

OHIO AUDITOR OF STATE
KEITH FABER



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

**Cash Financial Statements
For the Year Ended December 31, 2018**

Village of the City of Gallipolis, Ohio
Cash Financial Statements
For the Year Ended December 31, 2018

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OHIO AUDITOR OF STATE KEITH FABER



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

Accountant's Compilation Report

Management is responsible for the accompanying basic financial statements of the Village of the City of Gallipolis as of and for the fiscal year ended December 31, 2018, in accordance with the cash basis of accounting and the display requirements of the Governmental Accounting Standards Board Statement No. 34, and for determining that the cash basis of accounting and the display requirements of the Governmental Accounting Standards Board Statement No. 34 is an acceptable financial reporting framework. We have performed compilation engagements in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the accompanying financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

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

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

KEITH FABER
Auditor of State

A handwritten signature in cursive script that reads "Unice S. Smith".

Unice S. Smith
Chief of Local Government Services

February 26, 2019

Local Government Services Section
88 East Broad Street, Fourth Floor, Columbus, Ohio 43215-3506
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Village of the City of Gallipolis, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2018
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, 2018, 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 2018, total net position increased \$624,046, with governmental activities increasing \$139,733 and business-type activities increasing \$484,313.
- For 2018, 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 decreased \$145,337, while the Court Capital Improvement Fund increased \$55,810.
- The Village has two business-type activities: the Water and Sewer Funds. For 2018, net position for the Water and Sewer Funds increased \$411,103 and \$66,091, 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.

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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 2018, 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, as well as all capital expenses associated with these facilities and equipment.

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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 two enterprise funds, the Water and Sewer 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.

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THE VILLAGE OF THE CITY OF GALLIPOLIS AS A WHOLE

Table 1 provides a summary of the Village's net position for 2018 compared to 2017 on a cash basis:

(Table 1)
Net Position

	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
Assets						
Cash and Cash Equivalents	\$1,351,869	\$1,221,777	\$2,220,368	\$1,743,174	\$3,572,237	\$2,964,951
Cash in Segregated Accounts	18,378	1,618	0	0	18,378	1,618
Internal Balances	(8,931)	(1,812)	8,931	1,812	0	0
<i>Total Assets</i>	<u>\$1,361,316</u>	<u>\$1,221,583</u>	<u>\$2,229,299</u>	<u>\$1,744,986</u>	<u>\$3,590,615</u>	<u>\$2,966,569</u>
Net Position						
Restricted for:						
Street	\$58,664	\$60,847	\$0	\$0	\$58,664	\$60,847
Police	60,409	55,753	0	0	60,409	55,753
Fire	115,451	67,643	0	0	115,451	67,643
Cemeteries	17,445	18,881	0	0	17,445	18,881
Community Environment	12,146	11,447	0	0	12,146	11,447
Recreation	51,987	56,781	0	0	51,987	56,781
Court	705,123	483,089	0	0	705,123	483,089
Unclaimed Monies	33,545	9,845	0	0	33,545	9,845
Perpetual Care - Nonexpendable	27,442	27,442	0	0	27,442	27,442
Other Purposes	8,802	6,078	0	0	8,802	6,078
Unrestricted	270,302	423,777	2,229,299	1,744,986	2,499,601	2,168,763
<i>Total Net Position</i>	<u>\$1,361,316</u>	<u>\$1,221,583</u>	<u>\$2,229,299</u>	<u>\$1,744,986</u>	<u>\$3,590,615</u>	<u>\$2,966,569</u>

As mentioned previously, net position of governmental activities increased \$139,733 and the business-type activities net position increased \$484,313 during 2018. The primary reason contributing to the increase in governmental activities is the decrease in principal retirement expenditures. Additionally, receipts were adequate to cover the increases in other governmental disbursements. Business-type activities increased primarily due to capital grant receipts and increases in sewer and water rates.

Table 2 reflects the changes in net position on a cash basis in 2018 and 2017 for governmental activities, business-type activities, and total primary government.

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(Table 2)
Changes in Net Position

	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
Receipts						
Program Receipts:						
Charges for Services	\$1,616,903	\$1,647,241	\$3,475,291	\$3,286,351	\$5,092,194	\$4,933,592
Operating Grants, Contributions and Interest	622,502	485,475	0	0	622,502	485,475
Capital Grants and Contributions	293,674	382,557	249,424	0	543,098	382,557
<i>Total Program Receipts</i>	<u>2,533,079</u>	<u>2,515,273</u>	<u>3,724,715</u>	<u>3,286,351</u>	<u>6,257,794</u>	<u>5,801,624</u>
General Receipts:						
Property and Other Local Taxes	381,253	371,439	0	0	381,253	371,439
Municipal Income Taxes	1,595,455	1,582,858	0	0	1,595,455	1,582,858
Franchise Fees	59,426	64,087	0	0	59,426	64,087
Grants and Entitlements	84,592	69,939	0	0	84,592	69,939
Investment Earnings	11,271	8,051	0	0	11,271	8,051
Proceeds from Sale of Capital Assets	0	25,000	0	0	0	25,000
Proceeds from Sale of BAN	0	46,364	0	0	0	46,364
Donations	1,415	1,250	0	0	1,415	1,250
Loan Proceeds	0	0	3,080	225,026	3,080	225,026
Miscellaneous	114,246	105,744	77,032	68,456	191,278	174,200
<i>Total General Receipts</i>	<u>2,247,658</u>	<u>2,274,732</u>	<u>80,112</u>	<u>293,482</u>	<u>2,327,770</u>	<u>2,568,214</u>
Total Receipts	<u>4,780,737</u>	<u>4,790,005</u>	<u>3,804,827</u>	<u>3,579,833</u>	<u>8,585,564</u>	<u>8,369,838</u>
Disbursements						
General Government	1,277,142	1,181,330	0	0	1,277,142	1,181,330
General Government - Court	628,666	629,425	0	0	628,666	629,425
Security of Persons and Property:						
Police	1,135,863	1,087,127	0	0	1,135,863	1,087,127
Fire	230,180	191,062	0	0	230,180	191,062
Public Health Services	104,269	107,539	0	0	104,269	107,539
Community Environment	146,546	115,249	0	0	146,546	115,249
Transportation	542,984	350,103	0	0	542,984	350,103
Leisure Time Activities	220,923	357,830	0	0	220,923	357,830
Debt Service:						
Principal Retirement	236,344	426,465	0	0	236,344	426,465
Interest and Fiscal Charges	114,171	122,621	0	0	114,171	122,621
Water	0	0	1,672,846	1,399,818	1,672,846	1,399,818
Sewer	0	0	1,651,584	1,839,566	1,651,584	1,839,566
<i>Total Disbursements</i>	<u>4,637,088</u>	<u>4,568,751</u>	<u>3,324,430</u>	<u>3,239,384</u>	<u>7,961,518</u>	<u>7,808,135</u>
<i>Increase before Transfers</i>	<u>143,649</u>	<u>221,254</u>	<u>480,397</u>	<u>340,449</u>	<u>624,046</u>	<u>561,703</u>
<i>Transfers</i>	<u>(3,916)</u>	<u>0</u>	<u>3,916</u>	<u>0</u>	<u>0</u>	<u>0</u>
Change in Net Position	139,733	221,254	484,313	340,449	624,046	561,703
<i>Net Position Beginning of Year</i>	<u>1,221,583</u>	<u>1,000,329</u>	<u>1,744,986</u>	<u>1,404,537</u>	<u>2,966,569</u>	<u>2,404,866</u>
<i>Net Position End of Year</i>	<u>\$1,361,316</u>	<u>\$1,221,583</u>	<u>\$2,229,299</u>	<u>\$1,744,986</u>	<u>\$3,590,615</u>	<u>\$2,966,569</u>

Village of the City of Gallipolis, Ohio
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Governmental Activities

For 2018, program receipts represent \$2,533,079 or 53.0 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 \$2,247,658, or 47.0 percent of the Village's total receipts, and of this amount, \$1,976,708, or 87.9 percent are derived from local taxes. The Village's total general revenue receipts decreased \$27,074 from 2017 mainly due to decreases in proceeds from sale of capital assets and proceeds from the sale of bond anticipation notes.

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 57.0 percent of the governmental disbursements in 2018, an increase in percentage from the prior year. During 2018, disbursements for these operations amounted to \$1,277,142 and \$1,366,043, 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 43.0 percent of governmental disbursements in 2018.

Business-Type Activities

The Village's water and sewer operations account for the disbursements for the Village's business-type activities and are funded almost entirely from charges for services. During 2018, program receipts exceeded program disbursements by \$400,285 for all business-type activities due in large part to a contribution in the amount of \$249,424 for a water line project as well as increases in the water and sewer rates.

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.

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(Table 3)

Governmental Activities

	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
	2018	2018	2017	2017
General Government	\$1,277,142	\$676,889	\$1,181,330	\$543,629
General Government - Court	628,666	(381,244)	629,425	(214,462)
Security of Persons and Property:				
Police	1,135,863	1,112,546	1,087,127	1,038,941
Fire	230,180	90,994	191,062	50,557
Public Health Services	104,269	70,300	107,539	67,047
Community Environment	146,546	82,772	115,249	70,047
Transportation	542,984	78,940	350,103	64,862
Leisure Time Activities	220,923	22,297	357,830	(116,229)
Debt Service:				
Principal Retirement	236,344	236,344	426,465	426,465
Interest and Fiscal Charges	114,171	114,171	122,621	122,621
Total	\$4,637,088	\$2,104,009	\$4,568,751	\$2,053,478

The dependence upon property and income tax receipts is apparent as approximately 45.4 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 2018, governmental funds had total receipts of \$4,780,737 and disbursements of \$4,646,729.

The General Fund is the primary operating fund of the Village. At the end of 2018, the unassigned fund balance was \$200,759, while total fund balance was \$250,857. 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 7.3 percent to total General Fund disbursements, while total fund balance represents 9.2 percent of that same amount. The Village's General Fund balance decreased \$145,337 during 2018, mainly due to increases in general government and security in persons and property disbursements.

At the end of 2018, the Court Capital Improvement Capital Projects Fund had a fund balance of \$246,779, an increase of \$55,810. This increase is mainly due to decreased disbursements in the fund compared to 2017.

The net position of the Water Enterprise Fund increased \$411,103 in 2018, largely due to the receipt of a contribution and increases in the water rate charged to customers.

The net position of the Sewer Enterprise Fund increased \$66,091 in 2018, due to the increase in rate charged to customers and the decrease in capital outlay disbursements. Capital outlay disbursements decreased due to the completion of the Water Pollution Control Facility project.

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.

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During 2018, the Village amended the General Fund budget several times. Budget basis receipts were \$2,831,418, \$15,951 above final estimates of \$2,815,467. Final estimated receipts were increased \$79,402 from the original of \$2,736,065. Disbursements of \$2,756,273 were lower than final appropriations of \$2,911,692. Final appropriations were increased \$59,250 from originals.

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, 2018 and 2017

	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
Bond Anticipation Notes	\$335,875	\$423,675	\$0	\$0	\$335,875	\$423,675
Loans	0	0	7,932,138	8,326,419	7,932,138	8,326,419
General Obligation Bonds	2,393,996	2,542,540	0	0	2,393,996	2,542,540
Capital Leases	32,159	59,891	13,812	28,447	45,971	88,338
<i>Totals</i>	<u>\$2,762,030</u>	<u>\$3,026,106</u>	<u>\$7,945,950</u>	<u>\$8,354,866</u>	<u>\$10,707,980</u>	<u>\$11,380,972</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, 2018

	Governmental Activities	Business-Type Activities	Total
Assets			
Equity in Pooled Cash and Cash Equivalents	\$1,351,869	\$2,220,368	\$3,572,237
Cash in Segregated Accounts	18,378	0	18,378
Internal Balances	(8,931)	8,931	0
<i>Total Assets</i>	<u>\$1,361,316</u>	<u>\$2,229,299</u>	<u>\$3,590,615</u>
Net Position			
Restricted for:			
Street	\$58,664	\$0	\$58,664
Police	60,409	0	60,409
Fire	115,451	0	115,451
Cemeteries	17,445	0	17,445
Community Environment	12,146	0	12,146
Recreation	51,987	0	51,987
Court	705,123	0	705,123
Unclaimed Monies	33,545	0	33,545
Perpetual Care - Nonexpendable	27,442	0	27,442
Other Purposes	8,802	0	8,802
Unrestricted	<u>270,302</u>	<u>2,229,299</u>	<u>2,499,601</u>
<i>Total Net Position</i>	<u>\$1,361,316</u>	<u>\$2,229,299</u>	<u>\$3,590,615</u>

See accompanying notes to the basic financial statements

See accountant's compilation report

Village of the City of Gallipolis, Ohio
Statement of Activities - Cash Basis
For the Year Ended December 31, 2018

	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	\$1,277,142	\$486,374	\$113,879	\$0	(\$676,889)	\$0	(\$676,889)
General Government - Court	628,666	748,600	261,310	0	381,244	0	381,244
Security of Persons and Property:							
Police	1,135,863	13,608	9,709	0	(1,112,546)	0	(1,112,546)
Fire	230,180	128,145	11,041	0	(90,994)	0	(90,994)
Public Health Services	104,269	33,875	94	0	(70,300)	0	(70,300)
Community Environment	146,546	25,071	38,703	0	(82,772)	0	(82,772)
Transportation	542,984	113,593	142,314	208,137	(78,940)	0	(78,940)
Leisure Time Activities	220,923	67,637	45,452	85,537	(22,297)	0	(22,297)
Debt Service:							
Principal Retirement	236,344	0	0	0	(236,344)	0	(236,344)
Interest and Fiscal Charges	114,171	0	0	0	(114,171)	0	(114,171)
<i>Total Governmental Activities</i>	<u>4,637,088</u>	<u>1,616,903</u>	<u>622,502</u>	<u>293,674</u>	<u>(2,104,009)</u>	<u>0</u>	<u>(2,104,009)</u>
Business-Type Activities							
Water	1,672,846	1,792,339	0	249,424	0	368,917	368,917
Sewer	1,651,584	1,682,952	0	0	0	31,368	31,368
<i>Total Business-Type Activities</i>	<u>3,324,430</u>	<u>3,475,291</u>	<u>0</u>	<u>249,424</u>	<u>0</u>	<u>400,285</u>	<u>400,285</u>
<i>Total</i>	<u>\$7,961,518</u>	<u>\$5,092,194</u>	<u>\$622,502</u>	<u>\$543,098</u>	<u>(2,104,009)</u>	<u>400,285</u>	<u>(1,703,724)</u>
General Receipts							
Property Taxes Levied for:							
General Purposes					257,165	0	257,165
Fire					124,088	0	124,088
Income Taxes Levied for General Purposes					1,595,455	0	1,595,455
Franchise Fees					59,426	0	59,426
Grants and Entitlements not Restricted to Specific Programs					84,592	0	84,592
Investment Earnings					11,271	0	11,271
Donations					1,415	0	1,415
Loan Proceeds					0	3,080	3,080
Miscellaneous					114,246	77,032	191,278
<i>Total General Receipts</i>					<u>2,247,658</u>	<u>80,112</u>	<u>2,327,770</u>
Transfers					(3,916)	3,916	0
<i>Total General Receipts and Transfers</i>					<u>2,243,742</u>	<u>84,028</u>	<u>2,327,770</u>
Change in Net Position					139,733	484,313	624,046
<i>Net Position Beginning of Year</i>					<u>1,221,583</u>	<u>1,744,986</u>	<u>2,966,569</u>
<i>Net Position End of Year</i>					<u>\$1,361,316</u>	<u>\$2,229,299</u>	<u>\$3,590,615</u>

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

Village of the City of Gallipolis, Ohio
Statement of Cash Basis Assets and Fund Balances
Governmental Funds
December 31, 2018

	General	Court Capital Improvement	Other Governmental Funds	Total Governmental Funds
Assets				
Equity in Pooled Cash and Cash Equivalents	\$217,312	\$246,779	\$854,233	\$1,318,324
Restricted Assets:				
Equity in Pooled Cash and Cash Equivalents	33,545	0	0	33,545
<i>Total Assets</i>	<u>\$250,857</u>	<u>\$246,779</u>	<u>\$854,233</u>	<u>\$1,351,869</u>
Fund Balances				
Nonspendable	\$33,545	\$0	\$27,442	\$60,987
Restricted	0	246,779	783,248	1,030,027
Committed	0	0	43,543	43,543
Assigned	16,553	0	0	16,553
Unassigned	200,759	0	0	200,759
<i>Total Fund Balances</i>	<u>\$250,857</u>	<u>\$246,779</u>	<u>\$854,233</u>	<u>1,351,869</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.

9,447

Net Position of Governmental Activities

\$1,361,316

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

Village of the City of Gallipolis, Ohio
Statement of Cash Receipts, Disbursements, and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2018

	General	Court Capital Improvement	Other Governmental Funds	Total Governmental Funds
Receipts				
Property and Other Local Taxes	\$257,165	\$0	\$124,088	\$381,253
Municipal Income Taxes	1,595,455	0	0	1,595,455
Permissive Motor Vehicle License Taxes:	0	0	59,720	59,720
Charges for Services	320,887	0	477,510	798,397
Fines, Licenses, and Permits	441,792	169,218	147,776	758,786
Franchise Fees	59,426	0	0	59,426
Intergovernmental	69,245	0	881,219	950,464
Investment Earnings	11,271	0	305	11,576
Donations	1,415	0	49,999	51,414
Miscellaneous	74,916	1,030	38,300	114,246
<i>Total Receipts</i>	<u>2,831,572</u>	<u>170,248</u>	<u>1,778,917</u>	<u>4,780,737</u>
Disbursements				
Current:				
General Government	802,174	0	476,946	1,279,120
General Government - Court	325,103	64,438	241,445	630,986
Security of Persons and Property:				
Police	1,116,481	0	22,556	1,139,037
Fire	224,477	0	5,961	230,438
Public Health Services	8,918	0	95,609	104,527
Community Environment	108,804	0	38,322	147,126
Transportation	65,699	0	231,477	297,176
Leisure Time Activities	87,326	0	133,664	220,990
Capital Outlay	758	0	246,056	246,814
Debt Service:				
Principal Retirement	0	0	236,344	236,344
Interest and Fiscal Charges	0	0	114,171	114,171
<i>Total Disbursements</i>	<u>2,739,740</u>	<u>64,438</u>	<u>1,842,551</u>	<u>4,646,729</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>91,832</u>	<u>105,810</u>	<u>(63,634)</u>	<u>134,008</u>
Other Financing Sources (Uses)				
Advances In	55,260	0	35,260	90,520
Advances Out	(35,260)	0	(55,260)	(90,520)
Transfers In	376	0	503,426	503,802
Transfers Out	(257,545)	(50,000)	(200,173)	(507,718)
Total Other Financing Sources (Uses)	<u>(237,169)</u>	<u>(50,000)</u>	<u>283,253</u>	<u>(3,916)</u>
<i>Net Change in Fund Balances</i>	(145,337)	55,810	219,619	130,092
<i>Fund Balances Beginning of Year</i>	<u>396,194</u>	<u>190,969</u>	<u>634,614</u>	<u>1,221,777</u>
<i>Fund Balances End of Year</i>	<u>\$250,857</u>	<u>\$246,779</u>	<u>\$854,233</u>	<u>1,351,869</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.

9,641

Change in Net Position of Governmental Activities

\$139,733

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

Village of the City of Gallipolis, Ohio
*Statement of Receipts, Disbursements, and Changes
in Fund Balance - Budget and Actual (Budget Basis)
General Fund
For the Year Ended December 31, 2018*

	Budgeted Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		
Receipts				
Property and Other Local Taxes	\$249,294	\$257,165	\$257,165	\$0
Municipal Income Taxes	1,580,000	1,580,000	1,595,455	15,455
Charges for Services	317,011	320,887	320,887	0
Fines, Licenses, and Permits	434,160	441,675	441,792	117
Franchise Fees	65,000	59,426	59,426	0
Intergovernmental	55,600	69,245	69,245	0
Investment Earnings	7,500	11,100	11,117	17
Donations	2,000	1,415	1,415	0
Miscellaneous	25,500	74,554	74,916	362
<i>Total Receipts</i>	2,736,065	2,815,467	2,831,418	15,951
Disbursements				
Current:				
General Government	802,371	856,841	803,666	53,175
General Government - Court	335,801	335,801	325,103	10,698
Security of Persons and Property:				
Police	1,161,397	1,156,712	1,120,222	36,490
Fire	250,370	257,370	235,277	22,093
Public Health Services	21,025	21,025	8,918	12,107
Community Environment	116,399	112,399	108,804	3,595
Transportation	66,000	66,000	65,699	301
Leisure Time Activities	98,321	104,786	87,826	16,960
Capital Outlay	758	758	758	0
<i>Total Disbursements</i>	2,852,442	2,911,692	2,756,273	155,419
<i>Excess of Receipts Over (Under) Disbursements</i>	(116,377)	(96,225)	75,145	171,370
Other Financing Sources (Uses)				
Proceeds from Sale of Capital Assets	8,000	2,000	0	(2,000)
Advances In	70,000	70,000	55,260	(14,740)
Advances Out	(50,000)	(50,000)	(35,260)	14,740
Transfers In	0	376	376	0
Transfers Out	(245,045)	(257,545)	(257,545)	0
<i>Total Other Financing Sources (Uses)</i>	(217,045)	(235,169)	(237,169)	(2,000)
<i>Net Change in Fund Balance</i>	(333,422)	(331,394)	(162,024)	169,370
<i>Fund Balance Beginning of Year</i>	366,429	366,429	366,429	0
Prior Year Encumbrances Appropriated	28,959	28,959	28,959	0
<i>Fund Balance End of Year</i>	\$61,966	\$63,994	\$233,364	\$169,370

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

Village of the City of Gallipolis, Ohio
Statement of Fund Net Position - Cash Basis
Proprietary Funds
December 31, 2018

	Business-Type Activities			Governmental Activities
	Water Fund	Sewer Fund	Total Enterprise Funds	Internal Service Fund
Assets				
Current Assets:				
Equity in Pooled Cash and Cash Equivalents	\$1,562,921	\$657,447	\$2,220,368	\$0
Cash in Segregated Accounts	0	0	0	18,378
<i>Total Assets</i>	<u>\$1,562,921</u>	<u>\$657,447</u>	<u>\$2,220,368</u>	<u>\$18,378</u>
Net Position				
Unrestricted	<u>\$1,562,921</u>	<u>\$657,447</u>	2,220,368	<u>\$18,378</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.

	8,931
Net position of business-type activities	<u>\$2,229,299</u>

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

Village of the City of Gallipolis, Ohio
*Statement of Cash Receipts, Disbursements,
and Changes in Fund Net Position*
Proprietary Funds
For the Year Ended December 31, 2018

	Business-Type Activities			Governmental Activities
	Water Fund	Sewer Fund	Total Enterprise Funds	Internal Service Fund
Operating Receipts				
Charges for Services	\$1,792,339	\$1,682,952	\$3,475,291	\$27,600
Other Operating Receipts	43,637	33,395	77,032	0
<i>Total Operating Receipts</i>	<u>1,835,976</u>	<u>1,716,347</u>	<u>3,552,323</u>	<u>27,600</u>
Operating Disbursements				
Salaries and Benefits	747,843	670,861	1,418,704	0
Contractual Services	274,997	363,427	638,424	10,840
Materials and Supplies	129,223	75,552	204,775	0
<i>Total Operating Disbursements</i>	<u>1,152,063</u>	<u>1,109,840</u>	<u>2,261,903</u>	<u>10,840</u>
<i>Operating Income</i>	<u>683,913</u>	<u>606,507</u>	<u>1,290,420</u>	<u>16,760</u>
Non-Operating Receipts (Disbursements)				
Capital Outlay	(508,358)	(74,965)	(583,323)	0
Loan Proceeds	0	3,080	3,080	0
Contributions	249,424	0	249,424	0
Customer Deposits Returned	(13,882)	0	(13,882)	0
Debt Service Principal	(2,172)	(395,189)	(397,361)	0
Interest and Fiscal Charges	0	(75,080)	(75,080)	0
<i>Total Non Operating Receipts (Disbursements)</i>	<u>(274,988)</u>	<u>(542,154)</u>	<u>(817,142)</u>	<u>0</u>
<i>Income Before Transfers</i>	408,925	64,353	473,278	16,760
Transfers In	2,178	1,738	3,916	0
<i>Change in Net Position</i>	411,103	66,091	477,194	16,760
<i>Net Position Beginning of Year</i>	<u>1,151,818</u>	<u>591,356</u>		<u>1,618</u>
<i>Net Position End of Year</i>	<u>\$1,562,921</u>	<u>\$657,447</u>		<u>\$18,378</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.

	<u>7,119</u>
Change in net position of business-type activities	<u>\$484,313</u>

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

Village of the City of Gallipolis, Ohio
Statement of Net Position - Cash Basis
Municipal Court Agency Fund
December 31, 2018

Assets

Cash and Cash Equivalents in Segregated Accounts	<u><u>\$268,229</u></u>
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Net Position

Restricted for Others	<u><u>\$268,229</u></u>
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See accompanying notes to the basic financial statements

See accountant's compilation report

Village of the City of Gallipolis, Ohio

Notes to the Basic Financial Statements

For the Year Ended December 31, 2018

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, 2018

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, 2018

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. All of the Village's enterprise funds are major funds.

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

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

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 agency 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. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

The Village's fiduciary funds are all classified as agency funds. The Village's agency funds account for assets held by the Village as agent for the Digital River Project and municipal court collections that are distributed to the State and various local governments. The Municipal Court Agency Fund is the only fiduciary fund presented in the financial statements since it is the only fiduciary fund that has a balance at year end.

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 agency 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, 2018

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 2018 amounted to \$11,271, which includes \$10,482 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, 2018

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, 2018

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. Unreported interest is reported on the statement of cash receipts, disbursements, and changes in fund balances, 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, 2018

Cash Basis	(\$145,337)
Unreported Interest:	
Beginning of Year	806
End of Year	(960)
Encumbrances	<u>(16,533)</u>
Budget Basis	<u><u>(\$162,024)</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 2018 are presented below:

Fund Balances	General	Court Capital Improvement	Other Governmental	Total
Nonspendable:				
Unclaimed Monies	\$33,545	\$0	\$0	\$33,545
Cemetery Endowments	0	0	27,442	27,442
<i>Total Nonspendable</i>	<u>33,545</u>	<u>0</u>	<u>27,442</u>	<u>60,987</u>
Restricted for:				
Street	0	0	58,664	58,664
Fire	0	0	115,451	115,451
Police	0	0	60,409	60,409
Cemeteries	0	0	17,445	17,445
Recreation	0	0	51,987	51,987
Community Environment	0	0	12,146	12,146
Court	0	246,779	458,344	705,123
Other Purposes	0	0	8,802	8,802
<i>Total Restricted</i>	<u>0</u>	<u>246,779</u>	<u>783,248</u>	<u>1,030,027</u>
Committed for:				
Recreation	0	0	11,577	11,577
Sanitation	0	0	31,966	31,966
<i>Total Committed</i>	<u>0</u>	<u>0</u>	<u>43,543</u>	<u>43,543</u>
Assigned to:				
Purchases on Order	16,553	0	0	16,553
Unassigned:				
	<u>200,759</u>	<u>0</u>	<u>0</u>	<u>200,759</u>
<i>Total Fund Balances</i>	<u><u>\$250,857</u></u>	<u><u>\$246,779</u></u>	<u><u>\$854,233</u></u>	<u><u>\$1,351,869</u></u>

Note 5 - Deposits and Investments

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

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

Village of the City of Gallipolis, Ohio

Notes to the Basic Financial Statements

For the Year Ended December 31, 2018

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

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

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

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

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

Village of the City of Gallipolis, Ohio

Notes to the Basic Financial Statements

For the Year Ended December 31, 2018

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, 2018, \$3,327,577 of the Village total bank balance of \$3,984,933 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 2018 for real and public utility property taxes represents collections of 2017 taxes.

2018 real property taxes were levied after October 1, 2018, on the assessed value as of January 1, 2018, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2018 real property taxes are collected in and intended to finance 2019.

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. 2018 public utility property taxes which became a lien December 31, 2017, are levied after October 1, 2018, and are collected in 2019 with real property taxes.

Village of the City of Gallipolis, Ohio

Notes to the Basic Financial Statements

For the Year Ended December 31, 2018

The full tax rate for all Village operations for the year ended December 31, 2018, was \$3.90 per \$1,000 of assessed value. The assessed values of real property and public utility tangible property upon which 2018 property tax receipts were based are as follows:

Real Property:	
Residential and Agricultural	\$42,002,590
Commercial/Industrial/Mineral	34,104,060
Public Utility Personal Property	3,094,830
Other	<u>196,677</u>
Total Assessed Value	<u><u>\$79,398,157</u></u>

Note 8 - Interfund Receivables/Payables

A. Transfers

During 2018, the following transfers were made:

Transfer to	Transfer from			Total
	Major Funds			
	General	Court Capital Improvement	Other Nonmajor Governmental	
Major Funds:				
General Fund	\$0	\$0	\$376	\$376
Other Nonmajor				
Governmental Funds	257,545	50,000	195,881	503,426
Water Enterprise Fund	0	0	2,178	2,178
Sewer Enterprise Fund	0	0	1,738	1,738
Total all Funds	<u>\$257,545</u>	<u>\$50,000</u>	<u>\$200,173</u>	<u>\$507,718</u>

The above mentioned Transfers From/To 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, 2018, arise from the provision of cash flow resources from the Cemeteries Fund, Court Probation Services Fund, and Court Capital Improvement Fund until the receipt of charges and grant monies by the General Fund and other nonmajor governmental funds.

Village of the City of Gallipolis, Ohio

Notes to the Basic Financial Statements

For the Year Ended December 31, 2018

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
Major Funds:		
General Fund	\$0	\$8,800
Court Capital Improvement Fund	14,500	0
Other Nonmajor Governmental Funds:		
Court Grant Funds	0	21,191
Community Corrections Grant Fund	0	2,500
Court Probation Services Fund	9,191	0
Cemeteries Fund	8,800	0
Total all Funds	<u>\$32,491</u>	<u>\$32,491</u>

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	\$27,801,665	\$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	1,000
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.

Village of the City of Gallipolis, Ohio

Notes to the Basic Financial Statements

For the Year Ended December 31, 2018

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 tradition 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):

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.

When a traditional plan benefit recipient has received benefits for 12 months, an annual cost of living adjustment (COLA) is provided. 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 of the defined benefit portion of their pension benefit. For those retiring prior to January 7, 2013, the COLA will continue to be a 3 percent simple annual COLA. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, 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

Village of the City of Gallipolis, Ohio

Notes to the Basic Financial Statements

For the Year Ended December 31, 2018

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 purchase of a monthly defined benefit annuity from OPERS (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.

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

	<u>State and Local</u>
FY 2018 Statutory Maximum Contribution Rates	
Employer	14.0%
Employee *	10.0%
FY 2018 Actual Contribution Rates	
Employer (July 1, 2017 - December 31, 2017):	
Pension	13.0%
Post-employment Health Care Benefits ****	<u>1.0</u>
Total Employer	<u><u>14.0%</u></u>
Employer (Effective January 1, 2018):	
Pension	14.0%
Post-employment Health Care Benefits ****	<u>0.0</u>
Total Employer	<u><u>14.0%</u></u>
Employee	<u><u>10.0%</u></u>

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

** This rate is determined by OPERS' Board and has no maximum rate established by ORC.

*** This rate is also determined by OPERS' Board, but is limited by ORC to not more than 2 percent greater than the Public Safety rate.

**** This employer health care rate is for the traditional and combined plans. The employer contribution for the member-directed plan is 4 percent.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. For 2018, the Village's contractually required contribution was \$278,659 for the traditional plan.

Village of the City of Gallipolis, Ohio

Notes to the Basic Financial Statements

For the Year Ended December 31, 2018

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

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

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

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

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 CAFR 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.

Members retiring under normal service retirement, with less than 15 years of service credit on July 1, 2013, and members whose pension benefit became effective on or after July 1, 2013, will receive a COLA equal to a percentage of the member's base pension benefit where the percentage is the lesser of three percent or the percentage increase in the consumer price index, if any, over the 12 month period that ends on the thirtieth day of September of the immediately preceding year, rounded to the nearest one-tenth of one percent.

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

Village of the City of Gallipolis, Ohio

Notes to the Basic Financial Statements

For the Year Ended December 31, 2018

	<u>Police</u>	<u>Firefighters</u>
2018 Statutory Maximum Contribution Rates		
Employer	19.50%	24.00%
Employee	12.25%	12.25%
2018 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 \$107,429 for 2018.

Note 11 - Postemployment Benefits

Ohio Public Employees Retirement System

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 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 refund, 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. Health care coverage for 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' CAFR 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.

Village of the City of Gallipolis, Ohio

Notes to the Basic Financial Statements

For the Year Ended December 31, 2018

Funding Policy – The Ohio Revised Code provides the statutory authority requiring public employers to fund postemployment health care through their contributions to OPERS. A portion of each employer's contribution to OPERS is set aside to fund OPERS health care plans.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2018, 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 2018, 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 2018 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 2018.

Ohio Police and Fire Pension Fund

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 healthcare 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. OP&F provides health care benefits including coverage for medical, prescription drug, dental, vision, and Medicare Part B Premium to retirees, qualifying benefit recipients and their eligible dependents.

OP&F provides access to postretirement health care coverage for any person who receives or is eligible to receive a monthly service, disability, or statutory survivor benefit, or is a spouse or eligible dependent child of such person. The health care coverage provided by OP&F meets the definition of an Other Post Employment Benefit (OPEB) as described in Government 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

Village of the City of Gallipolis, Ohio

Notes to the Basic Financial Statements

For the Year Ended December 31, 2018

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.

OP&F maintains funds for health care in two separate accounts. There is 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. An Internal Revenue Code 401(h) account is maintained for Medicare Part B reimbursements.

The Board of Trustees is authorized to allocate a portion of the total employer contributions made into the pension plan to the Section 115 trust and the Section 401(h) account as the employer contribution for retiree health care benefits. For 2018, 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 and is limited by the provisions of Sections 115 and 401(h).

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.

Beginning January 1, 2019, OP&F is changing its retiree health care model and the current self-insured health care plan will no longer be offered. In its place is a stipend-based health care model. A stipend funded by OP&F will be placed in individual Health Reimbursement Accounts that retirees will use to be reimbursed for health care expenses.

The Village's contractually required contribution to OP&F was \$2,787 for 2018.

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	\$16,533
Nonmajor Governmental Funds	9,679
Total Governmental Activities	<u>26,212</u>
Business-Type Activities:	
Water Fund	159,832
Sewer Fund	19,410
Total Business-Type Activities	<u>179,242</u>
Total	<u>\$205,454</u>

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 2018 totaled \$42,367 and are reported as program/operating disbursements.

Future minimum lease payments through 2020 are as follows:

Village of the City of Gallipolis, Ohio

Notes to the Basic Financial Statements

For the Year Ended December 31, 2018

Year	Governmental Activities		Business-Type Activities		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2019	\$26,693	\$584	\$13,812	\$210	\$40,505	\$794
2020	5,466	92	0	0	5,466	92
	<u>\$32,159</u>	<u>\$676</u>	<u>\$13,812</u>	<u>\$210</u>	<u>\$45,971</u>	<u>\$886</u>

Note 14 - Long-Term Obligations

Changes in long-term obligations of the Village during 2018 were as follows:

	Principal Outstanding 12/31/17	Additions	Deductions	Principal Outstanding 12/31/18	Amounts Due in One Year
Governmental Activities:					
Bond Anticipation Notes:					
2014 Fire Equipment - 6.00%	\$361,687	\$0	\$25,812	\$335,875	\$26,765
2015 Riverfront Access Improvement - 3.05%	61,988	0	61,988	0	0
Total Bond Anticipation Notes	<u>423,675</u>	<u>0</u>	<u>87,800</u>	<u>335,875</u>	<u>26,765</u>
General Obligation Bonds:					
2002 Fire Station - 4.99%	384,632	0	20,558	364,074	21,597
2011 Various Purpose - 3.91%	1,830,016	0	100,401	1,729,615	104,365
2013 Street Improvement - 3.55%	263,303	0	19,951	243,352	20,666
2016 Parking Lot - 3.65%	64,589	0	7,634	56,955	7,915
Total General Obligation Bonds	<u>2,542,540</u>	<u>0</u>	<u>148,544</u>	<u>2,393,996</u>	<u>154,543</u>
Capital Leases	59,891	0	27,732	32,159	26,693
Total Governmental Activities	<u>\$3,026,106</u>	<u>\$0</u>	<u>\$264,076</u>	<u>\$2,762,030</u>	<u>\$208,001</u>
Business-Type Activities:					
2010 OPWC Spruce Street Water and Sewer Improvements - 0%	\$95,228	\$0	\$6,079	\$89,149	\$2,026
2013 OWDA - Waste Water Treatment Plant - 1.00%	1,218,770	0	40,381	1,178,389	40,786
2013 OWDA - Water Pollution Control Facility - 1.00%	6,529,088	3,080	325,901	6,206,267	336,671
2013 OPWC Water Pollution Control Facility - 0%	483,333	0	25,000	458,333	8,333
Total Loans	<u>8,326,419</u>	<u>3,080</u>	<u>397,361</u>	<u>7,932,138</u>	<u>387,816</u>
Capital Leases	28,447	0	14,635	13,812	13,812
Total Business-Type Activities	<u>\$8,354,866</u>	<u>\$3,080</u>	<u>\$411,996</u>	<u>\$7,945,950</u>	<u>\$401,628</u>

The Fire Equipment Bond Anticipation Notes, originally issued on March 15, 2014, in the amount of \$445,000, represents amounts borrowed 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, 2018

Principal and interest requirements to retire the Fire Equipment Bond Anticipation Notes outstanding at December 31, 2018, are as follows:

Year Ended December 31,	Principal	Interest	Total
2019	\$26,765	\$12,050	\$38,815
2020	27,754	11,062	38,816
2021	28,779	10,037	38,816
2022	29,842	8,974	38,816
2023	30,944	7,872	38,816
2024 - 2028	172,732	21,346	194,078
2029	19,059	349	19,408
	<u>\$335,875</u>	<u>\$71,690</u>	<u>\$407,565</u>

In 2015, Riverfront Access Improvement Bond Anticipations Notes, in the amount of \$954,597, were issued. During 2018, the Village retired the remaining \$61,988 of the issued amount.

The Fire Station General Obligation Bonds, originally issued on February 25, 2002, 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, 2018, are as follows:

Year Ended December 31,	Principal	Interest	Total
2019	\$21,597	\$17,901	\$39,498
2020	22,688	16,810	39,498
2021	23,835	15,664	39,499
2022	25,038	14,460	39,498
2023	26,304	13,195	39,499
2024 - 2028	152,848	44,645	197,493
2029 - 2031	91,764	6,981	98,745
	<u>\$364,074</u>	<u>\$129,656</u>	<u>\$493,730</u>

The Various Purpose Bonds were issued on September 30, 2011, for \$2,342,000 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, 2018, are as follows:

Village of the City of Gallipolis, Ohio

Notes to the Basic Financial Statements

For the Year Ended December 31, 2018

Year Ended December 31,	Principal	Interest	Total
2019	\$104,365	\$66,618	\$170,983
2020	108,486	62,497	170,983
2021	112,769	58,214	170,983
2022	117,221	53,761	170,982
2023	121,850	49,132	170,982
2024 - 2028	685,323	169,590	854,913
2029 - 2031	479,601	33,345	512,946
	<u>\$1,729,615</u>	<u>\$493,157</u>	<u>\$2,222,772</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.

Principal and interest requirements to retire the Street Improvement Bonds outstanding at December 31, 2018, are as follows:

Year Ended December 31,	Principal	Interest	Total
2019	\$20,666	\$8,457	\$29,123
2020	21,406	7,717	29,123
2021	22,173	6,950	29,123
2022	22,966	6,156	29,122
2023	23,789	5,334	29,123
2024 - 2028	132,352	13,262	145,614
	<u>\$243,352</u>	<u>\$47,876</u>	<u>\$291,228</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, 2018, are as follows:

Year Ended December 31,	Principal	Interest	Total
2019	\$7,915	\$2,007	\$9,922
2020	8,206	1,716	9,922
2021	8,509	1,414	9,923
2022	8,822	1,100	9,922
2023	9,147	775	9,922
2024 - 2025	14,356	527	14,883
	<u>\$56,955</u>	<u>\$7,539</u>	<u>\$64,494</u>

The 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.

Village of the City of Gallipolis, Ohio

Notes to the Basic Financial Statements

For the Year Ended December 31, 2018

Principal requirements to retire the OPWC Spruce Street Water and Sewer Improvement Loan outstanding at December 31, 2018, are as follows:

Year Ended December 31,	Principal
2019	\$2,026
2020	4,053
2021	4,052
2022	4,052
2023	4,053
2024 - 2028	20,261
2029 - 2033	20,261
2034 - 2038	20,261
2039 - 2041	10,130
	<u>\$89,149</u>

The 2013 Ohio Water Development Authority (OWDA) Wastewater Treatment Plant Headworks 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 Headworks Loan outstanding at December 31, 2018, are as follows:

Year Ended December 31,	Principal	Interest	Total
2019	\$40,786	\$11,682	\$52,468
2020	41,195	11,273	52,468
2021	41,608	10,860	52,468
2022	42,025	10,443	52,468
2023	42,446	10,022	52,468
2024 - 2028	218,701	43,641	262,342
2029 - 2033	229,885	32,455	262,340
2034 - 2038	241,641	20,700	262,341
2039 - 2043	253,998	8,344	262,342
2044	26,104	130	26,234
	<u>\$1,178,389</u>	<u>\$159,550</u>	<u>\$1,337,939</u>

The 2013 Ohio Water Development Authority (OWDA) Water Pollution Control Facility Improvement 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 Improvement Loan outstanding at December 31, 2018, are as follows:

Village of the City of Gallipolis, Ohio

Notes to the Basic Financial Statements

For the Year Ended December 31, 2018

Year Ended December 31,	Principal	Interest	Total
2019	\$336,671	\$61,223	\$397,894
2020	340,046	57,848	397,894
2021	343,455	54,439	397,894
2022	346,899	50,996	397,895
2023	350,376	47,518	397,894
2024 - 2028	1,805,279	184,194	1,989,473
2029 - 2033	1,897,601	91,872	1,989,473
2034 - 2035	785,940	9,849	795,789
	<u>\$6,206,267</u>	<u>\$557,939</u>	<u>\$6,764,206</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, 2018, are as follows:

Year Ended December 31,	Principal
2019	\$8,333
2020	16,667
2021	16,666
2022	16,667
2023	16,667
2024 - 2028	83,333
2029 - 2033	83,333
2034 - 2038	83,334
2039 - 2043	83,333
2044 - 2046	50,000
	<u>\$458,333</u>

The Village's overall legal debt margin was \$5,606,935, with an unvoted debt margin of \$1,637,028 at December 31, 2018.

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.

Village of the City of Gallipolis, Ohio

Notes to the Basic Financial Statements

For the Year Ended December 31, 2018

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, 2018, 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. The Village management is of the opinion that ultimate disposition of these claims and legal proceeding will not have a material effect, if any, on the financial condition of the Village.