beneficiaries was updated to the following:
 - RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120% of male rates, and 110% of female rates.
- Mortality among disabled members was updated to the following:
 - RP-2000 Disabled Mortality Table, 90% for male rates and 100% for female rates, set back five years is used for the period after disability retirement.

STRS

Changes in benefit terms

There were no changes in benefit terms for fiscal year 2025.

For fiscal year 2024 the following was the most significant change in benefit terms that affected the total OPEB liability since the prior measurement date:

- The non-Medicare subsidy percentage was increased from 2.2% to 2.5%.

For fiscal year 2023 the following was the most significant change in benefit terms that affected the total OPEB liability since the prior measurement date:

- Salary increase rates were updated based on the actuarial experience study for the period July 1, 2015 through June 30, 2021 and were changed from age based to service based.

For fiscal year 2022 the following was the most significant change in benefit terms that affected the total OPEB liability since the prior measurement date:

- The non-Medicare subsidy percentage was increased effective January 1, 2022 from 2.055% to 2.100%. The non-Medicare frozen subsidy base premium was increased effective January 1, 2022. The Medicare Part D subsidy was updated to reflect it is expected to be negative in CY2022. The Part B monthly reimbursement elimination date was postponed indefinitely.

ZANESVILLE CITY SCHOOL DISTRICT, OHIO

Notes to the Required Supplementary Information For the Fiscal Year Ended June 30, 2025

NET OPEB LIABILITY (ASSET) (Continued)

STRS (Continued)

For fiscal year 2021 the following was the most significant change in benefit terms that affected the total OPEB liability since the prior measurement date:

- The non-Medicare subsidy percentage was increased effective January 1, 2021 from 1.984% to 2.055% per year of service. The non-Medicare frozen subsidy base premium was increased effective January 1, 2021. The Medicare subsidy percentages were adjusted effective January 1, 2021 to 2.1% for the AMA Medicare plan. The Medicare Part B monthly reimbursement elimination date was postponed indefinitely.

For fiscal year 2020, the following was the most significant change in benefit terms that affected the total OPEB liability since the prior measurement date:

- The non-Medicare subsidy percentage was increased effective January 1, 2020 from 1.944% to 1.984% per year of service. The non-Medicare frozen subsidy base premium was increased effective January 1, 2020. The Medicare subsidy percentages were adjusted effective January 1, 2021 to 2.1% for the Medicare plan. The Medicare Part B monthly reimbursement elimination date was postponed to January 1, 2021.

For fiscal year 2019, the following was the most significant change in benefit terms that affected the total OPEB liability since the prior measurement date:

- The subsidy multiplier for non-Medicare benefit recipients increased from 1.9 percent to 1.944 percent per year of service effective January 1, 2019. The non-Medicare frozen subsidy base premium increased effective January 1, 2019 and all remaining Medicare Part B premium reimbursements were scheduled to be discontinued beginning January 1, 2020, though the STRS Board voted in June 2019 to extend the current Medicare Part B partial reimbursement for one year.

For fiscal year 2018, STRS has the following changes in benefit terms since the previous measurement date:

- The HealthSpan HMO plans were eliminated.
- The subsidy multiplier for non-Medicare benefit recipients was reduced to 1.9 percent per year of service from 2.1 percent.
- Medicare Part B premium reimbursements were discontinued for survivors and beneficiaries who were age 65 by 2008 and either receiving a benefit or named as a beneficiary as of January 1, 2008.
- The remaining Medicare Part B premium reimbursements will be phased out over a three-year period.

There were no changes to benefit terms for fiscal year 2017.

ZANESVILLE CITY SCHOOL DISTRICT, OHIO

Notes to the Required Supplementary Information For the Fiscal Year Ended June 30, 2025

NET OPEB LIABILITY (ASSET) (Continued)

STRS (Continued)

Changes in assumptions

For fiscal year 2025 the following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:

- The health care trend assumption rate changed as follows:
 - Medical Medicare – from (10.94) percent initial, 4.14 percent ultimate, to (112.22) percent initial, 3.94 percent ultimate
 - Medical Pre-Medicare – from 7.50 percent initial, 4.14 percent ultimate to 7.50 percent initial, 3.94 percent ultimate
 - Prescription Drug Medicare – from 1.33 percent initial, 4.14 percent ultimate to (15.14) percent initial, 3.94 percent ultimate
 - Prescription Drug Pre-Medicare – from (11.95) percent, 4.14 percent ultimate, to 8.00 percent initial, 3.94 percent ultimate.

For fiscal year 2024 the following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:

- The health care trend assumption rate changed as follows:
 - Medical Medicare – from (68.78) percent initial, 3.94 percent ultimate, to (10.94) percent initial, 4.14 percent ultimate
 - Medical Pre-Medicare – from 7.50 percent initial, 3.94 percent ultimate to 7.50 percent initial, 4.14 percent ultimate
 - Prescription Drug Medicare – from (5.47) percent initial, 3.94 percent ultimate to 1.33 percent initial, 4.14 percent ultimate
 - Prescription Drug Pre-Medicare – from 9.00 percent, 3.94 percent ultimate, to (11.95) percent initial, 4.14 percent ultimate.

ZANESVILLE CITY SCHOOL DISTRICT, OHIO

Notes to the Required Supplementary Information For the Fiscal Year Ended June 30, 2025

NET OPEB LIABILITY (ASSET) (Continued)

STRS (Continued)

For fiscal year 2023 the following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:

- The health care trend assumption rate changed as follows:
 - Medical Medicare – from (16.18) percent initial, 4 percent ultimate, to (68.78) percent initial, 3.94 percent ultimate
 - Medical Pre-Medicare – from 5.00 percent initial, 4 percent ultimate to 7.50 percent initial, 3.94 percent ultimate
 - Prescription Drug Medicare – from 29.98 percent initial, 4 percent ultimate to (5.47) percent initial, 3.94 percent ultimate
 - Prescription Drug Pre-Medicare – from 6.50 percent, 4 percent ultimate, to 9.00 initial, 3.94 percent ultimate

Updated the health and disability mortality assumption to the PUB-2010 mortality tables with generational improvement scale MP-2020.

For fiscal year 2022 the following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:

- The health care trend assumption rate changed as follows:
 - Medical Medicare – from (6.69) percent to (16.18) percent initial, 4 percent ultimate
 - Prescription Drug Medicare – from 11.87 percent to 29.98 percent initial, 4 percent ultimate
- The investment return was lowered from 7.45 percent to 7.00 percent.

For fiscal year 2021 the following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:

- The health care trend assumption rate changed as follows:
 - Medical Medicare – from 4.93 percent to (6.69) percent initial, 4 percent ultimate
 - Medical Pre-Medicare – from 5.87 percent to 5.00 percent initial, 4 percent ultimate
 - Prescription Drug Medicare – from 9.62 percent to 11.87 percent initial, 4 percent ultimate
 - Prescription Drug Pre-Medicare – from 7.73 percent to 6.50 initial, 4 percent ultimate

ZANESVILLE CITY SCHOOL DISTRICT, OHIO

Notes to the Required Supplementary Information For the Fiscal Year Ended June 30, 2025

NET OPEB LIABILITY (ASSET) (Continued)

STRS (Continued)

For fiscal year 2020, the following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:

- The health care trend assumption rate changed as follows:
 - Medical Medicare – from 6 percent to 4.93 percent initial, 4 percent ultimate
 - Medical Pre-Medicare – from 5 percent to 5.87 percent initial, 4 percent ultimate
 - Prescription Drug Medicare – from 8 percent to 9.62 percent initial, 4 percent ultimate
 - Prescription Drug Pre-Medicare – from -5.23 percent to 7.73 initial, 4 percent ultimate

For fiscal year 2019, the following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:

- The discount rate increased from a 4.13 percent blended discount rate to 7.45 percent.
- The health care trend assumption rate changed from 6 to 11 percent initial, 4.5 percent ultimate to:
 - Medical Medicare – 6 percent initial, 4 percent ultimate
 - Medical Pre-Medicare – 5 percent initial, 4 percent ultimate
 - Prescription Drug Medicare – 8 percent initial, 4 percent ultimate
 - Prescription Drug Pre-Medicare – -5.23 percent initial, 4 percent ultimate

For fiscal year 2018, the following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:

- The discount rate was increased from 3.26 percent to 4.13 percent based on the methodology defined under GASB 74.
- The long-term rate of return was reduced to 7.45 percent.
- Valuation-year per capita health costs were updated.
- The percentage of future retirees electing each option was updated based on current data.
- The assumed future trend rates were modified.
- Decrement rates including mortality, disability, retirement, and withdrawal were modified.
- The assumed percentage of future disabled retirees assumed to elect health coverage was decreased from 84 percent to 65 percent, and the assumed percentage of terminated vested participants assumed to elect health coverage at retirement was decreased from 47 percent to 30 percent.
- The assumed salary scale was modified.

There were no changes in assumptions for fiscal year 2017.

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**ZANESVILLE CITY SCHOOL DISTRICT
MUSKINGUM COUNTY**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2025**

FEDERAL GRANTOR Pass Through Grantor Program / Cluster Title	Federal AL Number	Pass Through Entity Identifying Number	Total Federal Expenditures
U.S. DEPARTMENT OF AGRICULTURE			
<i>Passed Through Ohio Department of Education and Workforce</i>			
Child Nutrition Cluster:			
National School Breakfast Program (Non-Cash)	10.553	N/A	\$ 66,379
National School Lunch Program (Non-Cash)	10.555	N/A	119,365
Summer Food Service Program for Children (Non-Cash)	10.559	N/A	11,227
Total Non-Cash Assistance			<u>196,971</u>
National School Breakfast Program	10.553	N/A	944,374
National School Lunch Program	10.555	N/A	1,667,969
Summer Food Service Program for Children	10.559	N/A	159,518
Total Cash Assistance			<u>2,771,861</u>
Total Child Nutrition Cluster			<u>2,968,832</u>
Total U.S. Department of Agriculture			2,968,832
U.S. DEPARTMENT OF EDUCATION			
<i>Passed Through Ohio Department of Education and Workforce</i>			
Title I Grants to Local Educational Agencies	84.010	N/A	2,814,525
Special Education Cluster:			
Special Education Grants to States	84.027	N/A	1,162,404
IDEA Early Childhood Special Education	84.173	N/A	35,295
Total Special Education Cluster			<u>1,197,699</u>
Rural Education	84.358	N/A	95,057
Supporting Effective Instruction State Grants	84.367	N/A	292,872
Student Support & Academic Enrichment Program	84.424	N/A	260,716
English Language Acquisition State Grants	84.365	N/A	1,115
Twenty-First Century Community Learning Centers	84.287	N/A	412,199
Elementary and Secondary School Emergency Relief (ESSER) Fund:			
COVID-19 ARP ESSER	84.425U	N/A	7,434,473
COVID-19 ARP - Homeless Round II	84.425W	N/A	10,871
Total Elementary and Secondary School Emergency Relief (ESSER) Fund			<u>7,445,344</u>
Total U.S. Department of Education			12,519,527
Total Expenditures of Federal Awards			<u>\$ 15,488,359</u>

The accompanying notes are an integral part of this Schedule.

**ZANESVILLE CITY SCHOOL DISTRICT
MUSKINGUM COUNTY**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
2 CFR 200.510(b)(6)**

FOR THE FISCAL YEAR ENDED JUNE 30, 2025

NOTE A – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of the Zanesville City School District, Muskingum County, Ohio (the District) under programs of the federal government for the fiscal year ended June 30, 2025. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the District.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the cash basis of accounting. Such expenditures are recognized following the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement.

NOTE C – INDIRECT COST RATE

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

NOTE D - CHILD NUTRITION CLUSTER

The District commingles cash receipts from the U.S. Department of Agriculture with similar State grants. When reporting expenditures on this Schedule, the District assumes it expends federal monies first.

NOTE E – FOOD DONATION PROGRAM

The District reports commodities consumed on the Schedule at fair value. The District allocated donated commodities to the respective program that benefited from use of those donated food commodities.

OHIO AUDITOR OF STATE KEITH FABER



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800-282-0370

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

Zanesville City School District
Muskingum County
956 Moxahala Avenue
Zanesville, Ohio 43701

To the Board of Education:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the governmental activities, discretely presented component unit, each major fund, and the aggregate remaining fund information of the Zanesville City School District, Muskingum County, Ohio (the District) as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated March 27, 2026, wherein we noted the District adopted new accounting guidance in Governmental Accounting Standards Board Statement 101, *Compensated Absences*.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified a certain deficiency in internal control, described in the accompanying Schedule of Findings as item [2025-001](#) that we consider to be a significant deficiency.

Report on Compliance and Other Matters

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

District's Response to Finding

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

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

KEITH FABER
Ohio Auditor of State



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

March 27, 2026



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

Zanesville City School District
Muskingum County
956 Moxahala Avenue
Zanesville, Ohio 43701

To the Board of Education:

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Zanesville City School District's, Muskingum County, Ohio (the District) compliance with the types of compliance requirements identified as subject to audit in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on each of District's major federal programs for the year ended June 30, 2025. Zanesville City School District's major federal programs are identified in the *Summary of Auditor's Results* section of the accompanying Schedule of Findings.

In our opinion, Zanesville City School District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2025.

Basis for Opinion on Each Major Federal Program

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

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the *Auditor's Responsibilities for the Audit of Compliance* section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of this testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

KEITH FABER
Ohio Auditor of State



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

March 27, 2026

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**ZANESVILLE CITY SCHOOL DISTRICT
MUSKINGUM COUNTY**

**SCHEDULE OF FINDINGS
2 CFR § 200.515
JUNE 30, 2025**

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unmodified
(d)(1)(ii)	Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	Yes
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material weaknesses in internal control reported for major federal programs?	No
(d)(1)(iv)	Were there any significant deficiencies in internal control reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unmodified
(d)(1)(vi)	Are there any reportable findings under 2 CFR § 200.516(a)?	No
(d)(1)(vii)	Major Programs (list): • AL# 10.553, 10.555, 10.559 Child Nutrition Cluster • AL # 84.010, Title I Grants to Local Educational Agencies	
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$ 750,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee under 2 CFR § 200.520?	Yes

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

FINDING NUMBER 2025-001

Significant Deficiency

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

**ZANESVILLE CITY SCHOOL DISTRICT
MUSKINGUM COUNTY**

**SCHEDULE OF FINDINGS
2 CFR § 200.515
JUNE 30, 2025
(Continued)**

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

FINDING NUMBER 2025-001 (Continued)

Significant Deficiency (Continued)

The following errors were identified for the fiscal year ending June 30, 2025 due to a lack of internal control procedures over accounting recording and reporting:

- On the Budget and Actual financial statement for the General Fund, the final revenue budget was not updated for the last amended certificate of estimated resources and was understated by \$2,530,825.
- On the Budget and Actual financial statement for the Miscellaneous Federal Grants Fund, the original appropriations erroneously included an improper fund's appropriations which inflated the amount by \$97,069.
- On the Statement of Activities, Special Instruction - Operating Grants and Contributions was understated and General Revenues - Grants and Entitlements not Restricted to Specific Programs was overstated in the net amount of \$1,891,564.
- The District reported \$1,870,000 as an outstanding advance liability of the Internal Service Fund due to the General Fund. It was determined that the Board approved to convert accumulated outstanding advances that occurred since 2019 in the amount of \$1,400,000 in June 2021 and the District failed to properly account for this.
- GASB Cod. 1800.137 describes the requirement to classify expenditures by character, that is, on the basis of the fiscal period they are presumed to benefit. The District had expenditures for the construction of a multi-purpose building that were classified as Current Expenditures - Operation & Maintenance of Plant in the General Fund and Miscellaneous Federal Grants Fund totaling \$1,477,531 and \$6,404,265, respectively. However, the nature of these expenditures presumably benefits both the present and future fiscal periods, therefore they are more appropriately classified as Capital Outlay.
- GASB 101, paragraph 30 requires compensated absences to either separate the increases and decreases or provides the option to present at a net increase or net decrease. If presented at net, this manner is required to be disclosed. The District did not disclose the presentation at net as required.

These adjustments, with which management has agreed, are reflected in the accompanying financial statements and notes of the District to correct these errors.

Failure to properly report financial activity in accordance with GAAP could result in material misstatements occurring and remaining undetected and fail to provide management with an accurate picture of the District's financial position and operations.

The District should take the necessary steps to establish and implement control procedures over recording and reporting to ensure that all revenues, expenditures/ expenses, assets, deferred outflows of resources, liabilities, deferred inflows of resources and equity of the District are properly presented and disclosed in the District's financial statements.

Officials' Response: Refer to Corrective Action Plan.

**ZANESVILLE CITY SCHOOL DISTRICT
MUSKINGUM COUNTY**

**SCHEDULE OF FINDINGS
2 CFR § 200.515
JUNE 30, 2025
(Continued)**

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS
--

None



Administrative Center

ZANESVILLE CITY SCHOOLS

956 MOXAHALA AVE. ZANESVILLE, OHIO 43701 PHONE: (740) 454-9751

FAX: (740) 455-4325

CORRECTIVE ACTION PLAN

2 CFR § 200.511(c)

JUNE 30, 2025

Finding Number: 2025-001
Planned Corrective Action: Implementation of effective controls to ensure that all amounts are properly reported on the financial statements in the future.
Anticipated Completion Date: 06/30/2026
Responsible Contact Person: Michael Young, Treasurer/CFO

OHIO AUDITOR OF STATE KEITH FABER



ZANESVILLE CITY SCHOOL DISTRICT

MUSKINGUM COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 3/31/2026

65 East State Street, Columbus, Ohio 43215
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at
www.ohioauditor.gov