



OHIO AUDITOR OF STATE
KEITH FABER



**VILLAGE OF THE CITY OF GALLIPOLIS
GALLIA COUNTY
DECEMBER 31, 2021 AND 2020**

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GALLIA COUNTY
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INDEPENDENT AUDITOR'S REPORT

Village of the City of Gallipolis
Gallia County
P.O. Box 339
333 Third Avenue
Gallipolis, Ohio 45631

To the Village Commission:

Report on the Audit of the Financial Statements

Opinions

We have audited the cash-basis financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Village of the City of Gallipolis, Gallia County, Ohio (the Village), as of and for the years ended December 31, 2021 and 2020, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective cash-basis financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Village, as of December 31, 2021 and 2020, and the respective changes in cash-basis financial position and the budgetary comparison for the General Fund for the years then ended in accordance with the cash-basis of accounting described in Note 2.

Basis for Opinions

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

Emphasis of Matter - Accounting Basis

We draw attention to Note 2 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the cash basis of accounting described in Note 2, and for determining that the cash basis of accounting is an acceptable basis for preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Other Information

We applied no procedures to management's discussion & analysis as listed in the table of contents. Accordingly, we express no opinion or any other assurance on it.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 17, 2023, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Village's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.



Keith Faber
Auditor of State
Columbus, Ohio

May 17, 2023

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Village of the City of Gallipolis, Ohio

Management's Discussion and Analysis

For the Year Ended December 31, 2021

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, 2021, 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 2021, total net position increased \$226,477, with governmental activities increasing \$411,134 and business-type activities decreasing \$184,657.
- For 2021, the Village had two governmental major funds: the General Fund and the Court Capital Improvement Capital Projects Fund. The fund balance of the General Fund increased \$114,681, while the Court Capital Improvement Fund increased \$77,999.
- The Village has three business-type activities: the Water, Sewer, and Sanitation Funds. For 2021, net position for the Water and Sewer Funds decreased \$67,071 and \$119,926, respectively, while the Sanitation Fund increased \$1,102.

USING THE BASIC FINANCIAL STATEMENTS

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

Report Components

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

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

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

Basis of Accounting

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

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

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

Reporting the Village of the City of Gallipolis as a Whole

Statement of Net Position and Statement of Activities

The statement of net position and the statement of activities reflect how the Village did financially during 2021, within the limitations of the cash basis of accounting. The statement of net position presents the cash balances of the governmental and business-type activities of the Village at year end. The statement of activities compares cash disbursements with program receipts for each governmental program and business-type activity. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function or business-type activity draws from the Village's general receipts.

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

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

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

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

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

Fund Financial Statements

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

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

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

THE VILLAGE OF THE CITY OF GALLIPOLIS AS A WHOLE

Table 1 provides a summary of the Village's net position for 2021 compared to 2020 on a cash basis:

(Table 1)
Net Position

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Assets						
Cash and Cash Equivalents	\$2,209,184	\$1,799,907	\$2,493,910	\$2,679,805	\$4,703,094	\$4,479,712
Cash in Segregated Accounts	61,138	58,043	0	0	61,138	58,043
Internal Balances	(4,133)	(2,895)	4,133	2,895	0	0
<i>Total Assets</i>	<u>\$2,266,189</u>	<u>\$1,855,055</u>	<u>\$2,498,043</u>	<u>\$2,682,700</u>	<u>\$4,764,232</u>	<u>\$4,537,755</u>
Net Position						
Restricted for:						
Street	\$168,847	\$115,927	\$0	\$0	\$168,847	\$115,927
Police	60,317	56,667	0	0	60,317	56,667
Fire	222,079	182,982	0	0	222,079	182,982
Cemeteries	41,450	35,912	0	0	41,450	35,912
Community Environment	15,130	14,406	0	0	15,130	14,406
Recreation	70,130	56,475	0	0	70,130	56,475
Court	963,161	847,866	0	0	963,161	847,866
Unclaimed Monies	103,727	59,177	0	0	103,727	59,177
Perpetual Care - Nonexpendable	27,442	27,442	0	0	27,442	27,442
Other Purposes	74,025	7,408	0	0	74,025	7,408
Unrestricted	519,881	450,793	2,498,043	2,682,700	3,017,924	3,133,493
<i>Total Net Position</i>	<u>\$2,266,189</u>	<u>\$1,855,055</u>	<u>\$2,498,043</u>	<u>\$2,682,700</u>	<u>\$4,764,232</u>	<u>\$4,537,755</u>

As mentioned previously, net position of governmental activities increased \$411,134 and the business-type activities net position decreased \$184,657 during 2021. The primary reason contributing to the increase in governmental activities is decreases in transportation disbursements which were inflated during 2020 due to paving projects within the Village. Business-type activities decreased primarily due to increases in disbursements in each enterprise fund.

Table 2 reflects the changes in net position on a cash basis in 2021 and 2020 for governmental activities, business-type activities, and total primary government.

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

(Table 2)
Changes in Net Position

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Receipts						
Program Receipts:						
Charges for Services	\$1,205,012	\$1,087,532	\$3,886,743	\$3,848,266	\$5,091,755	\$4,935,798
Operating Grants,						
Contributions and Interest	901,376	859,604	0	0	901,376	859,604
Capital Grants and Contributions	4,526	284,870	0	49,971	4,526	334,841
<i>Total Program Receipts</i>	<u>2,110,914</u>	<u>2,232,006</u>	<u>3,886,743</u>	<u>3,898,237</u>	<u>5,997,657</u>	<u>6,130,243</u>
General Receipts:						
Property and Other Local Taxes	402,514	368,442	0	0	402,514	368,442
Municipal Income Taxes	1,690,991	1,582,301	0	0	1,690,991	1,582,301
Franchise Fees	55,705	58,312	0	0	55,705	58,312
Grants and Entitlements	120,828	83,809	0	0	120,828	83,809
Investment Earnings	18,065	14,307	0	0	18,065	14,307
Donations	2,006	1,344	0	0	2,006	1,344
Miscellaneous	65,021	356,811	23,356	11,625	88,377	368,436
<i>Total General Receipts</i>	<u>2,355,130</u>	<u>2,465,326</u>	<u>23,356</u>	<u>11,625</u>	<u>2,378,486</u>	<u>2,476,951</u>
Total Receipts	<u>4,466,044</u>	<u>4,697,332</u>	<u>3,910,099</u>	<u>3,909,862</u>	<u>8,376,143</u>	<u>8,607,194</u>
Disbursements						
General Government	959,940	906,838	0	0	959,940	906,838
General Government - Court	673,992	695,976	0	0	673,992	695,976
Security of Persons and Property:						
Police	1,234,600	1,140,977	0	0	1,234,600	1,140,977
Fire	221,819	275,025	0	0	221,819	275,025
Public Health Services	84,402	67,798	0	0	84,402	67,798
Community Environment	115,408	103,023	0	0	115,408	103,023
Transportation	314,791	738,208	0	0	314,791	738,208
Leisure Time Activities	161,373	155,105	0	0	161,373	155,105
Debt Service:						
Principal Retirement	196,065	330,907	0	0	196,065	330,907
Interest and Fiscal Charges	92,276	99,802	0	0	92,276	99,802
Water	0	0	1,805,587	1,696,444	1,805,587	1,696,444
Sewer	0	0	1,902,757	1,721,776	1,902,757	1,721,776
Sanitation	0	0	386,656	373,329	386,656	373,329
<i>Total Disbursements</i>	<u>4,054,666</u>	<u>4,513,659</u>	<u>4,095,000</u>	<u>3,791,549</u>	<u>8,149,666</u>	<u>8,305,208</u>
<i>Increase before Transfers</i>	411,378	183,673	(184,901)	118,313	226,477	301,986
<i>Transfers</i>	(244)	0	244	0	0	0
Change in Net Position	<u>411,134</u>	<u>183,673</u>	<u>(184,657)</u>	<u>118,313</u>	<u>226,477</u>	<u>301,986</u>
<i>Net Position Beginning of Year</i>	<u>1,855,055</u>	<u>1,671,382</u>	<u>2,682,700</u>	<u>2,564,387</u>	<u>4,537,755</u>	<u>4,235,769</u>
<i>Net Position End of Year</i>	<u>\$2,266,189</u>	<u>\$1,855,055</u>	<u>\$2,498,043</u>	<u>\$2,682,700</u>	<u>\$4,764,232</u>	<u>\$4,537,755</u>

Governmental Activities

For 2021, program receipts represent \$2,110,914 or 47.3 percent of total receipts and are primarily composed of charges for services such as code enforcement, cemetery, and recreation fees, court fines, and police and fire contracts, capital grants used for capital improvement projects, and restricted intergovernmental receipts such as motor vehicle license and gas tax money.

Village of the City of Gallipolis, Ohio

Management's Discussion and Analysis

For the Year Ended December 31, 2021

Unaudited

General receipts represent \$2,355,130, or 52.7 percent of the Village's total receipts, and of this amount, \$2,093,505, or 88.9 percent are derived from local taxes. The Village's total general revenue receipts decreased \$110,196 from 2020 mainly due to miscellaneous revenue received in 2020 relating to an employee premium dividend.

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

General government and security of persons and property are the major activities of the Village, representing 60.0 percent of the governmental disbursements in 2021, a slight increase in percentage from the prior year. During 2021, disbursements for these operations amounted to \$959,940 and \$1,456,419, 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.

Court operations, public health services, park operations, community environment, transportation, and debt service account for the remaining 40.0 percent of governmental disbursements in 2021.

Business-Type Activities

The Village's water, sewer, and sanitation operations account for the disbursements for the Village's business-type activities and are funded primarily from charges for services. During 2021, program disbursements exceeded program revenues by \$208,257 for all business-type activities due in large part to an increase in capital outlay disbursements from the prior year.

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

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

(Table 3)

Governmental Activities

	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
	2021	2021	2020	2020
General Government	\$959,940	\$399,607	\$906,838	\$581,323
General Government - Court	673,992	(242,661)	695,976	(83,126)
Security of Persons and Property:				
Police	1,234,600	1,224,127	1,140,977	896,598
Fire	221,819	106,169	275,025	128,690
Public Health Services	84,402	59,327	67,798	31,263
Community Environment	115,408	67,767	103,023	85,715
Transportation	314,791	(13,257)	738,208	156,206
Leisure Time Activities	161,373	54,332	155,105	54,275
Debt Service:				
Principal Retirement	196,065	196,065	330,907	330,907
Interest and Fiscal Charges	92,276	92,276	99,802	99,802
<i>Total</i>	<u>\$4,054,666</u>	<u>\$1,943,752</u>	<u>\$4,513,659</u>	<u>\$2,281,653</u>

The dependence upon property and income tax receipts is apparent as approximately 47.9 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 2021, governmental funds had total receipts of \$4,466,044 and disbursements of \$4,055,952.

The General Fund is the primary operating fund of the Village. At the end of 2021, the unassigned fund balance was \$467,663, while total fund balance was \$613,360. 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 17.3 percent to total General Fund disbursements, while total fund balance represents 22.7 percent of that same amount. The Village's General Fund balance increased \$114,681 during 2021, primarily due to increases in grant funding and tax revenue.

At the end of 2021, the Court Capital Improvement Capital Projects Fund had a fund balance of \$396,922, an increase of \$77,999.

Operating receipts for the Water Enterprise Fund remained relatively consistent in 2021, while operating disbursements decreased due in large part to a decrease in contractual services disbursements. Capital outlay disbursements increased due to the purchase of water treatment equipment, leading to a decrease in net position of \$67,071 in 2021.

Operating disbursements of the Sewer Enterprise Fund increased in 2021, due to an increase in contractual services disbursements. This increase in disbursements lead to a decrease in net position of \$119,926 in 2021.

Operating receipts and disbursements of the Sanitation Enterprise Fund remained consistent during 2021, contributing to the slight increase in net position of \$1,102.

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

General Fund Budgeting Highlights

The Village's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund.

During 2021, the Village amended the General Fund budget several times. Budget basis receipts were \$3,052,710, \$4,856 below final estimates of \$3,057,566. Final estimated receipts were increased \$231,449 from the original of \$2,826,117. Disbursements of \$2,740,435 were lower than final appropriations of \$3,005,654. Final appropriations were increased \$78,191 from original appropriations of 2,927,463.

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

DEBT ADMINISTRATION

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

(Table 4)
 Outstanding Debt at December 31, 2021 and 2020

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Bond Anticipation Notes	\$252,577	\$281,356	\$0	\$0	\$252,577	\$281,356
Loans	0	0	6,726,220	7,132,002	6,726,220	7,132,002
General Obligation Bonds	1,911,381	2,078,667	0	0	1,911,381	2,078,667
<i>Totals</i>	<u>\$2,163,958</u>	<u>\$2,360,023</u>	<u>\$6,726,220</u>	<u>\$7,132,002</u>	<u>\$8,890,178</u>	<u>\$9,492,025</u>

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

CURRENT ISSUES

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

CONTACTING THE VILLAGE AUDITOR'S DEPARTMENT

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

Village of the City of Gallipolis, Ohio
Statement of Net Position - Cash Basis
December 31, 2021

	Governmental Activities	Business-Type Activities	Total
Assets			
Equity in Pooled Cash and Cash Equivalents	\$2,209,184	\$2,493,910	\$4,703,094
Cash in Segregated Accounts	61,138	0	61,138
Internal Balances	(4,133)	4,133	0
<i>Total Assets</i>	<u>\$2,266,189</u>	<u>\$2,498,043</u>	<u>\$4,764,232</u>
Net Position			
Restricted for:			
Street	\$168,847	\$0	\$168,847
Police	60,317	0	60,317
Fire	222,079	0	222,079
Cemeteries	41,450	0	41,450
Community Environment	15,130	0	15,130
Recreation	70,130	0	70,130
Court	963,161	0	963,161
Unclaimed Monies	103,727	0	103,727
Perpetual Care - Nonexpendable	27,442	0	27,442
Other Purposes	74,025	0	74,025
Unrestricted	519,881	2,498,043	3,017,924
<i>Total Net Position</i>	<u>\$2,266,189</u>	<u>\$2,498,043</u>	<u>\$4,764,232</u>

See accompanying notes to the basic financial statements

Village of the City of Gallipolis, Ohio
Statement of Activities - Cash Basis
For the Year Ended December 31, 2021

	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	\$959,940	\$195,091	\$365,242	\$0	(\$399,607)	\$0	(\$399,607)
General Government - Court	673,992	683,882	232,771	0	242,661	0	242,661
Security of Persons and Property:							
Police	1,234,600	10,273	200	0	(1,224,127)	0	(1,224,127)
Fire	221,819	105,134	10,516	0	(106,169)	0	(106,169)
Public Health Services	84,402	24,975	100	0	(59,327)	0	(59,327)
Community Environment	115,408	30,801	16,840	0	(67,767)	0	(67,767)
Transportation	314,791	118,380	205,742	3,926	13,257	0	13,257
Leisure Time Activities	161,373	36,476	69,965	600	(54,332)	0	(54,332)
Debt Service:							
Principal Retirement	196,065	0	0	0	(196,065)	0	(196,065)
Interest and Fiscal Charges	92,276	0	0	0	(92,276)	0	(92,276)
<i>Total Governmental Activities</i>	<u>4,054,666</u>	<u>1,205,012</u>	<u>901,376</u>	<u>4,526</u>	<u>(1,943,752)</u>	<u>0</u>	<u>(1,943,752)</u>
Business-Type Activities							
Water	1,805,587	1,736,977	0	0	0	(68,610)	(68,610)
Sewer	1,902,757	1,762,008	0	0	0	(140,749)	(140,749)
Sanitation	386,656	387,758	0	0	0	1,102	1,102
<i>Total Business-Type Activities</i>	<u>4,095,000</u>	<u>3,886,743</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(208,257)</u>	<u>(208,257)</u>
<i>Total</i>	<u>\$8,149,666</u>	<u>\$5,091,755</u>	<u>\$901,376</u>	<u>\$4,526</u>	<u>(1,943,752)</u>	<u>(208,257)</u>	<u>(2,152,009)</u>
General Receipts							
Property Taxes Levied for:							
General Purposes					275,182	0	275,182
Fire					127,332	0	127,332
Income Taxes Levied for General Purposes					1,690,991	0	1,690,991
Franchise Fees					55,705	0	55,705
Grants and Entitlements not Restricted to Specific Programs					120,828	0	120,828
Investment Earnings					18,065	0	18,065
Donations					2,006	0	2,006
Miscellaneous					65,021	23,356	88,377
<i>Total General Receipts</i>					<u>2,355,130</u>	<u>23,356</u>	<u>2,378,486</u>
Transfers					(244)	244	0
<i>Total General Receipts and Transfers</i>					<u>2,354,886</u>	<u>23,600</u>	<u>2,378,486</u>
Change in Net Position					411,134	(184,657)	226,477
<i>Net Position Beginning of Year</i>					<u>1,855,055</u>	<u>2,682,700</u>	<u>4,537,755</u>
<i>Net Position End of Year</i>					<u>\$2,266,189</u>	<u>\$2,498,043</u>	<u>\$4,764,232</u>

See accompanying notes to the basic financial statements

Village of the City of Gallipolis, Ohio
Statement of Cash Basis Assets and Fund Balances
Governmental Funds
December 31, 2021

	General	Court Capital Improvement	Other Governmental Funds	Total Governmental Funds
Assets				
Equity in Pooled Cash and Cash Equivalents	\$477,547	\$383,230	\$1,244,680	\$2,105,457
Cash in Segregated Accounts	32,086	13,692	8,866	54,644
Restricted Assets:				
Equity in Pooled Cash and Cash Equivalents	103,727	0	0	103,727
<i>Total Assets</i>	<u>\$613,360</u>	<u>\$396,922</u>	<u>\$1,253,546</u>	<u>\$2,263,828</u>
Fund Balances				
Nonspendable	\$103,727	\$0	\$27,442	\$131,169
Restricted	0	396,922	1,218,217	1,615,139
Committed	0	0	7,887	7,887
Assigned	208,927	0	0	208,927
Unassigned	300,706	0	0	300,706
<i>Total Fund Balances</i>	<u>\$613,360</u>	<u>\$396,922</u>	<u>\$1,253,546</u>	<u>2,263,828</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.	2,361
<i>Net Position of Governmental Activities</i>	<u>\$2,266,189</u>

See accompanying notes to the basic financial statements

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, 2021

	General	Court Capital Improvement	Other Governmental Funds	Total Governmental Funds
Receipts				
Property and Other Local Taxes	\$275,182	\$0	\$127,332	\$402,514
Municipal Income Taxes	1,690,991	0	0	1,690,991
Permissive Motor Vehicle License Taxes:	0	0	64,290	64,290
Charges for Services	337,013	0	111,381	448,394
Fines, Licenses, and Permits	402,388	167,136	122,804	692,328
Franchise Fees	55,705	0	0	55,705
Intergovernmental	215,409	0	739,941	955,350
Investment Earnings	18,065	0	615	18,680
Donations	2,006	0	70,765	72,771
Miscellaneous	55,783	0	9,238	65,021
<i>Total Receipts</i>	<u>3,052,542</u>	<u>167,136</u>	<u>1,246,366</u>	<u>4,466,044</u>
Disbursements				
Current:				
General Government	722,100	0	213,536	935,636
General Government - Court	317,474	39,226	317,616	674,316
Security of Persons and Property:				
Police	1,234,871	0	345	1,235,216
Fire	204,428	0	17,391	221,819
Public Health Services	2,890	0	81,538	84,428
Community Environment	98,649	0	0	98,649
Transportation	67,959	0	246,867	314,826
Leisure Time Activities	50,099	0	111,274	161,373
Capital Outlay	0	0	41,348	41,348
Debt Service:				
Principal Retirement	0	0	196,065	196,065
Interest and Fiscal Charges	0	0	92,276	92,276
<i>Total Disbursements</i>	<u>2,698,470</u>	<u>39,226</u>	<u>1,318,256</u>	<u>4,055,952</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>354,072</u>	<u>127,910</u>	<u>(71,890)</u>	<u>410,092</u>
Other Financing Sources (Uses)				
Advances In	127,144	0	127,144	254,288
Advances Out	(127,144)	0	(127,144)	(254,288)
Transfers In	3,467	89	403,467	407,023
Transfers Out	(242,858)	(50,000)	(114,409)	(407,267)
Total Other Financing Sources (Uses)	<u>(239,391)</u>	<u>(49,911)</u>	<u>289,058</u>	<u>(244)</u>
<i>Net Change in Fund Balances</i>	114,681	77,999	217,168	409,848
<i>Fund Balances Beginning of Year</i>	<u>498,679</u>	<u>318,923</u>	<u>1,036,378</u>	<u>1,853,980</u>
<i>Fund Balances End of Year</i>	<u>\$613,360</u>	<u>\$396,922</u>	<u>\$1,253,546</u>	<u>2,263,828</u>

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

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

1,286

Change in Net Position of Governmental Activities

\$411,134

See accompanying notes to the basic financial statements

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, 2021

	Budgeted Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		
Receipts				
Property and Other Local Taxes	\$253,341	\$275,466	\$275,182	(\$284)
Municipal Income Taxes	1,600,000	1,685,000	1,690,991	5,991
Charges for Services	310,992	333,217	382,500	49,283
Fines, Licenses, and Permits	334,000	390,000	402,737	12,737
Franchise Fees	58,300	58,300	55,705	(2,595)
Intergovernmental	218,784	219,620	215,409	(4,211)
Investment Earnings	14,200	18,200	18,017	(183)
Donations	500	2,000	2,006	6
Miscellaneous	36,000	75,763	10,163	(65,600)
<i>Total Receipts</i>	<u>2,826,117</u>	<u>3,057,566</u>	<u>3,052,710</u>	<u>(4,856)</u>
Disbursements				
Current:				
General Government	810,916	854,208	724,973	129,235
General Government - Court	330,732	330,732	317,935	12,797
Security of Persons and Property:				
Police	1,264,120	1,272,120	1,245,097	27,023
Fire	252,349	262,070	231,780	30,290
Public Health Services	6,450	6,450	2,890	3,560
Community Environment	108,854	108,854	98,794	10,060
Transportation	70,000	70,000	67,959	2,041
Leisure Time Activities	82,316	99,494	51,007	48,487
Capital Outlay	1,726	1,726	0	1,726
<i>Total Disbursements</i>	<u>2,927,463</u>	<u>3,005,654</u>	<u>2,740,435</u>	<u>265,219</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(101,346)</u>	<u>51,912</u>	<u>312,275</u>	<u>260,363</u>
Other Financing Sources (Uses)				
Advances In	190,144	150,144	127,144	(23,000)
Advances Out	(127,144)	(127,144)	(127,144)	0
Transfers In	0	3,467	3,467	0
Transfers Out	(322,858)	(242,858)	(242,858)	0
<i>Total Other Financing Sources (Uses)</i>	<u>(259,858)</u>	<u>(216,391)</u>	<u>(239,391)</u>	<u>(23,000)</u>
<i>Net Change in Fund Balance</i>	(361,204)	(164,479)	72,884	237,363
<i>Fund Balance Beginning of Year</i>	440,326	440,326	440,326	0
Prior Year Encumbrances Appropriated	24,693	24,693	24,693	0
<i>Fund Balance End of Year</i>	<u>\$103,815</u>	<u>\$300,540</u>	<u>\$537,903</u>	<u>\$237,363</u>

See accompanying notes to the basic financial statements

Village of the City of Gallipolis, Ohio
Statement of Fund Net Position - Cash Basis
Proprietary Funds
December 31, 2021

	Business-Type Activities			Total	Governmental
	Water Fund	Sewer Fund	Nonmajor Fund	Enterprise Funds	Internal Service Fund
Assets					
Current Assets:					
Equity in Pooled Cash and Cash Equivalents	\$1,825,572	\$630,646	\$37,692	\$2,493,910	\$0
Cash in Segregated Accounts	0	0	0	0	6,494
<i>Total Assets</i>	<u>\$1,825,572</u>	<u>\$630,646</u>	<u>\$37,692</u>	<u>\$2,493,910</u>	<u>\$6,494</u>
Net Position					
Unrestricted	<u>\$1,825,572</u>	<u>\$630,646</u>	<u>\$37,692</u>	2,493,910	<u>\$6,494</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.

4,133

Net position of business-type activities

\$2,498,043

See accompanying notes to the basic financial statements

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, 2021

	Business-Type Activities			Total Enterprise Funds	Governmental Activities
	Water Fund	Sewer Fund	Nonmajor Fund		Internal Service Fund
Operating Receipts					
Charges for Services	\$1,736,977	\$1,762,008	\$387,758	\$3,886,743	\$13,329
Other Operating Receipts	1,819	21,537	0	23,356	0
<i>Total Operating Receipts</i>	<u>1,738,796</u>	<u>1,783,545</u>	<u>387,758</u>	<u>3,910,099</u>	<u>13,329</u>
Operating Disbursements					
Salaries and Benefits	834,071	725,876	0	1,559,947	0
Contractual Services	310,568	499,673	386,547	1,196,788	10,805
Materials and Supplies	197,877	75,520	109	273,506	0
<i>Total Operating Disbursements</i>	<u>1,342,516</u>	<u>1,301,069</u>	<u>386,656</u>	<u>3,030,241</u>	<u>10,805</u>
<i>Operating Income</i>	<u>396,280</u>	<u>482,476</u>	<u>1,102</u>	<u>879,858</u>	<u>2,524</u>
Non-Operating Receipts (Disbursements)					
Capital Outlay	(456,538)	(132,233)	0	(588,771)	0
Customer Deposits Returned	(5,535)	(610)	0	(6,145)	0
Debt Service Principal	(1,448)	(404,334)	0	(405,782)	0
Interest and Fiscal Charges	0	(65,299)	0	(65,299)	0
<i>Total Non Operating Receipts (Disbursements)</i>	<u>(463,521)</u>	<u>(602,476)</u>	<u>0</u>	<u>(1,065,997)</u>	<u>0</u>
<i>Income (Loss) Before Transfers</i>	<u>(67,241)</u>	<u>(120,000)</u>	<u>1,102</u>	<u>(186,139)</u>	<u>2,524</u>
Transfers In	170	74	0	244	0
<i>Change in Net Position</i>	<u>(67,071)</u>	<u>(119,926)</u>	<u>1,102</u>	<u>(185,895)</u>	<u>2,524</u>
<i>Net Position Beginning of Year</i>	<u>1,892,643</u>	<u>750,572</u>	<u>36,590</u>		<u>3,970</u>
<i>Net Position End of Year</i>	<u><u>\$1,825,572</u></u>	<u><u>\$630,646</u></u>	<u><u>\$37,692</u></u>		<u><u>\$6,494</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.

1,238

Change in net position of business-type activities

(\$184,657)

See accompanying notes to the basic financial statements

Village of the City of Gallipolis, Ohio
Statement of Net Position - Cash Basis
Custodial Funds
December 31, 2021

Assets

Cash and Cash Equivalents in Segregated Accounts	<u><u>\$115,900</u></u>
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Net Position

Restricted for Individuals, Organizations, and Other Governments	<u><u>\$115,900</u></u>
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See accompanying notes to the basic financial statements

Village of the City of Gallipolis, Ohio
Statement of Changes in Fiduciary Net Position - Cash Basis
Custodial Funds
For the Year Ended December 31, 2021

Additions	
Fines and Forfeitures for Other Governments	\$708,420
Contributions from Individuals	202,190
<i>Total Additions</i>	<u>910,610</u>
 Deductions	
Distributions to the State of Ohio	307,876
Distributions to Other Governments	113,977
Distributions to Individuals	522,522
Miscellaneous	10,091
<i>Total Deductions</i>	<u>954,466</u>
 <i>Net Decrease in Fiduciary Net Position</i>	 (43,856)
 <i>Net Position Beginning of Year</i>	 <u>159,756</u>
<i>Net Position End of Year</i>	<u><u>\$115,900</u></u>

See accompanying notes to the basic financial statements

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Village of the City of Gallipolis, Ohio

Notes to the Basic Financial Statements

For the Year Ended December 31, 2021

Note 1 - Description of the Village and the Reporting Entity

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

Reporting Entity

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

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

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

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

Note 2 - Summary of Significant Accounting Policies

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

A. 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, 2021

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

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

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

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

B. Fund Accounting

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

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

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

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

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

Village of the City of Gallipolis, Ohio

Notes to the Basic Financial Statements

For the Year Ended December 31, 2021

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

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

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

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

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

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

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

C. Basis of Accounting

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

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

D. Budgetary Process

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

Village of the City of Gallipolis, Ohio

Notes to the Basic Financial Statements

For the Year Ended December 31, 2021

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.

E. Cash and Cash Equivalents

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

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

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

Interest earnings are allocated to Village funds according to State statutes, grants requirements, or debt related restrictions. Interest receipts credited to the General Fund during 2021 amounted to \$18,065, which includes \$15,837 assigned from other Village funds.

F. Restricted Assets

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

G. 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.

H. 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.

I. Interfund Receivables/Payables

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

Village of the City of Gallipolis, Ohio

Notes to the Basic Financial Statements

For the Year Ended December 31, 2021

J. 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.

K. Employer Contributions to Cost-Sharing Pension Plans

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

L. 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.

M. 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 Victim's 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.

N. Fund Balance

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

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

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

Committed The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by a formal action (resolution) of the Village Commissioners. Those committed amounts cannot be used for any other purpose unless the Commission removes or changes the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Village of the City of Gallipolis, Ohio

Notes to the Basic Financial Statements

For the Year Ended December 31, 2021

Assigned Amounts in the assigned fund balance classification are intended to be used by the Village for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by the Village Commissioners or a Village official delegated that authority by resolution or by State Statute.

Unassigned Unassigned fund balance is the residual classification for the General Fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

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

O. Interfund Transactions

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

Exchange transactions between funds are reported as receipts in the seller funds and as disbursements in the purchaser funds. Subsidies from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after nonoperating receipts/disbursements in proprietary funds. Repayments from funds responsible for particular disbursements to the funds that initially paid for them are not presented in the financial statements.

Note 3 - Budgetary Basis of Accounting

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

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

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

Village of the City of Gallipolis, Ohio

Notes to the Basic Financial Statements

For the Year Ended December 31, 2021

Cash Basis	\$114,681
Unrecorded Cash:	
Beginning of Year	1,370
End of Year	(1,401)
Segregated Accounts:	
End of Year	32,290
End of Year	(32,086)
Encumbrances	<u>(41,970)</u>
Budget Basis	<u><u>\$72,884</u></u>

Note 4 - Fund Balances

Fund balance is classified as nonspendable, restricted, committed, assigned, and/or unassigned based primarily on the extent to which the Village is bound to observe constraints imposed upon the use of the resources in the government funds. The constraints placed on fund balance for the major governmental funds and all other governmental funds for 2021 are presented below:

Fund Balances	General	Court Capital Improvement	Other Governmental	Total
Nonspendable:				
Unclaimed Monies	\$103,727	\$0	\$0	\$103,727
Cemetery Endowments	0	0	27,442	27,442
<i>Total Nonspendable</i>	<u>103,727</u>	<u>0</u>	<u>27,442</u>	<u>131,169</u>
Restricted for:				
Street	0	0	168,847	168,847
Police	0	0	60,317	60,317
Fire	0	0	222,079	222,079
Cemeteries	0	0	41,450	41,450
Community Environment	0	0	15,130	15,130
Recreation	0	0	70,130	70,130
Court	0	396,922	566,239	963,161
Other Purposes	0	0	74,025	74,025
<i>Total Restricted</i>	<u>0</u>	<u>396,922</u>	<u>1,218,217</u>	<u>1,615,139</u>
Committed for:				
Recreation	0	0	7,887	7,887
Assigned to:				
Subsequent Year's				
Appropriations	166,957	0	0	166,957
Purchases on Order	41,970	0	0	41,970
<i>Total Assigned</i>	<u>208,927</u>	<u>0</u>	<u>0</u>	<u>208,927</u>
Unassigned:	<u>300,706</u>	<u>0</u>	<u>0</u>	<u>300,706</u>
<i>Total Fund Balances</i>	<u><u>\$613,360</u></u>	<u><u>\$396,922</u></u>	<u><u>\$1,253,546</u></u>	<u><u>\$2,263,828</u></u>

Note 5 - Deposits and Investments

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

Village of the City of Gallipolis, Ohio

Notes to the Basic Financial Statements

For the Year Ended December 31, 2021

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.

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.

Village of the City of Gallipolis, Ohio

Notes to the Basic Financial Statements

For the Year Ended December 31, 2021

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.

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, 2021, \$4,590,815 of the Village total bank balance of \$5,008,450 was exposed to custodial credit risk because those deposits were uninsured and collateralized with securities held by the pledging financial institution.

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

Eligible securities pledged to the Village and deposited with a qualified trustee by the financial institution as security for repayment whose market value at all times shall be at least 105 percent of the deposits being secured; or

Participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total market value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State.

Note 6 - Income Taxes

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

Note 7 - Property Taxes

Property taxes include amounts levied against all real and public utility property located in the Village. Property tax revenue received during 2021 for real and public utility property taxes represents collections of 2020 taxes.

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

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

Village of the City of Gallipolis, Ohio

Notes to the Basic Financial Statements

For the Year Ended December 31, 2021

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2021 public utility property taxes which became a lien December 31, 2020, are levied after October 1, 2021, and are collected in 2022 with real property taxes.

The full tax rate for all Village operations for the year ended December 31, 2021, was \$3.90 per \$1,000 of assessed value. The assessed values of real property and public utility tangible property upon which 2021 property tax receipts were based are as follows:

Real Property:	
Residential and Agricultural	\$44,108,580
Commercial/Industrial/Mineral	36,104,400
Public Utility Personal Property	3,212,670
Other	207,110
Total Assessed Value	<u>\$83,632,760</u>

Note 8 - Interfund Receivables/Payables

A. Transfers

During 2021, 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>	
Major Funds:				
General Fund	\$0	\$0	\$3,467	\$3,467
Court Capital				
Improvement Fund	0	0	89	89
Water Enterprise Fund	0	0	170	170
Sewer Enterprise Fund	0	0	74	74
Other Nonmajor				
Governmental Funds	242,858	50,000	110,609	403,467
Total all Funds	<u>\$242,858</u>	<u>\$50,000</u>	<u>\$114,409</u>	<u>\$407,267</u>

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.

B. Interfund Balances

For governmental activities, interfund balances at December 31, 2021, consisted of \$23,000, representing monies advanced to the OPWC Repaving Special Revenue Fund to be repaid to the General Fund when grant funds are received.

Village of the City of Gallipolis, Ohio

Notes to the Basic Financial Statements

For the Year Ended December 31, 2021

Note 9 - Risk Management

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

<u>Property</u>	<u>Limit</u>	<u>Deductible</u>
Real and Personal Property	\$28,357,693	\$1,000
<u>Liability</u>		
Commercial General	6,000,000	0
Employee Benefits	1,000,000	1,000
Law Enforcement	6,000,000	5,000
Public Entity Management	6,000,000	5,000
<u>Auto</u>		
Liability	6,000,000	0
Medical Payments	5,000	0
Uninsured Motorist	100,000	0

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

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

Note 10 - Defined Benefit Pension Plans

Ohio Public Employees Retirement System

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

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

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

Village of the City of Gallipolis, Ohio

Notes to the Basic Financial Statements

For the Year Ended December 31, 2021

(see OPERS Annual Comprehensive Financial Report referenced above for additional information, including requirements for reduced and unreduced benefits):

Group A	Group B	Group C
Eligible to retire prior to January 7, 2013 or five years after January 7, 2013	20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013	Members not in other Groups and members hired on or after January 7, 2013
State and Local	State and Local	State and Local
Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
Traditional Plan Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	Traditional Plan Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	Traditional Plan Formula: 2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35
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 initial amount of a member's pension benefit is vested upon receipt of the initial benefit payment for calculation of an annual cost-of-living adjustment.

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

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

Village of the City of Gallipolis, Ohio

Notes to the Basic Financial Statements

For the Year Ended December 31, 2021

taxes withheld, or a combination of these options. When members choose to annuitize their defined contribution benefit, the annuitized portion of the benefit is reclassified to a defined benefit.

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

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

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

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

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

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

For 2021, The Village’s contractually required contribution was \$283,017 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.

Village of the City of Gallipolis, Ohio

Notes to the Basic Financial Statements

For the Year Ended December 31, 2021

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

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

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

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

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

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

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

	<u>Police</u>	<u>Firefighters</u>
2021 Statutory Maximum Contribution Rates		
Employer	19.50 %	24.00 %
Employee	12.25 %	12.25 %
2021 Actual Contribution Rates		
Employer:		
Pension	19.00 %	23.50 %
Post-employment Health Care Benefits	<u>0.50</u>	<u>0.50</u>
Total Employer	<u>19.50 %</u>	<u>24.00 %</u>
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 \$126,242 for 2021.

Village of the City of Gallipolis, Ohio

Notes to the Basic Financial Statements

For the Year Ended December 31, 2021

Note 11 - Postemployment Benefits

Plan Description – Ohio Public Employees Retirement System (OPERS)

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

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

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

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

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

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

In order to qualify for postemployment health care coverage, age and service retirees under the traditional pension and combined plans must have twenty or more years of qualifying Ohio service credit with a minimum age of 60, or generally 30 years of qualifying service at any age. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. Current retirees eligible (or who become eligible prior to January 1, 2022) to participate in the OPERS health care program will continue to be eligible after January 1, 2022. Eligibility requirements will change for those retiring after January 1, 2022, with differing eligibility requirements for Medicare retirees and non-Medicare retirees.

Village of the City of Gallipolis, Ohio

Notes to the Basic Financial Statements

For the Year Ended December 31, 2021

The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 75. See OPERS' Annual Comprehensive Financial Report referenced below for additional information.

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

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

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

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2021, state and local employers contributed at a rate of 14.0 percent of earnable salary and public safety and law enforcement employers contributed at 18.1 percent. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. For 2021, OPERS did not allocate any employer contribution to health care for members in the Traditional Pension Plan and Combined Plan. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the member-directed plan for 2021 was 4.0 percent.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The Village's contractually required contribution was \$0 for 2021.

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.

Village of the City of Gallipolis, Ohio

Notes to the Basic Financial Statements

For the Year Ended December 31, 2021

A retiree is eligible for the OP&F health care stipend unless they have access to any other group coverage including employer and retirement coverage. The eligibility of spouses and dependent children could increase the stipend amount. If the spouse or dependents have access to any other group coverage including employer or retirement coverage, they are not eligible for stipend support from OP&F. Even if an OP&F member or their dependents are not eligible for a stipend, they can use the services of the third-party administrator to select and enroll in a plan. The stipend provided by OP&F meets the definition of an Other Post Employment Benefit (OPEB) as described in Governmental Accounting Standards Board (GASB) Statement No. 75.

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

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

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

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

The Board of Trustees is authorized to allocate a portion of the total employer contributions for retiree health care benefits. For 2021, the portion of employer contributions allocated to health care was 0.5 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 \$3,280 for 2021

Note 12 - Significant Commitments

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

Village of the City of Gallipolis, Ohio

Notes to the Basic Financial Statements

For the Year Ended December 31, 2021

Governmental Activities:	
General Fund	\$41,970
Court Capital Improvement Fund	6,577
Nonmajor Governmental Funds	<u>29,144</u>
Total Governmental Activities	<u>77,691</u>
Business-Type Activities:	
Water Fund	78,686
Sewer Fund	<u>32,527</u>
Total Business-Type Activities	<u>111,213</u>
Total	<u>\$188,904</u>

Note 13 - Long-Term Obligations

Changes in long-term obligations of the Village during 2021 were as follows:

	Principal Outstanding 12/31/20	Additions	Deductions	Principal Outstanding 12/31/21	Amounts Due in One Year
Governmental Activities:					
Bond Anticipation Notes					
<i>From Direct Placements:</i>					
2014 Fire Equipment - 6.00%	\$281,356	\$0	\$28,779	\$252,577	\$29,842
General Obligation Bonds					
<i>From Direct Placements:</i>					
2002 Fire Station - 4.99%	319,789	0	23,835	295,954	25,038
2011 Various Purpose - 3.91%	1,516,764	0	112,769	1,403,995	117,221
2013 Street Improvement - 3.55%	201,280	0	22,173	179,107	22,966
2016 Parking Lot - 3.65%	40,834	0	8,509	32,325	8,822
Total General Obligation Bonds					
From Direct Placements	<u>2,078,667</u>	<u>0</u>	<u>167,286</u>	<u>1,911,381</u>	<u>174,047</u>
Total Governmental Activities	<u>\$2,360,023</u>	<u>\$0</u>	<u>\$196,065</u>	<u>\$2,163,958</u>	<u>\$203,889</u>
Business-Type Activities:					
<i>From Direct Borrowings:</i>					
2010 OPWC Spruce Street Water and Sewer Improvements - 0%	\$81,044	\$0	\$4,052	\$76,992	\$2,026
2013 OWDA - Waste Water Treatment Plant - 1.00%	1,096,408	0	41,608	1,054,800	42,025
2013 OWDA - Water Pollution Control Facility - 1.00%	5,529,550	0	343,455	5,186,095	346,899
2013 OPWC Water Pollution Control Facility - 0%	425,000	0	16,667	408,333	8,333
Total Business-Type Activities	<u>\$7,132,002</u>	<u>\$0</u>	<u>\$405,782</u>	<u>\$6,726,220</u>	<u>\$399,283</u>

The Fire Equipment Bond Anticipation Notes, originally issued on March 15, 2014, in the amount of \$445,000, represents amounts borrowed through direct borrowing for the purchase of fire equipment and specifically, 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, 2021

Principal and interest requirements to retire the Fire Equipment Bond Anticipation Notes outstanding at December 31, 2021, are as follows:

Year Ended December 31,	Principal	Interest	Total
2022	\$29,842	\$8,974	\$38,816
2023	30,944	7,872	38,816
2024	32,087	6,729	38,816
2025	33,272	5,543	38,815
2026	34,501	4,315	38,816
2027-2029	91,931	5,108	97,039
	<u>\$252,577</u>	<u>\$38,541</u>	<u>\$291,118</u>

The Fire Station General Obligation Bonds, originally 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, 2021, are as follows:

Year Ended December 31,	Principal	Interest	Total
2022	\$25,038	\$14,460	\$39,498
2023	26,304	13,195	39,499
2024	27,633	11,866	39,499
2025	29,029	10,469	39,498
2026	30,495	9,004	39,499
2027-2031	157,455	20,287	177,742
	<u>\$295,954</u>	<u>\$79,281</u>	<u>\$375,235</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, 2021, are as follows:

Year Ended December 31,	Principal	Interest	Total
2022	\$117,221	\$53,761	\$170,982
2023	121,850	49,132	170,982
2024	126,660	44,322	170,982
2025	131,661	39,322	170,983
2026	136,859	34,123	170,982
2027-2031	769,744	85,168	854,912
	<u>\$1,403,995</u>	<u>\$305,828</u>	<u>\$1,709,823</u>

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

Village of the City of Gallipolis, Ohio

Notes to the Basic Financial Statements

For the Year Ended December 31, 2021

Principal and interest requirements to retire the Street Improvement Bonds outstanding at December 31, 2021, are as follows:

Year Ended December 31,	Principal	Interest	Total
2022	\$22,966	\$6,156	\$29,122
2023	23,789	5,334	29,123
2024	24,641	4,482	29,123
2025	25,524	3,599	29,123
2026	26,437	2,686	29,123
2027-2028	55,750	2,495	58,245
	<u>\$179,107</u>	<u>\$24,752</u>	<u>\$203,859</u>

The 2016 Parking Lot Bonds, originally 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, 2021, are as follows:

Year Ended December 31,	Principal	Interest	Total
2022	\$8,822	\$1,100	\$9,922
2023	9,147	775	9,922
2024	9,484	438	9,922
2025	4,872	89	4,961
	<u>\$32,325</u>	<u>\$2,402</u>	<u>\$34,727</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, 2021, are as follows:

Year Ended December 31,	Principal
2022	\$2,026
2023	4,053
2024	4,052
2025	4,052
2026	4,052
2027 - 2031	20,261
2032 - 2036	20,261
2037 - 2041	18,235
	<u>\$76,992</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.

Village of the City of Gallipolis, Ohio

Notes to the Basic Financial Statements

For the Year Ended December 31, 2021

Principal requirements to retire the OPWC Water Pollution Control Facility Loan outstanding at December 31, 2021, are as follows:

Year Ended December 31,	Principal
2022	\$8,333
2023	16,667
2024	16,666
2025	16,667
2026	16,667
2027 - 2031	83,333
2032 - 2036	83,333
2037 - 2041	83,333
2042 - 2046	83,334
	<u>\$408,333</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, 2021, are as follows:

Year Ended December 31,	Principal	Interest	Total
2022	\$42,025	\$10,443	\$52,468
2023	42,446	10,022	52,468
2024	42,872	9,596	52,468
2025	43,301	9,168	52,469
2026	43,736	8,732	52,468
2027 - 2031	225,344	36,997	262,341
2032 - 2036	236,868	25,473	262,341
2037 - 2041	248,982	13,359	262,341
2042 - 2044	129,226	1,945	131,171
	<u>\$1,054,800</u>	<u>\$125,735</u>	<u>\$1,180,535</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, 2021, are as follows:

Village of the City of Gallipolis, Ohio

Notes to the Basic Financial Statements

For the Year Ended December 31, 2021

Year Ended December 31,	Principal	Interest	Total
2022	\$346,899	\$50,996	\$397,895
2023	350,376	47,518	397,894
2024	353,889	44,006	397,895
2025	357,437	40,458	397,895
2026	361,020	36,875	397,895
2027 - 2031	1,860,118	129,354	1,989,472
2032 - 2035	1,556,356	35,222	1,591,578
	<u>\$5,186,095</u>	<u>\$384,429</u>	<u>\$5,570,524</u>

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

The Village's overall legal debt margin was \$7,771,199, with an unvoted debt margin of \$3,040,172 at December 31, 2021.

Note 14 - Related Organization

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

Note 15 - Contingencies

A. 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, 2021, will not have a material adverse effect on the Village.

B. Litigation

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

Village of the City of Gallipolis, Ohio

Notes to the Basic Financial Statements

For the Year Ended December 31, 2021

Note 16 - Asset Retirement Obligation

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

Note 17 - COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June of 2021, while the national state of emergency continues. During 2021, the Village received funding made available through the American Rescue Plan Act, passed by Congress on March 11, 2021. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the Village. The impact on the Village's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

At December 31, 2021, the Village was holding \$41,153 in COVID-19 monies received in advance of meeting the eligibility requirements. Although these dollars are restricted, specific identification of the program and applicable amounts is not available until the Village has incurred allowable costs under the program. The Village has not elected to modify the cash basis of accounting to report unearned revenue; therefore, these amounts are included as general revenue on the statement of activities.

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Village of the City of Gallipolis, Ohio

Management's Discussion and Analysis

For the Year Ended December 31, 2020

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, 2020, 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 2020, total net position increased \$301,986, with governmental activities increasing \$183,673 and business-type activities increasing \$118,313.
- For 2020, the Village had two governmental major funds: the General Fund and the Court Capital Improvement Capital Projects Fund. The fund balance of the General Fund increased \$76,838, while the Court Capital Improvement Fund increased \$23,785.
- The Village has three business-type activities: the Water, Sewer, and Sanitation Funds. For 2020, net position for the Water, Sewer, and Sanitations Funds increased \$99,501, \$21,978, and \$1,769, respectively.

USING THE BASIC FINANCIAL STATEMENTS

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

Report Components

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

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

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

Basis of Accounting

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

Village of the City of Gallipolis, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2020
Unaudited

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

Reporting the Village of the City of Gallipolis as a Whole

Statement of Net Position and Statement of Activities

The statement of net position and the statement of activities reflect how the Village did financially during 2020, within the limitations of the cash basis of accounting. The statement of net position presents the cash balances of the governmental and business-type activities of the Village at year end. The statement of activities compares cash disbursements with program receipts for each governmental program and business-type activity. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function or business-type activity draws from the Village's general receipts.

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

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

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

Village of the City of Gallipolis, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2020
Unaudited

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

Fund Financial Statements

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

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

Village of the City of Gallipolis, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2020
Unaudited

THE VILLAGE OF THE CITY OF GALLIPOLIS AS A WHOLE

Table 1 provides a summary of the Village's net position for 2020 compared to 2019 on a cash basis:

(Table 1)
Net Position

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Assets						
Cash and Cash Equivalents	\$1,799,907	\$1,616,305	\$2,679,805	\$2,556,557	\$4,479,712	\$4,172,862
Cash in Segregated Accounts	58,043	62,907	0	0	58,043	62,907
Internal Balances	(2,895)	(7,830)	2,895	7,830	0	0
<i>Total Assets</i>	<u>\$1,855,055</u>	<u>\$1,671,382</u>	<u>\$2,682,700</u>	<u>\$2,564,387</u>	<u>\$4,537,755</u>	<u>\$4,235,769</u>
Net Position						
Restricted for:						
Street	\$115,927	\$72,171	\$0	\$0	\$115,927	\$72,171
Police	56,667	61,862	0	0	56,667	61,862
Fire	182,982	162,727	0	0	182,982	162,727
Cemeteries	35,912	23,479	0	0	35,912	23,479
Community Environment	14,406	14,871	0	0	14,406	14,871
Recreation	56,475	46,214	0	0	56,475	46,214
Court	847,866	815,153	0	0	847,866	815,153
Unclaimed Monies	59,177	51,701	0	0	59,177	51,701
Perpetual Care - Nonexpendable	27,442	27,442	0	0	27,442	27,442
Other Purposes	7,408	1,363	0	0	7,408	1,363
Unrestricted	450,793	394,399	2,682,700	2,564,387	3,133,493	2,958,786
<i>Total Net Position</i>	<u>\$1,855,055</u>	<u>\$1,671,382</u>	<u>\$2,682,700</u>	<u>\$2,564,387</u>	<u>\$4,537,755</u>	<u>\$4,235,769</u>

As mentioned previously, net position of governmental activities increased \$183,673 and the business-type activities net position increased \$118,313 during 2020. The primary reason contributing to the increase in governmental activities is increases in operating and capital grants, contributions, and interest. These increases were adequate to cover increases in overall disbursements. Business-type activities increased primarily due to increases in sewer rates being adequate to cover increases in disbursements.

Table 2 reflects the changes in net position on a cash basis in 2020 and 2019 for governmental activities, business-type activities, and total primary government.

Village of the City of Gallipolis, Ohio
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For the Year Ended December 31, 2020
Unaudited

(Table 2)
Changes in Net Position

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Receipts						
Program Receipts:						
Charges for Services	\$1,087,532	\$1,358,640	\$3,848,266	\$3,817,523	\$4,935,798	\$5,176,163
Operating Grants, Contributions and Interest	859,604	627,726	0	0	859,604	627,726
Capital Grants and Contributions	284,870	37,986	49,971	0	334,841	37,986
<i>Total Program Receipts</i>	<u>2,232,006</u>	<u>2,024,352</u>	<u>3,898,237</u>	<u>3,817,523</u>	<u>6,130,243</u>	<u>5,841,875</u>
General Receipts:						
Property and Other Local Taxes	368,442	392,021	0	0	368,442	392,021
Municipal Income Taxes	1,582,301	1,645,189	0	0	1,582,301	1,645,189
Franchise Fees	58,312	59,595	0	0	58,312	59,595
Grants and Entitlements	83,809	80,886	0	0	83,809	80,886
Investment Earnings	14,307	13,928	0	0	14,307	13,928
Proceeds from Sale of Capital Assets	0	264,000	0	0	0	264,000
Proceeds from Sale of BAN	0	142,367	0	0	0	142,367
Donations	1,344	1,469	0	0	1,344	1,469
Miscellaneous	356,811	100,860	11,625	44,611	368,436	145,471
<i>Total General Receipts</i>	<u>2,465,326</u>	<u>2,700,315</u>	<u>11,625</u>	<u>44,611</u>	<u>2,476,951</u>	<u>2,744,926</u>
Total Receipts	<u>4,697,332</u>	<u>4,724,667</u>	<u>3,909,862</u>	<u>3,862,134</u>	<u>8,607,194</u>	<u>8,586,801</u>
Disbursements						
General Government	906,838	976,370	0	0	906,838	976,370
General Government - Court	695,976	881,815	0	0	695,976	881,815
Security of Persons and Property:						
Police	1,140,977	1,158,761	0	0	1,140,977	1,158,761
Fire	275,025	216,192	0	0	275,025	216,192
Public Health Services	67,798	112,298	0	0	67,798	112,298
Community Environment	103,023	136,071	0	0	103,023	136,071
Transportation	738,208	374,576	0	0	738,208	374,576
Leisure Time Activities	155,105	236,906	0	0	155,105	236,906
Debt Service:						
Principal Retirement	330,907	181,308	0	0	330,907	181,308
Interest and Fiscal Charges	99,802	107,033	0	0	99,802	107,033
Water	0	0	1,696,444	1,598,062	1,696,444	1,598,062
Sewer	0	0	1,721,776	1,623,398	1,721,776	1,623,398
Sanitation	0	0	373,329	338,857	373,329	338,857
<i>Total Disbursements</i>	<u>4,513,659</u>	<u>4,381,330</u>	<u>3,791,549</u>	<u>3,560,317</u>	<u>8,305,208</u>	<u>7,941,647</u>
<i>Increase before Transfers</i>	<u>183,673</u>	<u>343,337</u>	<u>118,313</u>	<u>301,817</u>	<u>301,986</u>	<u>645,154</u>
<i>Transfers</i>	<u>0</u>	<u>(1,305)</u>	<u>0</u>	<u>1,305</u>	<u>0</u>	<u>0</u>
Change in Net Position	<u>183,673</u>	<u>342,032</u>	<u>118,313</u>	<u>303,122</u>	<u>301,986</u>	<u>645,154</u>
<i>Net Position Beginning of Year</i>	<u>1,671,382</u>	<u>1,329,350</u>	<u>2,564,387</u>	<u>2,261,265</u>	<u>4,235,769</u>	<u>3,590,615</u>
<i>Net Position End of Year</i>	<u>\$1,855,055</u>	<u>\$1,671,382</u>	<u>\$2,682,700</u>	<u>\$2,564,387</u>	<u>\$4,537,755</u>	<u>\$4,235,769</u>

Village of the City of Gallipolis, Ohio
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Governmental Activities

For 2020, program receipts represent \$2,232,006 or 47.5 percent of total receipts and are primarily composed of charges for services such as code enforcement, cemetery, and recreation fees, court fines, and police and fire contracts, capital grants used for capital improvement projects, and restricted intergovernmental receipts such as motor vehicle license and gas tax money.

General receipts represent \$2,465,326, or 52.5 percent of the Village's total receipts, and of this amount, \$1,950,743, or 79.1 percent are derived from local taxes. The Village's total general revenue receipts decreased \$234,989 from 2019 mainly due to proceeds from sale of capital assets and proceeds from the sale of bond anticipation notes received in 2019.

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

General government and security of persons and property are the major activities of the Village, representing 51.4 percent of the governmental disbursements in 2020, a slight decrease in percentage from the prior year. During 2020, disbursements for these operations amounted to \$906,838 and \$1,416,002, 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.

Court operations, public health services, park operations, community environment, transportation, and debt service account for the remaining 48.6 percent of governmental disbursements in 2020.

Business-Type Activities

The Village's water, sewer, and sanitation operations account for the disbursements for the Village's business-type activities and are funded primarily from charges for services. During 2020, program receipts exceeded program disbursements by \$106,688 for all business-type activities due in large part to a decrease in capital outlay disbursements from the prior year.

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

Village of the City of Gallipolis, Ohio
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(Table 3)

Governmental Activities

	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
	2020	2020	2019	2019
General Government	\$906,838	\$581,323	\$976,370	\$632,457
General Government - Court	695,976	(83,126)	881,815	(32,878)
Security of Persons and Property:				
Police	1,140,977	896,598	1,158,761	1,115,698
Fire	275,025	128,690	216,192	74,778
Public Health Services	67,798	31,263	112,298	74,700
Community Environment	103,023	85,715	136,071	80,690
Transportation	738,208	156,206	374,576	33,181
Leisure Time Activities	155,105	54,275	236,906	90,011
Debt Service:				
Principal Retirement	330,907	330,907	181,308	181,308
Interest and Fiscal Charges	99,802	99,802	107,033	107,033
<i>Total</i>	<u>\$4,513,659</u>	<u>\$2,281,653</u>	<u>\$4,381,330</u>	<u>\$2,356,978</u>

The dependence upon property and income tax receipts is apparent as approximately 50.6 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 2020, governmental funds had total receipts of \$4,697,332 and disbursements of \$4,506,814.

The General Fund is the primary operating fund of the Village. At the end of 2020, the unassigned fund balance was \$414,809, while total fund balance was \$498,679. 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 16.2 percent to total General Fund disbursements, while total fund balance represents 19.4 percent of that same amount. The Village's General Fund balance increased \$76,838 during 2020, primarily due to a decrease in security of persons and property disbursements. These disbursements were paid from Coronavirus Relief grant funding, which is accounted for in the Local Coronavirus Relief Special Revenue Fund.

At the end of 2020, the Court Capital Improvement Capital Projects Fund had a fund balance of \$318,923, an increase of \$23,785.

The net position of the Water Enterprise Fund increased \$99,501 in 2020, due to operating receipts exceeding operating disbursements and the receipt of capital grants.

The net position of the Sewer Enterprise Fund increased \$21,978 in 2020, due to the increase in rate charged to customers covering an increase in overall disbursements.

The net position of the Sanitation Enterprise Fund increased \$1,769 in 2020.

Village of the City of Gallipolis, Ohio
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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 2020, the Village amended the General Fund budget several times. Budget basis receipts were \$3,015,578, \$150,087 below final estimates of \$3,165,665. Final estimated receipts were increased \$153,443 from the original of \$3,012,222. Disbursements of \$2,588,712 were lower than final appropriations of \$2,748,360. Final appropriations were decreased \$231,447 from originals primarily to account for a decrease in security of persons and property expenditures.

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

DEBT ADMINISTRATION

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

(Table 4)
 Outstanding Debt at December 31, 2020 and 2019

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Bond Anticipation Notes	\$281,356	\$451,477	\$0	\$0	\$281,356	\$451,477
Loans	0	0	7,132,002	7,533,962	7,132,002	7,533,962
General Obligation Bonds	2,078,667	2,239,453	0	0	2,078,667	2,239,453
Capital Leases	0	5,466	0	0	0	5,466
<i>Totals</i>	<u>\$2,360,023</u>	<u>\$2,696,396</u>	<u>\$7,132,002</u>	<u>\$7,533,962</u>	<u>\$9,492,025</u>	<u>\$10,230,358</u>

For additional information on the Village's debt, see Notes 13 and 14 to the basic financial statements.

CURRENT ISSUES

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

CONTACTING THE VILLAGE AUDITOR'S DEPARTMENT

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

Village of the City of Gallipolis, Ohio

Statement of Net Position - Cash Basis

December 31, 2020

	Governmental Activities	Business-Type Activities	Total
Assets			
Equity in Pooled Cash and Cash Equivalents	\$1,799,907	\$2,679,805	\$4,479,712
Cash in Segregated Accounts	58,043	0	58,043
Internal Balances	(2,895)	2,895	0
<i>Total Assets</i>	<u><u>\$1,855,055</u></u>	<u><u>\$2,682,700</u></u>	<u><u>\$4,537,755</u></u>
Net Position			
Restricted for:			
Street	\$115,927	\$0	\$115,927
Police	56,667	0	56,667
Fire	182,982	0	182,982
Cemeteries	35,912	0	35,912
Community Environment	14,406	0	14,406
Recreation	56,475	0	56,475
Court	847,866	0	847,866
Unclaimed Monies	59,177	0	59,177
Perpetual Care - Nonexpendable	27,442	0	27,442
Other Purposes	7,408	0	7,408
Unrestricted	450,793	2,682,700	3,133,493
<i>Total Net Position</i>	<u><u>\$1,855,055</u></u>	<u><u>\$2,682,700</u></u>	<u><u>\$4,537,755</u></u>

See accompanying notes to the basic financial statements

Village of the City of Gallipolis, Ohio
Statement of Activities - Cash Basis
For the Year Ended December 31, 2020

	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	\$906,838	\$197,984	\$127,531	\$0	(\$581,323)	\$0	(\$581,323)
General Government - Court	695,976	563,414	215,688	0	83,126	0	83,126
Security of Persons and Property:							
Police	1,140,977	15,571	228,808	0	(896,598)	0	(896,598)
Fire	275,025	128,735	17,600	0	(128,690)	0	(128,690)
Public Health Services	67,798	35,100	1,435	0	(31,263)	0	(31,263)
Community Environment	103,023	13,632	3,676	0	(85,715)	0	(85,715)
Transportation	738,208	108,503	197,429	276,070	(156,206)	0	(156,206)
Leisure Time Activities	155,105	24,593	67,437	8,800	(54,275)	0	(54,275)
Debt Service:							
Principal Retirement	330,907	0	0	0	(330,907)	0	(330,907)
Interest and Fiscal Charges	99,802	0	0	0	(99,802)	0	(99,802)
<i>Total Governmental Activities</i>	<u>4,513,659</u>	<u>1,087,532</u>	<u>859,604</u>	<u>284,870</u>	<u>(2,281,653)</u>	<u>0</u>	<u>(2,281,653)</u>
Business-Type Activities							
Water	1,696,444	1,757,906	0	33,729	0	95,191	95,191
Sewer	1,721,776	1,715,262	0	16,242	0	9,728	9,728
Sanitation	373,329	375,098	0	0	0	1,769	1,769
<i>Total Business-Type Activities</i>	<u>3,791,549</u>	<u>3,848,266</u>	<u>0</u>	<u>49,971</u>	<u>0</u>	<u>106,688</u>	<u>106,688</u>
<i>Total</i>	<u>\$8,305,208</u>	<u>\$4,935,798</u>	<u>\$859,604</u>	<u>\$334,841</u>	<u>(2,281,653)</u>	<u>106,688</u>	<u>(2,174,965)</u>
General Receipts							
Property Taxes Levied for:							
General Purposes					243,197	0	243,197
Fire					125,245	0	125,245
Income Taxes Levied for General Purposes					1,582,301	0	1,582,301
Franchise Fees					58,312	0	58,312
Grants and Entitlements not Restricted to Specific Programs					83,809	0	83,809
Investment Earnings					14,307	0	14,307
Donations					1,344	0	1,344
Miscellaneous					356,811	11,625	368,436
<i>Total General Receipts</i>					<u>2,465,326</u>	<u>11,625</u>	<u>2,476,951</u>
Change in Net Position					183,673	118,313	301,986
<i>Net Position Beginning of Year</i>					<u>1,671,382</u>	<u>2,564,387</u>	<u>4,235,769</u>
<i>Net Position End of Year</i>					<u>\$1,855,055</u>	<u>\$2,682,700</u>	<u>\$4,537,755</u>

See accompanying notes to the basic financial statements

Village of the City of Gallipolis, Ohio
Statement of Cash Basis Assets and Fund Balances
Governmental Funds
December 31, 2020

	General	Court Capital Improvement	Other Governmental Funds	Total Governmental Funds
Assets				
Equity in Pooled Cash and Cash Equivalents	\$407,212	\$307,912	\$1,025,606	\$1,740,730
Cash in Segregated Accounts	32,290	11,011	10,772	54,073
Restricted Assets:				
Equity in Pooled Cash and Cash Equivalents	59,177	0	0	59,177
<i>Total Assets</i>	<u>\$498,679</u>	<u>\$318,923</u>	<u>\$1,036,378</u>	<u>\$1,853,980</u>
Fund Balances				
Nonspendable	\$59,177	\$0	\$27,442	\$86,619
Restricted	0	318,923	998,720	1,317,643
Committed	0	0	10,216	10,216
Assigned	203,051	0	0	203,051
Unassigned	236,451	0	0	236,451
<i>Total Fund Balances</i>	<u>\$498,679</u>	<u>\$318,923</u>	<u>\$1,036,378</u>	<u>1,853,980</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.	1,075
<i>Net Position of Governmental Activities</i>	<u>\$1,855,055</u>

See accompanying notes to the basic financial statements

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, 2020

	General	Court Capital Improvement	Other Governmental Funds	Total Governmental Funds
Receipts				
Property and Other Local Taxes	\$243,197	\$0	\$125,245	\$368,442
Municipal Income Taxes	1,582,301	0	0	1,582,301
Permissive Motor Vehicle License Taxes:	0	0	58,581	58,581
Charges for Services	344,947	0	106,295	451,242
Fines, Licenses, and Permits	340,982	126,987	109,740	577,709
Franchise Fees	58,312	0	0	58,312
Intergovernmental	90,524	0	1,067,164	1,157,688
Investment Earnings	14,307	0	507	14,814
Donations	1,344	0	70,088	71,432
Miscellaneous	343,169	0	13,642	356,811
<i>Total Receipts</i>	<u>3,019,083</u>	<u>126,987</u>	<u>1,551,262</u>	<u>4,697,332</u>
Disbursements				
Current:				
General Government	749,532	0	155,486	905,018
General Government - Court	326,163	53,202	315,014	694,379
Security of Persons and Property:				
Police	895,952	0	242,770	1,138,722
Fire	240,310	0	34,515	274,825
Public Health Services	1,995	0	65,603	67,598
Community Environment	98,433	0	4,141	102,574
Transportation	67,979	0	249,518	317,497
Leisure Time Activities	50,010	0	96,724	146,734
Capital Outlay	133,645	0	295,113	428,758
Debt Service:				
Principal Retirement	0	0	330,907	330,907
Interest and Fiscal Charges	0	0	99,802	99,802
<i>Total Disbursements</i>	<u>2,564,019</u>	<u>53,202</u>	<u>1,889,593</u>	<u>4,506,814</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>455,064</u>	<u>73,785</u>	<u>(338,331)</u>	<u>190,518</u>
Other Financing Sources (Uses)				
Advances In	0	0	23,000	23,000
Advances Out	(23,000)	0	0	(23,000)
Transfers In	0	0	527,965	527,965
Transfers Out	(355,226)	(50,000)	(122,739)	(527,965)
Total Other Financing Sources (Uses)	<u>(378,226)</u>	<u>(50,000)</u>	<u>428,226</u>	<u>0</u>
<i>Net Change in Fund Balances</i>	76,838	23,785	89,895	190,518
<i>Fund Balances Beginning of Year</i>	<u>421,841</u>	<u>295,138</u>	<u>946,483</u>	<u>1,663,462</u>
<i>Fund Balances End of Year</i>	<u>\$498,679</u>	<u>\$318,923</u>	<u>\$1,036,378</u>	<u>1,853,980</u>

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

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

(6,845)

Change in Net Position of Governmental Activities

\$183,673

See accompanying notes to the basic financial statements

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, 2020*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
Receipts				
Property and Other Local Taxes	\$269,627	\$243,199	\$243,197	(\$2)
Municipal Income Taxes	1,630,000	1,582,301	1,582,301	0
Charges for Services	361,980	359,006	344,947	(14,059)
Fines, Licenses, and Permits	410,500	323,487	337,686	14,199
Franchise Fees	59,500	58,312	58,312	0
Intergovernmental	231,115	240,524	90,524	(150,000)
Investment Earnings	13,000	14,110	14,110	0
Donations	500	1,344	1,344	0
Miscellaneous	36,000	343,382	343,157	(225)
<i>Total Receipts</i>	<u>3,012,222</u>	<u>3,165,665</u>	<u>3,015,578</u>	<u>(150,087)</u>
Disbursements				
Current:				
General Government	808,507	796,813	754,937	41,876
General Government - Court	335,357	345,357	326,163	19,194
Security of Persons and Property:				
Police	1,160,338	943,413	905,829	37,584
Fire	252,153	271,461	247,995	23,466
Public Health Services	6,500	6,500	1,995	4,505
Community Environment	102,690	102,469	98,433	4,036
Transportation	68,000	74,000	67,979	6,021
Leisure Time Activities	98,351	66,922	51,736	15,186
Capital Outlay	147,911	141,425	133,645	7,780
<i>Total Disbursements</i>	<u>2,979,807</u>	<u>2,748,360</u>	<u>2,588,712</u>	<u>159,648</u>
<i>Excess of Receipts Over Disbursements</i>	<u>32,415</u>	<u>417,305</u>	<u>426,866</u>	<u>9,561</u>
Other Financing Sources (Uses)				
Proceeds from Sale of Bond Anticipation Notes	7,633	0	0	0
Advances In	52,145	23,000	0	(23,000)
Advances Out	(52,145)	(23,000)	(23,000)	0
Transfers Out	(377,859)	(355,226)	(355,226)	0
<i>Total Other Financing Sources (Uses)</i>	<u>(370,226)</u>	<u>(355,226)</u>	<u>(378,226)</u>	<u>(23,000)</u>
<i>Net Change in Fund Balance</i>	<u>(337,811)</u>	<u>62,079</u>	<u>48,640</u>	<u>(13,439)</u>
<i>Fund Balance Beginning of Year</i>	<u>197,728</u>	<u>197,728</u>	<u>197,728</u>	<u>0</u>
Prior Year Encumbrances Appropriated	<u>193,958</u>	<u>193,958</u>	<u>193,958</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$53,875</u>	<u>\$453,765</u>	<u>\$440,326</u>	<u>(\$13,439)</u>

See accompanying notes to the basic financial statements

Village of the City of Gallipolis, Ohio
Statement of Fund Net Position - Cash Basis
Proprietary Funds
December 31, 2020

	Business-Type Activities			Total	Governmental
	Water Fund	Sewer Fund	Sanitation Fund	Enterprise Funds	Internal Service Fund
Assets					
Current Assets:					
Equity in Pooled Cash and Cash Equivalents	\$1,892,643	\$750,572	\$36,590	\$2,679,805	\$0
Cash in Segregated Accounts	0	0	0	0	3,970
<i>Total Assets</i>	<u>\$1,892,643</u>	<u>\$750,572</u>	<u>\$36,590</u>	<u>\$2,679,805</u>	<u>\$3,970</u>
Net Position					
Unrestricted	<u>\$1,892,643</u>	<u>\$750,572</u>	<u>\$36,590</u>	2,679,805	<u>\$3,970</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.

	2,895
Net position of business-type activities	\$2,682,700

See accompanying notes to the basic financial statements

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, 2020

	Business-Type Activities			Total Enterprise Funds	Governmental Activities
	Water Fund	Sewer Fund	Sanitation Fund		Internal Service Fund
Operating Receipts					
Charges for Services	\$1,753,604	\$1,715,262	\$375,098	\$3,843,964	\$0
Other Operating Receipts	2,102	9,523	0	11,625	0
<i>Total Operating Receipts</i>	<u>1,755,706</u>	<u>1,724,785</u>	<u>375,098</u>	<u>3,855,589</u>	<u>0</u>
Operating Disbursements					
Salaries and Benefits	842,086	732,920	0	1,575,006	0
Contractual Services	417,427	321,520	373,329	1,112,276	11,780
Materials and Supplies	162,868	61,873	0	224,741	0
<i>Total Operating Disbursements</i>	<u>1,422,381</u>	<u>1,116,313</u>	<u>373,329</u>	<u>2,912,023</u>	<u>11,780</u>
<i>Operating Income (Loss)</i>	<u>333,325</u>	<u>608,472</u>	<u>1,769</u>	<u>943,566</u>	<u>(11,780)</u>
Non-Operating Receipts (Disbursements)					
Capital Grants	33,729	16,242	0	49,971	0
Capital Outlay	(264,488)	(133,103)	0	(397,591)	0
Customer Deposits Received	4,302	0	0	4,302	0
Customer Deposits Returned	(5,919)	0	0	(5,919)	0
Debt Service Principal	(1,448)	(400,512)	0	(401,960)	0
Interest and Fiscal Charges	0	(69,121)	0	(69,121)	0
<i>Total Non Operating Receipts (Disbursements)</i>	<u>(233,824)</u>	<u>(586,494)</u>	<u>0</u>	<u>(820,318)</u>	<u>0</u>
<i>Change in Net Position</i>	99,501	21,978	1,769	123,248	(11,780)
<i>Net Position Beginning of Year</i>	<u>1,793,142</u>	<u>728,594</u>	<u>34,821</u>		<u>15,750</u>
<i>Net Position End of Year</i>	<u>\$1,892,643</u>	<u>\$750,572</u>	<u>\$36,590</u>		<u>\$3,970</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.

(4,935)

Change in net position of business-type activities

\$118,313

See accompanying notes to the basic financial statements

Village of the City of Gallipolis, Ohio
Statement of Net Position - Cash Basis
Custodial Funds
December 31, 2020

Assets

Cash and Cash Equivalents in Segregated Accounts	<u><u>\$159,756</u></u>
--------------------------------------------------	-------------------------

Net Position

Restricted for Individuals, Organizations, and Other Governments	<u><u>\$159,756</u></u>
------------------------------------------------------------------	-------------------------

See accompanying notes to the basic financial statements

Village of the City of Gallipolis, Ohio
Statement of Changes in Fiduciary Net Position - Cash Basis
Custodial Funds
For the Year Ended December 31, 2020

Additions	
Fines and Forfeitures for Other Governments	\$569,488
Contributions from Individuals	113,817
<i>Total Additions</i>	<u>683,305</u>
Deductions	
Distributions to the State of Ohio	230,552
Distributions to Other Governments	91,881
Distributions to Individuals	408,843
Miscellaneous	9,451
<i>Total Deductions</i>	<u>740,727</u>
<i>Net Decrease in Fiduciary Net Position</i>	(57,422)
<i>Net Position Beginning of Year</i>	<u>217,178</u>
<i>Net Position End of Year</i>	<u><u>\$159,756</u></u>

See accompanying notes to the basic financial statements

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Village of the City of Gallipolis, Ohio

Notes to the Basic Financial Statements

For the Year Ended December 31, 2020

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 15 to the basic financial statements.

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

Note 2 - Summary of Significant Accounting Policies

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

A. 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, 2020

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

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

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

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

B. Fund Accounting

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

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

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

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

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

Village of the City of Gallipolis, Ohio

Notes to the Basic Financial Statements

For the Year Ended December 31, 2020

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

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

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

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

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

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

C. Basis of Accounting

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

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

D. Budgetary Process

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

Village of the City of Gallipolis, Ohio

Notes to the Basic Financial Statements

For the Year Ended December 31, 2020

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.

E. Cash and Cash Equivalents

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

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

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

Interest earnings are allocated to Village funds according to State statutes, grants requirements, or debt related restrictions. Interest receipts credited to the General Fund during 2020 amounted to \$14,307, which includes \$12,822 assigned from other Village funds.

F. Restricted Assets

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

G. 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.

H. 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.

I. Interfund Receivables/Payables

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

Village of the City of Gallipolis, Ohio

Notes to the Basic Financial Statements

For the Year Ended December 31, 2020

J. 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.

K. Employer Contributions to Cost-Sharing Pension Plans

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

L. 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.

M. 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 Victim's of Crime Act (VOCA) Grant.

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.

N. Fund Balance

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

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

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

Committed The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by a formal action (resolution) of the Village Commissioners. Those committed amounts cannot be used for any other purpose unless the Commission removes or changes the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Village of the City of Gallipolis, Ohio

Notes to the Basic Financial Statements

For the Year Ended December 31, 2020

Assigned Amounts in the assigned fund balance classification are intended to be used by the Village for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by the Village Commissioners or a Village official delegated that authority by resolution or by State Statute.

Unassigned Unassigned fund balance is the residual classification for the General Fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

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

O. Interfund Transactions

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

Exchange transactions between funds are reported as receipts in the seller funds and as disbursements in the purchaser funds. Subsidies from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after nonoperating receipts/disbursements in proprietary funds. Repayments from funds responsible for particular disbursements to the funds that initially paid for them are not presented in the financial statements.

Note 3 - Budgetary Basis of Accounting

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

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

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

Village of the City of Gallipolis, Ohio

Notes to the Basic Financial Statements

For the Year Ended December 31, 2020

Cash Basis	\$76,838
Unrecorded Cash:	
Beginning of Year	1,161
End of Year	(1,370)
Segregated Accounts:	
End of Year	28,994
End of Year	(32,290)
Encumbrances	<u>(24,693)</u>
Budget Basis	<u><u>\$48,640</u></u>

Note 4 - Fund Balances

Fund balance is classified as nonspendable, restricted, committed, assigned, and/or unassigned based primarily on the extent to which the Village is bound to observe constraints imposed upon the use of the resources in the government funds. The constraints placed on fund balance for the major governmental funds and all other governmental funds for 2020 are presented below:

Fund Balances	General	Court Capital Improvement	Other Governmental	Total
Nonspendable:				
Unclaimed Monies	\$59,177	\$0	\$0	\$59,177
Cemetery Endowments	0	0	27,442	27,442
<i>Total Nonspendable</i>	<u>59,177</u>	<u>0</u>	<u>27,442</u>	<u>86,619</u>
Restricted for:				
Street	0	0	115,927	115,927
Police	0	0	56,667	56,667
Fire	0	0	182,982	182,982
Cemeteries	0	0	35,912	35,912
Community Environment	0	0	14,406	14,406
Recreation	0	0	56,475	56,475
Court	0	318,923	528,943	847,866
Other Purposes	0	0	7,408	7,408
<i>Total Restricted</i>	<u>0</u>	<u>318,923</u>	<u>998,720</u>	<u>1,317,643</u>
Committed for:				
Recreation	0	0	10,216	10,216
Assigned to:				
Subsequent Year's				
Appropriations	178,358	0	0	178,358
Purchases on Order	24,693	0	0	24,693
<i>Total Assigned</i>	<u>203,051</u>	<u>0</u>	<u>0</u>	<u>203,051</u>
Unassigned:	<u>236,451</u>	<u>0</u>	<u>0</u>	<u>236,451</u>
<i>Total Fund Balances</i>	<u><u>\$498,679</u></u>	<u><u>\$318,923</u></u>	<u><u>\$1,036,378</u></u>	<u><u>\$1,853,980</u></u>

Note 5 - Deposits and Investments

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

Active deposits are public monies determined to be necessary to meet current demands upon the Village treasury. Active monies must be maintained either as cash in the Village treasury, in commercial

Village of the City of Gallipolis, Ohio

Notes to the Basic Financial Statements

For the Year Ended December 31, 2020

accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that 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

Village of the City of Gallipolis, Ohio

Notes to the Basic Financial Statements

For the Year Ended December 31, 2020

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.

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, 2020, \$4,464,554 of the Village total bank balance of \$4,925,886 was exposed to custodial credit risk because those deposits were uninsured and collateralized with securities held by the pledging financial institution.

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

Eligible securities pledged to the Village and deposited with a qualified trustee by the financial institution as security for repayment whose market value at all times shall be at least 105 percent of the deposits being secured; or

Participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total market value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State.

Note 6 - Income Taxes

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

Note 7 - Property Taxes

Property taxes include amounts levied against all real and public utility property located in the Village. Property tax revenue received during 2020 for real and public utility property taxes represents collections of 2019 taxes.

2020 real property taxes were levied after October 1, 2020, on the assessed value as of January 1, 2020, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2020 real property taxes are collected in and intended to finance 2021.

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. 2020 public utility property taxes which

Village of the City of Gallipolis, Ohio

Notes to the Basic Financial Statements

For the Year Ended December 31, 2020

became a lien December 31, 2019, are levied after October 1, 2020, and are collected in 2021 with real property taxes.

The full tax rate for all Village operations for the year ended December 31, 2020, was \$3.90 per \$1,000 of assessed value. The assessed values of real property and public utility tangible property upon which 2020 property tax receipts were based are as follows:

Real Property:	
Residential and Agricultural	\$44,296,850
Commercial/Industrial/Mineral	36,304,570
Public Utility Personal Property	3,000,360
Other	<u>186,867</u>
Total Assessed Value	<u><u>\$83,788,647</u></u>

Note 8 - Interfund Receivables/Payables

A. Transfers

During 2020, 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	\$355,226	\$50,000	\$122,739	\$527,965

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.

B. Interfund Balances

For governmental activities, interfund balances at December 31, 2020, consisted of \$23,000, representing monies advanced to the ODNR Natureworks Grant Special Revenue Fund to be repaid to the General Fund when grant funds are received.

Note 9 - Risk Management

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

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For the Year Ended December 31, 2020

<u>Property</u>	<u>Limit</u>	<u>Deductible</u>
Real and Personal Property	\$28,628,350	\$2,000
<u>Liability</u>		
Commercial General	6,000,000	0
Employee Benefits	1,000,000	1,000
Law Enforcement	6,000,000	5,000
Public Entity Management	6,000,000	5,000
<u>Auto</u>		
Liability	6,000,000	0
Medical Payments	5,000	0
Uninsured Motorist	100,000	0

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

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

Note 10 - Defined Benefit Pension Plans

Ohio Public Employees Retirement System

Plan Description – Village employees, other than full-time police and firefighters, participate in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional pension plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan and the combined plan is a combination cost-sharing, multiple-employer defined benefit/defined contribution pension plan.

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 CAFR referenced above for additional information, including requirements for reduced and unreduced benefits):

Village of the City of Gallipolis, Ohio

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For the Year Ended December 31, 2020

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

When a traditional plan benefit recipient has received benefits for 12 months, current law provides for an annual cost of living adjustment (COLA). This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. Members retiring under the combined plan receive a cost-of-living adjustment on the defined benefit portion of their pension benefit. For those retiring prior to January 7, 2013, current law provides for a 3 percent COLA. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, current law provides that the COLA will be 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), 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.

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

Village of the City of Gallipolis, Ohio

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

	<u>State and Local</u>
2020 Statutory Maximum Contribution Rates	
Employer	14.0%
Employee *	10.0%
2020 Actual Contribution Rates	
Employer:	
Pension **	14.0%
Post-employment Health Care Benefits **	0.0
Total Employer	<u>14.0%</u>
Employee	<u>10.0%</u>

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

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

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

For 2020, the Village's contractually required contribution was \$271,788 for the traditional plan.

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.

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 Comprehensive Annual Financial Report referenced above for additional information, including requirements for Deferred Retirement Option Plan provisions and reduced and unreduced benefits).

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

Members retiring under normal service retirement, with less than 15 years of service credit on July 1, 2013, will receive a COLA equal to either three percent or the percent increase, if any, in the consumer price index over the 12 month period ending on September 30th of the immediately preceding year, whichever is less. The COLA amount for members with at least 15 years of service credit as of July 1, 2013, is equal to 3 percent of their base pension or disability benefit.

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

	<u>Police</u>	<u>Firefighters</u>
2020 Statutory Maximum Contribution Rates		
Employer	19.50%	24.00%
Employee	12.25%	12.25%
2020 Actual Contribution Rates		
Employer:		
Pension	19.00%	23.50%
Post-employment Health Care Benefits	<u>0.50</u>	<u>0.50</u>
Total Employer	<u>19.50%</u>	<u>24.00%</u>
Employee	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 \$119,681 for 2020.

Note 11 - Postemployment Benefits

Plan Description – Ohio Public Employees Retirement System (OPERS)

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

OPERS maintains a cost-sharing, multiple-employer defined benefit postemployment health care trust, which funds multiple health care plans including medical coverage, prescription drug coverage and deposits to a Health Reimbursement Arrangement to qualifying benefit recipients of both the traditional pension and the combined plans. This 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.

In order to qualify for postemployment health care coverage, age and service retirees under the traditional pension and combined plans must have twenty or more years of qualifying Ohio service credit with a minimum age of 60, or generally 30 years of qualifying service at any age. Health care coverage for

Village of the City of Gallipolis, Ohio

Notes to the Basic Financial Statements

For the Year Ended December 31, 2020

disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 75. See OPERS Comprehensive Annual Financial Report referenced below for additional information.

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

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

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

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2020, 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 2020, OPERS did not allocate any employer contribution to health care for members in the Traditional Pension Plan and Combined Plan. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the member-directed plan for 2020 was 4.0 percent.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The Village's contractually required contribution was \$0 for 2020.

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.

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

Village of the City of Gallipolis, Ohio

Notes to the Basic Financial Statements

For the Year Ended December 31, 2020

an Other Post Employment Benefit (OPEB) as described in Governmental Accounting Standards Board (GASB) Statement No. 75.

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

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

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

The Board of Trustees is authorized to allocate a portion of the total employer contributions for retiree health care benefits. For 2020, 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 \$3,107 for 2020.

Note 12 - Encumbrances

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:

Governmental Activities:	
General Fund	\$24,693
Court Capital Improvement Fund	408
Nonmajor Governmental Funds	<u>6,815</u>
Total Governmental Activities	<u>31,916</u>
Business-Type Activities:	
Water Fund	262,598
Sewer Fund	<u>110,935</u>
Total Business-Type Activities	<u>373,533</u>
Total	<u>\$405,449</u>

Village of the City of Gallipolis, Ohio

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For the Year Ended December 31, 2020

Note 13 - Capital Leases

In prior years, the Village entered into agreements to lease equipment and vehicles. Such agreements are, in substance, lease purchases and are reflected as capital lease obligations. Principal payments for all capital leases during 2020 totaled \$5,466 and are reported as program/operating disbursements. All agreements were retired during 2020,

Note 14 - Long-Term Obligations

Changes in long-term obligations of the Village during 2020 were as follows:

	Principal Outstanding 12/31/19	Additions	Deductions	Principal Outstanding 12/31/20	Amounts Due in One Year
Governmental Activities:					
Bond Anticipation Notes					
<i>From Direct Placements:</i>					
2014 Fire Equipment - 6.00%	\$309,110	\$0	\$27,754	\$281,356	\$28,779
2019 Electric Charging Station - 3.00%	142,367	0	142,367	0	0
Total Bond Anticipation Notes From Direct Placements	451,477	0	170,121	281,356	28,779
General Obligation Bonds					
<i>From Direct Placements:</i>					
2002 Fire Station - 4.99%	342,477	0	22,688	319,789	23,835
2011 Various Purpose - 3.91%	1,625,250	0	108,486	1,516,764	112,769
2013 Street Improvement - 3.55%	222,686	0	21,406	201,280	22,173
2016 Parking Lot - 3.65%	49,040	0	8,206	40,834	8,509
Total General Obligation Bonds From Direct Placements	2,239,453	0	160,786	2,078,667	167,286
Capital Leases	5,466	0	5,466	0	0
Total Governmental Activities	\$2,696,396	\$0	\$336,373	\$2,360,023	\$196,065
Business-Type Activities:					
<i>From Direct Borrowings:</i>					
2010 OPWC Spruce Street Water and Sewer Improvements - 0%	\$85,097	\$0	\$4,053	\$81,044	\$2,026
2013 OWDA - Waste Water Treatment Plant - 1.00%	1,137,603	0	41,195	1,096,408	41,608
2013 OWDA - Water Pollution Control Facility - 1.00%	5,869,596	0	340,046	5,529,550	343,455
2013 OPWC Water Pollution Control Facility - 0%	441,666	0	16,666	425,000	8,333
Total Business-Type Activities	\$7,533,962	\$0	\$401,960	\$7,132,002	\$395,422

The Fire Equipment Bond Anticipation Notes, originally issued on March 15, 2014, in the amount of \$445,000, represents amounts borrowed through direct borrowing for the purchase of fire equipment and specifically, 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, 2020

Principal and interest requirements to retire the Fire Equipment Bond Anticipation Notes outstanding at December 31, 2020, are as follows:

Year Ended December 31,	Principal	Interest	Total
2021	\$28,779	\$10,037	\$38,816
2022	29,842	8,974	38,816
2023	30,944	7,872	38,816
2024	32,087	6,729	38,816
2025	33,272	5,543	38,815
2026-2029	126,432	9,423	135,855
	<u>\$281,356</u>	<u>\$48,578</u>	<u>\$329,934</u>

In 2019, the Electric Charging Station Bond Anticipations Notes, were issued through direct borrowing in an amount not to exceed \$150,000. A total of \$142,367 was borrowed. During 2020, the entire amount of the notes were retired.

The Fire Station General Obligation Bonds, originally 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, 2020, are as follows:

Year Ended December 31,	Principal	Interest	Total
2021	\$23,835	\$15,664	\$39,499
2022	25,038	14,460	39,498
2023	26,304	13,195	39,499
2024	27,633	11,866	39,499
2025	29,029	10,469	39,498
2026-2030	168,682	28,810	197,492
2031	19,268	481	19,749
	<u>\$319,789</u>	<u>\$94,945</u>	<u>\$414,734</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, 2020, are as follows:

Year Ended December 31,	Principal	Interest	Total
2021	\$112,769	\$58,214	\$170,983
2022	117,221	53,761	170,982
2023	121,850	49,132	170,982
2024	126,660	44,322	170,982
2025	131,661	39,322	170,983
2026-2030	740,507	114,405	854,912
2031	166,096	4,866	170,962
	<u>\$1,516,764</u>	<u>\$364,022</u>	<u>\$1,880,786</u>

Village of the City of Gallipolis, Ohio

Notes to the Basic Financial Statements

For the Year Ended December 31, 2020

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.

Principal and interest requirements to retire the Street Improvement Bonds outstanding at December 31, 2020, are as follows:

Year Ended December 31,	Principal	Interest	Total
2021	\$22,173	\$6,950	\$29,123
2022	22,966	6,156	29,122
2023	23,789	5,334	29,123
2024	24,641	4,482	29,123
2025	25,524	3,599	29,123
2026-2028	82,187	5,181	87,368
	<u>\$201,280</u>	<u>\$31,702</u>	<u>\$232,982</u>

The 2016 Parking Lot Bonds, originally 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, 2020, are as follows:

Year Ended December 31,	Principal	Interest	Total
2021	\$8,509	\$1,414	\$9,923
2022	8,822	1,100	9,922
2023	9,147	775	9,922
2024	9,484	438	9,922
2025	4,872	89	4,961
	<u>\$40,834</u>	<u>\$3,816</u>	<u>\$44,650</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, 2020, are as follows:

Village of the City of Gallipolis, Ohio

Notes to the Basic Financial Statements

For the Year Ended December 31, 2020

Year Ended December 31,	Principal
2021	\$2,026
2022	4,052
2023	4,053
2024	4,052
2025	4,052
2026 - 2030	20,261
2031 - 2035	20,261
2036 - 2040	20,261
2041	2,026
	<u>\$81,044</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, 2020, are as follows:

Year Ended December 31,	Principal
2021	\$8,333
2022	16,667
2023	16,667
2024	16,666
2025	16,667
2026 - 2030	83,333
2031 - 2035	83,334
2036 - 2040	83,333
2041 - 2045	83,333
2046	16,667
	<u>\$425,000</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, 2020, are as follows:

Village of the City of Gallipolis, Ohio

Notes to the Basic Financial Statements

For the Year Ended December 31, 2020

Year Ended December 31,	Principal	Interest	Total
2021	\$41,608	\$10,860	\$52,468
2022	42,025	10,443	52,468
2023	42,446	10,022	52,468
2024	42,872	9,596	52,468
2025	43,301	9,168	52,469
2026 - 2030	223,108	39,233	262,341
2031 - 2035	234,517	27,824	262,341
2036 - 2040	246,511	15,830	262,341
2041 - 2044	180,020	3,619	183,639
	<u>\$1,096,408</u>	<u>\$136,595</u>	<u>\$1,233,003</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, 2020, are as follows:

Year Ended December 31,	Principal	Interest	Total
2021	\$343,455	\$54,439	\$397,894
2022	346,899	50,996	397,895
2023	350,376	47,518	397,894
2024	353,889	44,006	397,895
2025	357,437	40,458	397,895
2026 - 2030	1,841,656	147,817	1,989,473
2031 - 2035	1,935,838	53,634	1,989,472
	<u>\$5,529,550</u>	<u>\$438,868</u>	<u>\$5,968,418</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 \$6,421,217, with an unvoted debt margin of \$2,239,779 at December 31, 2020.

Village of the City of Gallipolis, Ohio

Notes to the Basic Financial Statements

For the Year Ended December 31, 2020

Note 15 - 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 16 - Contingencies

A. 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, 2020, will not have a material adverse effect on the Village.

B. Litigation

The Village is currently party to pending litigation seeking damages and/or injunctive relief as confirmed by the Village Solicitor. The outcomes are not known at this time.

Note 17 - Asset Retirement Obligations

For 2020, the Village implemented GASB Statement No. 83, Certain Asset Retirement Obligations. State and/or federal laws and regulations require the Village to go through a decommissioning process if their waste water treatment were to close. Through this decommissioning process, the Village would be responsible to remediate any public safety issues associated with their waste water treatment plant.

Note 18 - COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the Village. The Village's investment portfolio fluctuates with market conditions, and due to market volatility, the amount of gains or losses that will be realized in subsequent periods, if any, cannot be determined. In addition, the impact on the Village's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

During 2020, the Village received \$231,780 as an on-behalf of grant from another government. These amounts are recorded in the Coronavirus Relief Special Revenue Fund.

OHIO AUDITOR OF STATE KEITH FABER



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

Village of the City of Gallipolis
Gallia County
P.O. Box 339
333 Third Avenue
Gallipolis, Ohio 45631

To the Village Commission:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the cash-basis financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of the City of Gallipolis, Gallia County, Ohio (the Village), as of and for the years ended December 31, 2021 and 2020, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements and have issued our report thereon dated May 17, 2023, wherein we noted the Village uses a special purpose framework other than generally accepted accounting principles.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

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

Purpose of This Report

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



Keith Faber
Auditor of State
Columbus, Ohio

May 17, 2023

OHIO AUDITOR OF STATE KEITH FABER



VILLAGE OF CITY OF GALLIPOLIS

GALLIA COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 6/6/2023

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

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