

**OHIO AUDITOR OF STATE
KEITH FABER**



**Village of the City of Gallipolis
Gallia County, Ohio**

**Cash Financial Statements
For the Year Ended December 31, 2022**

Village of the City of Gallipolis, Ohio
Cash Financial Statements
For the Year Ended December 31, 2022

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OHIO AUDITOR OF STATE KEITH FABER



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Village Commission
Village of the City of Gallipolis
333 3rd Avenue
Gallipolis, OH 45631

Accountant's Compilation Report

Management is responsible for the accompanying basic financial statements of the Village of the City of Gallipolis as of and for the fiscal year ended December 31, 2022, in accordance with the cash basis of accounting and the display requirements of the Governmental Accounting Standards Board Statement No. 34, and for determining that the cash basis of accounting and the display requirements of the Governmental Accounting Standards Board Statement No. 34 is an acceptable financial reporting framework. We have performed compilation engagements in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the accompanying financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

We draw attention to Note 2 of the financial statements, which describes the basis of accounting. The financial statements are prepared in accordance with the cash basis of accounting and the display requirements of the Governmental Accounting Standards Board Statement No. 34, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

The Management's Discussion and Analysis is presented for purposes of additional analysis and is not a required part of the basic financial statements. This information is the representation of management. The information was not subject to our compilation engagement. We do not express an opinion, a conclusion, nor provide any assurance on such information.

KEITH FABER
Auditor of State

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

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

February 22, 2023

Village of the City of Gallipolis, Ohio

Management's Discussion and Analysis

For the Year Ended December 31, 2022

Unaudited

The discussion and analysis of the Village of the City of Gallipolis' (the Village) financial performance provides an overall review of the Village's financial activities for the year ended December 31, 2022, within the limitations of the Village's cash basis accounting. Readers should also review the basic financial statements and notes to the financial statements to enhance their understanding of the Village's financial performance.

FINANCIAL HIGHLIGHTS

Key financial highlights are as follows:

- For 2022, total net position increased \$978,022, with governmental activities increasing \$522,632 and business-type activities increasing \$455,390.
- For 2022, the Village had two governmental major funds: the General Fund and the Court Capital Improvement Capital Projects Fund. The fund balance of the General Fund increased \$85,178, while the Court Capital Improvement Fund increased \$74,351.
- The Village has three business-type activities: the Water, Sewer, and Sanitation Funds. For 2022, net position for all three funds increased \$123,514, \$328,645, and \$4,916, respectively

USING THE BASIC FINANCIAL STATEMENTS

This annual report is presented in a format consistent with the presentation requirements of Governmental Accounting Standards Board Statement No. 34, as applicable to the Village's cash basis of accounting.

Report Components

The statement of net position and the statement of activities provide information about the cash activities of the Village as a whole.

Fund financial statements provide a greater level of detail. Funds are created and maintained in the financial records of the Village as a way to segregate money whose use is restricted to a particular specified purpose. These statements present financial information by fund, presenting funds with the largest balances or most activity in separate columns.

The notes to the basic financial statements are an integral part of the government-wide and fund financial statements and provide expanded explanation and detail regarding the information reported in the statements.

Basis of Accounting

The basis of accounting is a set of guidelines that determine when financial events are recorded. The Village has elected to present its financial statements on a cash basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles. Under the Village's cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

Village of the City of Gallipolis, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2022
Unaudited

As a result of using the cash basis of accounting, certain assets and their related revenues (such as accounts receivable) and certain liabilities and their related expenses (such as accounts payable) are not recorded in the financial statements. Therefore, when reviewing the financial information and discussion within this report, the reader must keep in mind the limitations resulting from the use of the cash basis of accounting.

Reporting the Village of the City of Gallipolis as a Whole

Statement of Net Position and Statement of Activities

The statement of net position and the statement of activities reflect how the Village did financially during 2022, within the limitations of the cash basis of accounting. The statement of net position presents the cash balances of the governmental and business-type activities of the Village at year end. The statement of activities compares cash disbursements with program receipts for each governmental program and business-type activity. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function or business-type activity draws from the Village's general receipts.

These statements report the Village's cash position and changes in cash position. Keeping in mind the limitations of the cash basis of accounting, you can think of these changes as one way to measure the Village's financial health. Over time, increases or decreases in the Village's cash position is one indicator of whether the Village's financial health is improving or deteriorating. When evaluating the Village's financial condition, you should also consider other nonfinancial factors as well, such as the Village's property tax base, the condition of the Village's capital assets and infrastructure, the extent of the Village's debt obligations, and the reliance on non-local financial resources for operations.

In the statement of net position and the statement of activities, we divide the Village into two types of activities:

- **Governmental Activities** – Most of the Village's basic services are reported here, including police, fire, streets, and parks. Charges for services, state and federal grants, and income and property taxes finance most of these activities. Benefits provided through governmental activities are not necessarily paid for by the people receiving them.
- **Business-Type Activities** – Water and sewer services have charges based on the amounts of usage. The Village charges fees to recoup the cost of the entire operation of our water and sewer treatment plants, sanitation services, as well as all capital expenses associated with these facilities and equipment.

Village of the City of Gallipolis, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2022
Unaudited

Reporting the Village of the City of Gallipolis' Most Significant Funds

Fund Financial Statements

Fund financial statements provide detailed information about the Village's major funds – not the Village as a whole. The Village establishes separate funds to better manage its many activities and to help demonstrate that money that is restricted as to how it may be used is being spent for the intended purpose. The funds of the Village are split into three categories: governmental, proprietary, and fiduciary.

- **Governmental Funds** - Most of the Village's activities are reported in governmental funds. The governmental fund financial statements provide a detailed view of the Village's governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the Village's programs. The Village's significant governmental funds are presented on the financial statements in separate columns. The information for non-major funds (funds whose activity or balances are not large enough to warrant separate reporting) is combined and presented in total in a single column. The Village's major governmental funds are the General Fund and the Court Capital Improvement Capital Projects Fund. The programs reported in the governmental funds are closely related to those reported in the governmental activities section of the entity-wide statements. We describe this relationship in reconciliations, if necessary.
- **Proprietary Funds** - When the Village charges customers for the services it provides, these services are generally reported in proprietary funds. When the services are provided to the general public, the activity is reported as an enterprise fund. The Village has three enterprise funds, the Water, Sewer, and Sanitation Funds. The Village also has an internal service fund for medical expense reimbursements.
- **Fiduciary Funds** - Fiduciary funds are used to account for resources held for the benefit of parties outside the Village. They are not reflected on the government-wide financial statements because the resources from those funds are not available to support the Village's programs.

Village of the City of Gallipolis, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2022
Unaudited

THE VILLAGE OF THE CITY OF GALLIPOLIS AS A WHOLE

Table 1 provides a summary of the Village's net position for 2022 compared to 2021 on a cash basis:

(Table 1)
Net Position

| | Governmental Activities | | Business-Type Activities | | Total | |
|--------------------------------|-------------------------|--------------------|--------------------------|--------------------|--------------------|--------------------|
| | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 |
| Assets | | | | | | |
| Cash and Cash Equivalents | \$2,742,105 | \$2,209,184 | \$2,950,985 | \$2,493,910 | \$5,693,090 | \$4,703,094 |
| Cash in Segregated Accounts | 49,164 | 61,138 | 0 | 0 | 49,164 | 61,138 |
| Internal Balances | (2,448) | (4,133) | 2,448 | 4,133 | 0 | 0 |
| <i>Total Assets</i> | <u>\$2,788,821</u> | <u>\$2,266,189</u> | <u>\$2,953,433</u> | <u>\$2,498,043</u> | <u>\$5,742,254</u> | <u>\$4,764,232</u> |
| Net Position | | | | | | |
| Restricted for: | | | | | | |
| Street | \$228,116 | \$168,847 | \$0 | \$0 | \$228,116 | \$168,847 |
| Police | 184,395 | 60,317 | 0 | 0 | 184,395 | 60,317 |
| Fire | 274,875 | 222,079 | 0 | 0 | 274,875 | 222,079 |
| Cemeteries | 50,374 | 41,450 | 0 | 0 | 50,374 | 41,450 |
| Community Environment | 9,547 | 15,130 | 0 | 0 | 9,547 | 15,130 |
| Recreation | 58,924 | 70,130 | 0 | 0 | 58,924 | 70,130 |
| Court | 1,092,327 | 963,161 | 0 | 0 | 1,092,327 | 963,161 |
| Unclaimed Monies | 112,293 | 103,727 | 0 | 0 | 112,293 | 103,727 |
| Perpetual Care - Nonexpendable | 27,442 | 27,442 | 0 | 0 | 27,442 | 27,442 |
| Drug Prevention Program | 3,645 | 0 | 0 | 0 | 3,645 | 0 |
| Other Purposes | 140,087 | 74,025 | 0 | 0 | 140,087 | 74,025 |
| Unrestricted | 606,796 | 519,881 | 2,953,433 | 2,498,043 | 3,560,229 | 3,017,924 |
| <i>Total Net Position</i> | <u>\$2,788,821</u> | <u>\$2,266,189</u> | <u>\$2,953,433</u> | <u>\$2,498,043</u> | <u>\$5,742,254</u> | <u>\$4,764,232</u> |

As mentioned previously, net position of governmental activities increased \$522,632 and the business-type activities net position increased \$455,390 during 2022. The primary reason contributing to the increase in governmental activities is increases in property and other local taxes, municipal income taxes, and intergovernmental revenues during 2022. Business-type activities increased primarily due to increases in charges for services in each enterprise fund.

Table 2 reflects the changes in net position on a cash basis in 2022 and 2021 for governmental activities, business-type activities, and total primary government.

Village of the City of Gallipolis, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2022
Unaudited

(Table 2)
Changes in Net Position

| | Governmental Activities | | Business-Type Activities | | Total | |
|---|-------------------------|--------------------|--------------------------|--------------------|--------------------|--------------------|
| | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 |
| Receipts | | | | | | |
| Program Receipts: | | | | | | |
| Charges for Services | \$1,090,197 | \$1,205,012 | \$4,179,418 | \$3,886,743 | \$5,269,615 | \$5,091,755 |
| Operating Grants, Contributions and Interest | 874,421 | 901,376 | 0 | 0 | 874,421 | 901,376 |
| Capital Grants and Contributions | 74,383 | 4,526 | 0 | 0 | 74,383 | 4,526 |
| <i>Total Program Receipts</i> | <u>2,039,001</u> | <u>2,110,914</u> | <u>4,179,418</u> | <u>3,886,743</u> | <u>6,218,419</u> | <u>5,997,657</u> |
| General Receipts: | | | | | | |
| Property and Other Local Taxes | 438,928 | 402,514 | 0 | 0 | 438,928 | 402,514 |
| Municipal Income Taxes | 1,901,935 | 1,690,991 | 0 | 0 | 1,901,935 | 1,690,991 |
| Franchise Fees | 52,322 | 55,705 | 0 | 0 | 52,322 | 55,705 |
| Grants and Entitlements | 205,308 | 120,828 | 0 | 0 | 205,308 | 120,828 |
| Investment Earnings | 19,119 | 18,065 | 0 | 0 | 19,119 | 18,065 |
| Donations | 2,764 | 2,006 | 0 | 0 | 2,764 | 2,006 |
| Miscellaneous | 118,748 | 65,021 | 24,348 | 23,356 | 143,096 | 88,377 |
| <i>Total General Receipts</i> | <u>2,739,124</u> | <u>2,355,130</u> | <u>24,348</u> | <u>23,356</u> | <u>2,763,472</u> | <u>2,378,486</u> |
| Total Receipts | <u>4,778,125</u> | <u>4,466,044</u> | <u>4,203,766</u> | <u>3,910,099</u> | <u>8,981,891</u> | <u>8,376,143</u> |
| Disbursements | | | | | | |
| General Government | 992,413 | 959,940 | 0 | 0 | 992,413 | 959,940 |
| General Government - Court | 656,374 | 673,992 | 0 | 0 | 656,374 | 673,992 |
| Security of Persons and Property: | | | | | | |
| Police | 1,307,685 | 1,234,600 | 0 | 0 | 1,307,685 | 1,234,600 |
| Fire | 391,168 | 221,819 | 0 | 0 | 391,168 | 221,819 |
| Public Health Services | 110,733 | 84,402 | 0 | 0 | 110,733 | 84,402 |
| Community Environment | 96,530 | 115,408 | 0 | 0 | 96,530 | 115,408 |
| Transportation | 297,625 | 314,791 | 0 | 0 | 297,625 | 314,791 |
| Leisure Time Activities | 209,624 | 161,373 | 0 | 0 | 209,624 | 161,373 |
| Debt Service: | | | | | | |
| Principal Retirement | 203,889 | 196,065 | 0 | 0 | 203,889 | 196,065 |
| Interest and Fiscal Charges | 84,452 | 92,276 | 0 | 0 | 84,452 | 92,276 |
| Water | 0 | 0 | 1,628,785 | 1,805,587 | 1,628,785 | 1,805,587 |
| Sewer | 0 | 0 | 1,724,428 | 1,902,757 | 1,724,428 | 1,902,757 |
| Sanitation | 0 | 0 | 395,163 | 386,656 | 395,163 | 386,656 |
| <i>Total Disbursements</i> | <u>4,350,493</u> | <u>4,054,666</u> | <u>3,748,376</u> | <u>4,095,000</u> | <u>8,098,869</u> | <u>8,149,666</u> |
| <i>Increase (Decrease) before Transfers</i> | 427,632 | 411,378 | 455,390 | (184,901) | 883,022 | 226,477 |
| <i>Transfers</i> | 0 | (244) | 0 | 244 | 0 | 0 |
| <i>Proceeds from Sale of Bonds</i> | 95,000 | 0 | 0 | 0 | 95,000 | 0 |
| Change in Net Position | <u>522,632</u> | <u>411,134</u> | <u>455,390</u> | <u>(184,657)</u> | <u>978,022</u> | <u>226,477</u> |
| <i>Net Position Beginning of Year</i> | <u>2,266,189</u> | <u>1,855,055</u> | <u>2,498,043</u> | <u>2,682,700</u> | <u>4,764,232</u> | <u>4,537,755</u> |
| <i>Net Position End of Year</i> | <u>\$2,788,821</u> | <u>\$2,266,189</u> | <u>\$2,953,433</u> | <u>\$2,498,043</u> | <u>\$5,742,254</u> | <u>\$4,764,232</u> |

Village of the City of Gallipolis, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2022
Unaudited

Governmental Activities

For 2022, program receipts represent \$2,039,001 or 42.7 percent of total receipts and are primarily composed of charges for services such as code enforcement, cemetery, and recreation fees, court fines, and police and fire contracts, capital grants used for capital improvement projects, and restricted intergovernmental receipts such as motor vehicle license and gas tax money.

General receipts represent \$2,739,124, or 57.3 percent of the Village's total receipts, and of this amount, \$2,340,863, or 85.5 percent are derived from local taxes. The Village's total general receipts increased \$383,994 from 2021 in the areas of property and other local taxes, municipal income taxes, and miscellaneous revenues. The Village had proceeds from the sale of bonds in 2022 for fire equipment.

The Village continued to work very hard to increase the income tax base by being proactive with new businesses and continued to strive to provide better service to the taxpayers at the lowest cost possible.

General government and security of persons and property are the major activities of the Village, representing 61.9 percent of the governmental disbursements in 2022. During 2022, disbursements for these operations amounted to \$992,413 and \$1,698,853, respectively. These activities are, for the most part, funded by the municipal income tax. The Village attempted to supplement the income and activities of the police and fire departments through grant funding to enable the departments to widen the scope of their activities. The police and fire departments and their employees continued to work hand-in-hand with the Village to help reduce the costs to the taxpayer.

General government – court, public health services, community environment, transportation, leisure time activities, and debt service account for the remaining 38.1 percent of governmental disbursements in 2022.

Business-Type Activities

The Village's water, sewer, and sanitation operations account for the disbursements for the Village's business-type activities and are funded primarily from charges for services. During 2022, program revenues exceeded program disbursements by \$455,390 for all business-type activities due in large part to a decrease in capital outlay disbursements and an increase in charges for services revenue from the prior year.

If you look at the Statement of Activities, you will see the first column lists the major services provided by the Village. The next column identifies the costs of providing these services. The next three columns of the Statement entitled Program Receipts identify amounts paid by people who are directly charged for the service and grants received by the Village that must be used to provide a specific service. The net Disbursements (Receipts) column compares the program receipts to the cost of the service. The "net cost" amount represents the cost of the service which ends up being paid from money provided by local taxpayers. These net costs are paid from the general receipts which are presented at the bottom of the Statement. A comparison between the total cost of services and the net cost is presented in Table 3.

Village of the City of Gallipolis, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2022
Unaudited

(Table 3)

Governmental Activities

| | Total Cost of Services | Net Cost of Services | Total Cost of Services | Net Cost of Services |
|-----------------------------------|---------------------------|-------------------------|---------------------------|-------------------------|
| | 2022 | 2022 | 2021 | 2021 |
| General Government | \$992,413 | \$666,719 | \$959,940 | \$399,607 |
| General Government - Court | 656,374 | (243,806) | 673,992 | (242,661) |
| Security of Persons and Property: | | | | |
| Police | 1,307,685 | 1,135,856 | 1,234,600 | 1,224,127 |
| Fire | 391,168 | 284,341 | 221,819 | 106,169 |
| Public Health Services | 110,733 | 60,781 | 84,402 | 59,327 |
| Community Environment | 96,530 | 68,769 | 115,408 | 67,767 |
| Transportation | 297,625 | (48,017) | 314,791 | (13,257) |
| Leisure Time Activities | 209,624 | 98,508 | 161,373 | 54,332 |
| Debt Service: | | | | |
| Principal Retirement | 203,889 | 203,889 | 196,065 | 196,065 |
| Interest and Fiscal Charges | 84,452 | 84,452 | 92,276 | 92,276 |
| <i>Total</i> | <u>\$4,350,493</u> | <u>\$2,311,492</u> | <u>\$4,054,666</u> | <u>\$1,943,752</u> |

The dependence upon property and income tax receipts is apparent as approximately 53.1 percent of governmental activities are supported through these and other general receipts.

THE VILLAGE'S FUNDS

The Village's governmental funds are accounted for using the cash basis of accounting. In 2022, governmental funds had total receipts of \$4,778,125 and disbursements of \$4,347,468.

The General Fund is the primary operating fund of the Village. At the end of 2022, the unassigned fund balance was \$532,227, while total fund balance was \$698,538. As a measure of the General Fund's liquidity, it may be useful to compare both the unassigned fund balance and total fund balance to total fund disbursements. Unassigned fund balance represents 18.7 percent to total General Fund disbursements, while total fund balance represents 24.6 percent of that same amount. The Village's General Fund balance increased \$85,178 during 2022, primarily due to increases in grant funding and tax revenue.

At the end of 2022, the Court Capital Improvement Capital Projects Fund had a fund balance of \$417,273, an increase of \$74,351.

Operating receipts for the Water Enterprise Fund increased in 2022. Operating disbursements also increased due to an increase in contractual services disbursements. Capital outlay in disbursements decreased, leading to an increase in net position of \$123,514 in 2022.

Operating disbursements of the Sewer Enterprise Fund decreased in 2022, due to a decrease in contractual services and capital outlay disbursements. This decrease in disbursements lead to an increase in net position of \$328,645 in 2022.

Operating receipts and disbursements of the Sanitation Enterprise Nonmajor Fund remained fairly consistent during 2022, contributing to the slight increase in net position of \$4,916.

Village of the City of Gallipolis, Ohio
Management's Discussion and Analysis
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Unaudited

General Fund Budgeting Highlights

The Village'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 2022, the Village amended the General Fund budget several times. Budget basis receipts were \$3,143,808, \$9,071 below final estimates of \$3,152,879. Final estimated receipts were increased \$159,919 from the original of \$2,992,960. Disbursements of \$2,894,747 were lower than final appropriations of \$3,049,894. Final appropriations were increased \$66,274 from original appropriations of 2,983,620.

All recommendations for budget change came from the Village Manager and Village Auditor to the Commission for review and Ordinance enactment on the change. The allocation of appropriations within the departments and objects within a fund, with the exception of employee salaries, may be modified during the year, as requested by the department supervisors and approved by the Village Manager, by the Village Auditor without an ordinance of Commission. With the General Fund supporting many of the major activities such as police and fire departments, as well as most legislative and executive activities, the General Fund was monitored closely, looking for possible revenue shortfalls or overspending by individual departments.

DEBT ADMINISTRATION

The Village had the following debt outstanding at each year end:

(Table 4)
 Outstanding Debt at December 31, 2022 and 2021

| | Governmental Activities | | Business-Type Activities | | Total | |
|--------------------------|-------------------------|--------------------|--------------------------|--------------------|--------------------|--------------------|
| | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 |
| Bond Anticipation Notes | \$222,735 | \$252,577 | \$0 | \$0 | \$222,735 | \$252,577 |
| Loans | 0 | 0 | 6,316,578 | 6,726,220 | 6,316,578 | 6,726,220 |
| General Obligation Bonds | 1,832,334 | 1,911,381 | 0 | 0 | 1,832,334 | 1,911,381 |
| <i>Totals</i> | <u>\$2,055,069</u> | <u>\$2,163,958</u> | <u>\$6,316,578</u> | <u>\$6,726,220</u> | <u>\$8,371,647</u> | <u>\$8,890,178</u> |

For additional information on the Village's debt, see Note 13 to the basic financial statements.

CURRENT ISSUES

As the preceding information shows, the Village depended heavily on its taxpayers and on grants and entitlements. The Village tightened non-capital related spending to better bring expenses in line with revenues and carefully watched financial planning in order for the Village to remain on firm financial footing.

CONTACTING THE VILLAGE AUDITOR'S DEPARTMENT

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the Village's finances and to show the Village's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact Shelly Clonch, Village Auditor, P.O Box 339, Gallipolis, Ohio 45631.

Village of the City of Gallipolis, Ohio

Statement of Net Position - Cash Basis

December 31, 2022

| | Governmental Activities | Business-Type Activities | Total |
|--|----------------------------|-----------------------------|---------------------------|
| Assets | | | |
| Equity in Pooled Cash and Cash Equivalents | \$2,742,105 | \$2,950,985 | \$5,693,090 |
| Cash in Segregated Accounts | 49,164 | 0 | 49,164 |
| Internal Balances | (2,448) | 2,448 | 0 |
| <i>Total Assets</i> | <u><u>\$2,788,821</u></u> | <u><u>\$2,953,433</u></u> | <u><u>\$5,742,254</u></u> |
| Net Position | | | |
| Restricted for: | | | |
| Street | \$228,116 | \$0 | \$228,116 |
| Police | 184,395 | 0 | 184,395 |
| Fire | 274,875 | 0 | 274,875 |
| Cemeteries | 50,374 | 0 | 50,374 |
| Community Environment | 9,547 | 0 | 9,547 |
| Recreation | 58,924 | 0 | 58,924 |
| Court | 1,092,327 | 0 | 1,092,327 |
| Unclaimed Monies | 112,293 | 0 | 112,293 |
| Perpetual Care - Nonexpendable | 27,442 | 0 | 27,442 |
| Drug Prevention Program | 3,645 | 0 | 3,645 |
| Other Purposes | 140,087 | 0 | 140,087 |
| Unrestricted | 606,796 | 2,953,433 | 3,560,229 |
| <i>Total Net Position</i> | <u><u>\$2,788,821</u></u> | <u><u>\$2,953,433</u></u> | <u><u>\$5,742,254</u></u> |

See accompanying notes to the basic financial statements

See accountant's compilation report

Village of the City of Gallipolis, Ohio
Statement of Activities - Cash Basis
For the Year Ended December 31, 2022

| | Program Receipts | | | | Net (Disbursements) Receipts and Changes in Net Position | | |
|---|--------------------|-------------------------|--|--|---|-----------------------------|--------------------|
| | Disbursements | Charges for Services | Operating Grants, Contributions and Interest | Capital Grants and Contributions | Governmental Activities | Business-Type Activities | Total |
| | | | | | | | |
| Governmental Activities | | | | | | | |
| General Government | \$992,413 | \$181,030 | \$144,664 | \$0 | (\$666,719) | \$0 | (\$666,719) |
| General Government - Court | 656,374 | 689,432 | 210,748 | 0 | 243,806 | 0 | 243,806 |
| Security of Persons and Property: | | | | | | | |
| Police | 1,307,685 | 11,315 | 160,514 | 0 | (1,135,856) | 0 | (1,135,856) |
| Fire | 391,168 | 0 | 56,827 | 50,000 | (284,341) | 0 | (284,341) |
| Public Health Services | 110,733 | 49,825 | 127 | 0 | (60,781) | 0 | (60,781) |
| Community Environment | 96,530 | 24,052 | 3,709 | 0 | (68,769) | 0 | (68,769) |
| Transportation | 297,625 | 119,152 | 202,107 | 24,383 | 48,017 | 0 | 48,017 |
| Leisure Time Activities | 209,624 | 15,391 | 95,725 | 0 | (98,508) | 0 | (98,508) |
| Debt Service: | | | | | | | |
| Principal Retirement | 203,889 | 0 | 0 | 0 | (203,889) | 0 | (203,889) |
| Interest and Fiscal Charges | 84,452 | 0 | 0 | 0 | (84,452) | 0 | (84,452) |
| <i>Total Governmental Activities</i> | <u>4,350,493</u> | <u>1,090,197</u> | <u>874,421</u> | <u>74,383</u> | <u>(2,311,492)</u> | <u>0</u> | <u>(2,311,492)</u> |
| Business-Type Activities | | | | | | | |
| Water | 1,628,785 | 1,739,425 | 0 | 0 | 0 | 110,640 | 110,640 |
| Sewer | 1,724,428 | 2,040,023 | 0 | 0 | 0 | 315,595 | 315,595 |
| Sanitation | 395,163 | 399,970 | 0 | 0 | 0 | 4,807 | 4,807 |
| <i>Total Business-Type Activities</i> | <u>3,748,376</u> | <u>4,179,418</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>431,042</u> | <u>431,042</u> |
| <i>Total</i> | <u>\$8,098,869</u> | <u>\$5,269,615</u> | <u>\$874,421</u> | <u>\$74,383</u> | <u>(2,311,492)</u> | <u>431,042</u> | <u>(1,880,450)</u> |
| General Receipts | | | | | | | |
| Property Taxes Levied for: | | | | | | | |
| General Purposes | | | | | 303,858 | 0 | 303,858 |
| Fire | | | | | 135,070 | 0 | 135,070 |
| Income Taxes Levied for General Purposes | | | | | 1,901,935 | 0 | 1,901,935 |
| Franchise Fees | | | | | 52,322 | 0 | 52,322 |
| Grants and Entitlements not Restricted to Specific Programs | | | | | 205,308 | 0 | 205,308 |
| Investment Earnings | | | | | 19,119 | 0 | 19,119 |
| Donations | | | | | 2,764 | 0 | 2,764 |
| Miscellaneous | | | | | 118,748 | 24,348 | 143,096 |
| <i>Total General Receipts</i> | | | | | <u>2,739,124</u> | <u>24,348</u> | <u>2,763,472</u> |
| Proceeds from Sale of Bonds | | | | | 95,000 | 0 | 95,000 |
| <i>Total General Receipts and Other Sources</i> | | | | | <u>2,834,124</u> | <u>24,348</u> | <u>2,858,472</u> |
| Change in Net Position | | | | | 522,632 | 455,390 | 978,022 |
| <i>Net Position Beginning of Year</i> | | | | | <u>2,266,189</u> | <u>2,498,043</u> | <u>4,764,232</u> |
| <i>Net Position End of Year</i> | | | | | <u>\$2,788,821</u> | <u>\$2,953,433</u> | <u>\$5,742,254</u> |

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

Village of the City of Gallipolis, Ohio
Statement of Cash Basis Assets and Fund Balances
Governmental Funds
December 31, 2022

| | General | Court Capital Improvement | Other Governmental Funds | Total Governmental Funds |
|--|------------------|---------------------------------|--------------------------------|--------------------------------|
| Assets | | | | |
| Equity in Pooled Cash and Cash Equivalents | \$558,475 | \$461,119 | \$1,610,218 | \$2,629,812 |
| Cash in Segregated Accounts | 27,770 | 10,154 | 9,456 | 47,380 |
| Restricted Assets: | | | | |
| Equity in Pooled Cash and Cash Equivalents | 112,293 | 0 | 0 | 112,293 |
| <i>Total Assets</i> | <u>\$698,538</u> | <u>\$471,273</u> | <u>\$1,619,674</u> | <u>\$2,789,485</u> |
| Fund Balances | | | | |
| Nonspendable | \$112,293 | \$0 | \$27,442 | \$139,735 |
| Restricted | 0 | 471,273 | 1,571,017 | 2,042,290 |
| Committed | 0 | 0 | 21,215 | 21,215 |
| Assigned | 54,018 | 0 | 0 | 54,018 |
| Unassigned | 532,227 | 0 | 0 | 532,227 |
| <i>Total Fund Balances</i> | <u>\$698,538</u> | <u>\$471,273</u> | <u>\$1,619,674</u> | <u>2,789,485</u> |

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

| | |
|--|--------------------|
| An internal service fund is used by management to charge the costs of insurance to individual funds. The assets of the internal fund are included in governmental activities in the statement of net position. | (664) |
| <i>Net Position of Governmental Activities</i> | <u>\$2,788,821</u> |

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

Village of the City of Gallipolis, Ohio
Statement of Cash Receipts, Disbursements, and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2022

| | General | Court Capital Improvement | Other Governmental Funds | Total Governmental Funds |
|--|------------------|---------------------------------|--------------------------------|--------------------------------|
| Receipts | | | | |
| Property and Other Local Taxes | \$303,858 | \$0 | \$135,070 | \$438,928 |
| Municipal Income Taxes | 1,901,935 | 0 | 0 | 1,901,935 |
| Permissive Motor Vehicle License Taxes | 0 | 0 | 65,067 | 65,067 |
| Charges for Services | 212,629 | 0 | 115,176 | 327,805 |
| Fines, Licenses, Permits, and Settlements | 392,161 | 168,266 | 136,898 | 697,325 |
| Franchise Fees | 52,322 | 0 | 0 | 52,322 |
| Intergovernmental | 138,370 | 0 | 924,920 | 1,063,290 |
| Investment Earnings | 19,119 | 0 | 907 | 20,026 |
| Donations | 2,764 | 0 | 89,915 | 92,679 |
| Miscellaneous | 116,663 | 0 | 2,085 | 118,748 |
| <i>Total Receipts</i> | <u>3,139,821</u> | <u>168,266</u> | <u>1,470,038</u> | <u>4,778,125</u> |
| Disbursements | | | | |
| Current: | | | | |
| General Government | 791,986 | 0 | 167,367 | 959,353 |
| General Government - Court | 327,340 | 44,359 | 283,906 | 655,605 |
| Security of Persons and Property: | | | | |
| Police | 1,264,484 | 0 | 41,786 | 1,306,270 |
| Fire | 234,724 | 0 | 11,444 | 246,168 |
| Public Health Services | 2,803 | 0 | 107,884 | 110,687 |
| Community Environment | 87,084 | 0 | 9,292 | 96,376 |
| Transportation | 64,690 | 0 | 232,884 | 297,574 |
| Leisure Time Activities | 67,613 | 0 | 142,011 | 209,624 |
| Capital Outlay | 0 | 0 | 177,470 | 177,470 |
| Debt Service: | | | | |
| Principal Retirement | 0 | 0 | 203,889 | 203,889 |
| Interest and Fiscal Charges | 0 | 0 | 84,452 | 84,452 |
| <i>Total Disbursements</i> | <u>2,840,724</u> | <u>44,359</u> | <u>1,462,385</u> | <u>4,347,468</u> |
| <i>Excess of Receipts Over Disbursements</i> | <u>299,097</u> | <u>123,907</u> | <u>7,653</u> | <u>430,657</u> |
| Other Financing Sources (Uses) | | | | |
| Proceeds from Sale of Bonds | 0 | 0 | 95,000 | 95,000 |
| Advances In | 23,000 | 0 | 0 | 23,000 |
| Advances Out | 0 | 0 | (23,000) | (23,000) |
| Transfers In | 939 | 444 | 404,341 | 405,724 |
| Transfers Out | (237,858) | (50,000) | (117,866) | (405,724) |
| Total Other Financing Sources (Uses) | <u>(213,919)</u> | <u>(49,556)</u> | <u>358,475</u> | <u>95,000</u> |
| <i>Net Change in Fund Balances</i> | 85,178 | 74,351 | 366,128 | 525,657 |
| <i>Fund Balances Beginning of Year</i> | <u>613,360</u> | <u>396,922</u> | <u>1,253,546</u> | <u>2,263,828</u> |
| <i>Fund Balances End of Year</i> | <u>\$698,538</u> | <u>\$471,273</u> | <u>\$1,619,674</u> | <u>\$2,789,485</u> |

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

The internal service fund used by management to charge the costs of insurance to individual funds is not reported in the district-wide statement of activities. Governmental fund expenditures and the related internal service fund receipts are eliminated. The net receipts (disbursements) of the internal service fund is allocated among the governmental activities.

(3,025)

Change in Net Position of Governmental Activities

\$522,632

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

Village of the City of Gallipolis, Ohio
*Statement of Receipts, Disbursements, and Changes
in Fund Balance - Budget and Actual (Budget Basis)*
General Fund
For the Year Ended December 31, 2022

| | Budgeted Amounts | | Actual | Variance with Final Budget Positive (Negative) |
|--|------------------|------------------|------------------|---|
| | Original | Final | | |
| Receipts | | | | |
| Property and Other Local Taxes | \$288,487 | \$310,488 | \$303,858 | (\$6,630) |
| Municipal Income Taxes | 1,747,681 | 1,900,000 | 1,901,935 | 1,935 |
| Charges for Services | 310,700 | 305,200 | 212,571 | (92,629) |
| Fines, Licenses, and Permits | 405,500 | 395,500 | 396,535 | 1,035 |
| Franchise Fees | 58,300 | 58,300 | 52,322 | (5,978) |
| Intergovernmental | 131,992 | 138,091 | 138,370 | 279 |
| Investment Earnings | 18,000 | 18,000 | 18,790 | 790 |
| Donations | 2,000 | 2,000 | 2,764 | 764 |
| Miscellaneous | 30,300 | 25,300 | 116,663 | 91,363 |
| <i>Total Receipts</i> | <u>2,992,960</u> | <u>3,152,879</u> | <u>3,143,808</u> | <u>(9,071)</u> |
| Disbursements | | | | |
| Current: | | | | |
| General Government | 850,170 | 875,693 | 797,596 | 78,097 |
| General Government - Court | 330,407 | 335,407 | 327,565 | 7,842 |
| Security of Persons and Property: | | | | |
| Police | 1,262,258 | 1,288,926 | 1,268,962 | 19,964 |
| Fire | 300,460 | 300,460 | 277,824 | 22,636 |
| Public Health Services | 4,250 | 4,250 | 2,803 | 1,447 |
| Community Environment | 92,051 | 93,771 | 87,084 | 6,687 |
| Transportation | 70,000 | 70,000 | 64,690 | 5,310 |
| Leisure Time Activities | 74,024 | 81,387 | 68,223 | 13,164 |
| <i>Total Disbursements</i> | <u>2,983,620</u> | <u>3,049,894</u> | <u>2,894,747</u> | <u>155,147</u> |
| <i>Excess of Receipts Over Disbursements</i> | <u>9,340</u> | <u>102,985</u> | <u>249,061</u> | <u>146,076</u> |
| Other Financing Sources (Use) | | | | |
| Advances In | 97,262 | 23,000 | 23,000 | 0 |
| Transfers In | 3,266 | 3,265 | 939 | (2,326) |
| Transfers Out | (306,120) | (237,858) | (237,858) | 0 |
| <i>Total Other Financing Sources (Use)</i> | <u>(205,592)</u> | <u>(211,593)</u> | <u>(213,919)</u> | <u>(2,326)</u> |
| <i>Net Change in Fund Balance</i> | (196,252) | (108,608) | 35,142 | 143,750 |
| <i>Fund Balance Beginning of Year</i> | 537,903 | 537,903 | 537,903 | 0 |
| Prior Year Encumbrances Appropriated | 41,970 | 41,970 | 41,970 | 0 |
| <i>Fund Balance End of Year</i> | <u>\$383,621</u> | <u>\$471,265</u> | <u>\$615,015</u> | <u>\$143,750</u> |

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

Village of the City of Gallipolis, Ohio
Statement of Fund Net Position - Cash Basis
Proprietary Funds
December 31, 2022

| | Business-Type Activities | | | Total | Governmental |
|--|--------------------------|------------------|------------------|---------------------|-----------------------------|
| | Water Fund | Sewer Fund | Nonmajor Fund | Enterprise Funds | Internal Service Fund |
| Assets | | | | | |
| Current Assets: | | | | | |
| Equity in Pooled Cash and Cash Equivalents | \$1,949,086 | \$959,291 | \$42,608 | \$2,950,985 | \$0 |
| Cash in Segregated Accounts | 0 | 0 | 0 | 0 | 1,784 |
| <i>Total Assets</i> | <u>\$1,949,086</u> | <u>\$959,291</u> | <u>\$42,608</u> | <u>\$2,950,985</u> | <u>\$1,784</u> |
| Net Position | | | | | |
| Unrestricted | <u>\$1,949,086</u> | <u>\$959,291</u> | <u>\$42,608</u> | 2,950,985 | <u>\$1,784</u> |

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

2,448

Net position of business-type activities

\$2,953,433

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

Village of the City of Gallipolis, Ohio
*Statement of Cash Receipts, Disbursements,
and Changes in Fund Net Position*
Proprietary Funds
For the Year Ended December 31, 2022

| | Business-Type Activities | | | Total Enterprise Funds | Governmental Activities |
|---|--------------------------|------------------|------------------|------------------------------|-----------------------------|
| | Water Fund | Sewer Fund | Nonmajor Fund | | Internal Service Fund |
| Operating Receipts | | | | | |
| Charges for Services | \$1,739,425 | \$2,040,023 | \$399,970 | \$4,179,418 | \$3,050 |
| Other Operating Receipts | 9,087 | 12,001 | 109 | 21,197 | 0 |
| <i>Total Operating Receipts</i> | <u>1,748,512</u> | <u>2,052,024</u> | <u>400,079</u> | <u>4,200,615</u> | <u>3,050</u> |
| Operating Disbursements | | | | | |
| Salaries and Benefits | 795,881 | 717,467 | 0 | 1,513,348 | 0 |
| Contractual Services | 372,509 | 447,338 | 395,163 | 1,215,010 | 7,760 |
| Materials and Supplies | 185,465 | 80,157 | 0 | 265,622 | 0 |
| <i>Total Operating Disbursements</i> | <u>1,353,855</u> | <u>1,244,962</u> | <u>395,163</u> | <u>2,993,980</u> | <u>7,760</u> |
| <i>Operating Income (Loss)</i> | <u>394,657</u> | <u>807,062</u> | <u>4,916</u> | <u>1,206,635</u> | <u>(4,710)</u> |
| Non-Operating Receipts (Disbursements) | | | | | |
| Capital Outlay | (267,976) | (8,783) | 0 | (276,759) | 0 |
| Customer Deposits Received | 3,151 | 0 | 0 | 3,151 | 0 |
| Customer Deposits Returned | (4,870) | 0 | 0 | (4,870) | 0 |
| Debt Service Principal | (1,448) | (408,194) | 0 | (409,642) | 0 |
| Interest and Fiscal Charges | 0 | (61,440) | 0 | (61,440) | 0 |
| <i>Total Non Operating Receipts (Disbursements)</i> | <u>(271,143)</u> | <u>(478,417)</u> | <u>0</u> | <u>(749,560)</u> | <u>0</u> |
| <i>Change in Net Position</i> | 123,514 | 328,645 | 4,916 | 457,075 | (4,710) |
| <i>Net Position Beginning of Year</i> | <u>1,825,572</u> | <u>630,646</u> | <u>37,692</u> | | <u>6,494</u> |
| <i>Net Position End of Year</i> | <u>\$1,949,086</u> | <u>\$959,291</u> | <u>\$42,608</u> | | <u>\$1,784</u> |

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

(1,685)

Change in net position of business-type activities

\$455,390

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

Village of the City of Gallipolis, Ohio
Statement of Net Position - Cash Basis
Custodial Fund
December 31, 2022

| | <u>Municipal Court</u> |
|--|----------------------------|
| Assets | |
| Cash and Cash Equivalents in Segregated Accounts | <u>\$102,492</u> |
| Net Position | |
| Restricted for Individuals, Organizations, and Other Governments | <u>\$102,492</u> |
| See accompanying notes to the basic financial statements | |
| See accountant's compilation report | |

Village of the City of Gallipolis, Ohio
Statement of Changes in Fiduciary Net Position - Cash Basis
Custodial Fund
For the Year Ended December 31, 2022

| | Municipal Court |
|---|--------------------|
| Additions | |
| Fines and Forfeitures for Other Governments | \$626,257 |
| Contributions from Individuals | 118,779 |
| <i>Total Additions</i> | 745,036 |
| Deductions | |
| Distributions to the State of Ohio | 305,915 |
| Distributions to Other Governments | 91,296 |
| Distributions to Individuals | 355,043 |
| Miscellaneous | 6,190 |
| <i>Total Deductions</i> | 758,444 |
| <i>Net Decrease in Fiduciary Net Position</i> | (13,408) |
| <i>Net Position Beginning of Year</i> | 115,900 |
| <i>Net Position End of Year</i> | \$102,492 |

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

Village of the City of Gallipolis, Ohio

Notes to the Basic Financial Statements

For the Year Ended December 31, 2022

Note 1 - Description of the Village and the Reporting Entity

The Village of the City of Gallipolis, Ohio (the Village), is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio, as well as an adopted Village charter. The Village is directed by a five-member Commission elected at large for four-year terms and a Village Manager appointed by the Commission.

Reporting Entity

The financial reporting entity consists of the primary government, component units, and other governmental organizations that are included to ensure the financial statements are not misleading. The primary government of the Village consists of all funds, departments, boards, and agencies that are not legally separate from the Village. For the Village, this includes the departments that provide various services including police and fire protection, recreation (including parks), planning and zoning, street maintenance and repair, water and water pollution control, and general administrative services. These activities are directly controlled by the Commission through the budgetary process and by the Village Auditor and the Village Manager through administrative and managerial requirements and procedures.

Component units are legally separate organizations for which the Village is financially accountable. The Village is financially accountable for an organization if the Village appoints a voting majority of the organization's governing board and (1) the Village is able to significantly influence the programs or services performed or provided by the organization; or (2) the Village is legally entitled to or can otherwise access the organization's resources; the Village is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the Village is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent upon the Village in that the Village 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. No separate government units meet the criteria for inclusion as a component unit.

The Village is associated with the Gallia Metropolitan Housing Authority, an organization that is defined as a related organization. This organization is presented in Note 14 to the basic financial statements.

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

Note 2 - Summary of Significant Accounting Policies

As discussed further in Note 2.C, these financial statements are presented on a cash basis of accounting. The cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). General accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. Following are the more significant of the Village's accounting policies.

Basis of Presentation

The Village's basic financial statements consist of government-wide statements, including a statement of net position and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

Village of the City of Gallipolis, Ohio

Notes to the Basic Financial Statements

For the Year Ended December 31, 2022

Government-Wide Financial Statements The statement of net position and the statement of activities display information about the Village as a whole. These statements include the financial activities of the primary government, except for the fiduciary funds. The statements distinguish between those activities that are governmental and those that are considered business-type. Governmental activities generally are financed through taxes, intergovernmental receipts, or other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

The statement of net position presents the cash balances of the governmental and business-type activities of the Village at year end. The statement of activities compares disbursements with program receipts for each of the Village's governmental and business-type activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the Village is responsible. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function or business-type activity is self-financing on a cash basis or draws from the Village's general receipts.

Fund Financial Statements During the year, the Village segregates transactions related to certain Village functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Village at this more detailed level. The focus of governmental and enterprise fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column.

Proprietary fund statements distinguish operating transactions from nonoperating transactions. Operating receipts generally result from exchange transactions such as charges for services directly relating to the fund's principal services. Operating disbursements include costs of sales and services and administrative costs. The proprietary fund statements report all other receipts and disbursements as nonoperating.

Fund Accounting

The Village uses fund accounting to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. There are three categories of funds utilized by the Village: governmental, proprietary, and fiduciary.

Governmental Funds Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses, and balances of current financial resources. The following are the Village's major governmental funds:

General Fund The General Fund accounts for and reports all financial resources except those required to be accounted for in another fund. The General Fund balance is available to the Village for any purpose, provided it is expended and transferred according to the general laws of Ohio.

Court Capital Improvement Capital Projects Fund This fund was established per ORC 1901.26 for additional funds necessary to acquire and pay for special projects of the Court including the acquisition of additional facilities.

The other governmental funds of the Village account for grants and other resources whose use is restricted or committed to a particular purpose.

Village of the City of Gallipolis, Ohio

Notes to the Basic Financial Statements

For the Year Ended December 31, 2022

Proprietary Funds The Village classifies funds financed primarily from user charges for goods or services as proprietary. The Village's proprietary funds are all classified as enterprise funds and an internal service fund. Enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services. The following are the Village's major enterprise funds and internal service fund:

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

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

The other nonmajor enterprise fund of the Village accounts for the receipts generated from the charges for refuse collections to the residential and commercial users of the Village.

Internal Service Fund The internal service fund accounts for the financing of services provided by one department or agency to other departments or agencies of the Village on a cost reimbursement basis. The Village's only internal service fund accounts for the operation of the Village's self-insurance program for employee medical reimbursement program.

Fiduciary Funds Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds, and custodial funds. Trust funds are used to account for assets held by the Village under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the Village's own programs. Custodial funds are used to report fiduciary activities that are not required to be reported in a trust fund.

The Village's custodial funds account for amounts collected and distributed on behalf of another government or organization. The Village's custodial fund accounts for the municipal court collections that are distributed to the State and various local governments.

Basis of Accounting

The Village's financial statements are prepared using the cash basis of accounting. Except for modifications having substantial support, receipts are recorded in the Village's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred. Any such modifications made by the Village are described in the appropriate section in this note.

As a result of the use of the cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements.

Budgetary Process

All funds, except custodial funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriation resolution, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount the Village Commission may appropriate. The appropriation resolution is the Village Commission's authorization to spend resources and set annual limits on cash disbursements plus encumbrances at a level of control selected by the Village Commission. The legal level of control has been established by the Village Commission at the fund and function level for all funds.

Village of the City of Gallipolis, Ohio

Notes to the Basic Financial Statements

For the Year Ended December 31, 2022

The certificate of estimated resources may be amended during the year if projected increases or decreases in receipts are identified by the Village Auditor. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the amended certificate in effect when final appropriations for the year were adopted by the Village Commission.

The appropriation resolution is subject to amendment throughout the year with the restriction that appropriations may not exceed estimated resources. The amounts reported as the original budgeted amounts in the budgetary statements reflect the first appropriation for that fund that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as final budgeted amounts represent the final appropriation amounts passed by the Village Commission during the year.

Cash and Cash Equivalents

To improve cash management, cash received by the Village is pooled. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through Village records. Interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents."

The Village has segregated bank accounts for monies held separate from the Village's pooled accounts for Municipal Court operations and the self-insurance program. These depository accounts are presented as "Cash in Segregated Accounts" since they are not deposited into the Village's treasury.

The Village had no investments during the year or at year end.

Interest earnings are allocated to Village funds according to State statutes, grants requirements, or debt related restrictions. Interest receipts credited to the General Fund during 2022 amounted to \$19,119, which includes \$16,872 assigned from other Village funds.

Restricted Assets

Cash and cash equivalents are reported as restricted when limitations on their use change the nature or normal understanding of their use. Such constraints are either externally imposed by the creditors, contributors, grantors, or laws of other governments, or are imposed by law through constitutional provisions or enabling legislation. Unclaimed monies that are required to be held for five years before they may be utilized by the Village are reported as restricted.

Inventory and Prepaid Items

The Village reports disbursements for inventory and prepaid items when paid. These items are not reflected as assets in the accompanying financial statements.

Capital Assets

Acquisitions of property, plant, and equipment are recorded as disbursements when paid. These items are not reflected as assets in the accompanying financial statements.

Interfund Receivables/Payables

The Village reports advances in and advances out for interfund loans. These items are not reflected as assets and liabilities in the accompanying financial statements.

Village of the City of Gallipolis, Ohio

Notes to the Basic Financial Statements

For the Year Ended December 31, 2022

Accumulated Leave

In certain circumstances, such as upon leaving employment or retirement, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the Village's cash basis of accounting.

Employer Contributions to Cost-Sharing Pension Plans

The Village recognizes the disbursement for employer contributions to cost-sharing pension plans when they are paid. As described in Notes 10 and 11, the employer contributions include portions for pension benefits and for postretirement health care benefits.

Long-Term Obligations

The Village's cash basis financial statements do not report liabilities for bonds or other long-term obligations. Proceeds of debt are reported when cash is received, and principal and interest payments are reported when paid.

Net Position

Net position is reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net position restricted for other purposes includes activities involving the Victims of Crime Act (VOCA) Grant and the American Rescue Plan Act Fund.

The Village's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted resources are available.

Fund Balance

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

Nonspendable The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or are legally or contractually required to be maintained intact. The "not in spendable form" includes items that are not expected to be converted to cash.

Restricted Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or is imposed by law through constitutional provisions.

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 Village Commissioners. Those committed amounts cannot be used for any other purpose unless the Commission 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.

Village of the City of Gallipolis, Ohio

Notes to the Basic Financial Statements

For the Year Ended December 31, 2022

Assigned Amounts in the assigned fund balance classification are intended to be used by the Village 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 Village Commissioners or a Village official delegated that authority by resolution or by State Statute.

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.

The Village 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.

Interfund Transactions

Transfers between governmental and business-type activities on the government-wide statements are reported in the same manner as general revenues. Transfers between governmental activities are eliminated. Internal allocations of overhead expenses from one program to another or within the same program are eliminated on the Statement of Activities. Payments of interfund services provided and used are not eliminated.

Exchange transactions between funds are reported as receipts in the seller funds and as disbursements in the purchaser funds. Subsidies 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 receipts/disbursements in proprietary funds. Repayments from funds responsible for particular disbursements to the funds that initially paid for them are not presented in the financial statements.

Note 3 - Budgetary Basis of Accounting

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements, and Changes in Fund Balance – Budget and Actual – Budget Basis presented for the General Fund is prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference between the budgetary basis and the cash basis are as follows:

1. Outstanding year end encumbrances are treated as expenditures (budgetary basis) rather than restricted, committed, or assigned fund balance (cash basis).
2. Unrecorded cash and interest and segregated accounts are reported on the balance sheet (GAAP) but not on the budgetary basis.

Adjustments necessary to convert the results of operations at the end of the year on the budget basis to the cash basis are as follows:

Village of the City of Gallipolis, Ohio

Notes to the Basic Financial Statements

For the Year Ended December 31, 2022

| | |
|----------------------|------------------------|
| Cash Basis | \$85,178 |
| Unrecorded Cash: | |
| Beginning of Year | 1,401 |
| End of Year | (1,735) |
| Segregated Accounts: | |
| Beginning of Year | 32,086 |
| End of Year | (27,770) |
| Encumbrances | <u>(54,018)</u> |
| Budget Basis | <u><u>\$35,142</u></u> |

Note 4 - Fund Balances

Fund balance is classified as nonspendable, restricted, committed, assigned, and/or unassigned based primarily on the extent to which the Village is bound to observe constraints imposed upon the use of the resources in the government funds. The constraints placed on fund balance for the major governmental funds and all other governmental funds for 2022 are presented below:

| Fund Balances | General | Court Capital Improvement | Other Governmental | Total |
|----------------------------|-------------------------|---------------------------------|---------------------------|---------------------------|
| Nonspendable: | | | | |
| Unclaimed Monies | \$112,293 | \$0 | \$0 | \$112,293 |
| Cemetery Endowments | 0 | 0 | 27,442 | 27,442 |
| <i>Total Nonspendable</i> | <u>112,293</u> | <u>0</u> | <u>27,442</u> | <u>139,735</u> |
| Restricted for: | | | | |
| Street | 0 | 0 | 228,116 | 228,116 |
| Police | 0 | 0 | 184,395 | 184,395 |
| Fire | 0 | 0 | 274,875 | 274,875 |
| Cemeteries | 0 | 0 | 50,374 | 50,374 |
| Community Environment | 0 | 0 | 9,547 | 9,547 |
| Recreation | 0 | 0 | 58,924 | 58,924 |
| Court | 0 | 471,273 | 621,054 | 1,092,327 |
| Drug Prevention Program | 0 | 0 | 3,645 | 3,645 |
| Other Purposes | 0 | 0 | 140,087 | 140,087 |
| <i>Total Restricted</i> | <u>0</u> | <u>471,273</u> | <u>1,571,017</u> | <u>2,042,290</u> |
| Committed for: | | | | |
| Recreation | 0 | 0 | 21,215 | 21,215 |
| Assigned to: | | | | |
| Purchases on Order | 54,018 | 0 | 0 | 54,018 |
| Unassigned: | | | | |
| | 532,227 | 0 | 0 | 532,227 |
| <i>Total Fund Balances</i> | <u><u>\$698,538</u></u> | <u><u>\$471,273</u></u> | <u><u>\$1,619,674</u></u> | <u><u>\$2,789,485</u></u> |

Note 5 - Deposits and Investments

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

Active deposits are public monies determined to be necessary to meet current demands upon the Village treasury. Active monies must be maintained either as cash in the Village treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Village of the City of Gallipolis, Ohio

Notes to the Basic Financial Statements

For the Year Ended December 31, 2022

Inactive deposits are public deposits that the Board has identified as not required for use within the current five-year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use, but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts, including passbook accounts.

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

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

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

Village of the City of Gallipolis, Ohio

Notes to the Basic Financial Statements

For the Year Ended December 31, 2022

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

Deposits Custodial credit risk for deposits is the risk that in the event of a bank failure, the Village will not be able to recover deposits or collateral securities that are in the possession of an outside party. At December 31, 2022, \$5,475,633 of the Village total bank balance of \$5,909,944 was exposed to custodial credit risk because those deposits were uninsured and collateralized with securities held by the pledging financial institution.

At year end, the Village had \$992 in undeposited cash on hand which is included as part of "Equity in Pooled Cash and Cash Equivalents".

The Village has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits either be insured or be protected by:

Eligible securities pledged to the Village 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.

Note 6 - Income Taxes

The Village levies a one percent income tax whose proceeds are placed into the General Fund. The Village levies and collects the tax on all income earned within the Village as well as on incomes of residents earned outside of the Village. In the latter case, the Village allows a credit for income taxes paid to another municipality up to the full amount of the tax owed. Employers within the Village are required to withhold income tax on employee earnings and remit the tax to the Village at least quarterly. Corporations and other individual taxpayers are also required to pay their estimated tax at least quarterly and file a final return with the Village.

Note 7 - Property Taxes

Property taxes include amounts levied against all real and public utility property located in the Village. Property tax revenue received during 2022 for real and public utility property taxes represents collections of 2021 taxes.

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

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

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2022 public utility property taxes which became a lien December 31, 2021, are levied after October 1, 2022, and are collected in 2023 with real property taxes.

Village of the City of Gallipolis, Ohio

Notes to the Basic Financial Statements

For the Year Ended December 31, 2022

The full tax rate for all Village operations for the year ended December 31, 2022, was \$3.90 per \$1,000 of assessed value. The assessed values of real property and public utility tangible property upon which 2022 property tax receipts were based are as follows:

| | |
|----------------------------------|--------------|
| Real Property: | |
| Residential and Agricultural | \$48,253,460 |
| Commercial/Industrial/Mineral | 42,254,780 |
| Public Utility Personal Property | 3,910,490 |
| Other | 201,810 |
| Total Assessed Value | \$94,620,540 |

Note 8 - Interfund Activity

Transfers

During 2022, the following transfers were made:

| Transfer to | Transfer from | | | Total |
|--------------------------------------|---------------|---------------------------------|-----------------------------------|-----------|
| | Major Funds | | | |
| | General | Court Capital Improvement | Other Nonmajor Governmental | |
| Major Funds: | | | | |
| General Fund | \$0 | \$0 | \$939 | \$939 |
| Court Capital Improvement Fund | 0 | 0 | 444 | 444 |
| Other Nonmajor Governmental Funds | \$237,858 | \$50,000 | 116,483 | 404,341 |
| Total all Funds | \$237,858 | \$50,000 | \$117,866 | \$405,724 |

The above-mentioned transfers were used to move receipts from the fund that Statute or budget requires to collect them to the fund that statute or budget requires to expend them; to use unrestricted receipts collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations; and for debt service requirements.

Interfund Activity

For governmental activities, interfund activity during 2022 consisted of \$23,000, representing monies repaid to the General Fund that were advanced to the OPWC Repaving Special Revenue Fund in the prior year.

Note 9 - Risk Management

The Village is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Village contracts with The Travelers for its coverage as follows:

Village of the City of Gallipolis, Ohio

Notes to the Basic Financial Statements

For the Year Ended December 31, 2022

| <u>Property</u> | <u>Limit</u> | <u>Deductible</u> |
|--------------------------------|--------------|-------------------|
| Real and Personal Property | \$39,759,247 | \$1,000 |
| <u>Liability</u> | | |
| Commercial General | 6,000,000 | 0 |
| Employee Benefits | 1,000,000 | 1,000 |
| Law Enforcement | 6,000,000 | 5,000 |
| Public Officials Wrongful Acts | 6,000,000 | 5,000 |
| <u>Auto</u> | | |
| Liability | 6,000,000 | 0 |
| Medical Payments | 5,000 | 0 |
| Uninsured Motorist | 100,000 | 0 |

There were no significant reductions in coverage from prior years. Settlements have not exceeded coverage in any of the last three years.

The Village pays the State Workers' Compensation System a premium for employee injury coverage based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

Note 10 - Defined Benefit Pension Plans

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

Ohio Public Employees Retirement System

Plan Description - Village employees, other than full-time police and firefighters, participate in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional pension plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan and the combined plan is a combination cost-sharing, multiple-employer defined benefit/defined contribution pension plan. Participating employers are divided into state, local, law enforcement and public safety divisions. While members in the state and local divisions may participate in all three plans, law enforcement and public safety divisions exist only within the traditional plan.

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

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

Village of the City of Gallipolis, Ohio

Notes to the Basic Financial Statements

For the Year Ended December 31, 2022

| Group A | Group B | Group C |
|--|--|--|
| Eligible to retire prior to January 7, 2013 or five years after January 7, 2013 | 20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013 | Members not in other Groups and members hired on or after January 7, 2013 |
| State and Local | State and Local | State and Local |
| Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit | Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit | Age and Service Requirements: Age 57 with 25 years of service credit or Age 62 with 5 years of service credit |
| Traditional Plan Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30 | Traditional Plan Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30 | Traditional Plan Formula: 2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35 |
| Combined Plan Formula: 1% of FAS multiplied by years of service for the first 30 years and 1.25% for service years in excess of 30 | Combined Plan Formula: 1% of FAS multiplied by years of service for the first 30 years and 1.25% for service years in excess of 30 | Combined Plan Formula: 1% of FAS multiplied by years of service for the first 35 years and 1.25% for service years in excess of 35 |

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

Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount. The amount of a member's pension benefit vests upon receipt of the initial benefit payment.

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

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

Village of the City of Gallipolis, Ohio

Notes to the Basic Financial Statements

For the Year Ended December 31, 2022

Effective January 1, 2022, the Combined Plan is no longer available for member selection.

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

| | State and Local |
|--|--------------------|
| 2022 Statutory Maximum Contribution Rates | |
| Employer | 14.0 % |
| Employee * | 10.0 % |
| 2022 Actual Contribution Rates | |
| Employer: | |
| Pension ** | 14.0 % |
| Post-employment Health Care Benefits ** | 0.0 |
| Total Employer | <u>14.0 %</u> |
| Employee | <u>10.0 %</u> |

* Member contributions within the combined plan are not used to fund the defined benefit retirement allowance.

** These pension and employer health care rates are for the traditional and combined plans. The employer contributions rate for the member-directed plan is allocated 4 percent for health care with the remainder going to pension.

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

For 2022, The Village's contractually required contribution was \$271,571 for the traditional plan.

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

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

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

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

Village of the City of Gallipolis, Ohio

Notes to the Basic Financial Statements

For the Year Ended December 31, 2022

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

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

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

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

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

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

| | <u>Police</u> | <u>Firefighters</u> |
|--|----------------|---------------------|
| 2022 Statutory Maximum Contribution Rates | | |
| Employer | 19.50 % | 24.00 % |
| Employee | 12.25 % | 12.25 % |
| 2022 Actual Contribution Rates | | |
| Employer: | | |
| Pension | 19.00 % | 23.50 % |
| Post-employment Health Care Benefits | <u>0.50</u> | <u>0.50</u> |
| Total Employer | <u>19.50 %</u> | <u>24.00 %</u> |
| Employee | <u>12.25 %</u> | <u>12.25 %</u> |

Employer contribution rates are expressed as a percentage of covered payroll. The Village's contractually required contribution to OP&F was \$127,397 for 2022.

Village of the City of Gallipolis, Ohio

Notes to the Basic Financial Statements

For the Year Ended December 31, 2022

Note 11 - Postemployment Benefits

Plan Description – Ohio Public Employees Retirement System (OPERS)

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

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

OPERS provides a monthly allowance for health care coverage for eligible retirees and their eligible dependents. The base allowance is determined by OPERS. For those retiring on or after January 1, 2015, the allowance has been determined by applying a percentage to the base allowance. The percentage applied is based on years of qualifying service credit and age when the retiree first enrolled in OPERS health care. Monthly allowances range between 51 percent and 90 percent of the base allowance. Those who retired prior to January 1, 2015, will have an allowance of at least 75 percent of the base allowance.

The health care trust is also used to fund health care for member-directed plan participants, in the form of a Retiree Medical Account (RMA). At retirement or separation, member directed plan participants may be eligible for reimbursement of qualified medical expenses from their vested RMA balance.

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

In order to qualify for postemployment health care coverage, age and service retirees under the traditional pension and combined plans must have twenty or more years of qualifying Ohio service credit with a minimum age of 60. Members in Group A are eligible for coverage at any age with 30 or more years of qualifying service. Members in Group B are eligible at any age with 32 years of qualifying service, or at age 52 with 31 years of qualifying service. Members in Group C are eligible for coverage with 32 years of qualifying service and a minimum age of 55. Current retirees eligible (or who became eligible prior to January 1, 2022) to participate in the OPERS health care program will continue to be eligible after January 1, 2022. Eligibility requirements change for those retiring after January 1, 2022, with differing eligibility requirements for Medicare retirees and non-Medicare retirees. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in

Village of the City of Gallipolis, Ohio

Notes to the Basic Financial Statements

For the Year Ended December 31, 2022

GASB Statement 75. See OPERS' Annual Comprehensive Financial Report referenced below for additional information.

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

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

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

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2022, state and local employers contributed at a rate of 14.0 percent of earnable salary and public safety and law enforcement employers contributed at 18.1 percent. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. For 2022, OPERS did not allocate any employer contribution to health care for members in the Traditional Pension Plan and Combined Plan. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the member-directed plan for 2022 was 4.0 percent.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The Village's contractually required contribution was \$0 for 2022.

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

Plan Description – The Village contributes to the Ohio Police and Fire Pension Fund (OP&F) sponsored healthcare program, a cost-sharing, multiple-employer defined post-employment health care plan administered by a third-party provider. This program is not guaranteed and is subject to change at any time upon action of the Board of Trustees. On January 1, 2019, OP&F implemented a new model for health care. Under this new model, OP&F provides eligible retirees with a fixed stipend earmarked to pay for health care and Medicare Part B reimbursements.

OP&F contracted with a vendor who assists eligible retirees in choosing health care plans that are available where they live (both Medicare-eligible and pre-65 populations). A stipend funded by OP&F is available to these members through a Health Reimbursement Arrangement and can be used to reimburse retirees for qualified health care expenses.

Regardless of a benefit recipient's participation in the health care program, OP&F is required by law to pay eligible recipients of a service pension, disability benefit and spousal survivor benefit for their Medicare Part B insurance premium, up to the statutory maximum provided the benefit recipient is not

Village of the City of Gallipolis, Ohio

Notes to the Basic Financial Statements

For the Year Ended December 31, 2022

eligible to receive reimbursement from any other source. Once OP&F receives the necessary documentation, a monthly reimbursement is included as part of the recipient's next benefit payment. The stipend provided by OP&F meets the definition of an Other Post Employment Benefit (OPEB) as described in Governmental Accounting Standards Board (GASB) Statement No. 75.

OP&F maintains funds for health care in two separate accounts: one account for health care benefits and one account for Medicare Part B reimbursements. A separate health care trust accrual account is maintained for health care benefits under IRS Code Section 115 trust. IRS Code Section 401(h) account is maintained for Medicare Part B reimbursements.

The Ohio Revised Code allows, but does not mandate, OP&F to provide OPEB benefits. Authority for the OP&F Board of Trustees to provide health care coverage to eligible participants and to establish and amend benefits is codified in Chapter 742 of the Ohio Revised Code.

OP&F issues a publicly available financial report that includes financial information and required supplementary information for the plan. The report may be obtained by visiting the OP&F website at www.op-f.org or by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

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

The Board of Trustees is authorized to allocate a portion of the total employer contributions for retiree health care benefits. For 2022, the portion of employer contributions allocated to health care was 0.5 percent of covered payroll. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees' primary responsibility to ensure that pension benefits are adequately funded.

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

The Village's contractually required contribution to OP&F was \$3,310 for 2022.

Note 12 - Significant Commitments

Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At year end, the amount of encumbrances expected to be honored upon performance by the vendor in the next year were as follows:

Village of the City of Gallipolis, Ohio

Notes to the Basic Financial Statements

For the Year Ended December 31, 2022

| | |
|--------------------------------|-----------|
| Governmental Activities: | |
| General Fund | \$54,018 |
| Court Capital Improvement Fund | 231 |
| Nonmajor Governmental Funds | 47,674 |
| Total Governmental Activities | 101,923 |
| Business-Type Activities: | |
| Water Fund | 53,296 |
| Sewer Fund | 6,176 |
| Nonmajor - Sanitation Fund | 649 |
| Total Business-Type Activities | 60,121 |
| Total | \$162,044 |

Note 13 - Long-Term Obligations

Changes in long-term obligations of the Village during 2022 were as follows:

| | Principal Outstanding 12/31/21 | Additions | Deductions | Principal Outstanding 12/31/22 | Amounts Due in One Year |
|--|--------------------------------------|-----------------|------------------|--------------------------------------|-------------------------------|
| Governmental Activities: | | | | | |
| Bond Anticipation Notes | | | | | |
| <i>From Direct Placements:</i> | | | | | |
| 2014 Fire Equipment - 6.00% | \$252,577 | \$0 | \$29,842 | \$222,735 | \$30,944 |
| General Obligation Bonds | | | | | |
| <i>From Direct Placements:</i> | | | | | |
| 2002 Fire Station - 4.99% | 295,954 | 0 | 25,038 | 270,916 | 26,304 |
| 2011 Various Purpose - 3.91% | 1,403,995 | 0 | 117,221 | 1,286,774 | 121,850 |
| 2013 Street Improvement - 3.55% | 179,107 | 0 | 22,966 | 156,141 | 23,789 |
| 2016 Parking Lot - 3.65% | 32,325 | 0 | 8,822 | 23,503 | 9,147 |
| 2022 2.125% USDA Bond Fire | 0 | 95,000 | 0 | 95,000 | 8,600 |
| Total General Obligation Bonds From Direct Placements | 1,911,381 | 95,000 | 174,047 | 1,832,334 | 189,690 |
| Total Governmental Activities | \$2,163,958 | \$95,000 | \$203,889 | \$2,055,069 | \$220,634 |
| Business-Type Activities: | | | | | |
| <i>From Direct Borrowings:</i> | | | | | |
| 2010 OPWC Spruce Street Water and Sewer Improvements - 0% | \$76,992 | \$0 | \$4,052 | \$72,940 | \$2,026 |
| 2013 OWDA - Waste Water Treatment Plant - 1.00% | 1,054,800 | 0 | 42,025 | 1,012,775 | 42,446 |
| 2013 OWDA - Water Pollution Control Facility - 1.00% | 5,186,095 | 0 | 346,899 | 4,839,196 | 350,376 |
| 2013 OPWC Water Pollution Control Facility - 0% | 408,333 | 0 | 16,666 | 391,667 | 8,333 |
| Total Business-Type Activities | \$6,726,220 | \$0 | \$409,642 | \$6,316,578 | \$403,181 |

The Fire Equipment Bond Anticipation Notes, issued on March 15, 2014, in the amount of \$445,000, represents amounts borrowed through direct borrowing for the purchase of a pumper truck and a brush truck. The notes will be retired from property tax receipts in the Fire Levy Special Revenue Fund.

Village of the City of Gallipolis, Ohio

Notes to the Basic Financial Statements

For the Year Ended December 31, 2022

Principal and interest requirements to retire the Fire Equipment Bond Anticipation Notes outstanding at December 31, 2022, are as follows:

| Year Ended December 31, | Principal | Interest | Total |
|----------------------------|------------------|-----------------|------------------|
| 2023 | \$30,944 | \$7,872 | \$38,816 |
| 2024 | 32,087 | 6,729 | 38,816 |
| 2025 | 33,272 | 5,543 | 38,815 |
| 2026 | 34,501 | 4,315 | 38,816 |
| 2027 | 35,775 | 3,040 | 38,815 |
| 2028-2029 | 56,156 | 2,068 | 58,224 |
| | <u>\$222,735</u> | <u>\$29,567</u> | <u>\$252,302</u> |

The Fire Station General Obligation Bonds, issued on February 25, 2002, through direct borrowing, in the amount of \$602,000, represents amounts borrowed for the construction of a fire station and will be retired from property tax receipts in the Fire Levy Special Revenue Fund.

Principal and interest requirements to retire the Fire Station General Obligation Bonds outstanding at December 31, 2022, are as follows:

| Year Ended December 31, | Principal | Interest | Total |
|----------------------------|------------------|-----------------|------------------|
| 2023 | \$26,304 | \$13,195 | \$39,499 |
| 2024 | 27,633 | 11,866 | 39,499 |
| 2025 | 29,029 | 10,469 | 39,498 |
| 2026 | 30,495 | 9,004 | 39,499 |
| 2027 | 32,036 | 7,462 | 39,498 |
| 2028-2031 | 125,419 | 12,825 | 138,244 |
| | <u>\$270,916</u> | <u>\$64,821</u> | <u>\$335,737</u> |

The Various Purpose Bonds were issued on September 30, 2011, for \$2,342,000 through direct borrowing and matures on December 1, 2031. The bonds were issued for the purpose of acquiring and constructing a new justice center and an auxiliary fire station. The bonds will be retired from property tax receipts and court fees.

Principal and interest requirements to retire the Various Purpose Bonds outstanding at December 31, 2022, are as follows:

| Year Ended December 31, | Principal | Interest | Total |
|----------------------------|--------------------|------------------|--------------------|
| 2023 | \$121,850 | \$49,132 | \$170,982 |
| 2024 | 126,660 | 44,322 | 170,982 |
| 2025 | 131,661 | 39,322 | 170,983 |
| 2026 | 136,859 | 34,123 | 170,982 |
| 2027 | 142,263 | 28,720 | 170,983 |
| 2028-2031 | 627,481 | 56,448 | 683,929 |
| | <u>\$1,286,774</u> | <u>\$252,067</u> | <u>\$1,538,841</u> |

The Street Improvement Bonds were issued on February 27, 2013, for \$353,175 and matures on December 1, 2028. The bonds were issued for the purpose of paying part of the cost of constructing street and road improvements. The bonds will be retired from general property tax revenues of the Village.

Village of the City of Gallipolis, Ohio

Notes to the Basic Financial Statements

For the Year Ended December 31, 2022

Principal and interest requirements to retire the Street Improvement Bonds outstanding at December 31, 2022, are as follows:

| Year Ended December 31, | Principal | Interest | Total |
|----------------------------|------------------|-----------------|------------------|
| 2023 | \$23,789 | \$5,334 | \$29,123 |
| 2024 | 24,641 | 4,482 | 29,123 |
| 2025 | 25,524 | 3,599 | 29,123 |
| 2026 | 26,437 | 2,686 | 29,123 |
| 2027 | 27,385 | 1,738 | 29,123 |
| 2028 | 28,365 | 757 | 29,122 |
| | <u>\$156,141</u> | <u>\$18,596</u> | <u>\$174,737</u> |

The 2016 Parking Lot Bonds, issued on March 31, 2016, in the amount of \$80,000, represents amounts borrowed for the purchase of property and the improvements to the property for the use as a parking lot. The bonds will be retired from property tax receipts in the General Fund.

Principal and interest requirements to retire the 2016 Parking Lot Bonds outstanding at December 31, 2022, are as follows:

| Year Ended December 31, | Principal | Interest | Total |
|----------------------------|-----------------|----------------|-----------------|
| 2023 | \$9,147 | \$775 | \$9,922 |
| 2024 | 9,484 | 438 | 9,922 |
| 2025 | 4,872 | 89 | 4,961 |
| | <u>\$23,503</u> | <u>\$1,302</u> | <u>\$24,805</u> |

The 2022 USDA Fire Equipment Bonds, issued on September 8, 2022, in the amount of \$95,000, represents amounts borrowed for the purchase of equipment for the fire department. The bonds will be retired from the USDA Community Facility Grant Special Revenue Fund.

Principal and interest requirements to retire the 2022 USDA Fire Equipment Bonds outstanding at December 31, 2022, are as follows:

| Year Ended December 31, | Principal | Interest | Total |
|----------------------------|-----------------|-----------------|------------------|
| 2023 | \$8,600 | \$1,941 | \$10,541 |
| 2024 | 8,800 | 1,841 | 10,641 |
| 2025 | 9,000 | 1,649 | 10,649 |
| 2026 | 9,200 | 1,458 | 10,658 |
| 2027 | 9,400 | 1,262 | 10,662 |
| 2028-2032 | 50,000 | 3,234 | 53,234 |
| | <u>\$95,000</u> | <u>\$11,385</u> | <u>\$106,385</u> |

The Ohio Public Works Commission (OPWC) Spruce Street Water and Sewer Improvement Loan began draws in 2010 and was obtained to finance the improvements to water and sewer lines on Spruce Street. The loan activity is reflected in the Sewer and Water Enterprise Funds which received the proceeds and will repay the debt.

Principal requirements to retire the OPWC Spruce Street Water and Sewer Improvement Loan outstanding at December 31, 2022, are as follows:

Village of the City of Gallipolis, Ohio

Notes to the Basic Financial Statements

For the Year Ended December 31, 2022

| Year Ended December 31, | Principal |
|----------------------------|-----------------|
| 2023 | \$2,026 |
| 2024 | 4,052 |
| 2025 | 4,052 |
| 2026 | 4,052 |
| 2027 | 4,052 |
| 2028 - 2032 | 20,261 |
| 2033 - 2037 | 20,261 |
| 2038 - 2041 | 14,184 |
| | <u>\$72,940</u> |

The OPWC Water Pollution Control Facility Loan was obtained in 2013 to finance the planning, design, and construction of upgrades to existing wastewater facilities. The loan activity is reflected in the Sewer Enterprise Fund which received the proceeds and will repay the debt.

Principal requirements to retire the OPWC Water Pollution Control Facility Loan outstanding at December 31, 2022, are as follows:

| Year Ended December 31, | Principal |
|----------------------------|------------------|
| 2023 | \$8,333 |
| 2024 | 16,667 |
| 2025 | 16,666 |
| 2026 | 16,667 |
| 2027 | 16,667 |
| 2028 - 2032 | 83,333 |
| 2033 - 2037 | 83,333 |
| 2038 - 2042 | 83,333 |
| 2043 - 2046 | 66,668 |
| | <u>\$391,667</u> |

The Village's outstanding OPWC loans from direct borrowings contain provisions that in the event of default (1) OPWC may apply late fees of 8 percent per year, (2) loans more than 60 days late will be turned over to the Attorney General's office for collection, and as provided by law, OPWC may require that such payment be taken from the Village's share of the county undivided local government fund, and (3) the outstanding amounts shall, at OPWC's option, become immediately due and payable.

The 2013 Ohio Water Development Authority (OWDA) Wastewater Treatment Plant Loan relates to the engineering and design of improvements to the headworks at the wastewater treatment plant. The loan activity is reflected in the Sewer Enterprise Fund which received the proceeds and will repay the debt.

Principal and interest requirements to retire the Wastewater Treatment Plant Loan outstanding at December 31, 2022, are as follows:

Village of the City of Gallipolis, Ohio

Notes to the Basic Financial Statements

For the Year Ended December 31, 2022

| Year Ended December 31, | Principal | Interest | Total |
|----------------------------|--------------------|------------------|--------------------|
| 2023 | \$42,446 | \$10,022 | \$52,468 |
| 2024 | 42,872 | 9,596 | 52,468 |
| 2025 | 43,301 | 9,168 | 52,469 |
| 2026 | 43,736 | 8,732 | 52,468 |
| 2027 | 44,175 | 8,294 | 52,469 |
| 2028 - 2032 | 227,602 | 34,738 | 262,340 |
| 2033 - 2037 | 239,244 | 23,097 | 262,341 |
| 2038 - 2042 | 251,477 | 10,865 | 262,342 |
| 2043 - 2044 | 77,922 | 780 | 78,702 |
| | <u>\$1,012,775</u> | <u>\$115,292</u> | <u>\$1,128,067</u> |

The 2013 OWDA Water Pollution Control Facility Loan relates to the planning, design, and construction of upgrades to existing wastewater facilities. The loan activity is reflected in the Sewer Enterprise Fund which received the proceeds and will repay the debt.

Principal and interest requirements to retire the Water Pollution Control Facility Loan outstanding at December 31, 2022, are as follows:

| Year Ended December 31, | Principal | Interest | Total |
|----------------------------|--------------------|------------------|--------------------|
| 2023 | \$350,376 | \$47,518 | \$397,894 |
| 2024 | 353,889 | 44,006 | 397,895 |
| 2025 | 357,437 | 40,458 | 397,895 |
| 2026 | 361,020 | 36,875 | 397,895 |
| 2027 | 364,639 | 33,255 | 397,894 |
| 2028 - 2032 | 1,878,766 | 110,707 | 1,989,473 |
| 2033 - 2035 | 1,173,069 | 20,614 | 1,193,683 |
| | <u>\$4,839,196</u> | <u>\$333,433</u> | <u>\$5,172,629</u> |

The Village's outstanding OWDA loans from direct borrowings contain provisions that in an event of default (1) the amount of such default shall bear interest at the default rate from the due date until the date of payment, (2) if any of the charges have not been paid within 30 days, in addition to the interest calculated at the default rate, a late charge of 1 percent on the amount of each default shall also be paid to the OWDA, and (3) for each additional 30 days during which the charges remain unpaid, the Village shall continue to pay an additional late charge of 1 percent on the amount of the default until such charges are paid.

The Village's overall legal debt margin was \$7,880,088, with an unvoted debt margin of \$3,149,061 at December 31, 2022.

Note 14 - Related Organization

The Gallia Metropolitan Housing Authority is a nonprofit organization established to provide adequate public housing for low income individuals and was created pursuant to State Statutes. The Authority is operated by a five member board. Two board members are appointed by the Village, one member is appointed by the Gallia County Probate Court Judge, one member is appointed by the Gallia County Common Pleas Court Judge, and one member is appointed by the Gallia County Commissioners. The Authority receives funding from the U.S. Department of Housing and Urban Development. The Board sets its own budget and selects its own management, and the Village is not involved in its management or operation. The Village is not financially accountable for the Authority.

Village of the City of Gallipolis, Ohio

Notes to the Basic Financial Statements

For the Year Ended December 31, 2022

Note 15 - Contingencies

Grants

The Village receives financial assistance from federal and State agencies in the form of grants. Disbursing grant funds generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit. Any disallowed claims resulting from such audits could become a liability. However, in the opinion of management, any such disallowed claims through December 31, 2022, will not have a material adverse effect on the Village.

Litigation

The Village is not currently party to pending litigation seeking damages and/or injunctive relief as confirmed by the Village Solicitor.

Note 16 - Asset Retirement Obligation

Ohio Revised Code Section 6111.44 requires the Village to submit any changes to their sewerage system to the Ohio EPA for approval. Through this review process, the Village would be responsible to address any public safety issues associated with their waste water treatment facilities. Due to the Village's application of the cash basis of accounting, this long-term obligation is not reported as a liability in the financial statements.

Note 17 - COVID-19

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June 2021 while the national state of emergency continues. During 2022, the City received COVID-19 funding. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the City. The impact on the City's future operating costs, revenues, and additional recovery from funding, either federal or state, cannot be estimated.