

**OHIO AUDITOR OF STATE
KEITH FABER**



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

**Cash Financial Statements
For the Year Ended December 31, 2023**

Village of the City of Gallipolis, Ohio
Cash Financial Statements
For the Year Ended December 31, 2023

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OHIO AUDITOR OF STATE KEITH FABER



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Village Commission
Village of the City of Gallipolis
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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 year ended December 31, 2023, 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 26, 2024

Village of the City of Gallipolis, Ohio

Management's Discussion and Analysis

For the Year Ended December 31, 2023

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, 2023, 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 2023, total net position increased \$705,623, with governmental activities increasing \$391,784 and business-type activities increasing \$313,839.
- For 2023, the Village had three governmental major funds: the General Fund, the Court Capital Improvement Capital Projects Fund, and the OPWC Repaving Capital Improvement Capital Projects Fund. Fund balance of the General Fund increased \$212,355, while the Court Capital Improvement Capital Projects Fund increased \$60,495. The OPWC Repaving Capital Improvement Capital Projects Fund had no fund balance.
- The Village has three business-type activities: Water, Sewer, and Nonmajor Sanitation Funds. For 2023, net position for the Water Fund increased \$137,237 and the Sewer Fund increased \$179,516. The Nonmajor Sanitation Fund decreased \$2,851.

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.

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As a result of using the cash basis of accounting, certain assets, and their related receipts (such as accounts receivable) and certain liabilities and their related disbursements (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 2023, 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.

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.

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- **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, the Court Capital Improvement Capital Projects Fund, and the OPWC Repaving 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.

THE VILLAGE OF THE CITY OF GALLIPOLIS AS A WHOLE

Table 1 provides a summary of the Village's net position for 2023 compared to 2022 on a cash basis:

(Table 1)
Net Position

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Assets						
Cash and Cash Equivalents	\$3,134,130	\$2,742,105	\$3,264,887	\$2,950,985	\$6,399,017	\$5,693,090
Cash in Segregated Accounts	48,860	49,164	0	0	48,860	49,164
Internal Balances	(2,385)	(2,448)	2,385	2,448	0	0
<i>Total Assets</i>	<u>\$3,180,605</u>	<u>\$2,788,821</u>	<u>\$3,267,272</u>	<u>\$2,953,433</u>	<u>\$6,447,877</u>	<u>\$5,742,254</u>
Net Position						
Restricted	\$2,304,868	\$2,182,025	\$0	\$0	\$2,304,868	\$2,182,025
Unrestricted	875,737	606,796	3,267,272	2,953,433	4,143,009	3,560,229
<i>Total Net Position</i>	<u>\$3,180,605</u>	<u>\$2,788,821</u>	<u>\$3,267,272</u>	<u>\$2,953,433</u>	<u>\$6,447,877</u>	<u>\$5,742,254</u>

As mentioned previously, net position of governmental and business-type activities increased during 2023. The primary reason contributing to the increase in governmental activities is increases in interest due to improvements in interest rates, increases in municipal income taxes due to an increase in wages earned by the residents and business growth, and an increase in intergovernmental due to increases in grants received. Business-type activities increased primarily due to increases in charges for services in each of the enterprise funds due to rate increases. The Village froze billing rates for water and sewer services for years 2019 through 2022. Then in 2023, the Village increased water rates by 16.5 percent to restore rates to where they should be and then increased sewer rates by 3 percent. Sanitation rates also increased in 2023.

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Table 2 reflects the changes in net position on a cash basis in 2023 and 2022 for governmental activities, business-type activities, and total primary government.

(Table 2)
Changes in Net Position

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Receipts						
Program Receipts:						
Charges for Services	\$1,085,435	\$1,025,130	\$4,445,285	\$4,179,418	\$5,530,720	\$5,204,548
Operating Grants, Contributions and Interest	741,069	874,421	0	0	741,069	874,421
Capital Grants and Contributions	555,642	74,383	9,802	0	565,444	74,383
<i>Total Program Receipts</i>	<u>2,382,146</u>	<u>1,973,934</u>	<u>4,455,087</u>	<u>4,179,418</u>	<u>6,837,233</u>	<u>6,153,352</u>
General Receipts:						
Property and Other Local Taxes	439,741	438,928	0	0	439,741	438,928
Municipal Income Taxes	2,022,239	1,901,935	0	0	2,022,239	1,901,935
Permissive Tax	61,181	65,067	0	0	61,181	65,067
Franchise Fees	64,079	52,322	0	0	64,079	52,322
Grants and Entitlements	93,418	205,308	0	0	93,418	205,308
Interest	126,592	19,119	0	0	126,592	19,119
Donations	9,982	2,764	0	0	9,982	2,764
Miscellaneous	106,735	118,748	20,117	24,348	126,852	143,096
<i>Total General Receipts</i>	<u>2,923,967</u>	<u>2,804,191</u>	<u>20,117</u>	<u>24,348</u>	<u>2,944,084</u>	<u>2,828,539</u>
Total Receipts	<u>5,306,113</u>	<u>4,778,125</u>	<u>4,475,204</u>	<u>4,203,766</u>	<u>9,781,317</u>	<u>8,981,891</u>
Disbursements						
General Government	984,323	992,413	0	0	984,323	992,413
General Government - Court	720,895	656,374	0	0	720,895	656,374
Security of Persons and Property:						
Police	1,344,374	1,307,685	0	0	1,344,374	1,307,685
Fire	285,884	391,168	0	0	285,884	391,168
Public Health Services	102,930	110,733	0	0	102,930	110,733
Community Environment	89,475	96,530	0	0	89,475	96,530
Transportation	844,292	297,625	0	0	844,292	297,625
Leisure Time Activities	243,295	209,624	0	0	243,295	209,624
Debt Service:						
Principal Retirement	220,634	203,889	0	0	220,634	203,889
Interest	78,227	84,452	0	0	78,227	84,452
Water	0	0	1,808,204	1,628,785	1,808,204	1,628,785
Sewer	0	0	1,941,977	1,724,428	1,941,977	1,724,428
Sanitation	0	0	411,184	395,163	411,184	395,163
<i>Total Disbursements</i>	<u>4,914,329</u>	<u>4,350,493</u>	<u>4,161,365</u>	<u>3,748,376</u>	<u>9,075,694</u>	<u>8,098,869</u>
<i>Increases before Debt Proceeds</i>	<u>391,784</u>	<u>427,632</u>	<u>313,839</u>	<u>455,390</u>	<u>705,623</u>	<u>883,022</u>
<i>Proceeds from Sale of Bonds</i>	<u>0</u>	<u>95,000</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>95,000</u>
Change in Net Position	<u>391,784</u>	<u>522,632</u>	<u>313,839</u>	<u>455,390</u>	<u>705,623</u>	<u>978,022</u>
<i>Net Position Beginning 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>
<i>Net Position End of Year</i>	<u>\$3,180,605</u>	<u>\$2,788,821</u>	<u>\$3,267,272</u>	<u>\$2,953,433</u>	<u>\$6,447,877</u>	<u>\$5,742,254</u>

Governmental Activities

For 2023, program receipts represent \$2,382,146 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 gas tax money.

Village of the City of Gallipolis, Ohio

Management's Discussion and Analysis

For the Year Ended December 31, 2023

Unaudited

General receipts represent \$2,923,967 of the Village's total receipts. Of this amount, \$2,523,161 are derived from local taxes. The Village's total general receipts increased \$119,776 from 2022 mainly in the areas of municipal income taxes, interest earnings, franchise fees, and donations. Some of the reasons for the increases were discussed earlier.

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. During 2023, disbursements for these operations amounted to \$984,323 and \$1,630,258, 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.

Business-Type Activities

The Village's water, sewer, and sanitation operations account for the Village's business-type activities and are funded primarily from charges for services. During 2023, program receipts exceeded program disbursements for water and sewer business-type activities due in large part to an increase in charges for services 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.

(Table 3)

Governmental Activities

	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
	2023	2023	2022	2022
General Government	\$984,323	\$708,618	\$992,413	\$666,719
General Government - Court	720,895	(165,691)	656,374	(243,806)
Security of Persons and Property:				
Police	1,344,374	1,321,883	1,307,685	1,135,856
Fire	285,884	186,447	391,168	284,341
Public Health Services	102,930	64,617	110,733	60,781
Community Environment	89,475	26,517	96,530	68,769
Transportation	844,292	42,530	297,625	17,050
Leisure Time Activities	243,295	48,401	209,624	98,508
Debt Service:				
Principal Retirement	220,634	220,634	203,889	203,889
Interest	78,227	78,227	84,452	84,452
Total	\$4,914,329	\$2,532,183	\$4,350,493	\$2,376,559

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The dependence upon property and income tax receipts is apparent as approximately 51.5 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 2023, governmental funds total receipts and total disbursements increased.

The General Fund is the primary operating fund of the Village. At the end of 2023, the unassigned fund balance was \$792,748, while total fund balance was \$910,893. 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 27.1 percent to total General Fund disbursements, while total fund balance represents 31.2 percent of that same amount. The Village's General Fund balance increased during 2023, primarily due to increases in municipal income taxes, charges for services, and interest earnings revenue. Municipal income taxes and interest earnings increases were discussed earlier. Charges for services increased due to an increase in resident and business payments of required local fees.

At the end of 2023, the Court Capital Improvement Capital Projects Fund had a fund balance of \$531,768, an increase of \$60,495 compared to an increase of \$74,351 in 2022. Revenues, disbursements, and transfers out remained fairly consistent from 2022 to 2023.

In 2023, the OPWC Repaving Capital Improvement Fund had no fund balance due to disbursements equaling the grant receipts.

Operating receipts and operating disbursements increased for the Water Enterprise Fund in 2023. Overall net position increased in the Water Enterprise Fund. As discussed earlier, the Village increased their water billing rates by 16.5 percent in 2023, due to the freeze on rates from 2019 through 2022. Rates increased 13.5 percent in March 2023 and then increased an additional 3 percent in April 2023.

Operating disbursements of the Sewer Enterprise Fund increased in 2023 along with operating receipts. This fund also increased in net position in 2023. As discussed earlier, the sewer billing rates increased by 3 percent in April 2023.

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 2023, the Village amended the General Fund budget several times. Budget basis receipts were below final estimates. Final estimated receipts were increased from the original estimates. Disbursements were lower than final appropriations. Final appropriations were increased from original appropriations. The Village's original budgets were more conservative. As actual revenues showed increases in municipal income taxes and interest, the Village increased budgeted revenues and budgeted appropriations.

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 of the City of Gallipolis, Ohio
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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, 2023 and 2022

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Bond Anticipation Notes	\$191,791	\$222,735	\$0	\$0	\$191,791	\$222,735
Loans	0	0	5,903,035	6,316,578	5,903,035	6,316,578
General Obligation Bonds	1,642,644	1,832,334	0	0	1,642,644	1,832,334
<i>Totals</i>	<u>\$1,834,435</u>	<u>\$2,055,069</u>	<u>\$5,903,035</u>	<u>\$6,316,578</u>	<u>\$7,737,470</u>	<u>\$8,371,647</u>

For additional information on the Village's debt, see Note 11 to the basic financial statements.

CURRENT ISSUES

As the preceding information shows, the Village depended heavily on its taxpayers and costs on grants and entitlements. The Village tightened non-capital related spending to better bring costs in line with receipts 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, 2023

	Governmental Activities	Business-Type Activities	Total
Assets			
Equity in Pooled Cash and Cash Equivalents	\$3,134,130	\$3,264,887	\$6,399,017
Cash in Segregated Accounts	48,860	0	48,860
Internal Balances	(2,385)	2,385	0
<i>Total Assets</i>	<u>\$3,180,605</u>	<u>\$3,267,272</u>	<u>\$6,447,877</u>
Net Position			
Restricted for:			
Street	\$311,010	\$0	\$311,010
Police	118,906	0	118,906
Fire	301,244	0	301,244
Cemeteries	40,624	0	40,624
Community Environment	9,547	0	9,547
Recreation	103,844	0	103,844
Court	1,147,185	0	1,147,185
Unclaimed Monies	95,248	0	95,248
Perpetual Care - Nonexpendable	27,442	0	27,442
Drug Prevention Program	13,175	0	13,175
Other Purposes	136,643	0	136,643
Unrestricted	<u>875,737</u>	<u>3,267,272</u>	<u>4,143,009</u>
<i>Total Net Position</i>	<u>\$3,180,605</u>	<u>\$3,267,272</u>	<u>\$6,447,877</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, 2023

	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	\$984,323	\$203,169	\$72,536	\$0	(\$708,618)	\$0	(\$708,618)
General Government - Court	720,895	652,052	234,534	0	165,691	0	165,691
Security of Persons and Property:							
Police	1,344,374	13,891	8,600	0	(1,321,883)	0	(1,321,883)
Fire	285,884	89,212	10,225	0	(186,447)	0	(186,447)
Public Health Services	102,930	37,724	589	0	(64,617)	0	(64,617)
Community Environment	89,475	14,830	48,128	0	(26,517)	0	(26,517)
Transportation	844,292	60,677	225,643	515,442	(42,530)	0	(42,530)
Leisure Time Activities	243,295	13,880	140,814	40,200	(48,401)	0	(48,401)
Debt Service:							
Principal Retirement	220,634	0	0	0	(220,634)	0	(220,634)
Interest	78,227	0	0	0	(78,227)	0	(78,227)
<i>Total Governmental Activities</i>	<u>4,914,329</u>	<u>1,085,435</u>	<u>741,069</u>	<u>555,642</u>	<u>(2,532,183)</u>	<u>0</u>	<u>(2,532,183)</u>
Business-Type Activities							
Water	1,808,204	1,927,843	0	9,802	0	129,441	129,441
Sewer	1,941,977	2,109,109	0	0	0	167,132	167,132
Nonmajor - Sanitation	411,184	408,333	0	0	0	(2,851)	(2,851)
<i>Total Business-Type Activities</i>	<u>4,161,365</u>	<u>4,445,285</u>	<u>0</u>	<u>9,802</u>	<u>0</u>	<u>293,722</u>	<u>293,722</u>
<i>Total</i>	<u>\$9,075,694</u>	<u>\$5,530,720</u>	<u>\$741,069</u>	<u>\$565,444</u>	<u>(2,532,183)</u>	<u>293,722</u>	<u>(2,238,461)</u>
General Receipts							
Property and Other Local Taxes Levied for:							
General Purposes					308,447	0	308,447
Fire					131,294	0	131,294
Income Taxes Levied for General Purposes					2,022,239	0	2,022,239
Permissive Motor Vehicle License Taxes					61,181	0	61,181
Franchise Fees					64,079	0	64,079
Grants and Entitlements not Restricted to Specific Programs					93,418	0	93,418
Interest					126,592	0	126,592
Donations					9,982	0	9,982
Miscellaneous					106,735	20,117	126,852
<i>Total General Receipts</i>					<u>2,923,967</u>	<u>20,117</u>	<u>2,944,084</u>
Change in Net Position					391,784	313,839	705,623
<i>Net Position Beginning of Year</i>					<u>2,788,821</u>	<u>2,953,433</u>	<u>5,742,254</u>
<i>Net Position End of Year</i>					<u>\$3,180,605</u>	<u>\$3,267,272</u>	<u>\$6,447,877</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, 2023

	General	Court Capital Improvement	Other Governmental Funds	Total Governmental Funds
Assets				
Equity in Pooled Cash and Cash Equivalents	\$786,789	\$521,374	\$1,730,719	\$3,038,882
Cash in Segregated Accounts	28,856	10,394	8,018	47,268
Restricted Assets:				
Equity in Pooled Cash and Cash Equivalents	95,248	0	0	95,248
<i>Total Assets</i>	<u>\$910,893</u>	<u>\$531,768</u>	<u>\$1,738,737</u>	<u>\$3,181,398</u>
Fund Balances				
Nonspendable	\$95,248	\$0	\$27,442	\$122,690
Restricted	0	531,768	1,650,410	2,182,178
Committed	0	0	60,885	60,885
Assigned	22,897	0	0	22,897
Unassigned	792,748	0	0	792,748
<i>Total Fund Balances</i>	<u>\$910,893</u>	<u>\$531,768</u>	<u>\$1,738,737</u>	<u>3,181,398</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.	(793)
<i>Net Position of Governmental Activities</i>	<u>\$3,180,605</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, 2023

	General	Court Capital Improvement	OPWC Repaving Capital Improvement	Other Governmental Funds	Total Governmental Funds
Receipts					
Property and Other Local Taxes	\$308,447	\$0	\$0	\$131,294	\$439,741
Municipal Income Taxes	2,022,239	0	0	0	2,022,239
Permissive Motor Vehicle License Taxes	0	0	0	61,181	61,181
Charges for Services	313,666	0	0	109,016	422,682
Fines, Licenses, Permits, and Settlements	384,977	162,250	0	115,526	662,753
Franchise Fees	41,091	0	0	22,988	64,079
Intergovernmental	107,284	0	515,442	613,592	1,236,318
Interest	126,592	0	0	6,997	133,589
Donations	9,982	0	0	146,814	156,796
Miscellaneous	34,864	0	0	71,871	106,735
<i>Total Receipts</i>	<u>3,349,142</u>	<u>162,250</u>	<u>515,442</u>	<u>1,279,279</u>	<u>5,306,113</u>
Disbursements					
Current:					
General Government	844,530	0	0	139,759	984,289
General Government - Court	325,041	51,755	0	344,076	720,872
Security of Persons and Property:					
Police	1,268,132	0	0	76,180	1,344,312
Fire	262,614	0	0	23,270	285,884
Public Health Services	23,384	0	0	79,546	102,930
Community Environment	89,468	0	0	0	89,468
Transportation	66,887	0	0	238,972	305,859
Leisure Time Activities	43,701	0	0	137,065	180,766
Capital Outlay	0	0	515,442	85,517	600,959
Debt Service:					
Principal Retirement	0	0	0	220,634	220,634
Interest	0	0	0	78,227	78,227
<i>Total Disbursements</i>	<u>2,923,757</u>	<u>51,755</u>	<u>515,442</u>	<u>1,423,246</u>	<u>4,914,200</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>425,385</u>	<u>110,495</u>	<u>0</u>	<u>(143,967)</u>	<u>391,913</u>
Other Financing Sources (Uses)					
Advances In	34,262	0	0	41,555	75,817
Advances Out	(41,555)	0	0	(34,262)	(75,817)
Transfers In	0	0	0	376,740	376,740
Transfers Out	(205,737)	(50,000)	0	(121,003)	(376,740)
<i>Total Other Financing Sources (Uses)</i>	<u>(213,030)</u>	<u>(50,000)</u>	<u>0</u>	<u>263,030</u>	<u>0</u>
<i>Net Change in Fund Balances</i>	212,355	60,495	0	119,063	391,913
<i>Fund Balances Beginning of Year</i>	<u>698,538</u>	<u>471,273</u>	<u>0</u>	<u>1,619,674</u>	<u>2,789,485</u>
<i>Fund Balances End of Year</i>	<u>\$910,893</u>	<u>\$531,768</u>	<u>\$0</u>	<u>\$1,738,737</u>	<u>\$3,181,398</u>

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

Net Change in Fund Balances - Total Governmental Funds

\$391,913

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.

(129)

Change in Net Position of Governmental Activities

\$391,784

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, 2023

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Receipts				
Property and Other Local Taxes	\$308,496	\$308,495	\$308,447	(\$48)
Municipal Income Taxes	1,800,000	2,000,000	2,022,239	22,239
Charges for Services	311,000	311,000	312,941	1,941
Fines, Licenses, and Permits	392,500	393,500	384,616	(8,884)
Franchise Fees	50,000	50,000	41,091	(8,909)
Intergovernmental	85,390	85,390	107,284	21,894
Interest	19,000	105,000	104,419	(581)
Donations	2,000	10,000	9,982	(18)
Miscellaneous	59,390	67,490	34,864	(32,626)
<i>Total Receipts</i>	<u>3,027,776</u>	<u>3,330,875</u>	<u>3,325,883</u>	<u>(4,992)</u>
Disbursements				
Current:				
General Government	959,061	974,262	849,617	124,645
General Government - Court	348,194	348,194	325,041	23,153
Security of Persons and Property:				
Police	1,352,858	1,352,858	1,272,105	80,753
Fire	282,145	294,144	276,139	18,005
Public Health Services	46,140	46,140	23,384	22,756
Community Environment	93,136	93,136	89,468	3,668
Transportation	70,000	70,000	66,887	3,113
Leisure Time Activities	55,850	55,850	44,014	11,836
<i>Total Disbursements</i>	<u>3,207,384</u>	<u>3,234,584</u>	<u>2,946,655</u>	<u>287,929</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(179,608)</u>	<u>96,291</u>	<u>379,228</u>	<u>282,937</u>
Other Financing Source (Uses)				
Advances In	41,555	41,555	34,262	(7,293)
Advances Out	0	0	(41,555)	(41,555)
Transfers Out	(247,889)	(262,889)	(205,737)	57,152
<i>Total Other Financing Source (Uses)</i>	<u>(206,334)</u>	<u>(221,334)</u>	<u>(213,030)</u>	<u>8,304</u>
<i>Net Change in Fund Balance</i>	(385,942)	(125,043)	166,198	291,241
<i>Fund Balance Beginning of Year</i>	615,015	615,015	615,015	0
Prior Year Encumbrances Appropriated	54,018	54,018	54,018	0
<i>Fund Balance End of Year</i>	<u>\$283,091</u>	<u>\$543,990</u>	<u>\$835,231</u>	<u>\$291,241</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, 2023

	Business-Type Activities			Total Enterprise Funds	Governmental Activities
	Water Fund	Sewer Fund	Nonmajor Fund		Internal Service Fund
Assets					
Current Assets:					
Equity in Pooled Cash and Cash Equivalents	\$2,086,323	\$1,138,807	\$39,757	\$3,264,887	\$0
Cash in Segregated Accounts	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,592</u>
<i>Total Assets</i>	<u>\$2,086,323</u>	<u>\$1,138,807</u>	<u>\$39,757</u>	<u>\$3,264,887</u>	<u>\$1,592</u>
Net Position					
Unrestricted	<u>\$2,086,323</u>	<u>\$1,138,807</u>	<u>\$39,757</u>	3,264,887	<u>\$1,592</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.

2,385

Net position of business-type activities

\$3,267,272

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, 2023

	Business-Type Activities			Total Enterprise Funds	Governmental Activities
	Water Fund	Sewer Fund	Nonmajor Fund		Internal Service Fund
Operating Receipts					
Charges for Services	\$1,927,843	\$2,109,109	\$408,333	\$4,445,285	\$5,250
Other Operating Receipts	5,638	11,367	0	17,005	0
<i>Total Operating Receipts</i>	<u>1,933,481</u>	<u>2,120,476</u>	<u>408,333</u>	<u>4,462,290</u>	<u>5,250</u>
Operating Disbursements					
Salaries and Benefits	803,948	734,465	0	1,538,413	0
Contractual Services	437,098	558,557	411,044	1,406,699	5,442
Materials and Supplies	201,649	93,259	140	295,048	0
<i>Total Operating Disbursements</i>	<u>1,442,695</u>	<u>1,386,281</u>	<u>411,184</u>	<u>3,240,160</u>	<u>5,442</u>
<i>Operating Income (Loss)</i>	<u>490,786</u>	<u>734,195</u>	<u>(2,851)</u>	<u>1,222,130</u>	<u>(192)</u>
Non-Operating Receipts (Disbursements)					
Capital Grants	9,802	0	0	9,802	0
Capital Outlay	(361,115)	(85,045)	0	(446,160)	0
Customer Deposits Received	1,395	0	0	1,395	0
Customer Deposits Returned	(2,183)	0	0	(2,183)	0
Debt Service Principal	(1,448)	(412,095)	0	(413,543)	0
Interest	0	(57,539)	0	(57,539)	0
<i>Total Non Operating Receipts (Disbursements)</i>	<u>(353,549)</u>	<u>(554,679)</u>	<u>0</u>	<u>(908,228)</u>	<u>0</u>
<i>Change in Net Position</i>	137,237	179,516	(2,851)	313,902	(192)
<i>Net Position Beginning of Year</i>	<u>1,949,086</u>	<u>959,291</u>	<u>42,608</u>		<u>1,784</u>
<i>Net Position End of Year</i>	<u><u>\$2,086,323</u></u>	<u><u>\$1,138,807</u></u>	<u><u>\$39,757</u></u>		<u><u>\$1,592</u></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.

(63)

Change in net position of business-type activities

\$313,839

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

Village of the City of Gallipolis, Ohio
Statement of Fiduciary Net Position - Cash Basis
Custodial Funds
December 31, 2023

Assets

Equity in Pooled Cash and Cash Equivalents	\$12,350
Cash and Cash Equivalents in Segregated Accounts	<u>101,225</u>
Total Assets	<u><u>\$113,575</u></u>

Net Position

Restricted for Individuals, Organizations, and Other Governments	<u><u>\$113,575</u></u>
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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 Funds
For the Year Ended December 31, 2023

Additions	
Fines and Forfeitures for Other Governments	\$669,197
Amounts Received as Fiscal Agent	12,350
Contributions from Individuals	<u>391,423</u>
<i>Total Additions</i>	<u><u>1,072,970</u></u>
Deductions	
Distributions to the State of Ohio	283,908
Distributions to Other Governments	96,787
Distributions to Individuals	672,982
Miscellaneous	<u>8,210</u>
<i>Total Deductions</i>	<u><u>1,061,887</u></u>
 <i>Net Increase in Fiduciary Net Position</i>	 11,083
 <i>Net Position Beginning of Year</i>	 <u>102,492</u>
<i>Net Position End of Year</i>	<u><u>\$113,575</u></u>

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, 2023

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 13 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 the Basis of Accounting section of this note, 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, 2023

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 fiduciary funds. The statements distinguish between those activities that are governmental in nature and those that are considered business-type activities. 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 program or function 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; grants and contributions restricted to meeting the operational or capital requirements of a particular program; and receipts of interest earned on grants required to be used to support 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. Fiduciary funds are reported by type.

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. The following are the Village's major governmental funds:

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

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

OPWC Repaving Capital Improvement Fund This fund is a governmental capital projects fund established for OPWC grants for the purpose of road improvements.

Village of the City of Gallipolis, Ohio

Notes to the Basic Financial Statements

For the Year Ended December 31, 2023

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

Proprietary Funds The Village classifies funds financed primarily from user charges for goods or services as proprietary. Proprietary funds are classified as either enterprise funds and internal service funds.

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:

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. The Village does not have any trust funds. 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 funds account for the municipal court collections that are distributed to the State and various local governments and for fire loss recovery monies from insurance companies held for homeowners.

Basis of Accounting

The Village's financial statements are prepared using the cash basis of accounting. 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

Village of the City of Gallipolis, Ohio

Notes to the Basic Financial Statements

For the Year Ended December 31, 2023

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.

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 earnings credited to the General Fund during 2023 amounted to \$126,592, which includes \$109,581 assigned from other Village funds.

Restricted Assets

Assets are reported as restricted when limitations on their use change the nature or normal understanding of the availability of the asset. Such constraints are either externally imposed by 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.

Village of the City of Gallipolis, Ohio

Notes to the Basic Financial Statements

For the Year Ended December 31, 2023

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.

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 9 and 10, the employer contributions include portions for pension benefits and for other postemployment benefits (OPEB).

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.

SBITAs

For 2023, GASB Statement No. 96, *Subscription-Based Technology Arrangements*, was effective. This GASB pronouncement had no effect on beginning net position/fund balance.

Settlement Monies

Ohio has reached settlement agreements with various distributors of opioids which are subject to the OneOhio memorandum of understanding. The original settlement was reached in 2021 with annual payments anticipated through 2038. For 2023, distributions of \$9,530 are reflected as settlement revenue in the OneOhio Special Revenue Fund in the accompanying financial statements.

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:

Village of the City of Gallipolis, Ohio

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For the Year Ended December 31, 2023

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

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.

Enabling legislation authorizes the Village to assess, levy, charge, or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation. Legal enforceability means that the Village can be compelled by an external party, such as citizens, public interest groups, or the judiciary, to use resources created by enabling legislation only for the purposes specified by the legislation.

Committed The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by a formal action (resolution or ordinance, as both are equally binding) 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 or ordinance) it employed to previously commit those amounts. In contrast to fund balance that is restricted by enabling legislation, the committed fund balance classification may be redeployed for other purposes with appropriate due process. Constraints imposed on the use of committed amounts are imposed by Village Council, separate from the authorization to raise the underlying revenue; therefore, compliance with these constraints is not considered to be legally enforceable. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned Amounts in the assigned fund balance classification are intended to be used by the 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. State Statute authorizes the Village Auditor to assign fund balance for purchases on order provided such amounts have been lawfully appropriated.

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.

Village of the City of Gallipolis, Ohio

Notes to the Basic Financial Statements

For the Year Ended December 31, 2023

Interfund Transactions

Transfers between governmental and business-type activities on the government-wide statements are reported in the same manner as general receipts. 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 disbursements (budgetary basis) rather than restricted, committed, or assigned fund balance (cash basis).
2. Unrecorded cash and interest and segregated accounts are reported on the statements of receipts, disbursements, and changes in fund balances (cash basis), 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:

Cash Basis	\$212,355
Unrecorded Cash and Interest:	
Beginning of Year	1,735
End of Year	(23,908)
Segregated Accounts:	
Beginning of Year	27,770
End of Year	(28,856)
Encumbrances	<u>(22,898)</u>
Budget Basis	<u>\$166,198</u>

Note 4 - 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.

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For the Year Ended December 31, 2023

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.

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Notes to the Basic Financial Statements

For the Year Ended December 31, 2023

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, 2023, \$6,374,864 of the Village total bank balance of \$6,829,059 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 \$25,240 in unrecorded interest 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 5 - 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 6 - Property Taxes

Property taxes include amounts levied against all real and public utility property located in the Village. Property tax revenue received during 2023 for real and public utility property taxes represents collections of 2022 taxes.

2023 real property taxes were levied after October 1, 2023, on the assessed value as of January 1, 2023, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2023 real property taxes are collected in and intended to finance 2024.

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

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2023 public utility property taxes which became a lien December 31, 2022, are levied after October 1, 2023, and are collected in 2024 with real property taxes.

Village of the City of Gallipolis, Ohio

Notes to the Basic Financial Statements

For the Year Ended December 31, 2023

The full tax rate for all Village operations for the year ended December 31, 2023, was \$3.90 per \$1,000 of assessed value. The assessed values of real property and public utility tangible property upon which 2023 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	<u>206,620</u>
Total Assessed Value	<u><u>\$94,625,350</u></u>

Note 7 - Interfund Activity

Transfers

During 2023, the following transfers were made:

<u>Transfer to</u>	<u>Transfer from</u>			<u>Total</u>
	<u>Major Funds</u>			
	<u>General</u>	<u>Court Capital Improvement</u>	<u>Other Nonmajor Governmental</u>	
Other Nonmajor Governmental Funds	\$205,737	\$50,000	\$121,003	\$376,740

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 2023 consisted of monies advanced to the ODNR Natureworks Grant Special Revenue Fund from the General Fund in the amount of \$41,555. Of this amount, \$34,262 was repaid to the General Fund. The ODNR Natureworks Grant Special Revenue Fund has a remaining outstanding advance to the General Fund in the amount of \$7,293.

Note 8 - 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, 2023

<u>Property</u>	<u>Limit</u>	<u>Deductible</u>
Real and Personal Property	\$39,759,247	\$1,000
<u>Liability</u>		
Employment Expense	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 9 - 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 is a cost-sharing, multiple employer public employee retirement system which administers three separate pension plans. The traditional pension plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan, and the combined plan is a combination cost-sharing, multiple-employer defined benefit/defined contribution pension plan. Effective January 1, 2022, new members may no longer select the Combined Plan, and current members may no longer make a plan change to this plan. Participating employers are divided into state, local, law enforcement and public safety divisions. While members in the state and local divisions may participate in all three plans, law enforcement and public safety divisions exist only within the traditional plan.

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

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

Village of the City of Gallipolis, Ohio

Notes to the Basic Financial Statements

For the Year Ended December 31, 2023

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

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

Village of the City of Gallipolis, Ohio

Notes to the Basic Financial Statements

For the Year Ended December 31, 2023

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

	<u>State and Local</u>
2023 Statutory Maximum Contribution Rates	
Employer	14.0 %
Employee *	10.0 %
2023 Actual Contribution Rates	
Employer:	
Pension **	14.0 %
Post-employment Health Care Benefits **	<u>0.0</u>
Total Employer	<u>14.0 %</u>
Employee	<u>10.0 %</u>

* 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; however, effective July 1, 2022, a portion of the health care rate is funded with reserves.

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

For 2023, The Village's contractually required contribution was \$286,289 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, 2023

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

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

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

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

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

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

	Police	Firefighters
2023 Statutory Maximum Contribution Rates		
Employer	19.50 %	24.00 %
Employee	12.25 %	12.25 %
2023 Actual Contribution Rates		
Employer:		
Pension	19.00 %	23.50 %
Post-employment Health Care Benefits	0.50	0.50
Total Employer	19.50 %	24.00 %
Employee	12.25 %	12.25 %

Employer contribution rates are expressed as a percentage of covered payroll. The Village's contractually required contribution to OP&F was \$139,702 for 2023.

Village of the City of Gallipolis, Ohio

Notes to the Basic Financial Statements

For the Year Ended December 31, 2023

Note 10 - 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. The 115 Health Care Trust (115 Trust or Health Care Trust) was established in 2014, under Section 115 of the Internal Revenue Code (IRC). The purpose of the 115 Trust is to fund health care for the Traditional Pension, Combined and Member-Directed plans. Medicare-enrolled retirees in the Traditional Pension and Combined plans may have an allowance deposited into a health reimbursement arrangement (HRA) account to be used toward the health care program of their choice selected with the assistance of an OPERS vendor. Non-Medicare retirees have converted to an arrangement similar to the Medicare-enrolled retirees and are no longer participating in OPERS provided self-insured group plans.

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

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

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

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

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

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

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

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

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

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

Village of the City of Gallipolis, Ohio

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For the Year Ended December 31, 2023

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

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

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

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

OPERS reimburses retirees who are not eligible for premium-free Medicare Part A (hospitalization) for their Part A premiums as well as any applicable surcharges (late-enrollment fees). Retirees within this group must enroll in Medicare Part A and select medical coverage, and may select prescription coverage, through the OPERS Connector. OPERS also will reimburse 50 percent of the Medicare Part A premium and any applicable surcharges for eligible spouses. Proof of enrollment in Medicare Part A and confirmation that the retiree is not receiving reimbursement or payment from another source must be submitted. The premium reimbursement is added to the monthly pension benefit.

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

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

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

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

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2023, state and local employers contributed at a rate of 14.0 percent of earnable salary and public safety and law enforcement employers contributed at 18.1 percent. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. For 2023, OPERS did not allocate any employer contribution to health care for members in the Traditional Pension Plan and beginning July 1, 2022, there was a two percent

Village of the City of Gallipolis, Ohio

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For the Year Ended December 31, 2023

allocation to health care for the Combined Plan. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the member-directed plan for 2022 was 4.0 percent; however, effective July 1, 2022, a portion of the health care rate was funded with reserves.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The Village's contractually required contribution was \$0 for 2023.

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 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

Village of the City of Gallipolis, Ohio

Notes to the Basic Financial Statements

For the Year Ended December 31, 2023

exceed 19.5 percent of covered payroll for police employer units and 24 percent of covered payroll for fire employer units. Active members do not make contributions to the OPEB Plan.

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

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

The Village's contractually required contribution to OP&F was \$3,628 for 2023.

Note 11 - Long-Term Obligations

Changes in long-term obligations of the Village during 2023 were as follows:

	Principal Outstanding 12/31/22	Additions	Deductions	Principal Outstanding 12/31/23	Amounts Due in One Year
Governmental Activities:					
Bond Anticipation Notes					
<i>From Direct Placements:</i>					
2014 Fire Equipment - 6.00%	\$222,735	\$0	\$30,944	\$191,791	\$32,087
General Obligation Bonds					
<i>From Direct Placements:</i>					
2002 Fire Station - 4.99%	270,916	0	26,304	244,612	27,633
2011 Various Purpose - 3.91%	1,286,774	0	121,850	1,164,924	126,660
2013 Street Improvement - 3.55%	156,141	0	23,789	132,352	24,641
2016 Parking Lot - 3.65%	23,503	0	9,147	14,356	9,484
2022 2.125% USDA Bond Fire	95,000	0	8,600	86,400	8,800
Total General Obligation Bonds From Direct Placements	1,832,334	0	189,690	1,642,644	197,218
Total Governmental Activities	\$2,055,069	\$0	\$220,634	\$1,834,435	\$229,305
Business-Type Activities:					
<i>Loans From Direct Borrowings:</i>					
2010 OPWC Spruce Street Water and Sewer Improvements - 0%	\$72,940	\$0	\$4,052	\$68,888	\$2,026
2013 OWDA - Waste Water Treatment Plant - 1.00%	1,012,775	0	42,447	970,328	42,872
2013 OWDA - Water Pollution Control Facility - 1.00%	4,839,196	0	350,377	4,488,819	353,889
2013 OPWC Water Pollution Control Facility - 0%	391,667	0	16,667	375,000	8,333
Total Business-Type Activities	\$6,316,578	\$0	\$413,543	\$5,903,035	\$407,120

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, 2023

Principal and interest requirements to retire the Fire Equipment Bond Anticipation Notes outstanding at December 31, 2023, are as follows:

Year Ended December 31,	Principal	Interest	Total
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	37,097	1,719	38,816
2029	19,059	349	19,408
	<u>\$191,791</u>	<u>\$21,695</u>	<u>\$213,486</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, 2023, are as follows:

Year Ended December 31,	Principal	Interest	Total
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	33,655	5,844	39,499
2029-2031	91,764	6,981	98,745
	<u>\$244,612</u>	<u>\$51,626</u>	<u>\$296,238</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, 2023, are as follows:

Year Ended December 31,	Principal	Interest	Total
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	147,880	23,103	170,983
2029-2031	479,601	33,345	512,946
	<u>\$1,164,924</u>	<u>\$202,935</u>	<u>\$1,367,859</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.

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Notes to the Basic Financial Statements

For the Year Ended December 31, 2023

Principal and interest requirements to retire the Street Improvement Bonds outstanding at December 31, 2023, are as follows:

Year Ended December 31,	Principal	Interest	Total
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>\$132,352</u>	<u>\$13,262</u>	<u>\$145,614</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, 2023, are as follows:

Year Ended December 31,	Principal	Interest	Total
2024	\$9,484	\$438	\$9,922
2025	4,872	89	4,961
	<u>\$14,356</u>	<u>\$527</u>	<u>\$14,883</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, 2023, are as follows:

Year Ended December 31,	Principal	Interest	Total
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	9,600	1,065	10,665
2029-2032	40,400	2,169	42,569
	<u>\$86,400</u>	<u>\$9,444</u>	<u>\$95,844</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, 2023, are as follows:

Village of the City of Gallipolis, Ohio

Notes to the Basic Financial Statements

For the Year Ended December 31, 2023

Year Ended December 31,	Principal
2024	\$2,026
2025	4,052
2026	4,052
2027	4,052
2028	4,052
2029 - 2033	20,261
2034 - 2038	20,261
2039 - 2041	10,132
	<u>\$68,888</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, 2023, are as follows:

Year Ended December 31,	Principal
2024	\$8,333
2025	16,667
2026	16,666
2027	16,667
2028	16,667
2029 - 2033	83,333
2034 - 2038	83,333
2039 - 2043	83,333
2044 - 2046	50,001
	<u>\$375,000</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, 2023, are as follows:

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Notes to the Basic Financial Statements

For the Year Ended December 31, 2023

Year Ended December 31,	Principal	Interest	Total
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	44,617	7,851	52,468
2029 - 2033	229,885	32,455	262,340
2034 - 2038	241,641	20,700	262,341
2039 - 2043	253,998	8,344	262,342
2044	26,103	130	26,233
	<u>\$970,328</u>	<u>\$105,270</u>	<u>\$1,075,598</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, 2023, are as follows:

Year Ended December 31,	Principal	Interest	Total
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	368,294	29,600	397,894
2029 - 2033	1,897,601	91,872	1,989,473
2034 - 2035	785,939	9,849	795,788
	<u>\$4,488,819</u>	<u>\$285,915</u>	<u>\$4,774,734</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 \$8,101,227, with an unvoted debt margin of \$3,369,959 at December 31, 2023.

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:

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For the Year Ended December 31, 2023

Governmental Activities:	
General Fund	\$22,898
Court Capital Improvement Fund	350
Nonmajor Governmental Funds	<u>58,972</u>
Total Governmental Activities	<u>82,220</u>
Business-Type Activities:	
Water Fund	78,047
Sewer Fund	<u>25,625</u>
Total Business-Type Activities	<u>103,672</u>
Total	<u><u>\$185,892</u></u>

Note 13 - 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.

Note 14 - Asset Retirement Obligation

The Governmental Accounting Standard Board's (GASB) Statement No. 83, Certain Asset Retirement Obligations, provides guidance related to asset retirement obligations (AROs). 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 wastewater 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 15 - 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 2023 are presented below:

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For the Year Ended December 31, 2023

Fund Balances	General	Court Capital Improvement	Other Governmental	Total
Nonspendable:				
Unclaimed Monies	\$95,248	\$0	\$0	\$95,248
Cemetery Endowments	0	0	27,442	27,442
<i>Total Nonspendable</i>	<u>95,248</u>	<u>0</u>	<u>27,442</u>	<u>122,690</u>
Restricted for:				
Street	0	0	311,010	311,010
Police	0	0	118,906	118,906
Fire	0	0	301,244	301,244
Cemeteries	0	0	40,624	40,624
Community Environment	0	0	9,547	9,547
Recreation	0	0	103,844	103,844
Court	0	531,768	615,417	1,147,185
Drug Prevention Program	0	0	13,175	13,175
Capital Improvements	0	0	0	0
Debt Service	0	0	0	0
Other Purposes	0	0	136,643	136,643
<i>Total Restricted</i>	<u>0</u>	<u>531,768</u>	<u>1,650,410</u>	<u>2,182,178</u>
Committed for:				
Economic Development	0	0	0	0
Recreation	0	0	60,885	60,885
Capital Improvements	0	0	0	0
<i>Total Committed</i>	<u>0</u>	<u>0</u>	<u>60,885</u>	<u>60,885</u>
Assigned to:				
Purchases on Order	22,897	0	0	22,897
<i>Total Assigned</i>	<u>22,897</u>	<u>0</u>	<u>0</u>	<u>22,897</u>
Unassigned:				
	792,748	0	0	792,748
<i>Total Fund Balances</i>	<u>\$910,893</u>	<u>\$531,768</u>	<u>\$1,738,737</u>	<u>\$3,181,398</u>

Note 16 - 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, 2023, will not have a material adverse effect on the Village.

Village of the City of Gallipolis, Ohio

Notes to the Basic Financial Statements

For the Year Ended December 31, 2023

Litigation

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

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 ended in April 2023. During 2023, the Village did not receive COVID-19 funding. The Village will continue to spend available COVID-19 Funding with the applicable program guidelines.

In 2022, the Village charged expenditures to the American Rescue Plan Special Revenue Fund for the repaving of streets. During 2023, the City received grant funding in the OPWC Repaving Capital Improvement Capital Projects Fund for street repaving. The American Rescue Plan Special Revenue Fund billed the OPWC Repaving Capital Improvement Capital Projects Fund for these costs. The American Rescue Plan Special Revenue Fund is reflecting this receipt of \$56,900 as other receipts in the accompanying financial statements.