



OHIO AUDITOR OF STATE  
**KEITH FABER**





**CITY OF GALION  
CRAWFORD COUNTY  
DECEMBER 31, 2023**

**TABLE OF CONTENTS**

<b>TITLE</b>	<b>PAGE</b>
Independent Auditor's Report .....	1
Prepared by Management:	
Management's Discussion and Analysis .....	5
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position .....	16
Statement of Activities.....	18
Fund Financial Statements:	
Balance Sheet	
Governmental Funds .....	20
Reconciliation of Total Governmental Fund Balance to Net Position of Governmental Activities .....	21
Statement of Revenues, Expenditures, and Changes in Fund Balance Governmental Funds .....	22
Reconciliation of Statement of Revenues, Expenditures, and Changes in Fund Balance of Governmental Funds to Statement of Activities .....	23
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget (Non-GAAP Budgetary Basis) and Actual General Fund.....	24
Police and Fire Levy Special Revenue Fund .....	25
Street Maintenance and Repair Special Revenue Fund .....	26
Statement of Fund Net Position	
Enterprise Funds .....	27
Statement of Revenues, Expenses, and Changes in Fund Net Position Enterprise Funds .....	29
Statement of Cash Flows	
Enterprise Funds .....	30
Notes to the Basic Financial Statements .....	32

**CITY OF GALION  
CRAWFORD COUNTY  
DECEMBER 31, 2023**

**TABLE OF CONTENTS  
(Continued)**

<b>TITLE</b>	<b>PAGE</b>
Required Supplementary Information:	
Schedule of the City's Proportionate Share of the	
Net Pension Liability (Ohio Public Employees Retirement System - Traditional).....	96
Net Pension Asset (Ohio Public Employees Retirement System - Combined) .....	98
Net Pension Liability (Ohio Police and Fire Pension Fund).....	100
Net OPEB Liability (Asset) (Ohio Public Employees Retirement System) .....	102
Net OPEB Liability (Ohio Police and Fire Pension Fund) .....	104
Schedule of the City's Contributions	
Ohio Public Employees Retirement System .....	106
Ohio Police and Fire Pension Fund .....	108
Notes to Required Supplementary Information .....	110
Independent Auditor's Report on Internal Control Over	
Financial Reporting and on Compliance and Other Matters	
Required by <i>Government Auditing Standards</i> .....	115

# OHIO AUDITOR OF STATE KEITH FABER



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## INDEPENDENT AUDITOR'S REPORT

City of Galion  
Crawford County  
301 Harding Way East  
Galion, Ohio 44833

To the City Council:

### ***Report on the Audit of the Financial Statements***

#### ***Opinions***

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Galion, Crawford County, Ohio (the City), as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the report of other auditors, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Galion, as of December 31, 2023, and the respective changes in financial position and where applicable, cash flows, thereof and the respective budgetary comparisons for the General, Police and Fire Levy, and Street Maintenance and Repair funds for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

We did not audit the financial statements of the City of Galion Board of Health, which represents 7 percent, 2 percent, and 34 percent, respectively, of the assets, net position, and revenues of the discretely presented component units as of December 31, 2023. Those statements were audited by other auditors whose report has been furnished to us, and our opinions, insofar as it relates to the amounts included for the City of Galion Board of Health, is based solely on the report of other auditors.

#### ***Basis for Opinions***

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

### ***Emphasis of Matter***

As discussed in Note 3 to the financial statements, during 2023, the City adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences*. Our opinion is not modified with respect to this matter.

### ***Responsibilities of Management for the Financial Statements***

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

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

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

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

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

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

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

***Required Supplementary Information***

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

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated April 21, 2025, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.



Keith Faber  
Auditor of State  
Columbus, Ohio

April 21, 2025

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**CITY OF GALION**  
Management's Discussion and Analysis  
For the Year Ended December 31, 2023  
Unaudited

The discussion and analysis of the City of Galion's financial performance provides an overview of the City's financial activities for the year ended December 31, 2023. The intent of this discussion and analysis is to look at the City's financial performance as a whole.

**HIGHLIGHTS**

Highlights for 2023 are as follows:

In total, the City's net position increased a little over 5.5 percent from the prior year. Governmental activities increased over 8.8 percent and business-type activities increased less than 1.7 percent.

General revenues made up over 70 percent of the total revenues for governmental activities in 2023 and, of this amount, 48 percent was provided through property and municipal income taxes, the most critical of the City's revenue sources.

**USING THIS ANNUAL REPORT**

This annual report consists of a series of financial statements and notes to those statements. The statements are organized so the reader can understand the City's financial position.

The statement of net position and the statement of activities provide information about the activities of the City as a whole, presenting both an aggregate and a longer-term view of the City.

Fund financial statements provide a greater level of detail. For governmental funds, these statements tell how services were financed in the short-term and what remains for future spending. Fund financial statements report the City's most significant funds individually and the City's non-major funds in a single column. The City's major funds are the General Fund, the Police and Fire Levy and Street Maintenance and Repair special revenue funds, and the Water, Sewer, Electric, and Storm Water enterprise funds.

**REPORTING THE CITY AS A WHOLE**

The statement of net position and the statement of activities reflect how the City did financially during 2023. These statements include all assets and liabilities using the accrual basis of accounting similar to that used by most private-sector companies. This basis of accounting considers all of the current year's revenues and expenses regardless of when cash is received or paid.

These statements report the City's net position and changes in net position. This change in net position is important because it tells the reader whether the financial position of the City as a whole has increased or decreased from the prior year. Over time, these increases and/or decreases are one indicator of whether the financial position is improving or deteriorating. Causes for these changes may be the result of many factors, some financial, some not. Non-financial factors can include changes in the City's property tax base and the condition of the City's capital assets (buildings, improvement other than buildings, streets, bridges, equipment, vehicles, and water, sewer, electric, and storm water lines). These factors must be considered when assessing the overall health of the City.

**CITY OF GALION**  
Management's Discussion and Analysis  
For the Year Ended December 31, 2023  
Unaudited

In the statement of net position and the statement of activities, the City is divided into two types of activities:

- **Governmental Activities** - Most of the City's programs and services are reported here, including security of persons and property, public health, leisure time activities, community environment, transportation, general government, and basic utility services. These services are primarily funded by property taxes and income taxes and from intergovernmental revenues, including federal and state grants and other shared revenues.
- **Business-Type Activities** - These services are provided on a charge for services basis and are intended to recover all or most of the costs of the services provided. The City's water, sewer, electric, and storm water services are reported here.

**REPORTING THE CITY'S MOST SIGNIFICANT FUNDS**

Fund financial statements provide detailed information about the City's major funds, the General Fund, the Police and Fire Levy and Street Maintenance and Repair special revenue funds, and the Water, Sewer, Electric, and Storm Water enterprise funds. While the City uses many funds to account for its financial transactions, these are the most significant.

**Governmental Funds** - The City's governmental funds are used to account for essentially the same programs reported as governmental activities on the government-wide financial statements. Most of the City's basic services are reported in these funds and focus on how money flows into and out of the funds as well as the balances available for spending at year end. These funds are reported on the modified accrual basis of accounting which measures cash and all other financial assets that can be readily converted to cash. The governmental fund financial statements provide a detailed short-term view of the City's general government operations and the basic services being provided.

Because the focus of the governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities on the government-wide financial statements. By doing so, readers may better understand the long-term impact of the City's short-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balance provide a reconciliation to help make this comparison between governmental funds and governmental activities.

**Proprietary Funds** - The City's enterprise funds are used to report the same functions presented as business-type activities on the government-wide financial statements and use the accrual basis of accounting. The City uses enterprise funds to account for water, sewer, electric, and storm water operations.

**CITY OF GALION**  
Management's Discussion and Analysis  
For the Year Ended December 31, 2023  
Unaudited

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

Table 1 provides a summary of the City's net position for 2023 and 2022.

Table 1  
Net Position

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
<b><u>Assets</u></b>						
Current and Other Assets	\$16,446,824	\$14,884,275	\$11,555,229	\$11,143,568	\$28,002,053	\$26,027,843
Net Pension Asset	7,115	11,841	12,450	18,465	19,565	30,306
Net OPEB Asset	0	242,836	0	378,539	0	621,375
Capital Assets, Net	26,794,970	25,783,138	25,360,670	25,680,552	52,155,640	51,463,690
Total Assets	<u>43,248,909</u>	<u>40,922,090</u>	<u>36,928,349</u>	<u>37,221,124</u>	<u>80,177,258</u>	<u>78,143,214</u>
<b><u>Deferred Outflows of Resources</u></b>						
Pension	4,787,076	2,351,807	1,629,033	486,990	6,357,948	2,838,797
OPEB	801,520	653,732	238,178	14,143	1,039,356	667,875
Total Deferred Outflows of Resources	<u>5,588,596</u>	<u>3,005,539</u>	<u>1,867,211</u>	<u>501,133</u>	<u>7,397,304</u>	<u>3,506,672</u>
<b><u>Liabilities</u></b>						
Current and Other Liabilities	1,226,058	2,166,669	2,421,307	2,126,508	3,647,365	4,293,177
Long-Term Liabilities						
Pension	12,367,054	6,729,358	3,900,042	1,100,837	16,267,096	7,830,195
OPEB	805,421	1,056,740	79,667	0	885,088	1,056,740
Other Amounts	2,082,030	1,533,516	7,792,809	8,260,727	9,874,839	9,794,243
Total Liabilities	<u>16,480,563</u>	<u>11,486,283</u>	<u>14,193,825</u>	<u>11,488,072</u>	<u>30,674,388</u>	<u>22,974,355</u>
<b><u>Deferred Inflows of Resources</u></b>						
Pension	561,717	2,877,532	24,764	1,412,521	528,320	4,290,053
OPEB	799,405	625,362	29,469	400,399	828,532	1,025,761
Other Amounts	413,138	415,305	56,807	49,307	469,945	464,612
Total Deferred Inflows of Resources	<u>1,774,260</u>	<u>3,918,199</u>	<u>111,040</u>	<u>1,862,227</u>	<u>1,826,797</u>	<u>5,780,426</u>
<b><u>Net Position</u></b>						
Net Investment in Capital Assets	25,811,158	24,420,781	17,139,704	16,924,754	42,950,862	41,345,535
Restricted	3,815,806	3,531,930	12,450	397,004	3,828,256	3,928,934
Unrestricted	955,718	570,436	7,338,541	7,050,200	8,294,259	7,620,636
Total Net Position	<u>\$30,582,682</u>	<u>\$28,523,147</u>	<u>\$24,490,695</u>	<u>\$24,371,958</u>	<u>\$55,073,377</u>	<u>\$52,895,105</u>

**New Accounting Pronouncements**

For 2023, the City implemented GASB Statement No. 101 "Compensated Absences". GASB Statement No. 100 does not require MD&A information for years prior to periods presented in the basic financial statements to be restated for changes in accounting principle.

**CITY OF GALION**  
Management's Discussion and Analysis  
For the Year Ended December 31, 2023  
Unaudited

The implementation of GASB 101 resulted in recognizing an additional compensated absences liabilities of \$420,404 in governmental activities and \$289,442 in business-type activities at January 1, 2023. These amounts also impacted beginning net position for the cumulative effect of additional compensated absences expense.

In an effort to promote comparability with other governments, the City of Galion updated its calculation of net position restricted for pension plans in 2023.

Governmental and Business-Type Activities

The net pension liability (asset) and the net OPEB liability reported by the City at December 31, 2023, are reported pursuant to Governmental Accounting Standards Board (GASB) Statement No. 68, "Accounting and Financial Reporting for Pensions" and GASB Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions". For reasons discussed below, end users of these financial statements will gain a clearer understanding of the City's actual financial condition by adding deferred inflows related to pension and OPEB, the net pension liability (asset), and the net OPEB liability to the reported net position and subtracting deferred outflows related to pension and OPEB.

GASB standards are national standards and apply to all government financial reports prepared in accordance with generally accepted accounting principles. Prior accounting for pensions (GASB Statement No. 27) and postemployment benefits (GASB Statement No. 45) focused on a funding approach. This approach limited pension and OPEB costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's net pension or net OPEB liability. GASB Statements No. 68 and No. 75 take an earnings approach to pension and OPEB accounting; however, the nature of Ohio's statewide pension/OPEB plans and State law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

GASB Statements No. 68 and No. 75 require the net pension liability (asset) and the net OPEB liability to equal the City's proportionate share of each plan's collective present value of estimated future pension/OPEB benefits attributable to active and inactive employees' past service minus plan assets available to pay these benefits.

GASB notes that pension and OPEB obligations, whether funded or unfunded, are part of the "employment exchange", that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension and other postemployment benefits. GASB noted that the unfunded portion of this promise is a present obligation of the government, part of a bargained for benefit to the employee, and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, the City is not responsible for certain key factors affecting the balance of these liabilities. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The Ohio Revised Code permits, but does not require, the retirement systems to provide health care to eligible benefit recipients. The retirement systems may allocate a portion of the employer contribution to provide for these OPEB benefits.

**CITY OF GALION**  
Management's Discussion and Analysis  
For the Year Ended December 31, 2023  
Unaudited

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

Most long-term liabilities have set repayment schedules or in the case of compensated absences (i.e. vacation and sick leave) are satisfied through paid time off or termination payments. There is no repayment schedule for the net pension liability or the net OPEB liability. As explained above, changes in pension benefits, contribution rates, and return on investments affect the balance of these liabilities but are outside the control of the City. In the event that contributions, investment returns, and other changes are insufficient to keep up with required pension payments, State statute does not assign/identify the responsible party for the unfunded portion. Due to the unique nature of how the net pension liability and the net OPEB liability are satisfied, these liabilities are separately identified within the long-term liability section of the statement of net position.

In accordance with GASB Statements No. 68 and No. 75, the City's statements prepared on an accrual basis of accounting include an annual pension expense and an annual OPEB expense for their proportionate share of each plan's change in net pension liability (asset) and the net OPEB liability, respectively, not accounted for as deferred outflows/inflows.

Pension/OPEB changes noted in the above table reflect an overall increase in deferred outflows and decrease in deferred inflows. These changes are affected by changes in benefits, contribution rates, return on investments, and actuarial assumptions. The decrease in the net pension/OPEB asset and net OPEB liability and increase in the net pension liability represent the City's proportionate share of the unfunded benefits.

Aside from the changes related to pension/OPEB, there were few other changes of note for governmental activities. The increase in current and other assets was generally due to the increase in internal balances. In 2023, the City's General fund advanced \$1.5 million to the Water enterprise fund until funding from the County was received for the water treatment plant improvement project (the City was the subgrantee for the County's American Rescue Plan Act funds (ARPA)). The increase in capital assets was for completed projects (the State Route 598 widening and airport runway rehabilitation projects) and ongoing projects (the depot restoration, Cobey Park restroom, and Brandt Road widening projects) at the City with the offset to invested in capital assets. The decrease in current and other liabilities was due to the City spent a portion of ARPA money sitting in unearned revenue and paid off the notes payable that matured in 2023 issued for Brandt Road and the urban paving projects in prior years.

The increase in current and other assets in business-type activities was generally due to an increase in cash and cash equivalents. Electric had an increase in the power cost adjustment. Additionally, there was an increase in cash and cash equivalents in water, but the \$1.5 million internal balance offset the increase in cash and cash equivalents. Overall capital assets decreased due to annual depreciation however, the City did have a completed projects (southeast storm water phase 4 project) and ongoing projects (water treatment plant improvements and southeast storm water phase 5 and 6 projects) in 2023. The increase in current and other liabilities was for contracts and retainage payable recorded for the multiple ongoing projects. The increase in invested in capital assets was due to the increase in capital assets and continued debt retirement.

**CITY OF GALION**  
Management's Discussion and Analysis  
For the Year Ended December 31, 2023  
Unaudited

Table 2 reflects the change in net position for 2023 and 2022.

Table 2  
Change in Net Position

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
<u>Revenues</u>						
Program Revenues						
Charges for Services	\$1,846,526	\$960,146	\$17,781,560	\$17,242,381	\$19,628,086	\$18,202,527
Operating Grants, Contributions, and Interest	1,579,321	1,021,448	0	0	1,579,321	1,021,448
Capital Grants and Contributions	785,057	3,925,804	732,464	0	1,517,521	3,925,804
Total Program Revenues	4,210,904	5,907,398	18,514,024	17,242,381	22,724,928	23,149,779
General Revenues						
Property Taxes Levied for General Purposes	377,819	488,791	0	0	377,819	488,791
Property Taxes Levied for Police and Fire Pension	69,148	85,640	0	0	69,148	85,640
Municipal Income Taxes Levied for General Purposes	3,200,095	2,967,642	0	0	3,200,095	2,967,642
Municipal Income Taxes Levied for Police and Fire	2,848,328	2,640,947	0	0	2,848,328	2,640,947
Municipal Income Taxes Levied for Recreation	351,766	326,694	0	0	351,766	326,694
Other Local Taxes	428,274	448,026	0	0	428,274	448,026
Grants and Entitlements not Restricted to Specific Programs	383,919	347,990	0	0	383,919	347,990
Franchise Taxes	126,584	134,711	0	0	126,584	134,711
Investment Earning and Other Interest	899,677	(382,569)	0	0	899,677	(382,569)
Other	1,425,193	676,879	181,844	127,907	1,607,037	804,786
Total General Revenues	10,110,803	7,734,751	181,844	127,907	10,292,647	7,862,658
Total Revenues	14,321,707	13,642,149	18,695,868	17,370,288	33,017,575	31,012,437
<u>Program Expenses</u>						
Security of Persons and Property						
Police	3,474,003	2,349,849	0	0	3,474,003	2,349,849
Fire	3,714,762	2,524,367	0	0	3,714,762	2,524,367
Public Health	423,718	353,353	0	0	423,718	353,353
Leisure Time Activities	657,114	685,623	0	0	657,114	685,623
Community Environment	274,776	1,156,134	0	0	274,776	1,156,134
Transportation	1,662,695	1,146,954	0	0	1,662,695	1,146,954
General Government	1,750,195	1,272,128	0	0	1,750,195	1,272,128
Basic Utility Services	4,352	23,582	0	0	4,352	23,582
Interest	15,054	20,655	0	0	15,054	20,655
Water	0	0	2,825,517	1,776,956	2,825,517	1,776,956
Sewer	0	0	2,507,570	1,862,617	2,507,570	1,862,617
Electric	0	0	12,197,763	11,326,003	12,197,763	11,326,003
Storm Water	0	0	621,938	508,737	621,938	508,737
Total Expenses	11,976,669	9,532,645	18,152,788	15,474,313	30,129,457	25,006,958

(continued)

**CITY OF GALION**  
Management's Discussion and Analysis  
For the Year Ended December 31, 2023  
Unaudited

Table 2  
Change in Net Position

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Increase in Net Position						
Before Transfers	\$2,345,038	\$4,109,504	\$543,080	\$1,895,975	\$2,888,118	\$6,005,479
Transfers	134,901	(44,126)	(134,901)	44,126	0	0
Change in Net Position	<u>2,479,939</u>	<u>4,065,378</u>	<u>408,179</u>	<u>1,940,101</u>	<u>2,888,118</u>	<u>6,005,479</u>
Net Position Beginning of Year as						
Previously Reported	28,523,147	24,457,769	24,371,958	22,431,857	52,895,105	46,889,626
Restatement - Change in						
Accounting Principles	<u>(420,404)</u>	<u>0</u>	<u>(289,442)</u>	<u>0</u>	<u>(709,846)</u>	<u>0</u>
Restated Net Position Beginning						
of Year	<u>28,102,743</u>	<u>24,457,769</u>	<u>24,082,516</u>	<u>22,431,857</u>	<u>52,185,259</u>	<u>46,889,626</u>
Net Position End of Year	<u>\$30,582,682</u>	<u>\$28,523,147</u>	<u>\$24,490,695</u>	<u>\$24,371,958</u>	<u>\$55,073,377</u>	<u>\$52,895,105</u>

**New Accounting Pronouncements**

The above table separately reflects the restatement for changes in accounting principles related to the implementation of GASB Statement No. 101 "Compensated Absences". GASB Statement No. 100 does not require MD&A information for years prior to the periods presented on the basic financial statements to be restated for changes in accounting principle. The 2022 information does not reflect activity related to the additional compensated absences expenses required under GASB Statement No. 101, "Compensated Absences" (See also explanation of new accounting pronouncements provided related to Net Position - Table 1 and explanation in Note 3). In the above table, beginning net position has been presented and provides separate identification of restatements for changes in accounting principles to better align with GASB 101 requirements for MD&A presentation and allows the restated net position beginning of year to articulate to the statement of activities.

**Governmental and Business-Type Activities**

For governmental activities, there was a significant decrease in program revenues from the prior year mostly attributed to the decrease in capital grants and contributions. The City received significant contributions from the Ohio Department of Transportation for street improvements, from Ohio Department of Natural Resources for park improvements, and from the Federal Aviation Administration for airport improvements in the prior year. The increase in charges for services was related to the accounts receivable related to the opioid settlement monies. The decrease in operating grants and contributions was related to a portion of the ARPA funding spent by the City that was unearned revenue in the prior year. The increase in general revenues was due to a combination of an increase in interest earned on investments (and the fair value adjustment of investments) and the increase in other revenue (a reimbursement from the Internal Revenue Service for overpayment of taxes and a reimbursement from the Police and Fire Levy special revenue fund to the General Fund for salaries and benefits of police and fire). Expenses increased due to wages and benefits for police and fire as well as the increase in the pension/OPEB expenses.

As is to be expected, over 95 percent of the revenues for business-type activities are received through charges for services provided to the users of the systems. Capital grants and contributions also increased for ARPA monies from the County for the water treatment plant renovation project and Ohio Public Works Commission grant monies for the southeast storm water project. Expenses increased due to wages and benefits as well as the increase in pension/OPEB expenses.

**CITY OF GALION**  
Management's Discussion and Analysis  
For the Year Ended December 31, 2023  
Unaudited

Table 3 indicates the total cost of services and the net cost of services for governmental activities. The statement of activities reflects the cost of program services and the charges for services, grants, and contributions offsetting those services. The net cost of services identifies the cost of those services supported by tax revenues and unrestricted intergovernmental revenues.

Table 3  
Governmental Activities

	Total Cost of Services		Net Cost of Services	
	2023	2022	2023	2022
Security of Persons and Property				
Police	\$3,474,003	\$2,349,849	\$3,250,696	\$2,312,851
Fire	3,714,762	2,524,367	2,731,945	1,755,955
Public Health	423,718	353,353	423,718	353,353
Leisure Time Activities	657,114	685,623	631,128	569,747
Community Environment	274,776	1,156,134	240,805	702,263
Transportation	1,662,695	1,146,954	(242,821)	(3,296,469)
General Government	1,750,195	1,272,128	859,887	1,223,403
Basic Utility Services	4,352	23,582	(144,647)	(16,511)
Interest	15,054	20,655	15,054	20,655
Total Expenses	<u>\$11,976,669</u>	<u>\$9,532,645</u>	<u>\$7,765,765</u>	<u>\$3,625,247</u>

The dependence on general revenues to pay for the various services provided by the City is significant. The costs for fire services is partially offset by charges for services (17 percent), primarily due to the City's contract with Polk Township. Charges for services and various grants and contributions covered all of the costs of the transportation program for 2023. The transportation program receives permissive motor vehicle license fees as well as motor vehicle and gas taxes. Note, this amount did decrease in 2023 (in 2022, the City received a substantial contribution from the Ohio Department of Transportation for street improvements). The ARPA grant covered all of the costs of the basic utility program for 2023.

### GOVERNMENTAL FUNDS FINANCIAL ANALYSIS

The City's major governmental funds are the General Fund and the Police and Fire Levy and Street Maintenance and Repair special revenue funds.

Fund balance increased over 19 percent in the General Fund. This was primarily due to an almost 50 percent increase in revenues (resulting from an increase in municipal income taxes, charges for services, interest revenue and other revenue). There was also a 9 percent decrease in expenditures with the most significant increases in public health (the contribution to the City's Board of Health was less than the prior year) and general government.

Fund balance decreased in the Police and Fire Levy Fund. Both revenues and expenditures increased however, expenditures exceeded revenues. The resources in this fund are restricted to supplementing the General Fund in paying the costs of operations for the police and fire departments.

The increase in fund balance in the Street Maintenance and Repair Fund is due to the transfers in from the General Fund to supplement the City's street operations.



**CITY OF GALION**  
Management's Discussion and Analysis  
For the Year Ended December 31, 2023  
Unaudited

**BUSINESS-TYPE ACTIVITIES FINANCIAL ANALYSIS**

The City's enterprise funds are the Water, Sewer, Electric, and Storm Water funds.

The Water Fund had an operating loss and decrease in net position in 2023. Revenues are comparable to the prior year and expenses increased primarily in contractual services and benefits (related to pension and OPEB expenses).

The Sewer Fund had an operating loss and decrease in net position in 2023. Revenues increased from the prior year and Expense increased primarily in contractual services and salaries and benefits (related to pension and OPEB expenses).

The Electric Fund had an operating income and increase in net position for 2023. Charges for services continue to be sufficient to cover operating costs.

The Storm Water Fund had an operating income and increase in net position for 2023. The change in net position was insignificant.

**BUDGETARY HIGHLIGHTS**

The City prepares an annual budget of revenues and expenditures/expenses for all funds of the City for use by City officials and department heads and such other budgetary documents as are required by State statute, including the annual appropriations ordinance which is effective the first day of January.

The City's most significant budgeted fund is the General Fund. For revenues, there was no change from the original budget to the final budget. Changes from the final budget to actual revenues were due to income taxes, charges for services, interest (the fair value of adjustments), and other. For expenditures, changes from the original budget to the final budget were primarily related to the City's subsidy to the Board and Health, for community environment, and transportation programs. Changes from the final budget to actual expenditures were due to conservative budgeting.

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

Capital Assets - The City's investment in capital assets for governmental and business-type activities as of December 31, 2023, was \$26,794,970 and \$25,360,670, respectively (net of accumulated depreciation). The most significant additions for governmental activities were ongoing/completed construction projects for street, airport improvements, depot restoration, and park improvements. Disposals were minimal. Additions for the business-type activities included ongoing construction for storm water line installation and water treatment plant. There were no disposals in 2023. For further information regarding the City's capital assets, refer to Note 11 to the basic financial statements.

Debt - At December 31, 2023, the City had bond anticipation notes payable from business-type activities, in the amount of \$1,469,900, respectively. The City also had a number of long-term obligations outstanding including \$1,683,697 in Ohio Public Works Commission loans, and \$5,817,041 in Ohio Water Development Authority loans. Of this debt, \$6,790,450 will be paid from business-type activities.

**CITY OF GALION**  
Management's Discussion and Analysis  
For the Year Ended December 31, 2023  
Unaudited

In addition, the City's long-term obligations also include the net pension/OPEB liability as well as the liability for police and fire incurred when the State of Ohio established the statewide pension system, financed purchases, compensated absences, and a long-term obligation with AMP-Ohio. For further information regarding the City's debt, refer to Notes 19 and 20 to the basic financial statements.

**CURRENT ISSUES**

Reconciliation of the operating, payroll and Central Hotel accounts are all being completed in a timely manner at the beginning of each month.

In 2023, the City street maintenance was limited to crack sealing and patching as needed. Paving projects are being revisited in 2024.

The City started planning and bidding for phase 5 of the southeast storm water project in 2023 and will continue into 2024. The City is also in the planning stages for phase 6 of the southeast storm water project, anticipated to begin in 2024.

The Brandt Road turn lane project was not finalized in 2023 and should be complete in 2024.

The airport runway project, through an FAA Grant was completed in 2023.

Grants received in 2021 for airport hangar improvements (Airport Coronavirus Relief grant, Airport CARES Act grant, and Airport American Rescue Plan grant) were spent in 2021. Requests for reimbursements were not submitted in 2022 and 2023. Reimbursements of these funds should be received in 2024.

The City will be utilizing approximately \$470,000 in Freese Funds for various projects in 2024.

The City applied for and was awarded a Brownfield Grant in 2022 in the amount of \$500,000. Work on this project started in 2022 and is expected to continue through 2025. Requests for reimbursement were not submitted for 2022 and 2023. Reimbursements of these funds should be received for work completed thus far in 2024.

The City began the designing and engineering phase of water treatment plant upgrades in 2022. Funding for this project will come from the American Rescue Plan funds received from the County (the City is the subgrantee). The project should be completed in 2024.

Upgrades at the Wastewater Treatment Plant were identified in 2023, including the need for a new generator at the plant. These upgrades should begin in 2024 and will utilize local funds as well as seeking grants from various sources.

**REQUEST FOR INFORMATION**

This financial report is designed to provide a general overview of the City's finances for all those interested in our city's financial well-being. Questions concerning any of the information provided in this report or requests for additional information should be directed to Brian Saterfield, Auditor, City of Galion, 301 Harding Way East, P.O. Box 790, Galion, Ohio 44833.

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City of Galion  
Statement of Net Position  
Primary Government and Discretely Presented Component Units  
December 31, 2023

	Primary Government			Component Units	
	Governmental Activities	Business-Type Activities*	Total*	Egbert M. Freese Foundation	City of Galion Board of Health
<u>Assets</u>					
Equity in Pooled Cash and Cash Equivalents	\$10,443,963	\$10,274,576	\$20,718,539	\$0	\$469,858
Investments in Segregated Accounts	0	0	0	11,218,420	0
Accounts Receivable	253,285	2,871,894	3,125,179	0	0
Accrued Interest Receivable	71,611	0	71,611	0	0
Due from Other Governments	940,817	101,894	1,042,711	0	76,570
Due from Primary Government	0	0	0	0	245,510
Municipal Income Taxes Receivable	1,877,684	0	1,877,684	0	0
Other Local Taxes Receivable	19,433	0	19,433	0	0
Excise Taxes Receivable	0	35,168	35,168	0	0
Internal Balances	1,861,494	(1,861,494)	0	0	0
Prepaid Items	89,669	59,218	148,887	0	7,264
Materials and Supplies Inventory	113,240	44,471	157,711	0	0
Property Taxes Receivable	450,603	0	450,603	0	0
Payment in Lieu of Taxes Receivable	25,025	56,807	81,832	0	0
Notes Receivable	300,000	0	300,000	0	0
Special Assessments Receivable	0	57,198	57,198	0	0
Net Pension Asset	7,115	12,450	19,565	0	2,668
Nondepreciable Capital Assets	4,371,519	2,832,280	7,203,799	0	0
Depreciable Capital Assets, Net	22,423,451	22,528,390	44,951,841	0	6,155
Equity Interest in Joint Venture	0	(84,503)	(84,503)	0	0
<b>Total Assets</b>	<b>43,248,909</b>	<b>36,928,349</b>	<b>80,177,258</b>	<b>11,218,420</b>	<b>808,025</b>
<u>Deferred Outflows of Resources</u>					
Pension	4,787,076	1,629,033	6,357,948	0	352,836
OPEB	801,520	238,178	1,039,356	0	53,493
<b>Total Deferred Outflows of Resources</b>	<b>5,588,596</b>	<b>1,867,211</b>	<b>7,397,304</b>	<b>0</b>	<b>406,329</b>
<u>Liabilities</u>					
Accrued Wages Payable	173,324	78,226	251,550	0	16,138
Accounts Payable	54,925	75,446	130,371	0	18,050
Contracts Payable	209,532	355,481	565,013	0	0
Due to Other Governments	155,272	45,612	200,884	0	11,338
Due to Component Unit	245,510	0	245,510	0	0
Employee Withholdings Payable	22,711	0	22,711	0	0
Retainage Payable	36,601	36,985	73,586	0	0
Unearned Revenue	326,410	0	326,410	0	0
Accrued Interest Payable	1,773	35,598	37,371	0	0
Notes Payable	0	1,469,900	1,469,900	0	0
Deposits Held and Due to Others	0	324,059	324,059	0	0
Long-Term Liabilities					
Due Within One Year	366,464	966,129	1,332,593	0	22,708
Due in More Than One Year					
Net Pension Liability	12,367,054	3,900,042	16,267,096	0	835,723
Net OPEB Liability	805,421	79,667	885,088	0	17,072
Other Amounts Due in More Than One Year	1,715,566	6,826,680	8,542,246	0	19,607
<b>Total Liabilities</b>	<b>16,480,563</b>	<b>14,193,825</b>	<b>30,674,388</b>	<b>0</b>	<b>940,636</b>
<u>Deferred Inflows of Resources</u>					
Property Taxes	388,113	0	388,113	0	0
Payment in Lieu of Taxes	25,025	56,807	81,832	0	0
Pension	561,717	24,764	528,320	0	30,172
OPEB	799,405	29,469	828,532	0	5,796
<b>Total Deferred Inflows of Resources</b>	<b>1,774,260</b>	<b>111,040</b>	<b>1,826,797</b>	<b>0</b>	<b>35,968</b>

(continued)

City of Galion  
Statement of Net Position  
Primary Government and Discretely Presented Component Units  
December 31, 2023  
(continued)

	Primary Government			Component Units	
	Governmental Activities	Business-Type Activities*	Total*	Egbert M. Freese Foundation	City of Galion Board of Health
<u>Net Position</u>					
Net Investment in Capital Assets	\$25,811,158	\$17,139,704	\$42,950,862	\$0	\$6,155
Restricted for					
Capital Projects	1,535,957	0	1,535,957	0	0
Police and Fire	768,960	0	768,960	0	0
Street Maintenance	481,254	0	481,254	0	0
Revolving Loans	99,566	0	99,566	0	0
Recreation	349,829	0	349,829	0	0
Airport	43,393	0	43,393	0	0
Other Purposes	529,732	0	529,732	0	319,886
Pension Plans	7,115	12,450	19,565	0	2,668
Unrestricted (Deficit)	955,718	7,338,541	8,294,259	11,218,420	(90,959)
Total Net Position	<u>\$30,582,682</u>	<u>\$24,490,695</u>	<u>\$55,073,377</u>	<u>\$11,218,420</u>	<u>\$237,750</u>

\* After deferred outflows and deferred inflows related to the change in internal proportionate share of pension/OPEB related items have been eliminated.

See Accompanying Notes to the Basic Financial Statements

City of Galion  
Statement of Activities  
Primary Government and Discretely Presented Component Units  
For the Year Ended December 31, 2023

	Program Revenues			
	Expenses	Charges for Services	Operating Grants, Contributions, and Interest	Capital Grants and Contributions
<u>Governmental Activities</u>				
Security of Persons and Property				
Police	\$3,474,003	\$59,021	\$164,286	\$0
Fire	3,714,762	644,042	338,775	0
Public Health				
Health Department Contribution	423,718	0	0	0
Leisure Time Activities	657,114	15,110	10,876	0
Community Environment	274,776	14,890	19,081	0
Transportation	1,662,695	294,886	825,573	785,057
General Government	1,750,195	818,577	71,731	0
Basic Utility Services	4,352	0	148,999	0
Interest	15,054	0	0	0
Total Governmental Activities	11,976,669	1,846,526	1,579,321	785,057
<u>Business-Type Activities</u>				
Water	2,825,517	1,995,701	0	547,464
Sewer	2,507,570	1,968,719	0	0
Electric	12,197,763	13,109,485	0	0
Storm Water	621,938	707,655	0	185,000
Total Business-Type Activities	18,152,788	17,781,560	0	732,464
Total Primary Government	\$30,129,457	\$19,628,086	\$1,579,321	\$1,517,521
<u>Component Units</u>				
Egbert M. Freese Foundation	\$1,189,286	\$0	\$0	\$0
City of Galion Board of Health	1,093,102	167,624	957,989	0
Total Discretely Presented Component Units	\$2,282,388	\$167,624	\$957,989	\$0
Total	\$32,411,845	\$19,795,710	\$2,537,310	\$1,517,521

General Revenues

Property Taxes Levied for General Purposes  
Property Taxes Levied for Police and Fire Pension  
Municipal Income Taxes Levied for General Purposes  
Municipal Income Taxes Levied for Police and Fire  
Municipal Income Taxes Levied for Recreation  
Other Local Taxes  
Grants and Entitlements not Restricted to Specific Programs  
Franchise Taxes  
Investment Earnings and Other Interest  
Other

Total General Revenues

Transfers

Total General Revenues and Transfers

Change in Net Position

Net Position Beginning of Year as Previously Reported

GASB 101 Restatement - See Note 3

Restated Net Position Beginning of Year

Net Position End of Year

See Accompanying Notes to the Basic Financial Statements

Net (Expense) Revenue and Change in Net Position				
Primary Government			Component Units	
Governmental Activities	Business-Type Activities	Total	Egbert M. Freese Foundation	City of Galion Board of Health
(\$3,250,696)	\$0	(\$3,250,696)	\$0	\$0
(2,731,945)	0	(2,731,945)	0	0
(423,718)	0	(423,718)	0	0
(631,128)	0	(631,128)	0	0
(240,805)	0	(240,805)	0	0
242,821	0	242,821	0	0
(859,887)	0	(859,887)	0	0
144,647	0	144,647	0	0
(15,054)	0	(15,054)	0	0
(7,765,765)	0	(7,765,765)	0	0
0	(282,352)	(282,352)	0	0
0	(538,851)	(538,851)	0	0
0	911,722	911,722	0	0
0	270,717	270,717	0	0
0	361,236	361,236	0	0
(7,765,765)	361,236	(7,404,529)	0	0
0	0	0	(1,189,286)	0
0	0	0	0	32,511
0	0	0	(1,189,286)	32,511
(7,765,765)	361,236	(7,404,529)	(1,189,286)	32,511
377,819	0	377,819	0	0
69,148	0	69,148	0	0
3,200,095	0	3,200,095	0	0
2,848,328	0	2,848,328	0	0
351,766	0	351,766	0	0
428,274	0	428,274	0	0
383,919	0	383,919	0	0
126,584	0	126,584	0	0
899,677	0	899,677	2,344,376	0
1,425,193	181,844	1,607,037	0	96,346
10,110,803	181,844	10,292,647	2,344,376	96,346
134,901	(134,901)	0	0	0
10,245,704	46,943	10,292,647	2,344,376	96,346
2,479,939	408,179	2,888,118	1,155,090	128,857
28,523,147	24,371,958	52,895,105	10,063,330	148,903
(420,404)	(289,442)	(709,846)	0	(40,010)
28,102,743	24,082,516	52,185,259	10,063,330	108,893
<u>\$30,582,682</u>	<u>\$24,490,695</u>	<u>\$55,073,377</u>	<u>\$11,218,420</u>	<u>\$237,750</u>

City of Galion  
Balance Sheet  
Governmental Funds  
December 31, 2023

	General	Police and Fire Levy	Street Maintenance and Repair	Other Governmental	Total Governmental Funds
<u>Assets</u>					
Equity in Pooled Cash and Cash Equivalents	\$6,604,469	\$0	\$61,121	\$3,761,077	\$10,426,667
Accounts Receivable	163,431	0	1,695	88,159	253,285
Accrued Interest Receivable	71,611	0	0	0	71,611
Due from Other Governments	202,506	3,102	427,225	307,984	940,817
Municipal Income Taxes Receivable	938,843	844,958	0	93,883	1,877,684
Other Local Taxes Receivable	1,591	0	0	17,842	19,433
Interfund Receivable	3,797,672	0	0	0	3,797,672
<u>Restricted Assets</u>					
Equity in Pooled Cash and Cash Equivalents	17,296	0	0	0	17,296
Prepaid Items	37,573	38,391	5,282	8,423	89,669
Materials and Supplies Inventory	0	0	87,174	26,066	113,240
Property Taxes Receivable	380,821	0	0	69,782	450,603
Payment in Lieu of Taxes Receivable	0	0	25,025	0	25,025
Notes Receivable	300,000	0	0	0	300,000
Total Assets	<u>\$12,515,813</u>	<u>\$886,451</u>	<u>\$607,522</u>	<u>\$4,373,216</u>	<u>\$18,383,002</u>
<u>Liabilities</u>					
Accrued Wages Payable	\$39,354	\$112,100	\$9,956	\$11,914	\$173,324
Accounts Payable	35,265	0	16,315	3,345	54,925
Contracts Payable	1,734	0	118,783	89,015	209,532
Due to Other Governments	47,154	5,391	4,285	98,442	155,272
Due to Component Unit	0	0	0	245,510	245,510
Employee Withholdings Payable	22,711	0	0	0	22,711
Interfund Payable	3,169	0	0	1,933,009	1,936,178
Retainage Payable	0	0	0	36,601	36,601
Unearned Revenue	0	0	0	326,410	326,410
Total Liabilities	<u>149,387</u>	<u>117,491</u>	<u>149,339</u>	<u>2,744,246</u>	<u>3,160,463</u>
<u>Deferred Inflows of Resources</u>					
Property Taxes	328,045	0	0	60,068	388,113
Payment in Lieu of Taxes	0	0	25,025	0	25,025
Unavailable Revenue	1,084,131	632,387	265,822	453,930	2,436,270
Total Deferred Inflows of Resources	<u>1,412,176</u>	<u>632,387</u>	<u>290,847</u>	<u>513,998</u>	<u>2,849,408</u>
<u>Fund Balance</u>					
Nonspendable	54,869	38,391	92,456	34,489	220,205
Restricted	0	98,182	74,880	2,175,823	2,348,885
Assigned	2,759,999	0	0	0	2,759,999
Unassigned (Deficit)	8,139,382	0	0	(1,095,340)	7,044,042
Total Fund Balance	<u>10,954,250</u>	<u>136,573</u>	<u>167,336</u>	<u>1,114,972</u>	<u>12,373,131</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	<u>\$12,515,813</u>	<u>\$886,451</u>	<u>\$607,522</u>	<u>\$4,373,216</u>	<u>\$18,383,002</u>

See Accompanying Notes to the Basic Financial Statements



City of Galion  
Reconciliation of Total Governmental Fund Balance  
to Net Position of Governmental Activities  
December 31, 2023

Total Governmental Fund Balance	\$12,373,131
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Amounts reported for governmental activities on the statement of net position are different because of the following:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	26,794,970
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Other long-term assets are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the funds.

Accounts Receivable	195,648	
Accrued Interest Receivable	41,284	
Due from Other Governments	735,156	
Municipal Income Taxes Receivable	1,399,997	
Delinquent Property Taxes Receivable	62,490	
Payment in Lieu of Taxes Receivable	1,695	
		2,436,270

Accrued interest on outstanding debt is not due and payable in the current period and, therefore, is not reported in the funds; it is reported when due.	(1,773)
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Some liabilities are not due and payable in the current period and, therefore, are not reported in the funds.

OPWC Loans Payable	(710,287)	
Police Liability	(15,116)	
Fire Liability	(57,300)	
Financed Purchases Payable	(33,761)	
Compensated Absences Payable	(1,265,566)	
		(2,082,030)

The net pension liability (asset) and net OPEB liability are not due and payable in the current period; therefore, the asset, liability, and related deferred outflows/inflows are not reported in the governmental funds.

Net Pension Asset	7,115	
Deferred Outflows - Pension	4,787,076	
Deferred Inflows - Pension	(561,717)	
Net Pension Liability	(12,367,054)	
Deferred Outflows - OPEB	801,520	
Deferred Inflows - OPEB	(799,405)	
Net OPEB Liability	(805,421)	
		(8,937,886)

Net Position of Governmental Activities	\$30,582,682
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See Accompanying Notes to the Basic Financial Statements

City of Galion  
Statement of Revenues, Expenditures,  
and Changes in Fund Balance  
Governmental Funds  
For the Year Ended December 31, 2023

	General	Police and Fire Levy	Street Maintenance and Repair	Other Governmental	Total Governmental Funds
<u>Revenues</u>					
Property Taxes	\$376,073	\$0	\$0	\$68,744	\$444,817
Municipal Income Taxes	3,194,552	2,843,151	0	351,401	6,389,104
Other Local Taxes	428,274	0	0	232,963	661,237
Charges for Services	1,355,506	3,102	899	92,175	1,451,682
Fees, Licenses, and Permits	136,677	0	0	0	136,677
Fines, Forfeitures, and Settlements	2,174	0	0	49,008	51,182
Intergovernmental	390,751	0	1,496,540	822,441	2,709,732
Investment Earnings and Other Interest	891,208	5	482	11,283	902,978
Leases	0	0	0	5,491	5,491
Other	354,664	173,259	23,753	876,402	1,428,078
Total Revenues	7,129,879	3,019,517	1,521,674	2,509,908	14,180,978
<u>Expenditures</u>					
Current:					
Security of Persons and Property					
Police	932,390	1,732,110	0	503,311	3,167,811
Fire	435,405	1,745,756	0	873,140	3,054,301
Public Health					
Health Department Contribution	423,718	0	0	0	423,718
Leisure Time Activities	0	0	0	584,919	584,919
Community Environment	295,327	0	0	2,909	298,236
Transportation	0	0	1,777,729	623,212	2,400,941
General Government	1,736,440	0	0	34,031	1,770,471
Basic Utility Services	0	0	0	4,352	4,352
Debt Service:					
Principal Retirement	31,336	0	0	21,137	52,473
Interest	5,038	0	4,474	6,746	16,258
Total Expenditures	3,859,654	3,477,866	1,782,203	2,653,757	11,773,480
Excess of Revenues Over (Under) Expenditures	3,270,225	(458,349)	(260,529)	(143,849)	2,407,498
<u>Other Financing Sources (Uses)</u>					
Transfers In	0	232,798	588,210	701,656	1,522,664
Transfers Out	(1,494,962)	0	0	(71,806)	(1,566,768)
Total Other Financing Sources (Uses)	(1,494,962)	232,798	588,210	629,850	(44,104)
Changes in Fund Balance	1,775,263	(225,551)	327,681	486,001	2,363,394
Fund Balance (Deficit) Beginning of Year	9,178,987	362,124	(160,345)	628,971	10,009,737
Fund Balance End of Year	<u>\$10,954,250</u>	<u>\$136,573</u>	<u>\$167,336</u>	<u>\$1,114,972</u>	<u>\$12,373,131</u>

See Accompanying Notes to the Basic Financial Statements

City of Galion  
Reconciliation of Statement of Revenues, Expenditures,  
and Changes in Fund Balance  
of Governmental Funds to Statement of Activities  
For the Year Ended December 31, 2023

Changes in Fund Balance - Total Governmental Funds \$2,363,394

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

Governmental funds report capital outlays as expenditures. However, on the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current year.

Capital Outlay - Nondepreciable Capital Assets	1,418,791	
Capital Outlay - Depreciable Capital Assets	751,853	
Depreciation	<u>(1,158,809)</u>	1,011,835

The cost of capital assets is removed from the capital asset account on the statement of net position when disposed of resulting in a loss on disposal of capital assets on the statement of activities. (3)

Revenues on the statement of activities that do not provide current financial resources are not reported as revenues in governmental funds.

Delinquent Property Taxes	2,150	
Municipal Income Taxes	11,085	
Charges for Services	10,505	
Fees, Licenses, and Permits	(3,102)	
Fines, Forfeitures, and Settlements	87,712	
Intergovernmental	28,024	
Investment Earnings and Other Interest	7,240	
Other	<u>(2,885)</u>	140,729

Repayment of principal is an expenditure in the governmental funds but the repayment reduces long-term liabilities on the statement of net position.

OPWC Loans Payable	16,317	
Police Liability	1,006	
Fire Liability	3,814	
Financed Purchases Payable	<u>31,336</u>	52,473

Interest is reported as an expenditure when due in the governmental funds but is accrued on outstanding debt on the statement of net position. 1,204

Compensated absences reported on the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. (180,583)

Except for amounts reported as deferred outflows/inflows, changes in the net pension/OPEB liability (asset) are reported as pension expense on the statement of activities.

Pension	(1,710,591)	
OPEB	<u>(34,090)</u>	(1,744,681)

Contractually required contributions are reported as expenditures in the governmental funds, however, the statement of net position reports these amounts as deferred outflows.

Pension	819,253	
OPEB	<u>16,318</u>	835,571

Change in Net Position of Governmental Activities \$2,479,939

See Accompanying Notes to the Basic Financial Statements

City of Galion  
Statement of Revenues, Expenditures,  
and Changes in Fund Balance  
Budget (Non-GAAP Budgetary Basis) and Actual  
General Fund  
For the Year Ended December 31, 2023

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
<u>Revenues</u>				
Property Taxes	\$428,657	\$428,657	\$376,073	(\$52,584)
Municipal Income Taxes	2,158,465	2,158,464	3,175,624	1,017,160
Other Local Taxes	330,197	330,197	431,811	101,614
Charges for Services	316,862	316,862	1,015,730	698,868
Fees, Licenses, and Permits	105,403	105,403	136,677	31,274
Fines, Forfeitures, and Settlements	5,700	5,700	3,609	(2,091)
Intergovernmental	412,756	412,757	394,568	(18,189)
Interest	5,000	5,000	872,521	867,521
Other	15,500	15,500	266,401	250,901
Total Revenues	3,778,540	3,778,540	6,673,014	2,894,474
<u>Expenditures</u>				
Current:				
Security of Persons and Property				
Police	1,143,580	1,097,420	1,045,356	52,064
Fire	515,639	522,479	449,825	72,654
Public Health				
Health Department Contribution	0	423,718	423,718	0
Community Environment	8,044	367,043	285,958	81,085
General Government	2,304,169	2,322,299	1,958,433	363,866
Transportation	0	198,669	198,669	0
Debt Service:				
Principal Retirement	320,366	320,366	0	320,366
Interest	8,082	8,082	0	8,082
Total Expenditures	4,299,880	5,260,076	4,361,959	898,117
Excess of Revenues Over (Under) Expenditures	(521,340)	(1,481,536)	2,311,055	3,792,591
<u>Other Financing Sources (Uses)</u>				
Other Financing Sources	4,022	4,022	87,291	83,269
Other Financing Uses	(1,300)	(1,300)	(1,300)	0
Bond Anticipation Notes Issued	97,500	97,500	0	(97,500)
Advances In	0	0	1,086,567	1,086,567
Advances Out	0	(2,351,360)	(2,351,360)	0
Transfers In	5,000	5,000	0	(5,000)
Transfers Out	(3,577,822)	(3,186,721)	(1,492,962)	1,693,759
Total Other Financing Sources (Uses)	(3,472,600)	(5,432,859)	(2,671,764)	2,761,095
Changes in Fund Balance	(3,993,940)	(6,914,395)	(360,709)	6,553,686
Fund Balance Beginning of Year	6,739,877	6,739,877	6,739,877	0
Prior Year Encumbrances Appropriated	159,900	159,900	159,900	0
Fund Balance (Deficit) End of Year	\$2,905,837	(\$14,618)	\$6,539,068	\$6,553,686

See Accompanying Notes to the Basic Financial Statements

City of Galion  
Statement of Revenues, Expenditures,  
and Changes in Fund Balance  
Budget (Non-GAAP Budgetary Basis) and Actual  
Police and Fire Levy Special Revenue Fund  
For the Year Ended December 31, 2023

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<u>Revenues</u>				
Municipal Income Taxes	\$2,706,817	\$2,882,816	\$2,826,305	(\$56,511)
Interest	5	5	5	0
Total Revenues	2,706,822	2,882,821	2,826,310	(56,511)
<u>Expenditures</u>				
Current:				
Security of Persons and Property				
Police	1,762,083	1,825,683	1,748,925	76,758
Fire	1,609,116	1,780,216	1,763,652	16,564
Total Expenditures	3,371,199	3,605,899	3,512,577	93,322
Excess of Revenues Under Expenditures	(664,377)	(723,078)	(686,267)	36,811
<u>Other Financing Sources</u>				
Other Financing Sources	1,000	1,000	173,952	172,952
Transfers In	450,000	450,000	232,798	(217,202)
Total Other Financing Sources	451,000	451,000	406,750	(44,250)
Changes in Fund Balance	(213,377)	(272,078)	(279,517)	(7,439)
Fund Balance Beginning of Year	265,491	265,491	265,491	0
Prior Year Encumbrances Appropriated	9,626	9,626	9,626	0
Fund Balance (Deficit) End of Year	\$61,740	\$3,039	(\$4,400)	(\$7,439)

See Accompanying Notes to the Basic Financial Statements

City of Galion  
Statement of Revenues, Expenditures,  
and Changes in Fund Balance  
Budget (Non-GAAP Budgetary Basis) and Actual  
Street Maintenance and Repair Special Revenue Fund  
For the Year Ended December 31, 2023

	Budgeted Amounts			
	Original	Final	Actual	Variance with Final Budget
<u>Revenues</u>				
Charges for Services	\$625	\$625	\$899	\$274
Intergovernmental	572,000	1,339,134	1,387,644	48,510
Interest	20	20	482	462
Other	146,000	146,000	17,978	(128,022)
Total Revenues	718,645	1,485,779	1,407,003	(78,776)
<u>Expenditures</u>				
Current:				
Street Maintenance				
Transportation	1,226,627	1,966,760	1,840,344	126,416
Debt Service:				
Principal Retirement	370,000	370,000	257,900	112,100
Interest	16,818	16,818	8,136	8,682
Total Expenditures	1,613,445	2,353,578	2,106,380	247,198
Excess of Revenues Under Expenditures	(894,800)	(867,799)	(699,377)	168,422
<u>Other Financing Sources</u>				
Other Financing Sources	5,000	5,000	5,852	852
Bond Anticipation Notes Issued	362,900	362,900	0	(362,900)
Transfers In	500,000	500,000	588,210	88,210
Total Other Financing Sources	867,900	867,900	594,062	(273,838)
Changes in Fund Balance	(26,900)	101	(105,315)	(105,416)
Fund Balance (Deficit) Beginning of Year	(177,054)	(177,054)	(177,054)	0
Prior Year Encumbrances Appropriated	160,623	160,623	160,623	0
Fund Balance (Deficit) End of Year	<u>(\$43,331)</u>	<u>(\$16,330)</u>	<u>(\$121,746)</u>	<u>(\$105,416)</u>

See Accompanying Notes to the Basic Financial Statements

City of Galion  
Statement of Fund Net Position  
Enterprise Funds  
December 31, 2023

	Water	Sewer	Electric	Storm Water	Total
<u>Assets</u>					
<u>Current Assets</u>					
Equity in Pooled Cash and Cash Equivalents	\$1,755,491	\$1,592,777	\$4,866,356	\$1,735,893	\$9,950,517
Accounts Receivable	389,867	305,453	2,082,029	94,545	2,871,894
Due from Other Governments	99,853	0	2,041	0	101,894
Excise Taxes Receivable	0	0	35,168	0	35,168
Interfund Receivable	0	0	36,619	0	36,619
Prepaid Items	20,238	15,198	19,197	4,585	59,218
Materials and Supplies Inventory	29,681	14,790	0	0	44,471
Payment in Lieu of Taxes Receivable	8,183	16,608	0	32,016	56,807
Special Assessments Receivable	10,993	17,936	0	0	28,929
Total Current Assets	2,314,306	1,962,762	7,041,410	1,867,039	13,185,517
<u>Non-Current Assets</u>					
<u>Restricted Assets</u>					
Equity in Pooled Cash and Cash Equivalents	92,811	89,486	141,762	0	324,059
Net Pension Asset	4,224	3,113	4,224	889	12,450
Special Assessments Receivable	10,742	17,527	0	0	28,269
Nondepreciable Capital Assets	1,497,319	1,143,202	165,114	26,645	2,832,280
Depreciable Capital Assets, Net	4,179,890	4,184,959	8,481,330	5,682,211	22,528,390
Equity Interest in Joint Venture	0	0	(84,503)	0	(84,503)
Total Non-Current Assets	5,784,986	5,438,287	8,707,927	5,709,745	25,640,945
Total Assets	8,099,292	7,401,049	15,749,337	7,576,784	38,826,462
<u>Deferred Outflows of Resources</u>					
Pension	552,284	392,755	602,641	112,414	1,660,094
OPEB	80,809	59,455	81,099	16,989	238,352
Total Deferred Outflows of Resources	633,093	452,210	683,740	129,403	1,898,446
<u>Liabilities</u>					
<u>Current Liabilities</u>					
Accrued Wages Payable	27,996	19,160	26,098	4,972	78,226
Accounts Payable	26,184	19,588	25,874	3,800	75,446
Contracts Payable	294,337	31,538	0	29,606	355,481
Due to Other Governments	14,087	11,275	16,234	4,016	45,612
Compensated Absences Payable	72,353	35,852	99,170	10,538	217,913
Interfund Payable	1,658,251	92,539	122,392	24,931	1,898,113
Retainage Payable	36,985	0	0	0	36,985
Accrued Interest Payable	0	15,950	19,648	0	35,598
Notes Payable	0	658,600	811,300	0	1,469,900
OPWC Loans Payable	7,000	12,686	0	36,285	55,971
OWDA Loans Payable	319,262	315,185	0	0	634,447
AMP Ohio Payable	0	0	57,798	0	57,798
Total Current Liabilities	2,456,455	1,212,373	1,178,514	114,148	4,961,490

(continued)

City of Galion  
Statement of Fund Net Position  
Enterprise Funds  
December 31, 2023  
(continued)

	Water	Sewer	Electric	Storm Water	Total
<u>Non-Current Liabilities</u>					
Deposits Held and Due to Others	\$92,811	\$89,486	\$141,762	\$0	\$324,059
Compensated Absences Payable	157,726	91,082	172,727	25,412	446,947
OPWC Loans Payable	0	202,969	0	714,470	917,439
OWDA Loans Payable	2,837,799	2,344,795	0	0	5,182,594
AMP Ohio Payable	0	0	279,700	0	279,700
Net Pension Liability	1,323,229	975,011	1,323,229	278,573	3,900,042
Net OPEB Liability	27,029	19,916	27,030	5,692	79,667
Total Non-Current Liabilities	4,438,594	3,723,259	1,944,448	1,024,147	11,130,448
Total Liabilities	6,895,049	4,935,632	3,122,962	1,138,295	16,091,938
<u>Deferred Inflows of Resources</u>					
Payment in Lieu of Taxes	8,183	16,608	0	32,016	56,807
Pension	11,180	31,359	2,880	10,406	55,825
OPEB	10,427	6,887	9,076	3,253	29,643
Total Deferred Inflows of Resources	29,790	54,854	11,956	45,675	142,275
<u>Net Position</u>					
Net Investment in Capital Assets	2,188,156	2,180,326	7,835,144	4,936,078	17,139,704
Restricted for:					
Pension Plans	4,224	3,113	4,224	889	12,450
Unrestricted (Deficit)	(384,834)	679,334	5,458,791	1,585,250	7,338,541
Total Net Position	\$1,807,546	\$2,862,773	\$13,298,159	\$6,522,217	\$24,490,695

See Accompanying Notes to the Basic Financial Statements



City of Galion  
Statement of Revenues, Expenses,  
and Changes in Fund Net Position  
Enterprise Funds  
For the Year Ended December 31, 2023

	Water	Sewer	Electric	Storm Water	Total
<u>Operating Revenues</u>					
Charges for Services	\$1,995,701	\$1,968,719	\$13,109,485	\$707,655	\$17,781,560
Other	41,764	54,917	66,291	18,872	181,844
Total Operating Revenues	2,037,465	2,023,636	13,175,776	726,527	17,963,404
<u>Operating Expenses</u>					
Salaries	732,836	513,228	779,590	172,077	2,197,731
Benefits	478,806	399,308	515,206	135,118	1,528,438
Contractual Services	677,462	487,413	10,118,215	75,162	11,358,252
Materials and Supplies	342,917	154,600	142,772	31,725	672,014
Depreciation	245,096	626,294	386,826	159,722	1,417,938
Other	242,495	200,071	180,315	46,861	669,742
Total Operating Expenses	2,719,612	2,380,914	12,122,924	620,665	17,844,115
Operating Income (Loss)	(682,147)	(357,278)	1,052,852	105,862	119,289
<u>Non-Operating Revenues (Expenses)</u>					
Interest Expense	(105,905)	(126,656)	(34,629)	(1,273)	(268,463)
Loss on Disposal of Capital Assets	0	0	0	(254,026)	(254,026)
Loss from Joint Venture	0	0	(40,210)	0	(40,210)
Total Non-Operating Revenues (Expenses)	(105,905)	(126,656)	(74,839)	(255,299)	(562,699)
Income (Loss) before Transfers and Contributions	(788,052)	(483,934)	978,013	(149,437)	(443,410)
Transfers In	27,286	44,520	0	0	71,806
Transfers Out	(10,527)	(17,175)	0	0	(27,702)
Capital Contributions	622,485	0	0	185,000	807,485
Changes in Net Position	(148,808)	(456,589)	978,013	35,563	408,179
Net Position Beginning of Year as Previously Reported	2,052,717	3,391,346	12,422,291	6,505,604	24,371,958
GASB 101 Restatement - See Note 3	(96,363)	(71,984)	(102,145)	(18,950)	(289,442)
Restated Net Position Beginning of Year	1,956,354	3,319,362	12,320,146	6,486,654	24,082,516
Net Position End of Year	<u>\$1,807,546</u>	<u>\$2,862,773</u>	<u>\$13,298,159</u>	<u>\$6,522,217</u>	<u>\$24,490,695</u>

See Accompanying Notes to the Basic Financial Statements

City of Galion  
Statement of Cash Flows  
Enterprise Funds  
For the Year Ended December 31, 2023

	Water	Sewer	Electric	Storm Water	Total
Increases (Decreases) in Cash and Cash Equivalents					
<u>Cash Flows from Operating Activities</u>					
Cash Received from Customers	\$2,014,356	\$1,988,650	\$13,234,029	\$714,061	\$17,951,096
Cash Received from Deposits	16,849	17,037	32,930	0	66,816
Cash Received from Other Revenues	41,943	55,358	64,003	18,860	180,164
Cash Payments for Salaries	(717,900)	(522,259)	(733,958)	(168,671)	(2,142,788)
Cash Payments for Benefits	(437,500)	(385,285)	(445,993)	(127,456)	(1,396,234)
Cash Payments for Contractual Services	(666,193)	(469,097)	(10,190,700)	(85,392)	(11,411,382)
Cash Payments for Materials and Supplies	(330,416)	(152,752)	(119,888)	(15,907)	(618,963)
Cash Payments for Deposits Refunded	(13,284)	(13,360)	(29,803)	0	(56,447)
Cash Payments for Other Expenses	(100,294)	(97,786)	(61,055)	(21,930)	(281,065)
Net Cash Provided by (Used for) Operating Activities	(192,439)	420,506	1,749,565	313,565	2,291,197
<u>Cash Flows from Noncapital Financing Activities</u>					
Advances-In	1,500,000	0	0	0	1,500,000
<u>Cash Flows from Capital and Related Financing Activities</u>					
Capital Grants	447,611	0	0	185,000	632,611
Principal Paid on Bond Anticipation Notes	0	(678,000)	(834,000)	(71,800)	(1,583,800)
Principal Paid on General Obligation Bonds	0	0	(214,000)	0	(214,000)
Principal Paid on OPWC Loans	(7,000)	(12,685)	0	(31,285)	(50,970)
Principal Paid on OWDA Loans	(284,013)	(262,571)	0	0	(546,584)
Interest Paid on Bond Anticipation Notes	0	(21,425)	(26,354)	(2,292)	(50,071)
Interest Paid on General Obligation Bonds	0	0	(2,809)	0	(2,809)
Interest Paid on OWDA Loans	(104,088)	(95,943)	0	0	(200,031)
Bond Anticipation Notes Issued	0	658,600	811,300	0	1,469,900
OPWC Loans Issued	0	0	0	100,000	100,000
Acquisition of Capital Assets	(194,607)	0	0	(482,582)	(677,189)
Loss on Disposal of Capital Assets	0	0	0	(254,026)	(254,026)
Net Cash Used for Capital and Related Financing Activities	(142,097)	(412,024)	(265,863)	(556,985)	(1,376,969)
Net Increase (Decrease) in Cash and Cash Equivalents	1,165,464	8,482	1,483,702	(243,420)	2,414,228
Cash and Cash Equivalents Beginning of Year	682,838	1,673,781	3,524,416	1,979,313	7,860,348
Cash and Cash Equivalents End of Year	<u>\$1,848,302</u>	<u>\$1,682,263</u>	<u>\$5,008,118</u>	<u>\$1,735,893</u>	<u>\$10,274,576</u>

(continued)

City of Galion  
Statement of Cash Flows  
Enterprise Funds  
For the Year Ended December 31, 2023  
(continued)

	Water	Sewer	Electric	Storm Water	Total
<u>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities</u>					
Operating Income (Loss)	(\$682,147)	(\$357,278)	\$1,052,852	\$105,862	\$119,289
<u>Adjustments to Reconcile Operating Income to Net Cash Provided by (Used for) Operating Activities</u>					
Depreciation	245,096	626,294	386,826	159,722	1,417,938
Changes in Assets and Liabilities:					
Decrease in Accounts Receivable	18,449	19,849	160,748	6,352	205,398
(Increase) Decrease in Due from Other Governments	193	209	(1,873)	42	(1,429)
Decrease in Other Local Taxes Receivable	0	0	3,790	0	3,790
Increase in Interfund Receivable	0	0	(36,619)	0	(36,619)
(Increase) Decrease in Prepaid Items	1,998	5,266	(102)	272	7,434
(Increase) Decrease in Materials and Supplies Inventory	(81)	1,024	0	0	943
Decrease in Special Assessments Receivable	192	314	0	0	506
Increase in Accrued Wages Payable	115	819	450	846	2,230
Increase (Decrease) in Accounts Payable	(559)	(6,318)	15,897	(2,532)	6,488
Increase in Contracts Payable	6,330	31,538	0	7,583	45,451
Increase (Decrease) in Due to Other Governments	(4,182)	(655)	(8,581)	963	(12,455)
Increase (Decrease) in Compensated Absences Payable	14,821	(9,850)	45,182	2,560	52,713
Increase in Interfund Payable	158,251	92,539	86,264	24,931	361,985
Increase in Deposits Held and Due to Others	3,565	3,677	3,127	0	10,369
Decrease in AMP Ohio Payable	0	0	(31,495)	0	(31,495)
Decrease in Net Pension Asset	179	225	72	49	525
Increase in Net Pension Liability	37,426	36,441	27,217	8,953	110,037
Decrease in Deferred Outflows - Pension	265,367	178,520	289,438	64,315	797,640
Decrease in Deferred Inflows - Pension	(212,786)	(164,122)	(193,422)	(62,452)	(632,782)
Decrease in Net OPEB Liability	(1,005)	(705)	(1,050)	(208)	(2,968)
Decrease in Deferred Outflows - OPEB	61,685	40,288	54,927	20,494	177,394
Decrease in Deferred Inflows - OPEB	(105,346)	(77,569)	(104,083)	(24,187)	(311,185)
Net Cash Provided by (Used for) Operating Activities	<u>(\$192,439)</u>	<u>\$420,506</u>	<u>\$1,749,565</u>	<u>\$313,565</u>	<u>\$2,291,197</u>

Non-Cash Capital Transactions

At December 31, 2023, the Water enterprise fund had payables related to the acquisition of capital assets, in the amount of \$324,992. In addition, receivables were recorded, in the amount of \$99,853, for requested and approved reimbursements on ARPA projects.

During 2023, the Water enterprise fund accepted the contribution of capital assets from governmental funds, in the amount of \$75,021.

At December 31, 2023, the Storm Water enterprise fund had payables related to the acquisition of capital assets, in the amount of \$22,023.

At December 31, 2022, the Storm Water enterprise fund had payables related to the acquisition of capital assets, in the amount of \$1,169.

See Accompanying Notes to the Basic Financial Statements

**City of Galion**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2023**

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**NOTE 1 - DESCRIPTION OF THE CITY OF GALION AND THE REPORTING ENTITY**

**A. The City**

The City of Galion is a statutory municipal corporation operating under the laws of the State of Ohio. Galion was incorporated as a city in 1842.

The City operates under a mayor-council form of government. Legislative power is vested in a seven member council and a council president, each elected to two-year terms. The Mayor is elected to a four-year term and is the chief executive officer of the City. All City officials, with the exception of the Service-Safety Director, are elected positions. The Service-Safety Director is appointed by the Mayor.

The City of Galion is divided into various departments and financial management and control systems. Services provided include police protection, fire protection, ambulance, health services, parks and recreation, airport facilities, street maintenance and repair, and water, sewer, electric, and storm water services as well as a staff to provide support (i.e., payroll processing, accounts payable, and revenue collection) to the service providers. The operation and control of these activities is provided by the City Council through the budgetary process and by the Mayor through administrative and managerial requirements and procedures.

**B. Reporting Entity**

A reporting entity is composed of the primary government, component units, and other organizations that are included to ensure the financial statements are not misleading. The primary government of the City of Galion consists of all funds, departments, boards, and agencies that are not legally separate from the City. For the City of Galion, this includes all departments and activities that are directly operated by the elected City officials.

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

**Discretely Presented Component Unit**

The component unit column on the financial statements identifies the financial data of the City's component units, the Egbert M. Freese Foundation and the City of Galion Board of Health. They are reported separately to emphasize that they are legally separate from the City. Information about these component units is presented in Note 23 and 24 to the basic financial statements.

**City of Galion**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2023**

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**NOTE 1 - DESCRIPTION OF THE CITY OF GALION AND THE REPORTING ENTITY**  
(continued)

Egbert M. Freese Foundation - The Egbert M. Freese Foundation (Foundation) is a not-for-profit corporation. The Foundation is organized, and at all times is operated, exclusively for the benefit of, to perform the functions of, or to carry out the purposes of the City of Galion. Upon the dissolution of the Foundation, after payment of all liabilities, all assets of the Foundation shall be transferred to the City of Galion. It is intended that the Foundation allocate its funds in such a way that one-eighth of the income is used for college scholarships for worthy high school graduates in the City, with the remaining income to be generally used for upkeep and maintenance of City facilities that benefit the citizens of the City or to pay costs of improvements as shown on the City's current capital improvements plan and which are otherwise suitable to the memory of Egbert M. Freese. For 2023, the City received \$479,338 from the Foundation. Information on the Foundation may be obtained from the Law Offices of Hottenroth, Garverick, Tilson & Co., L.P.A., 126 South Market Street, P.O. Box 477, Galion, Ohio 44833.

City of Galion Board of Health - The City of Galion Board of Health is a legally separate non-profit organization served by a six member Board appointed by the City of Galion and the City provides substantial funding for the Board of Health. Due to the City's ability to impose its will on the Board of Health and the financial burden of the Board of Health on the City, the Board of Health is a component unit of the City. Separately issued financial statements for the Board of Health can be obtained from the City of Galion Health Department, 113 Harding Way East, Galion, Ohio, 44833.

The City of Galion participates in a public entity shared risk pool, a joint venture, two jointly governed organizations, and two related organizations. These organizations are the Public Entities Pool of Ohio, the Ohio Municipal Electric Generation Agency Joint Venture 2 (JV2), the Galion/Polk Township Community Improvement Corporation, the Regional Income Tax Agency (RITA), the Galion Public Library, and the Galion Port Authority. These organizations are presented in Notes 25, 26, 27, and 28 to the basic financial statements.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the City of Galion have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. Following are the more significant of the City's accounting policies.

**A. Basis of Presentation**

The City's basic financial statements consist of government-wide financial 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.

**City of Galion**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2023**

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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

Government-Wide Financial Statements

The statement of net position and the statement of activities display information about the City as a whole. These statements include the financial activities of the primary government. The statements distinguish between those activities of the City that are governmental in nature and those that are considered business-type activities.

The statement of net position presents the financial condition of the governmental and business-type activities of the City at year end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the City's governmental activities and business-type activities. Direct expenses are those that are specifically associated with a service, program, or department and, therefore, clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program, and interest earned that is required to be used to support a particular program. Revenues which are not classified as program revenues are presented as general revenues of the City, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental program or business activity is self-financing or draws from the general revenues of the City.

Fund Financial Statements

During the year, the City segregates transactions related to certain City 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 City 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.

B. Fund Accounting

The City uses funds 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. The funds of the City are reported in two categories; governmental and proprietary.

Governmental Funds

Governmental funds are those through which most governmental functions of the City are financed. Governmental fund reporting focuses on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purpose for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities and deferred inflows of resources is reported as fund balance. The following are the City's major governmental funds:

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

**City of Galion**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2023**

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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

Police and Fire Levy Fund - The Police and Fire Levy special revenue fund accounts for voted .39 and .5 percent income tax levies restricted to provide resources for operating the police and fire departments.

Street Maintenance and Repair Fund - The Street Maintenance and Repair special revenue fund accounts for ninety-two and one-half (92.5%) of the state gasoline tax and motor vehicle registration fees restricted for street maintenance and repair of streets within the City.

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

Proprietary Funds

Proprietary fund reporting focuses on the determination of operating income, changes in net position, financial position, and cash flows.

Enterprise Funds - Enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services. The following are the City's major enterprise funds:

Water Fund - This fund accounts for the provision of water treatment and distribution to residential and commercial users within the City.

Sewer Fund - This fund accounts for the provision of sanitary sewer service to residential and commercial users within the City.

Electric Fund - This fund accounts for the provision of electricity to residential and commercial users within the City.

Storm Water Fund - This fund accounts for the operation of the storm water collection system within the City.

C. Measurement Focus

Government-Wide Financial Statements

The government-wide financial statements are prepared using a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of the City are included on the statement of net position. The statement of activities presents increases (e.g., revenues) and decreases (e.g., expenses) in total net position.

**City of Galion**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2023**

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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

Fund Financial Statements

All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. The statement of revenues, expenditures, and changes in fund balance reflects the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements, therefore, include a reconciliation with brief explanations to better identify the relationship between the government-wide financial statements and the fund financial statements for governmental funds.

Like the government-wide financial statements, the enterprise funds are accounted for using a flow of economic resources measurement focus. All assets and deferred outflows of resources and all liabilities and deferred inflows of resources associated with the operation of these funds are included on the statement of fund net position.

For enterprise funds, the statement of revenues, expenses, and changes in fund net position presents increases (e.g., revenues) and decreases (e.g., expenses) in total net position. The statement of cash flows reflects how the City finances and meets the cash flow needs of its enterprise activities.

D. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting; enterprise funds use the accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, recording of deferred outflows and deferred inflows of resources, and in the presentation of expenses versus expenditures.

Revenues - Exchange and Nonexchange Transactions

Revenues resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On the modified accrual basis, revenue is recorded in the year in which the resources are measurable and become available. Available means the resources will be collected within the current year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current year. For the City, available means expected to be received within thirty-one days after year end.



**City of Galion**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2023**

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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

Nonexchange transactions, in which the City receives value without directly giving equal value in return, include property taxes, income taxes, grants, entitlements, and donations. On the accrual basis, revenue from property taxes is recognized in the year for which the taxes are levied. Revenue from income taxes is recognized in the year in which the income is earned. Revenue from grants, entitlements, and donations is recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted; matching requirements, in which the City must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the City on a reimbursement basis. On the modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered both measurable and available at year end: income taxes, charges for services, fines and forfeitures, state-levied locally shared taxes (including gasoline tax and motor vehicle license tax), grants, and investment earnings and other interest.

Unearned revenue represents amounts under the accrual and modified accrual basis of accounting for which asset recognition criteria have been met but for which revenue recognition criteria have not yet been met because these amounts have not yet been earned.

**Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of financial position may report deferred outflows of resources. Deferred outflows of resources represent a consumption of net assets that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until that time. For the City, deferred outflows of resources are reported on the government-wide and enterprise funds statement of net position for pension/OPEB and explained in Note 16 and Note 17 to the basic financial statements.

In addition to liabilities, the statement of financial position may report deferred inflows of resources. Deferred inflows of resources represent an acquisition of net assets that applies to a future period and will not be recognized until that time. For the City, deferred inflows of resources consist of property taxes, payment in lieu of taxes, unavailable revenue, pension, and OPEB. Property taxes represent amounts for which there was an enforceable legal claim as of December 31, 2023, but which were levied to finance 2024 operations. Payment in lieu of taxes represents a contractual promise to make payment of property taxes which reflect all or a portion of the taxes which would have been paid if the taxes had not been exempted. These amounts have been recorded as deferred inflows of resources on both the government-wide statement of net position and the governmental fund financial statements. Unavailable revenue is reported only on the governmental fund balance sheet and represents receivables which will not be collected within the available period. For the City, unavailable revenue includes accrued interest, intergovernmental revenue including grants, municipal income taxes, delinquent property taxes, payment in lieu of taxes, and other sources. These amounts are deferred and recognized as inflows of resources in the period when the amounts become available. For further details on unavailable revenue, refer to the Reconciliation of Total Governmental Fund Balance to Net Position of Governmental Activities on page 21. Deferred inflows of resources related to pension/OPEB are reported on the government-wide and enterprise funds statement of net position and explained in Note 16 and Note 17 to the basic financial statements.

**City of Galion**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2023**

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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

Expenses/Expenditures

On the accrual basis, expenses are recognized at the time they are incurred.

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization, are not recognized in governmental funds.

E. Budgetary Process

All funds are required to be budgeted and appropriated. The major documents prepared are the statement of fund activities, the certificate of estimated resources, and the appropriations ordinance, all of which are prepared on the budgetary basis of accounting. The statement of fund activities indicates the projected revenues and expenditures for those funds receiving tax monies. The certificate of estimated resources establishes a limit on the amount City Council may appropriate. The appropriations ordinance is City Council's authorization to spend resources and sets annual limits on expenditures plus encumbrances at the level of control selected by City Council. The legal level of control has been established by City Council at the fund, department, and object level for all funds.

The certificate of estimated resources may be amended during the year if projected increases or decreases in revenue are identified by the 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 final amended certificate of estimated resources requested by the City prior to year end.

The appropriations ordinance is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriations ordinance for that fund that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by City Council during the year.

F. Cash and Investments

To improve cash management, cash received by the City is pooled and invested. Individual fund integrity is maintained through City records. Interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents".

**City of Galion**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2023**

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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

During 2023, the City invested in mutual funds, negotiable certificates of deposit, local government securities, federal agency securities, U.S. treasury securities, and STAR Ohio. Investments are reported at fair value. Fair value is based on quoted market price or current share price. STAR Ohio is an investment pool, managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company but has adopted Governmental Accounting Standards Board (GASB) Statement No. 79, "Certain External Investment Pools and Pool Participants". The City measures the investment in STAR Ohio at net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides a NAV per share that approximates fair value.

For 2023, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, twenty-four hours advance notice for deposits and withdrawals of \$100 million or more is appreciated. STAR Ohio reserves the right to limit the transaction to \$250 million per day.

Investment earnings and other interest revenue are allocated to City funds according to State statutes, grant requirements, or debt related restrictions. Investment earnings and other interest revenue credited to the General fund during 2023 was \$891,208, which includes \$602,623 assigned from other City funds.

Investments of the cash management pool and investments with an original maturity of three months or less at the time of purchase are presented on the financial statements as cash equivalents. Investments with an initial maturity of more than three months that were not purchased from the pool are reported as investments.

**G. Restricted Assets**

Assets are reported as restricted when limitations on their use change the nature or normal understanding of the availability of the asset. Such constraints are either externally imposed by creditors, contributors, grantors, laws of other governments, or are imposed by law through constitutional provisions or enabling legislation.

Unclaimed monies that have a legal restriction on their use are reported as restricted.

Utility deposits from customers are classified as restricted assets on the statement of fund net position because their use is limited to the payment of unpaid utility bills or refunding of the deposit to the customer.

Restricted assets in the enterprise funds represent amounts held in trust by the pension plans for future benefits.

**H. Prepaid Items**

Payments made to vendors for services that will benefit periods beyond December 31, 2023, are recorded as prepaid items using the consumption method by recording a current asset for the prepaid amount and reflecting the expenditure/expense in the year in which services are consumed.

**City of Galion**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2023**

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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

**I. Inventory**

Inventory is presented at cost on a first-in, first-out basis and is expended/expensed when used. Inventory consists of expendable supplies held for consumption.

**J. Capital Assets**

General capital assets are capital assets which are associated with and generally arise from governmental activities. They generally result from expenditures in governmental funds. General capital assets are reported in the governmental activities column on the government-wide statement of net position but are not reported on the fund financial statements. Capital assets used by the enterprise funds are reported in both the business-type activities column on the government-wide statement of net position and in the respective funds.

All capital assets are capitalized at cost and updated for additions and reductions during the year. Donated capital assets are recorded at their acquisition value on the date donated. The City maintains a capitalization threshold of ten thousand dollars. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized.

All capital assets are depreciated, except for land and construction in progress. Improvements are depreciated over the remaining useful lives of the related capital assets. Useful lives for infrastructure were estimated based on the City's historical records of necessary improvements and replacement. The City reports all infrastructure, including that acquired prior to 1980.

Depreciation is computed using the straight-line method over the following useful lives:

Description	Governmental Activities Estimated Lives	Business-Type Activities Estimated Lives
Buildings	10-100 years	13-100 years
Improvements Other Than Buildings	20-25 years	30-100 years
Streets	10-40 years	N/A
Bridges	50 years	N/A
Water, Sewer, Electric, and Storm Water Lines	N/A	50 years
Equipment	5-20 years	10-50 years
Vehicles	5-30 years	10-15 years

**K. Interfund Activity**

On fund financial statements, receivables and payables resulting from short-term interfund loans or unpaid amounts for interfund services provided are reported as "Interfund Receivables/Payables". Interfund balances are eliminated on the statement of net position except for any net residual amounts due between governmental and business-type activities. These amounts are reflected as "Internal Balances".

**City of Galion**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2023**

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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

Deferred outflows of resources and deferred inflows of resources from the change in proportionate share related to pension/OPEB items are eliminated in the governmental and business-type activities columns of the statement of net position, except for any net residual amounts between governmental and business-type activities. These residual amounts are eliminated in the total column on the government-wide statement of net position.

**L. Compensated Absences**

For the City, compensated absences include leave for which employees may receive cash payments when the leave is used for time off or receive cash payments for unused leave upon termination of employment. Those payments could occur during employment or upon termination of employment. Compensated absences generally do not have a set payment schedule. The City does not offer noncash settlements.

Liabilities should be recognized for leave that has not been used if the leave is attributable to services already rendered, the leave accumulates, and the leave is more likely than not to be used for time off or otherwise paid in cash. For the City, this leave includes sick and vacation time. However, the City also has certain compensated absences that are dependent upon the occurrence of sporadic events that affects a relatively small proportion of employees. A liability for these types of leave is recognized when the leave commences. For the City, this type of leave includes parental leave, military leave, and jury duty. Holiday leave taken on a specific date, not at the discretion of the employee, is recognized as a liability when used. The liability for compensated absences includes salary related payments.

Liabilities for compensated absences should be recognized in financial statements prepared using the economic resources measurement focus for leave that has not been used and leave that has been used but not yet paid or settled.

**M. Accrued Liabilities and Long-Term Obligations**

All payables, accrued liabilities, and long-term obligations are reported on the government-wide financial statements. All payables, accrued liabilities, and long-term obligations payable from the enterprise funds are reported on the enterprise fund financial statements.

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds. However, compensated absences that are paid from governmental funds are reported as liabilities on the fund financial statements only to the extent that they are due for payment during the current year. The net pension/OPEB liability should be recognized in the governmental funds to the extent that benefit payments are due and payable and the pension/OPEB plan's fiduciary net position is not sufficient to pay those benefits. OPWC loans, the police and fire liability, and financed purchases are recognized as liabilities on the fund financial statements when due.

**City of Galion**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2023**

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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

**N. Net Position**

Net position represents the difference between all other elements on the statement of financial position. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any borrowing used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on its use either through constitutional provisions or enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net position restricted for other purposes includes activities for drug enforcement, economic development and rehabilitation, various recreational activities, and a visitor's bureau. The City's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available. Restricted net position for pension plans represent the corresponding restricted asset amounts held in trust by the pension plans for future benefits.

**O. Leases**

The City serves as a lessor in various noncancellable leases which are accounted for as follows:

Lessor - At the commencement of the lease term, the City initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The lease deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments made at or before the lease commencement date. Subsequently, the lease deferred inflow of resources is recognized as revenue over the life of the lease term. In 2023, the City's lease arrangements expired, therefore, no lease receivable is presented.

**P. Fund Balance**

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

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

Restricted - The restricted classification includes amounts 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 or enabling legislation (City ordinances).

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

**City of Galion**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2023**

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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

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

Assigned - Amounts in the assigned classification are intended to be used by the City for specific purposes but do not meet the criteria to be classified as restricted or committed. Assigned amounts represent intended uses established by City Council. The City Council has authorized the Auditor to assign fund balance for purchases on order provided such amounts have been lawfully appropriated. The City Council has also assigned fund balance to cover a gap between estimated resources and appropriations in the 2024 budget.

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 City first applies restricted resources when an expenditure is 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 can be used.

**Q. Operating Revenues and Expenses**

Operating revenues are those revenues that are generated directly from the primary activity of the enterprise funds. For the City, these revenues are charges for services for water, sewer, electric, and storm water services. Operating expenses are the necessary costs incurred to provide the service that is the primary activity of the fund. All revenues and expenses not meeting this definition are reported as nonoperating.

**R. Capital Contributions**

Capital contributions arise from contributions from other funds.

**S. Interfund Transactions**

Transfers between governmental and business-type activities on the government-wide financial statements are reported in the same manner as general revenues.

Internal allocations of overhead expenses from one function to another or within the same function are eliminated on the statement of activities. Payments for interfund services provided and used are not eliminated.

**City of Galion**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2023**

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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after nonoperating revenues/expenses in enterprise funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

**T. Pension/Other Postemployment Benefits**

For purposes of measuring the net pension/OPEB liability (asset), deferred outflows of resources and deferred inflows of resources related to pension/OPEB, pension/OPEB expense, information about the fiduciary net position of the pension/OPEB plans, and additions to/deductions from their fiduciary net position have been determined on the same basis as they are reported by the retirement systems. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The retirement systems report investments at fair value.

**U. Estimates**

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

**NOTE 3 - CHANGE IN ACCOUNTING PRINCIPLES**

For 2023, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 94, “Public-Private and Public-Public Partnerships and Availability Payment Arrangements”, GASB Statement No. 96, “Subscription-Based Information Technology Arrangements”, GASB Statement No.99, “Omnibus 2022,” GASB Statement No. 100, “Accounting Changes and Error Corrections,” and GASB Statement No. 101, “Compensated Absences.”

GASB Statement No. 94 improves financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). This Statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). The City did not have any arrangements that met the GASB 94 definition of a PPP or an APA.

GASB Statement No. 96 provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). The City did not have any contracts that met GASB 96 definition of a SBITA, other than short-term SBITAs.

GASB Statement No. 99 addresses various issues including items related to leases, PPPs, and SBITAs. The requirements related to PPPs and SBITAs were incorporated with the corresponding GASB 94 and GASB 96 changes identified above.



**City of Galion**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2023**

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**NOTE 3 - CHANGE IN ACCOUNTING PRINCIPLES** (continued)

GASB Statement No. 100 will improve the clarity of the accounting and financial reporting requirements for accounting changes and error corrections, which will result in greater consistency in application in practice. In turn, more understandable, reliable, relevant, consistent, and comparable information will be provided to financial statement users for making decisions or assessing accountability. In addition, the display and note disclosure requirements will result in more consistent, decision useful, understandable, and comprehensive information for users about accounting changes and error corrections. The implementation of the GASB pronouncement did not have any impact on beginning net position or fund balance.

GASB Statement No. 101 will result in a liability for compensated absences that more appropriately reflects when a government incurs an obligation. In addition, the model can be applied consistently to any type of compensated absence and will eliminate potential comparability issues between governments that offer different types of leave. For the City, GASB 101 increased the liability and the cumulative effects of compensated absences related expense on net position.

For 2023, the City also implemented the guidance in GASB's Implementation Guide No. 2021-1, "Implementation Guidance Update-2021" (other than question 5.1).

**NOTE 4 - ACCOUNTABILITY AND COMPLIANCE**

**A. Accountability**

At December 31, 2023, the following funds had deficit fund balances:

<u>Fund</u>	<u>Deficit</u>
Nonmajor Special Revenue Funds	
State Highway	\$32,786
FEMA Grant	61,191
Fire Safer Grant	1,509
Airport Coronavirus Relief	9,000
Airport American Rescue Plan	22,000
Airport CARES Act	30,000
Police Pension	27,929
Fire Pension	45,942
Nonmajor Debt Service Fund	
Cheshire Special Assessment	334,667
Nonmajor Capital Projects Fund	
Leisure Time Capital	98,000
Urban Paving	421,818

These deficits are the result of the recognition of payables in accordance with generally accepted accounting principles as well as short-term interfund loans from the General Fund needed for operations until the receipt of grant monies. The General Fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur.

**City of Galion**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2023**

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**NOTE 4 - ACCOUNTABILITY AND COMPLIANCE** (continued)

**B. Compliance**

The following funds/accounts had expenditures in excess of appropriations for the year ended December 31, 2023.

<u>Fund/Account</u>	<u>Appropriations</u>	<u>Expenditures</u>	<u>Excess</u>
General Fund			
Security of Persons and Property			
Police			
Contractual Services	\$113,906	\$126,684	\$12,778
Street Maintenance and Repair			
Transportation			
Street Transportation			
Capital Outlay	1,076,677	1,096,488	19,811
Permissive Motor Vehicle License			
Transportation			
Street Improvement			
Capital Outlay	40,000	200,000	160,000
Recreation			
Leisure Time Activities			
Swimming Pool			
Materials & Supplies	25,000	30,783	5,783
Miscellaneous Recreation			
Capital Outlay	24,653	27,171	2,518
Airport Grant			
Transportation			
Airport			
Salaries and Wages	10,493	10,528	35
Sewer Fund			
Sewer WWTP			
Contractual Services	520,551	523,487	2,936

The City will monitor expenditures to ensure they are within amounts appropriated.

The Street Maintenance and Repair special revenue fund had original appropriations in excess of estimated resources plus available balances for the year ended December 31, 2023, in the amount of \$43,331.

The following funds had final appropriations in excess of estimated resources plus available balances for the year ended December 31, 2023.

**City of Galion**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2023**

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**NOTE 4 - ACCOUNTABILITY AND COMPLIANCE** (continued)

Fund	Estimated Resources Plus Available Balances	Appropriations	Excess
General Fund	\$10,624,939	\$10,639,557	\$14,618
Street Maintenance and Repair	2,176,625	2,192,955	16,330
Coronavirus Relief	786,909	1,784,240	997,331
Airport Grant	315,542	345,585	30,043
Urban Paving	(212,929)	0	212,929

The City will review appropriations to ensure they are within available resources.

**NOTE 5 - BUDGETARY BASIS OF ACCOUNTING**

While reporting financial position, results of operations, and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The Statements of Revenues, Expenditures, and Changes in Fund Balance - Budget (Non-GAAP Budgetary Basis) and Actual for the General Fund, and the Police and Fire Levy and Street Maintenance and Repair special revenue funds are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget.

The major differences between the budget basis and the GAAP basis are that:

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Outstanding year end encumbrances are treated as expenditures (budget basis) rather than restricted, committed, or assigned fund balance (GAAP basis).
4. Unrecorded cash represents amounts received but not reported by the City on the operating statements (budget) but which is reported on the GAAP basis operating statement.
5. Advances in and advances out are operating transactions (budget basis) as opposed to balance sheet transactions (GAAP basis).

**City of Galion**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2023**

**NOTE 5 - BUDGETARY BASIS OF ACCOUNTING** (continued)

Adjustments necessary to convert the results of operations for the year on the budget basis to the GAAP basis are as follows:

	Change in Fund Balance		
	<u>General</u>	<u>Police and Fire Levy</u>	<u>Street Maintenance and Repair</u>
GAAP Basis	\$1,775,263	(\$225,551)	\$327,681
<u>Increase (Decrease) Due To</u>			
Revenue Accruals:			
Accrued 2022, Received in Cash 2023	347,716	196,418	54,279
Accrued 2023, Net Yet Received in Cash	(711,290)	(215,673)	(163,098)
Expenditure Accruals:			
Accrued 2022, Paid in Cash 2023	(181,067)	(144,101)	(37,633)
Accrued 2023, Net Yet Paid in Cash	126,676	117,491	149,339
Cash Adjustments:			
Unrecorded Activity 2022	857	0	0
Unrecorded Activity 2023	(6,822)	0	0
Prepaid Items	25,733	(3,701)	419
Materials and Supplies Inventory	0	0	4,465
Bond Anticipation Notes Retired	0	0	(257,900)
Advances In	1,086,567	0	0
Advances Out	(2,351,360)	0	0
Transfers Out	2,000	0	0
Encumbrances Outstanding at Year End			
(Budget Basis)	<u>(474,982)</u>	<u>(4,400)</u>	<u>(182,867)</u>
Budget Basis	<u><u>(\$360,709)</u></u>	<u><u>(\$279,517)</u></u>	<u><u>(\$105,315)</u></u>

**NOTE 6 - DEPOSITS AND INVESTMENTS**

State statutes classify monies held by the City into three categories.

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

Inactive deposits are public deposits the City Council 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.

**City of Galion**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2023**

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**NOTE 6 - DEPOSITS AND INVESTMENTS** (continued)

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.

Protection of the City's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, or by the financial institutions 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.

Interim monies may 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 obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, and Government National Mortgage Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2 percent and be marked to market daily and the term of the agreement must not exceed thirty days;
4. 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);
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (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;
7. The State Treasurer's investment pool (STAR Ohio); and
8. 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).

**City of Galion**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2023**

**NOTE 6 - DEPOSITS AND INVESTMENTS** (continued)

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 City, and must be purchased with the expectation that it will be held to maturity.

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

**Investments**

Investments are reported at fair value. As of December 31, 2023, the City had the following investments:

Measurement/Investment	Measurement Amount	Less Than Six Months	Six Months to One Year	One Year to Two Years	More Than Two Years
Fair Value - Level One Inputs					
Mutual Funds	\$90,414	\$90,414	\$0	\$0	\$0
Fair Value - Level Two Inputs					
Negotiable Certificates of Deposit	1,605,033	736,273	664,218	0	204,542
Local Government Securities	148,961	0	148,961	0	0
Federal Agricultural Mortgage Corporation Notes	140,705	0	0	140,705	0
Federal Farm Credit Bank Notes	2,076,995	0	389,324	281,133	1,406,538
Federal Home Loan Bank Notes	1,497,979	0	0	0	1,497,979
Federal Home Loan Mortgage Corporation Notes	351,361	0	0	351,361	0
Federal National Mortgage Association Notes	857,677	0	0	626,312	231,365
U.S. Treasury Notes	6,157,083	594,594	588,048	972,398	4,002,043
Total Fair Value - Level Two Inputs	12,835,794	1,330,867	1,790,551	2,371,909	7,342,467
Net Value Per Share STAR Ohio	3,785,771	3,785,771	0	0	0
Total Investments	\$16,711,979	\$5,207,052	\$1,790,551	\$2,371,909	\$7,342,467

**City of Galion**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2023**

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**NOTE 6 - DEPOSITS AND INVESTMENTS** (continued)

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The above chart identifies the City's recurring fair value measurements as of December 31, 2023. The City's investment in mutual funds measured at fair value are valued using quoted market prices (Level 1 inputs). The remainder of the City's investments measured at fair value are valued using methodologies that incorporate market inputs such as benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, bids, offers, and reference data including market research publications. Market indicators and industry and economic events are also monitored which could require the need to acquire further market data (Level 2 inputs).

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The investment policy restricts the City from investing in any securities other than those identified in the Ohio Revised Code and that all investments must mature within five years from the date of investment unless they are matched to a specific obligation or debt of the City.

The negotiable certificates of deposit are generally covered by FDIC insurance. The mutual funds, federal agency securities, and U.S. treasury securities carry a rating of Aaa by Moody's. The local government securities and STAR Ohio carry a rating of AAA and AAAM by Standard and Poor's, respectively. The City has no investment policy dealing with credit risk beyond the requirements of State statute. Ohio law requires that mutual funds must be rated in the highest category at the time of purchase by at least one nationally recognized statistical rating organization. STAR Ohio must maintain the highest rating provided by at least one nationally recognized statistical rating organization.

The City places no limit on the amount of its interim monies it may invest in a particular security. The following table indicates the percentage of investments to the City's total portfolio:

	Fair Value	Percentage of Portfolio
Negotiable Certificates of Deposit	\$1,605,033	9.60%
Local Government Securities	148,961	0.89
Federal Agriculture Mortgage Corporation	140,705	0.84
Federal Farm Credit Bank	2,076,995	12.43
Federal Home Loan Bank	1,497,979	8.96
Federal Home Loan Mortgage Corporation	351,361	2.10
Federal National Mortgage Association	857,677	5.13
U.S. Treasury Notes	6,157,083	36.84

**City of Galion**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2023**

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**NOTE 7 - RECEIVABLES**

Receivables at December 31, 2023, consisted of accounts (billings for user charged services, including unbilled utility services and Opioid settlement monies); accrued interest; intergovernmental receivables arising from grants, entitlements, and shared revenues; municipal income taxes; other local taxes; excise taxes; interfund; property taxes; payment in lieu of taxes; notes; and special assessments. All receivables are considered collectible in full and within one year, except for municipal income taxes, property taxes, notes, and special assessments. Municipal income taxes and property taxes, although ultimately collectible, include some portion of delinquencies that will not be collected within one year. Notes receivable, in the amount of \$300,000, will not be received within one year. Special assessments, in the amount of \$28,269, will not be received within one year. The December 31, 2023, the amount of delinquent special assessments was \$660.

Notes receivable generally represent low interest loans for development projects granted to eligible City businesses. The notes have an annual interest rate of 1 to 4 percent and are to be repaid over periods ranging from five to fifteen years.

A summary of the principal items of intergovernmental receivables follows:

	<u>Amount</u>
Governmental Activities	
Major Funds	
General Fund	
Homestead and Rollback	\$57,449
Local Government	127,169
Cigarette Tax	385
Crawford County	125
Galion City School District	458
State of Ohio	3,016
Victims of Crime	13,904
Total General Fund	<u>202,506</u>
Police and Fire Levy	
Galion City School District	<u>3,102</u>
Street Maintenance and Repair	
Gasoline Tax	271,007
Motor Vehicle License Tax	43,241
Ohio Department of Transportation	112,977
Total Street Maintenance and Repair	<u>427,225</u>
Total Major Funds	<u>632,833</u>
	(continued)



**City of Galion**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2023**

**NOTE 7 - RECEIVABLES** (continued)

	<u>Amount</u>
Governmental Activities (continued)	
Nonmajor Funds	
Law Enforcement Assistance	
State of Ohio	<u>\$13,010</u>
State Highway	
Gasoline Tax	21,974
Motor Vehicle License Tax	<u>3,506</u>
Total State Highway	<u>25,480</u>
Recreation	
Ohio Department of Natural Resources	<u>10,875</u>
FAA Grant	
Ohio Department of Transportation	<u>12,310</u>
Safer Fire Grant	
State of Ohio	<u>74,836</u>
Airport Coronavirus Relief	
Airport Coronavirus Relief	<u>9,000</u>
Airport American Rescue Plan	
Airport American Rescue Plan	<u>22,000</u>
Airport CARES Act	
Airport CARES Act	<u>30,000</u>
Brownfield Grant	
Environmental Protection Agency	<u>2,017</u>
Police Pension	
Homestead and Rollback	<u>5,228</u>
Fire Pension	
Homestead and Rollback	<u>5,228</u>
Leisure Time Capital	
Ohio Department of Natural Resources	<u>98,000</u>
Total Nonmajor Funds	<u>307,984</u>
Total Governmental Activities	<u>\$940,817</u>
	<u>Amount</u>
Business Type Activities	
Major Funds	
Water	
Crawford County	\$99,853
Electric	
Village of Plymouth	<u>2,041</u>
Total Business Type Activities	<u>\$101,894</u>

In 2023, the City's lease arrangements expired, therefore, no lease receivable is presented. For 2023, the City recognized lease revenue of \$5,491 and interest revenue of \$39.

**City of Galion**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2023**

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**NOTE 7 - RECEIVABLES** (continued)

**Opioid Settlement Monies**

During 2021, Ohio reached an agreement with the three largest distributors of opioids. Subsequently, settlements have been reached with other distributors. As contingencies related to timing and measurement are resolved, a receivable will be reported in accompanying financial statements as a part of accounts receivable. As a participating subdivision, the City reported \$87,883 as an account receivable related to opioid settlement monies in the Opioid Settlement special revenue fund in the accompanying financial statements. Collections of these settlement monies are expected to extend through 2038 with \$9,563 expected to be collected in 2024.

**NOTE 8 - MUNICIPAL INCOME TAXES**

The City levies and collects an income tax of 2 percent based on all income earned within the City as well as on incomes of residents earned outside the City. In the latter case, the City allows a two-thirds credit for tax paid to another municipality. Employers within the City are required to withhold income tax on employee earnings and remit the tax to the City at least quarterly. Corporations and other individual taxpayers are also required to pay their estimated tax at least quarterly and file a final return annually.

The City's income tax rate includes 1 percent authorized by State statute and levied by the City Council and 1 percent approved by voters; .89 percent to be used exclusively for police and fire protection services, fire suppression equipment and structures, and an ambulance subsidy, and .11 percent to be used exclusively for recreation purposes and the acquisition of real estate for recreation.

The receipts of the City income tax and the administrative costs associated with their collection are accounted for in the General Fund and the Police and Fire Levy and Recreation special revenue funds.

The Regional Income Tax Agency administers the collects income taxes for the City. Payments are remitted monthly net of collection fees of approximately 3 percent in the General Fund.

**NOTE 9 - PROPERTY TAXES**

Property taxes include amounts levied against all real and public utility property located in the City. Real property tax revenues received in 2023 represent the collection of 2022 taxes. Real property taxes received in 2023 were levied after October 1, 2022, on the assessed values as of January 1, 2022, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

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

**City of Galion**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2023**

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**NOTE 9 - PROPERTY TAXES** (continued)

The County Treasurer collects property taxes on behalf of all taxing districts within the County, including the City of Galion. The County Auditor periodically remits to the City its portion of the taxes collected.

Accrued property taxes receivable represents real and public utility property taxes which were measurable as of December 31, 2023, and for which there was an enforceable legal claim. In the governmental funds, the portion of the receivable not levied to finance 2023 operations is offset to deferred inflows of resources - property taxes. On the accrual basis, delinquent real property taxes have been recorded as a receivable and revenue while on the modified accrual basis, the revenue has been recorded as deferred inflows of resources - unavailable revenue.

The full tax rate for all City operations for the year ended December 31, 2023, was \$3.90 per \$1,000 of assessed value. The assessed values of real and public utility property upon which 2023 property tax receipts were based are as follows:

Category	Amount
Real Property	
Agricultural	\$614,470
Residential	100,281,430
Commercial	21,224,880
Industrial	7,517,660
Public Utility Property	
Real	74,380
Personal	2,993,330
Total Assessed Value	<u>\$132,706,150</u>

**NOTE 10 - PAYMENT IN LIEU OF TAXES**

According to State law, the City has established tax incremental financing districts within the City under which the City has granted property tax exemptions and agreed to construct certain infrastructure improvements. The property owners have agreed to make payments to the City to help pay the costs of the infrastructure improvements. The amount of those payments generally reflects all or a portion of the property taxes which the property owners would have paid if their taxes had not been exempted. The property owners' contractual promise to make these payments in lieu of taxes generally continues until the costs of the improvement have been paid or the agreement expires, whichever occurs first. Future development by these owners or others may result in subsequent agreements to make payments in lieu of taxes and may, therefore, spread the costs of the improvements to a larger number of property owners.

**City of Galion**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2023**

**NOTE 11 - CAPITAL ASSETS**

Capital asset activity for the year ended December 31, 2023, was as follows:

	Balance December 31, 2022	Additions	Reductions	Balance December 31, 2023
Governmental Activities:				
Nondepreciable Capital Assets				
Land	\$3,499,016	\$48,000	\$0	\$3,547,016
Construction in Progress	6,060,235	1,370,791	(6,606,523)	824,503
Total Nondepreciable Capital Assets	9,559,251	1,418,791	(6,606,523)	4,371,519
Depreciable Capital Assets				
Buildings	1,898,167	0	0	1,898,167
Improvements Other Than Buildings	3,339,486	1,120,291	0	4,459,777
Streets	32,300,074	6,086,612	0	38,386,686
Bridges	1,236,330	0	0	1,236,330
Equipment	1,911,107	127,353	(28,663)	2,009,797
Vehicles	3,409,761	24,120	0	3,433,881
Total Depreciable Capital Assets	44,094,925	7,358,376	(28,663)	51,424,638
Less Accumulated Depreciation for				
Buildings	(771,851)	(44,211)	0	(816,062)
Improvements Other Than Buildings	(1,070,715)	(148,381)	0	(1,219,096)
Streets	(22,067,333)	(693,638)	0	(22,760,971)
Bridges	(845,721)	(24,727)	0	(870,448)
Equipment	(1,247,032)	(75,417)	28,660	(1,293,789)
Vehicles	(1,868,386)	(172,435)	0	(2,040,821)
Total Accumulated Depreciation	(27,871,038)	(1,158,809)	28,660	(29,001,187)
Total Depreciable Capital Assets, Net	16,223,887	6,199,567	(3)	22,423,451
Governmental Activities Capital Assets, Net	\$25,783,138	\$7,618,358	(\$6,606,526)	\$26,794,970

**City of Galion**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2023**

**NOTE 11 - CAPITAL ASSETS** (continued)

	Balance December 31, 2022	Additions	Reductions	Balance December 31, 2023
Business-Type Activities:				
Nondepreciable Capital Assets				
Land	\$2,211,015	\$0	\$0	\$2,211,015
Construction in Progress	10,193	1,352,082	(741,010)	621,265
Total Nondepreciable Capital Assets	2,221,208	1,352,082	(741,010)	2,832,280
Depreciable Capital Assets				
Buildings	20,223,967	0	0	20,223,967
Improvements Other Than Buildings	7,599,975	0	0	7,599,975
Water, Sewer, Electric, and				
Storm Water Lines	20,018,765	486,984	0	20,505,749
Equipment	3,872,201	0	0	3,872,201
Vehicles	1,602,000	0	0	1,602,000
Total Depreciable Capital Assets	53,316,908	486,984	0	53,803,892
Less Accumulated Depreciation for				
Buildings	(15,914,166)	(593,056)	0	(16,507,222)
Improvements Other Than Buildings	(3,611,434)	(140,747)	0	(3,752,181)
Water, Sewer, Electric, and				
Storm Water Lines	(6,254,967)	(460,629)	0	(6,715,596)
Equipment	(3,118,695)	(154,333)	0	(3,273,028)
Vehicles	(958,302)	(69,173)	0	(1,027,475)
Total Accumulated Depreciation	(29,857,564)	(1,417,938)	0	(31,275,502)
Total Depreciable Capital Assets, Net	23,459,344	(930,954)	0	22,528,390
Business-Type Activities				
Capital Assets, Net	\$25,680,552	\$421,128	(\$741,010)	\$25,360,670

The Water enterprise fund accepted contributions of capital assets from governmental activities with a fair value of \$75,021.

Depreciation expense was charged to governmental functions as follows:

Governmental Activities	
Security of Persons and Property - Police	\$56,617
Security of Persons and Property - Fire	115,208
Community Environment	8,392
Leisure Time Activities	129,958
Transportation	837,683
General Government	10,951
Total Depreciation Expense - Governmental Activities	<u>\$1,158,809</u>

**City of Galion**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2023**

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**NOTE 12 - INTERFUND RECEIVABLES/PAYABLES**

At December 31, 2023, the General Fund had an interfund receivable, in the amount of \$3,797,672; \$1,933,009 from other governmental funds for short-term loans made to those funds; \$128,917, \$88,423, \$122,392, and \$24,931, respectively, from the Water, Sewer, Electric, and Storm Water enterprise funds for services provided to those funds; \$1,500,000 from the Water enterprise fund for anticipation of the County's ARPA funds. In addition, the Electric enterprise fund had an interfund receivable in the amount of \$36,619; \$3,169 from the General Fund and \$29,334 and \$4,116 from the Water and Sewer enterprise funds for utility services provided to those funds.

**NOTE 13 - RISK MANAGEMENT**

The City 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 City participates in the Public Entities Pool of Ohio, a public entity shared risk pool. The City pays an annual premium to the pool for various types of insurance coverage. Member cities agree to share in the coverage of losses and pay all premiums necessary for the specified insurance coverage. Upon withdrawal from the Pool, a participant is responsible for the payment of all liabilities accruing as a result of withdrawal. During 2023, the City had the following insurance coverage:

<u>Type of Coverage</u>	<u>Coverage</u>	<u>Deductible</u>
Property (building and contents)	\$54,910,657	\$1,000
Personal Property	788,325	1,000
Flood/Earthquake	1,000,000	50,000
General Liability		
Per Occurrence	6,000,000	0
Employee Benefits Liability	1,000,000	1,000
Law Enforcement Liability	6,000,000	5,000
Automobile Liability	6,000,000	0
Cyber Liability	1,000,000	0
Crime Coverage	6,000,000	1,000

There has been no significant reduction in insurance coverage from 2022 and no insurance settlement has exceeded insurance coverage during the last three years.

**NOTE 14 - SIGNIFICANT CONTRACTUAL COMMITMENTS**

The City has several outstanding contracts for professional services. The following amounts remain on these contracts as of December 31, 2023:

**City of Galion**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2023**

**NOTE 14 - SIGNIFICANT CONTRACTUAL COMMITMENTS** (continued)

Vendor	Contract Amount	Amount Paid as of 12/31/23	Outstanding Balance
Beacon Athletics, LLC	\$25,000	\$0	\$25,000
Buckeye IT Services, LLC	107,250	43,450	63,800
Clemons, Nelson & Associates, Inc.	11,856	3,985	7,871
Crawford Construction, Inc.	170,000	0	170,000
CXT Inc.	43,563	0	43,563
D & K Hathaway, LLC	75,000	0	75,000
DLZ Ohio, Inc.	49,939	40,030	9,909
Downstream Aviation LP, DBA Epic Aviation	80,000	14,321	65,679
GPD Group	62,196	11,215	50,981
Grainger Inc.	980	0	980
Great Lakes Demolition Company, LLC	460,000	294,428	165,572
H&H Concessions, LLC	25,000	10,550	14,450
Henry W. Bergman, Inc.	54,872	47,128	7,744
Jess Howard Electric Company	475,065	427,378	47,687
Kelstin, Inc.	785,777	143,520	642,257
Kildow Construction, LLC	40,000	5,356	34,644
Makeever and Associates, Inc.	28,184	10,000	18,184
McMahon DeGulis, LLP	10,000	4,620	5,380
Mull & Weithman Architects, Inc.	152,652	108,331	44,321
Ohio Treasurer of State	8,159	0	8,159
Oyster Pavement Maintenance, Inc.	15,000	5,817	9,183
Penchura LLC	80,000	44,017	35,983
Shelly & Sands, Inc.	1,005,841	895,708	110,133
Tecta America Corp.	32,964	0	32,964
Terracon Consultants, Inc.	220,000	13,540	206,460
Wallace & Pancher, Inc.	294,595	176,697	117,898

At year end, the significant encumbrances expected to be honored upon performance by the vendor in 2024 are as follows:

General Fund	\$474,982
Police and Fire Levy	4,400
Street Maintenance and Repair	182,867
Other Governmental Funds	1,253,830

**City of Galion**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2023**

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**NOTE 15 - ASSET RETIREMENT OBLIGATION**

Ohio Revised Code Section 6111.44 requires the City to submit any changes to their sewerage system to the Ohio EPA for approval. Through this review process, the City would be responsible to address any public safety issues associated with their wastewater treatment facilities. Any ARO associated with these public safety issues are not reasonably estimable. Currently, there is significant uncertainty as to what public safety items would need addressed; therefore, a reliable estimated amount could not be determined.

**NOTE 16 - DEFINED BENEFIT PENSION PLANS**

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

**Net Pension Liability (Asset) /Net OPEB Liability**

The net pension liability (asset) and the net OPEB liability reported on the statement of net position represent liabilities to employees for pensions and OPEB, respectively. Pensions/OPEB are a component of exchange transactions—between an employer and its employees—of salaries and benefits for employee services. Pensions/OPEB are provided to an employee—on a deferred-payment basis—as part of the total compensation package offered by an employer for employee services each financial period. The obligation to sacrifice resources for pensions is a present obligation because it was created as a result of employment exchanges that already have occurred.

The net pension/OPEB liability (asset) represent the City's proportionate share of each pension/OPEB plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension/OPEB plan's fiduciary net position. The net pension/OPEB liability (asset) calculations are dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting these estimates annually.

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

GASB 68/75 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires funding to come from these employers. All pension contributions to date have come solely from these employers (which also includes pension costs paid in the form of withholdings from employees). The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits. In addition, health care plan enrollees pay a portion of the health care costs in the form of a monthly premium. State statute requires the retirement systems to amortize unfunded pension liabilities within 30 years. If the pension amortization period exceeds 30 years, each retirement system's board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension/OPEB liability (asset). Resulting adjustments to the net pension/OPEB liability (asset) would be effective when the changes are legally enforceable. The Ohio Revised Code permits but does not require the retirement systems to provide healthcare to eligible benefit recipients.



**City of Galion**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2023**

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**NOTE 16 - DEFINED BENEFIT PENSION PLANS** (continued)

The proportionate share of each plan's unfunded benefits is presented as a *net pension asset* or a long-term *net pension/OPEB liability* on the accrual basis of accounting. Any liability for the contractually required pension/OPEB contribution outstanding at the end of the year is included in *intergovernmental payable*. The remainder of this note includes the required pension disclosures. See Note 17 for the required OPEB disclosures.

**Ohio Public Employees Retirement System (OPERS)**

Plan Description - City employees, other than full-time police and firefighters, participate in the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple employer public employee retirement system which administers three separate pension plans. The traditional pension plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan and the combined plan is a combination cost-sharing, multiple-employer defined benefit/defined contribution pension plan. Effective January 1, 2022, new members may no longer select the Combined Plan, and current members may no longer make a plan change to this plan. Participating employers are divided into state, local, law enforcement and public safety divisions. While members in the state and local divisions may participate in all three plans, law enforcement and public safety divisions exist only within the traditional plan.

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

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

**City of Galion**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2023**

**NOTE 16 - DEFINED BENEFIT PENSION PLANS** (continued)

<b>Group A</b> Eligible to retire prior to January 7, 2013 or five years after January 7, 2013	<b>Group B</b> 20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013	<b>Group C</b> Members not in other Groups and members hired on or after January 7, 2013
<b>State and Local</b>	<b>State and Local</b>	<b>State and Local</b>
<b>Age and Service Requirements:</b> Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	<b>Age and Service Requirements:</b> Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	<b>Age and Service Requirements:</b> Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
<b>Traditional Plan Formula:</b> 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	<b>Traditional Plan Formula:</b> 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	<b>Traditional Plan Formula:</b> 2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35
<b>Combined Plan Formula:</b> 1% of FAS multiplied by years of service for the first 30 years and 1.25% for service years in excess of 30	<b>Combined Plan Formula:</b> 1% of FAS multiplied by years of service for the first 30 years and 1.25% for service years in excess of 30	<b>Combined Plan Formula:</b> 1% of FAS multiplied by years of service for the first 35 years and 1.25% for service years in excess of 35
<b>Public Safety</b>	<b>Public Safety</b>	<b>Public Safety</b>
<b>Age and Service Requirements:</b> Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	<b>Age and Service Requirements:</b> Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	<b>Age and Service Requirements:</b> Age 52 with 25 years of service credit or Age 56 with 15 years of service credit
<b>Law Enforcement</b>	<b>Law Enforcement</b>	<b>Law Enforcement</b>
<b>Age and Service Requirements:</b> Age 52 with 15 years of service credit	<b>Age and Service Requirements:</b> Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	<b>Age and Service Requirements:</b> Age 48 with 25 years of service credit or Age 56 with 15 years of service credit
<b>Public Safety and Law Enforcement</b>	<b>Public Safety and Law Enforcement</b>	<b>Public Safety and Law Enforcement</b>
<b>Traditional Plan Formula:</b> 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25	<b>Traditional Plan Formula:</b> 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25	<b>Traditional Plan Formula:</b> 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25

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

Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount. The amount of a member's pension benefit vests upon receipt of the initial benefit payment. The options for Public Safety and Law Enforcement permit early retirement under qualifying circumstances as early as age 48 with a reduced benefit.

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

**City of Galion**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2023**

**NOTE 16 - DEFINED BENEFIT PENSION PLANS** (continued)

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

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

	<u>State and Local</u>					
	<u>Traditional</u>		<u>Combined</u>		<u>Public Safety</u>	<u>Law Enforcement</u>
<b>2023 Statutory Maximum Contribution Rates</b>						
Employer	14.0	%	14.0	%	18.1	%
Employee *	10.0	%	10.0	%	**	***
<b>2023 Actual Contribution Rates</b>						
Employer:						
Pension *****	14.0	%	12.0	%	18.1	%
Post-employment Health Care Benefits *****	0.0		2.0		0.0	
Total Employer	<u>14.0</u>	<u>%</u>	<u>14.0</u>	<u>%</u>	<u>18.1</u>	<u>%</u>
Employee	10.0	%	10.0	%	12.0	%

\* 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.

\*\*\*\*\* These pension and employer health care rates are for the traditional and combined plans. The employer contributions rate for the member-directed plan is allocated 4 percent for health care with the remainder going to pension; however, effective July 1, 2022, a portion of the health care rate is funded with reserves.

**City of Galion**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2023**

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**NOTE 16 - DEFINED BENEFIT PENSION PLANS** (continued)

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

For 2023, the City's contractually required contribution was \$437,873 for the traditional plan, \$5,614 for the combined plan and \$5,754 for the member-directed plan. Of these amounts, \$55,737 is reported as an intergovernmental payable for the traditional plan, \$716 for the combined plan, and \$732 for the member-directed plan.

**Ohio Police & Fire Pension Fund (OP&F)**

Plan Description - City 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](http://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 Annual Comprehensive Financial Report referenced above for additional information, including requirements for Deferred Retirement Option Plan provisions and reduced and unreduced benefits).

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

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

**City of Galion**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2023**

**NOTE 16 - DEFINED BENEFIT PENSION PLANS** (continued)

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

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

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

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

Employer contribution rates are expressed as a percentage of covered payroll. The City's contractually required contribution to OP&F was \$657,985 for 2023. Of this amount, \$87,390 is reported as an intergovernmental payable.

In addition to current contributions, the City pays installments on a specific liability the City incurred when the State of Ohio established the statewide pension system for police and fire fighters in 1967. As of December 31, 2023, the specific liability of the City was \$72,416 payable in semi-annual payments through the year 2035.

**Pension Liability (Asset), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

The net pension liability (asset) for OPERS was measured as of December 31, 2022, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of that date. OP&F's total pension liability was measured as of December 31, 2022, and was determined by rolling forward the total pension liability as of January 1, 2022, to December 31, 2022. The City's proportion of the net pension liability (asset) was based on the City's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense of the City's defined benefit pension plans:

**City of Galion**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2023**

**NOTE 16 - DEFINED BENEFIT PENSION PLANS** (continued)

	OPERS Traditional Plan	OPERS Combined Plan	OP&F	Total
Proportion of the Net Pension Liability/Asset:				
Current Measurement Date	0.02074688%	0.00830104%	0.10673150%	
Prior Measurement Date	0.02076951%	0.00769167%	0.09641030%	
Change in Proportionate Share	0.00002263%	0.00060937%	0.01032120%	
Proportionate Share of the:				
Net Pension Liability	\$6,128,638	\$0	\$10,138,458	\$16,267,096
Net Pension Asset	\$0	\$19,565	\$0	\$19,565
Pension Expense	\$861,491	\$1,800	\$1,404,939	\$2,268,230

2023 pension expense for the member-directed defined contribution plan was \$5,754. The aggregate pension expense for all pension plans was \$2,273,984 for 2023.

At December 31, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to defined benefit pensions from the following sources:

	OPERS Traditional Plan	OPERS Combined Plan	OP&F	Total
<b>Deferred Outflows of Resources</b>				
Differences between expected and actual experience	\$203,567	\$1,203	\$152,072	\$356,842
Changes of assumptions	64,747	1,296	914,454	980,497
Net difference between projected and actual earnings on pension plan investments	1,746,855	7,131	1,476,035	3,230,021
Changes in proportion and differences between City contributions and proportionate share of contributions	0	397	688,719	689,116
City contributions subsequent to the measurement date	437,873	5,614	657,985	1,101,472
Total Deferred Outflows of Resources	\$2,453,042	\$15,641	\$3,889,265	\$6,357,948
<b>Deferred Inflows of Resources</b>				
Differences between expected and actual experience	\$0	\$2,794	\$230,984	\$233,778
Changes of assumptions	0	0	197,697	197,697
Changes in proportion and differences between City contributions and proportionate share of contributions	25,310	2,817	68,718	96,845
Total Deferred Inflows of Resources	\$25,310	\$5,611	\$497,399	\$528,320

**City of Galion**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2023**

**NOTE 16 - DEFINED BENEFIT PENSION PLANS** (continued)

\$1,101,472 reported as deferred outflows of resources related to pension resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability or increase to the net pension asset in 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	OPERS Traditional Plan	OPERS Combined Plan	OP&F	Total
Year Ending December 31:				
2024	\$212,632	(\$50)	\$342,499	\$555,081
2025	407,307	975	638,071	1,046,353
2026	514,188	1,476	703,272	1,218,936
2027	855,732	2,672	972,200	1,830,604
2028	0	(442)	77,839	77,397
Thereafter	0	(215)	0	(215)
Total	<u>\$1,989,859</u>	<u>\$4,416</u>	<u>\$2,733,881</u>	<u>\$4,728,156</u>

**Actuarial Assumptions - OPERS**

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and cost trends. Actuarially determined amounts are subject to continual review or modification as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. The total pension liability was determined by an actuarial valuation as of December 31, 2022, using the following key actuarial assumptions and methods applied to all periods included in the measurement in accordance with the requirements of GASB 67:

	OPERS Traditional Plan	OPERS Combined Plan
Wage Inflation	2.75 percent	2.75 percent
Future Salary Increases, including inflation	2.75 to 10.75 percent including wage inflation	2.75 to 8.25 percent including wage inflation
COLA or Ad Hoc COLA:		
Pre-January 7, 2013 Retirees	3.0 percent, simple	3.0 percent, simple
Post-January 7, 2013 Retirees	3.0 percent, simple through 2023, then 2.05 percent, simple	3.0 percent, simple through 2023, then 2.05 percent, simple
Investment Rate of Return	6.9 percent	6.9 percent
Actuarial Cost Method	Individual Entry Age	Individual Entry Age

**City of Galion**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2023**

**NOTE 16 - DEFINED BENEFIT PENSION PLANS** (continued)

Pre-retirement mortality rates are based on 130 percent of the Pub-2010 General Employee Mortality tables (males and females) for State and Local Government divisions and 170 percent of the Pub-2010 Safety Employee Mortality tables (males and females) for the Public Safety and Law Enforcement divisions. Post-retirement mortality rates are based on 115 percent of the PubG-2010 Retiree Mortality Tables (males and females) for all divisions. Post-retirement mortality rates for disabled retirees are based on the PubNS-2010 Disabled Retiree Mortality Tables (males and females) for all divisions. For all of the previously described tables, the base year is 2010 and mortality rates for a particular calendar year are determined by applying the MP-2020 mortality improvement scales (males and females) to all of these tables.

The most recent experience study was completed for the five year period ended December 31, 2020.

During 2022, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio, and the Defined Contribution portfolio. The Defined Benefit portfolio contains the investment assets for the Traditional Pension Plan, the defined benefit component of the Combined Plan and the annuitized accounts of the Member-Directed Plan. Within the Defined Benefit portfolio contributions into the plans are all recorded at the same time, and benefit payments all occur on the first of the month. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Defined Benefit portfolio was 12.1 percent for 2022.

The allocation of investment assets with the Defined Benefit portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The long-term expected rate of return on defined benefit investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected real rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation. Best estimates of geometric rates of return were provided by the Board's investment consultant. For each major class that is included in the Defined Benefit portfolio's target asset allocation as of December 31, 2022, these best estimates are summarized below:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Geometric)
Fixed Income	22.00%	2.62%
Domestic Equities	22.00	4.60
Real Estate	13.00	3.27
Private Equity	15.00	7.53
International Equities	21.00	5.51
Risk Parity	2.00	4.37
Other investments	5.00	3.27
Total	100.00%	



**City of Galion**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2023**

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**NOTE 16 - DEFINED BENEFIT PENSION PLANS** (continued)

Discount Rate - The discount rate used to measure the total pension liability for the current year was 6.9 percent for the traditional plan and the combined plan. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefits payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments for the traditional pension plan, combined plan and member-directed plan was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the City's Proportionate Share of the Net Pension Liability (Asset) to Changes in the Discount Rate - The following table presents the City's proportionate share of the net pension liability (asset) calculated using the current period discount rate assumption of 6.9 percent, as well as what the City's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is one-percentage-point lower (5.9 percent) or one-percentage-point higher (7.9 percent) than the current rate:

	1% Decrease (5.90%)	Current Discount Rate (6.90%)	1% Increase (7.90%)
<b>City's proportionate share of the net pension liability (asset)</b>			
OPERS Traditional Plan	\$9,180,494	\$6,128,638	\$3,590,040
OPERS Combined Plan	(10,210)	(19,565)	(26,978)

**Actuarial Assumptions - OP&F**

OP&F's total pension liability as of December 31, 2022, is based on the results of an actuarial valuation date of January 1, 2022, and rolled-forward using generally accepted actuarial procedures. The total pension liability is determined by OP&F's actuaries in accordance with GASB Statement No. 67, as part of their annual valuation. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about probability of occurrence of events far into the future. Examples include assumptions about future employment mortality, salary increases, disabilities, retirements and employment terminations. Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future. Assumptions considered are: withdrawal rates, disability retirement, service retirement, DROP elections, mortality, percent married and forms of the payment, DROP interest rate, CPI-based COLA, investment returns, salary increases and payroll growth.

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results, prepared as of January 1, 2022, are presented below.

**City of Galion**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2023**

**NOTE 16 - DEFINED BENEFIT PENSION PLANS** (continued)

Valuation Date	January 1, 2022, with actuarial liabilities rolled forward to December 31, 2022
Actuarial Cost Method	Entry Age Normal
Investment Rate of Return	7.5 percent
Projected Salary Increases	3.75 percent to 10.5 percent
Payroll Growth	3.25 percent per annum, compounded annually, consisting of Inflation rate of 2.75 percent plus productivity increase rate of 0.5 percent
Cost of Living Adjustments	2.2 percent simple per year

For 2022, mortality for service retirees is based on the Pub-2010 Below-Median Safety Amount-Weighted Healthy Retiree mortality table with rates adjusted by 96.2 percent for males and 98.7 percent for females. All rates are projected using the MP-2021 Improvement Scale.

For 2022, mortality for disabled retirees is based on the Pub-2010 Safety Amount-Weighted Disabled Retiree mortality table with rates adjusted by 135 percent for males and 97.9 percent for females. All rates are projected using the MP-2021 Improvement Scale.

For 2022, mortality for contingent annuitants is based on the Pub- 2010 Below-Median Safety Amount-Weighted Contingent Annuitant Retiree mortality table with rates adjusted by 108.9 percent for males and 131 percent for females. All rates are projected using the MP-2021 Improvement Scale.

For 2022, Mortality for active members is based on the Pub-2010 Below-Median Safety Amount-Weighted Employee mortality table. All rates are projected using the MP- 2021 Improvement Scale.

For 2021, mortality for non-disabled participants is based on the RP-2014 Total Employee and Healthy Annuitant Mortality Tables rolled back to 2006, adjusted according to the rates in the following table, and projected with the Buck Modified 2016 Improvement Scale. Rates for surviving beneficiaries are adjusted by 120 percent.

<u>Age</u>	<u>Police</u>	<u>Fire</u>
67 or less	77 %	68 %
68-77	105	87
78 and up	115	120

For 2021, mortality for disabled retirees is based on the RP-2014 Disabled Mortality Tables rolled back to 2006, adjusted according to the rates in the following table, and projected with the Buck Modified 2016 Improvement Scale.

<u>Age</u>	<u>Police</u>	<u>Fire</u>
59 or less	35 %	35 %
60-69	60	45
70-79	75	70
80 and up	100	90

**City of Galion**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2023**

**NOTE 16 - DEFINED BENEFIT PENSION PLANS** (continued)

The most recent experience study was completed for the five-year period ended December 31, 2021.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The assumption is intended to be a long-term assumption (30 to 50 years) and is not expected to change absent a significant change in the asset allocation, a change in the underlying inflation assumption, or a fundamental change in the market that alters expected returns in future years.

Best estimates of the long-term expected geometric real rates of return for each major asset class included in OP&F's target asset allocation as of December 31, 2022, are summarized below:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	18.60 %	4.80 %
Non-US Equity	12.40	5.50
Private Markets	10.00	7.90
Core Fixed Income *	25.00	2.50
High Yield Fixed Income	7.00	4.40
Private Credit	5.00	5.90
U.S. Inflation Linked Bonds*	15.00	2.00
Midstream Energy Infrastructure	5.00	5.90
Real Assets	8.00	5.90
Gold	5.00	3.60
Private Real Estate	12.00	5.30
Commodities	2.00	3.60
Total	<u>125.00 %</u>	

Note: Assumptions are geometric.

\* levered 2.5x

OP&F's Board of Trustees has incorporated the risk parity concept into OP&F's asset liability valuation with the goal of reducing equity risk exposure, which reduces overall Total Portfolio risk without sacrificing return, and creating a more risk-balanced portfolio based on their relationship between asset classes and economic environments. From the notional portfolio perspective above, the Total Portfolio may be levered up to 1.25 times due to the application of leverage in certain fixed income asset classes.

**City of Galion**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2023**

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**NOTE 16 - DEFINED BENEFIT PENSION PLANS** (continued)

Discount Rate - For 2022, the total pension liability was calculated using the discount rate of 7.50 percent. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earning were calculated using the longer-term assumed investment rate of return of 7.50 percent. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, a long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact, the following table presents the net pension liability calculated using the discount rate of 7.50 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.50 percent), or one percentage point higher (8.50 percent) than the current rate.

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
City's proportionate share of the net pension liability	\$13,374,582	\$10,138,458	\$7,448,268

**NOTE 17 - DEFINED BENEFIT OPEB PLANS**

See Note 16 for a description of the net OPEB liability.

**Ohio Public Employees Retirement System (OPERS)**

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

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

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

**City of Galion**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2023**

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**NOTE 17 - DEFINED BENEFIT OPEB PLANS** (continued)

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

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

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

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

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

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

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

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

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

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

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

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

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

**City of Galion**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2023**

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**NOTE 17 - DEFINED BENEFIT OPEB PLANS** (continued)

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

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

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

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

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

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

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. For 2023, OPERS did not allocate any employer contribution to health care for members in the Traditional Pension Plan and beginning July 1, 2022, there was a two percent allocation to health care for the Combined Plan. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the member-directed plan for 2022 was 4.0 percent; however, effective July 1, 2022, a portion of the health care rate was funded with reserves.

Employer contribution rates are expressed as a percentage of covered payroll. The City's contractually required contribution was \$2,816 for 2023. Of this amount, \$358 is reported as an intergovernmental payable.

**City of Galion**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2023**

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**NOTE 17 - DEFINED BENEFIT OPEB PLANS** (continued)

**Ohio Police & Fire Pension Fund (OP&F)**

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

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

Regardless of a benefit recipient's participation in the health care program, OP&F is required by law to pay eligible recipients of a service pension, disability benefit and spousal survivor benefit for their Medicare Part B insurance premium, up to the statutory maximum provided the benefit recipient is not eligible to receive reimbursement from any other source. Once OP&F receives the necessary documentation, a monthly reimbursement is included as part of the recipient's next benefit payment. The stipend provided by OP&F meets the definition of an Other Post Employment Benefit (OPEB) as described in Governmental Accounting Standards Board (GASB) Statement No. 75.

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

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

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

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

**City of Galion**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2023**

**NOTE 17 - DEFINED BENEFIT OPEB PLANS** (continued)

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

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

The City's contractually required contribution to OP&F was \$15,295 for 2023. Of this amount, \$2,035 is reported as an intergovernmental payable.

**OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**

The net OPEB liability and total OPEB liability for OPERS were determined by an actuarial valuation as of December 31, 2021, rolled forward to the measurement date of December 31, 2022, by incorporating the expected value of health care cost accruals, the actual health care payment, and interest accruals during the year. OP&F's total OPEB liability was measured as of December 31, 2022, and was determined by rolling forward the total OPEB liability as of January 1, 2022, to December 31, 2022. The City's proportion of the net OPEB liability was based on the City's share of contributions to the retirement plan relative to the contributions of all participating entities. Following is information related to the proportionate share and OPEB expense:

	<u>OPERS</u>	<u>OP&amp;F</u>	<u>Total</u>
Proportion of the Net OPEB Liability/Asset:			
Current Measurement Date	0.01985544%	0.10673150%	
Prior Measurement Date	<u>0.01983861%</u>	<u>0.09641030%</u>	
Change in Proportionate Share	<u>0.00001683%</u>	<u>0.01032120%</u>	
Proportionate Share of the:			
Net OPEB Liability	\$125,191	\$759,897	\$885,088
OPEB Expense	(\$204,489)	\$103,613	(\$100,876)



**City of Galion**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2023**

**NOTE 17 - DEFINED BENEFIT OPEB PLANS** (continued)

At December 31, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>OPERS</u>	<u>OP&amp;F</u>	<u>Total</u>
<b>Deferred Outflows of Resources</b>			
Differences between expected and actual experience	\$0	\$45,346	\$45,346
Changes of assumptions	122,278	378,691	500,969
Net difference between projected and actual earnings on OPEB plan investments	248,637	65,177	313,814
Changes in proportion and differences between City contributions and proportionate share of contributions	6	161,110	161,116
City contributions subsequent to the measurement date	<u>2,816</u>	<u>15,295</u>	<u>18,111</u>
Total Deferred Outflows of Resources	<u>\$373,737</u>	<u>\$665,619</u>	<u>\$1,039,356</u>
<b>Deferred Inflows of Resources</b>			
Differences between expected and actual experience	\$31,227	\$149,836	\$181,063
Changes of assumptions	10,059	621,534	631,593
Changes in proportion and differences between City contributions and proportionate share of contributions	<u>3,543</u>	<u>12,333</u>	<u>15,876</u>
Total Deferred Inflows of Resources	<u>\$44,829</u>	<u>\$783,703</u>	<u>\$828,532</u>

\$18,111 reported as deferred outflows of resources related to OPEB resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability or an increase in the net OPEB asset in 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	<u>OPERS</u>	<u>OP&amp;F</u>	<u>Total</u>
Year Ending December 31:			
2024	\$37,511	\$30,930	\$68,441
2025	90,929	35,289	126,218
2026	77,534	(19,306)	58,228
2027	120,118	(4,680)	115,438
2028	0	(49,383)	(49,383)
Thereafter	<u>0</u>	<u>(126,229)</u>	<u>(126,229)</u>
Total	<u>\$326,092</u>	<u>(\$133,379)</u>	<u>\$192,713</u>

**City of Galion**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2023**

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**NOTE 17 - DEFINED BENEFIT OPEB PLANS** (continued)

**Actuarial Assumptions - OPERS**

Actuarial valuations of an ongoing plan involve estimates of the values of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and cost trends. Actuarially determined amounts are subject to continual review or modification as actual results are compared with past expectations and new estimates are made about the future.

Projections of health care costs for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of coverage provided at the time of each valuation and the historical pattern of sharing of costs between OPERS and plan members. The total OPEB liability was determined by an actuarial valuation as of December 31, 2021, rolled forward to the measurement date of December 31, 2022. The actuarial valuation used the following key actuarial assumptions and methods applied to all prior periods included in the measurement in accordance with the requirements of GASB 74:

Wage Inflation	2.75 percent
Projected Salary Increases,	2.75 to 10.75 percent
	including wage inflation
Single Discount Rate	5.22 percent
Prior Year Single Discount Rate	6.00 percent
Investment Rate of Return	6.00 percent
Municipal Bond Rate	4.05 percent
Prior Year Municipal Bond Rate	1.84 percent
Health Care Cost Trend Rate	5.5 percent, initial
	3.50 percent, ultimate in 2036
Actuarial Cost Method	Individual Entry Age

Pre-retirement mortality rates are based on 130 percent of the Pub-2010 General Employee Mortality tables (males and females) for State and Local Government divisions and 170 percent of the Pub-2010 Safety Employee Mortality tables (males and females) for the Public Safety and Law Enforcement divisions. Post-retirement mortality rates are based on 115 percent of the PubG-2010 Retiree Mortality Tables (males and females) for all divisions. Post-retirement mortality rates for disabled retirees are based on the PubNS-2010 Disabled Retiree Mortality Tables (males and females) for all divisions. For all of the previously described tables, the base year is 2010 and mortality rates for a particular calendar year are determined by applying the MP-2020 mortality improvement scales (males and females) to all of these tables.

The most recent experience study was completed for the five year period ended December 31, 2020.

**City of Galion**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2023**

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**NOTE 17 - DEFINED BENEFIT OPEB PLANS** (continued)

During 2022, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio and the Defined Contribution portfolio. The Health Care portfolio includes the assets for health care expenses for the Traditional Pension Plan, Combined Plan and Member-Directed Plan eligible members. Within the Health Care portfolio, if any contribution is made into the plans, the contributions are assumed to be received continuously throughout the year based on the actual payroll payable at the time contributions are made. Health care-related payments are assumed to occur mid-year. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Health Care portfolio was 15.6 percent for 2022.

The allocation of investment assets within the Health Care portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Assets are managed on a total return basis with a long-term objective of continuing to offer a sustainable health care program for current and future retirees. OPERS' primary goal is to achieve and maintain a fully funded status for the benefits provided through the defined pension plans. Health care is a discretionary benefit. The long-term expected rate of return on health care investment assets was determined using a building-block method in which best-estimate ranges of expected future rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future rates of return by the target asset allocation percentage, adjusted for inflation. Best estimates of geometric rates of return were provided by the Board's investment consultant. For each major asset class that is included in the Health Care's portfolio's target asset allocation as of December 31, 2022, these best estimates are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Weighted Average Long-Term Expected Real Rate of Return (Geometric)</u>
Fixed Income	34.00%	2.56%
Domestic Equities	26.00	4.60
Real Estate Investment Trust	7.00	4.70
International Equities	25.00	5.51
Risk Parity	2.00	4.37
Other investments	6.00	1.84
Total	<u>100.00%</u>	

**City of Galion**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2023**

**NOTE 17 - DEFINED BENEFIT OPEB PLANS** (continued)

Discount Rate - A single discount rate of 5.22 percent was used to measure the OPEB liability on the measurement date of December 31, 2022; however, the single discount rate used at the beginning of the year was 6 percent. Projected benefit payments are required to be discounted to their actuarial present value using a single discount rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the health care fiduciary net position is projected to be sufficient to pay benefits), and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate are not met). This single discount rate was based on an expected rate of return on the health care investment portfolio of 6.00 percent and a municipal bond rate of 4.05 percent (Fidelity Index's "20-Year Municipal GO AA Index"). The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rate. Based on these assumptions, the health care fiduciary net position and future contributions were sufficient to finance health care costs through 2054. As a result, the actuarial assumed long-term expected rate of return on health care investments was applied to projected costs through the year 2054, and the municipal bond rate was applied to all health care costs after that date.

Sensitivity of the City's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate - The following table presents the City's proportionate share of the net OPEB liability calculated using the single discount rate of 5.22 percent, as well as what the City's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is one-percentage-point lower (4.22 percent) or one-percentage-point higher (6.22 percent) than the current rate:

	1% Decrease (4.22%)	Current Discount Rate (5.22%)	1% Increase (6.22%)
City's proportionate share of the net OPEB liability	\$426,098	\$125,191	(\$123,104)

Sensitivity of the City's Proportionate Share of the Net OPEB Liability to Changes in the Health Care Cost Trend Rate - Changes in the health care cost trend rate may also have a significant impact on the net OPEB liability. The following table presents the net liability calculated using the assumed trend rates, and the expected net OPEB liability if it were calculated using a health care cost trend rate that is 1.0 percent lower or 1.0 percent higher than the current rate.

Retiree health care valuations use a health care cost-trend assumption that changes over several years built into the assumption. The near-term rates reflect increases in the current cost of health care; the trend starting in 2023 is 5.50 percent. If this trend continues for future years, the projection indicates that years from now virtually all expenditures will be for health care. A more reasonable alternative is the health plan cost trend will decrease to a level at, or near, wage inflation. On this basis, the actuaries project premium rate increases will continue to exceed wage inflation for approximately the next decade, but by less each year, until leveling off at an ultimate rate, assumed to be 3.50 percent in the most recent valuation.

	1% Decrease	Current Health Care Cost Trend Rate Assumption	1% Increase
City's proportionate share of the net OPEB liability	\$117,346	\$125,191	\$134,024

**City of Galion**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2023**

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**NOTE 17 - DEFINED BENEFIT OPEB PLANS** (continued)

**Actuarial Assumptions - OP&F**

OP&F's total OPEB liability as of December 31, 2022, is based on the results of an actuarial valuation date of January 1, 2022, and rolled-forward using generally accepted actuarial procedures. The total OPEB liability is determined by OP&F's actuaries in accordance with GASB Statement No. 74, as part of their annual valuation. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, salary increases, disabilities, retirements and employment terminations. Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

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

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

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results, are presented below.

Valuation Date	January 1, 2022, with actuarial liabilities rolled forward to December 31, 2022
Actuarial Cost Method	Entry Age Normal
Investment Rate of Return	7.5 percent
Projected Salary Increases	3.75 percent to 10.5 percent
Payroll Growth	3.25 percent
Blended discount rate:	
Current measurement date	4.27 percent
Prior measurement date	2.84 percent
Cost of Living Adjustments	2.2 percent simple per year
Projected Depletion Year of OPEB Assets	2036

For 2022, mortality for service retirees is based on the Pub-2010 Below-Median Safety Amount-Weighted Healthy Retiree mortality table with rates adjusted by 96.2 percent for males and 98.7 percent for females. All rates are projected using the MP-2021 Improvement Scale.

For 2022, mortality for disabled retirees is based on the Pub-2010 Safety Amount-Weighted Disabled Retiree mortality table with rates adjusted by 135 percent for males and 97.9 percent for females. All rates are projected using the MP-2021 Improvement Scale.

**City of Galion**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2023**

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**NOTE 17 - DEFINED BENEFIT OPEB PLANS** (continued)

For 2022, mortality for contingent annuitants is based on the Pub- 2010 Below-Median Safety Amount-Weighted Contingent Annuitant Retiree mortality table with rates adjusted by 108.9 percent for males and 131percent for females. All rates are projected using the MP-2021 Improvement Scale.

For 2022, mortality for active members is based on the Pub-2010 Below-Median Safety Amount-Weighted Employee mortality table. All rates are projected using the MP- 2021 Improvement Scale.

For 2021, mortality for non-disabled participants is based on the RP-2014 Total Employee and Healthy Annuitant Mortality Tables rolled back to 2006, adjusted according to the rates in the following table, and projected with the Buck Modified 2016 Improvement Scale. Rates for surviving beneficiaries are adjusted by 120 percent.

<u>Age</u>	<u>Police</u>	<u>Fire</u>
67 or less	77 %	68 %
68-77	105	87
78 and up	115	120

For 2021, mortality for disabled retirees is based on the RP-2014 Disabled Mortality Tables rolled back to 2006, adjusted according to the rates in the following table, and projected with the Buck Modified 2016 Improvement Scale.

<u>Age</u>	<u>Police</u>	<u>Fire</u>
59 or less	35 %	35 %
60-69	60	45
70-79	75	70
80 and up	100	90

The most recent experience study was completed for the five year period ended December 31, 2021.

The OP&F health care plan follows the same asset allocation and long-term expected real rate of return for each major asset class as the pension plan, see Note 16.

**City of Galion**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2023**

**NOTE 17 - DEFINED BENEFIT OPEB PLANS** (continued)

Discount Rate - For 2022, the total OPEB liability was calculated using the discount rate of 4.27 percent. For 2021, the total OPEB liability was calculated using the discount rate of 2.84 percent. The projection of cash flows used to determine the discount rate assumed the contribution from employers and from members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earnings were calculated using the longer-term assumed investment rate of return of 7.5 percent. Based on those assumptions, OP&F's fiduciary net position was projected to not be able to make all future benefit payments of current plan members. Therefore, for 2022, the long-term assumed rate of return on investments of 7.50 percent was applied to periods before December 31, 2035, and the Municipal Bond Index Rate of 3.65 percent was applied to periods on and after December 31, 2035, resulting in a discount rate of 4.27 percent. For 2021, a municipal bond rate of 2.05 percent at December 31, 2021, was blended with the long-term rate of 7.5 which resulted in a blended discount rate of 2.84. The municipal bond rate was determined using the Bond Buyers General Obligation 20-year Municipal Bond Index Rate.

Sensitivity of the City's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate - Net OPEB liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net OPEB liability calculated using the discount rate of 4.27 percent, as well as what the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (3.27 percent), or one percentage point higher (5.27 percent) than the current rate.

	1% Decrease (3.27%)	Current Discount Rate (4.27%)	1% Increase (5.27%)
City's proportionate share of the net OPEB liability	\$935,742	\$759,897	\$611,439

**NOTE 18 - OTHER EMPLOYEE BENEFITS**

**Health Care Benefits**

The City offers employee medical, dental, and vision benefits through Anthem and life insurance through Medical Mutual. The employees share the cost of the monthly premium with the City. The premium varies with employee depending on the terms of the union contract.

**Compensated Absences**

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws.

City employees earn and accumulate vacation at varying rates depending on length of service. Current policy credits vacation leave on the employee's anniversary date. Employees are paid for 100 percent of earned unused vacation leave upon termination.

**City of Galion**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2023**

**NOTE 18 - OTHER EMPLOYEE BENEFITS** (continued)

Sick leave earned at various rates as defined by City policy and union contracts. Employees who are part of the Ohio Patrolmen's Benevolent Association and the Fraternal Order of Police, who were hired before January 1, 2014, and who have three or more years of full-time service with the City are entitled to receive two-thirds of the value of their accumulated sick leave. Members of these two unions who were hired after January 1, 2014, and have five or more years of full-time service with the City are entitled to receive one-half of the value of their accumulated unused sick leave. Members of the International Association of Firefighters with five or more years of full-time service with the City are entitled to receive between 25 percent, 33 percent, and 66 percent of the value of their accumulated unused sick leave, dependent on the amount of accumulated hours. All other employees having three or more years of full-time service with the City are entitled to receive two-thirds of the value of their accumulated unused sick leave regardless of date of hire.

**NOTE 19 - NOTES PAYABLE**

The City's note transactions for the year ended December 31, 2022, were as follows:

	Interest Rate	Balance December 31, 2022	Additions	Reductions	Balance December 31, 2023
<u>Governmental Activities</u>					
General Obligation Bond Anticipation					
Notes from Direct Placement					
Special Revenue Funds					
Brandt Road	3.16%	\$257,900	\$0	\$257,900	\$0
Urban Paving	3.16%	202,500	0	202,500	0
Total Governmental Activities		<u>\$460,400</u>	<u>\$0</u>	<u>\$460,400</u>	<u>\$0</u>
<u>Business-type Activities</u>					
General Obligation Bond Anticipation					
Notes from Direct Placement					
Enterprise Funds					
Screw Pump	3.16%	\$398,200	\$0	\$398,200	\$0
Screw Pump	5.39%	0	386,400	0	386,400
State Route 61 Lift Station	3.16%	279,800	0	279,800	0
State Route 61 Lift Station	5.39%	0	272,200	0	272,200
Electric Distribution System	3.16%	834,000	0	834,000	0
Electric Distribution System	5.39%	0	811,300	0	811,300
Brandt Road	3.16%	71,800	0	71,800	0
Total Business-type Activities		<u>\$1,583,800</u>	<u>\$1,469,900</u>	<u>\$1,583,800</u>	<u>\$1,469,900</u>



**City of Galion**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2023**

**NOTE 19 - NOTES PAYABLE** (continued)

According to Ohio law, notes can be issued in anticipation of bond proceeds and levies or for up to 50 percent of anticipated revenue collections. The liability for all notes is presented in the fund receiving the proceeds. All of the City's bond anticipation notes are backed by the full faith and credit of the City of Galion.

The bond anticipation notes in the Sewer enterprise fund, in the amount of \$658,600, were issued on July 19, 2023, through a direct placement; \$386,400 to retire notes previously issued to purchase a screw pump and \$272,200 to retire notes previously issued for the State Route 61 lift station. The notes mature on July 19, 2024. As of December 31, 2023, \$386,400 was not capitalized.

The bond anticipation notes in the Electric enterprise fund, in the amount of \$811,300, were issued on July 19, 2023, through a direct placement to retire notes previously issued to upgrade the electric distribution system. The notes mature on July 19, 2024.

**NOTE 20 - LONG-TERM OBLIGATIONS**

The City's long-term obligations activity for the year ended December 31, 2022, was as follows:

	Interest Rate	Balance January 1, 2023	Additions	Reductions	Balance December 31, 2023	Due Within One Year
<b><u>Governmental Activities</u></b>						
Net Pension Liability						
Ohio Public Employees Retirement System		\$706,199	\$1,522,397	\$0	\$2,228,596	\$0
Ohio Police and Fire Pension		6,023,159	4,115,299	0	10,138,458	0
Total Net Pension Liability		6,729,358	5,637,696	0	12,367,054	0
Net OPEB Liability						
Ohio Public Employees Retirement System		0	45,524	0	45,524	0
Ohio Police and Fire Pension		1,056,740	0	296,843	759,897	0
Total Net Pension Liability		1,056,740	45,524	296,843	805,421	0
OPWC Loans from						
Direct Borrowings						
Portland Way South	0.00%	236,604	0	16,317	220,287	16,318
Portland Way North	0.00%	490,000	0	0	490,000	0
Total OPWC Loans		726,604	0	16,317	710,287	16,318
Police Liability	5.00%	16,122	0	1,006	15,116	1,049
Fire Liability	5.00%	61,114	0	3,814	57,300	3,977
Financed Purchases Payable from						
Direct Borrowings	7.74%	65,097	0	31,336	33,761	33,761
Compensated Absences		1,084,983	180,583	0	1,265,566	311,359
Total Governmental Activities		\$9,740,018	\$5,863,803	\$349,316	\$15,254,505	\$366,464

**City of Galion**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2023**

**NOTE 20 - LONG-TERM OBLIGATIONS** (continued)

	Interest Rate	Balance January 1, 2023	Additions	Reductions	Balance December 31, 2023	Due Within One Year
<b><u>Business-Type Activities</u></b>						
General Obligation Bonds from Direct Placements						
2007 Electric Improvement (Original Amount \$8,952,000)	5.25%	\$214,000	\$0	\$214,000	\$0	\$0
Net Pension Liability						
Ohio Public Employees Retirement System		1,100,837	2,799,205	0	3,900,042	0
Net OPEB Liability						
Ohio Public Employees Retirement System		0	79,667	0	79,667	0
OPWC Loans from Direct Borrowings						
West End Waterline (Original Amount \$140,000)	0.00%	14,000	0	7,000	7,000	7,000
Southeast Storm Sewer (Original Amount \$693,209)	0.00%	543,014	0	23,107	519,907	23,107
Southeast Storm Sewer - Phase II (Original Amount \$163,560)	0.00%	139,026	0	8,178	130,848	8,178
Charles Street Sanitary Sewer and Lift Station (Original Amount \$253,712)	0.00%	228,340	0	12,685	215,655	12,686
Southeast Storm Sewer - Phase IV (Original Amount \$100,000)	0.00%	0	100,000	0	100,000	5,000
Total OPWC Loans		924,380	100,000	50,970	973,410	55,971
OWDA Loans from Direct Borrowings						
#3508 Water Treatment (Original Amount \$3,924,637)	2.00%	1,503,854	0	145,248	1,358,606	148,168
#4088 Cheshire Subdivision (Original Amount \$983,863)	3.98%	136,743	0	67,024	69,719	69,719
#4089 Sewer System Improvement (Original Amount \$1,600,253)	3.98%	997,444	0	59,916	937,528	62,324
#4090 Cheshire (Original Amount \$1,232,112)	3.98%	712,336	0	42,790	669,546	44,510
#4091 Water System Improvement (Original Amount \$2,218,464)	3.98%	1,282,589	0	77,045	1,205,544	80,141
#4732 WWTP Bio-Solids (Original Amount \$2,762,322)	3.20%	1,156,570	0	148,441	1,008,129	153,713
#4873 Water Tank Rehabilitation (Original Amount \$679,864)	4.61%	271,969	0	40,325	231,644	42,205
#6273 WWTP Influent Upgrade (Original Amount \$655,098)	2.57%	369,144	0	32,819	336,325	33,667
Total OWDA Loans		6,430,649	0	613,608	5,817,041	634,447
Compensated Absences Payable		612,147	52,713	0	664,860	217,913
AMP Ohio Payable		368,993	0	31,495	337,498	57,798
Total Business-Type Activities		\$9,651,006	\$3,031,585	\$910,073	\$11,772,518	\$966,129

**City of Galion**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2023**

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**NOTE 20 - LONG-TERM OBLIGATIONS** (continued)

2007 Electric Improvement General Obligation Bonds

On December 21, 2007, the City issued \$8,952,000 in unvoted general obligation bonds through a direct placement to retire the Electric Improvement Loan, in the amount of \$4,927,000, and to upgrade an electric substation and the related distribution system. The bonds are being retired from the Electric enterprise fund. The bonds matured on January 15, 2023. As of December 31, 2023, all of the proceeds had been spent.

Net Pension/OPEB Liability

There is no repayment schedule for the net pension/OPEB liability; however, employer pension contributions are made from the General Fund, Street Maintenance and Repair, Recreation, Airport, Police Pension, and Fire Pension special revenue funds, and the Water, Sewer, Electric, and Storm Water enterprise funds.

OPWC Loans

OPWC loans are general obligations of the City and consist of monies owed to the Ohio Public Works Commission for street improvements and for replacement of water lines and sewer lines. The loans are interest free. The loans will be repaid from the Street Maintenance and Repair special revenue fund and the Water, Sewer, and Storm Water enterprise funds to the extent resources are available.

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

OWDA Loans

OWDA loans consist of monies owed to the Ohio Water Development Authority for improvements to water and sewer lines and upgrades to the City's water and sewer treatment plants. OWDA loans are payable solely from the gross revenues of the Water and Sewer enterprise funds after provisions for reasonable operating and maintenance expenses. Annual principal and interest payments on the loans are expected to require less than 100 percent of these net revenues. The total principal and interest remaining to be paid on the loans is \$6,867,268. Principal and interest paid in the Water and Sewer enterprise funds for the current year were \$388,101 and \$358,514, respectively. The net revenues for the Water and Sewer enterprise funds were (\$437,051) and \$269,016, respectively.

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

Police and Fire Liability

The City pays installments on the accrued liability incurred when the State of Ohio established the statewide pension system for police and fire personnel in 1967. The liability is payable semiannually from the Police Pension and Fire Pension special revenue funds.

**City of Galion**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2023**

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**NOTE 20 - LONG-TERM OBLIGATIONS** (continued)

Financed Purchase Payable

On July 8, 2022, the City entered into a financed purchase agreement for the purchase of vehicles, in the amount of \$101,471. The agreement has an interest rate of 7.74 percent. The City is paying the loan in equal annual payments over a two year period with final maturity on July 8, 2024. The agreement is being repaid from resources of the General Fund.

AMP Ohio Payable

The City of Galion is a member of American Municipal Power (AMP) and a participant in the American Municipal Power Generating Station Project (AMPGS). This project was intended to develop a pulverized coal power plant in Meigs City, Ohio. The City's share of the project was 8,000 kW of a total capacity of 771,281 kW, giving the City a 1.04 percent share of the project.

The AMPGS project required participants to sign "take or pay" contracts with AMP. As such, the participants are obligated to pay any costs incurred for the project. In November 2009, the participants voted to terminate the AMPGS project due to projected escalating costs. These costs were therefore deemed impaired and participants were obligated to pay costs already incurred. As a result of a March 31, 2014, legal ruling, the AMP Board of Trustees on April 15, 2014, and the AMPGS participants on April 16, 2014, approved the collection of the impaired costs and provided the participants with an estimate of their liability.

The City's estimated share of the impaired costs at March 31, 2014, was \$1,148,904. The City received a credit of \$361,799 related to the AMPGS costs deemed to have future benefit for the project participants. Additional costs have been incurred for interest and legal fees of \$42,081 and payments were made of \$491,688 leaving a net impaired cost estimate of \$337,498. The City is reporting a payable to AMP in its business-type activities and in its Electric enterprise fund for these impaired costs. AMP financed these costs on its revolving line of credit. Any additional costs (including line of credit interest and legal fees) or amounts received related to the project may result in a future liability to the City. These amounts will be recorded as they become estimable.

The City is paying its liability to AMP by making monthly payments over a fifteen year period. The liability should be paid in full during 2028.

The City's legal debt margin was \$13,190,098 at December 31, 2023.

OPWC loan Portland Way North has not been completed. The amortization schedule for the repayment of this loan will not be available until the project is completed and, therefore, is not included in the following schedule.

The following is a summary of the City's future annual debt service requirements for governmental activities:

**City of Galion**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2023**

**NOTE 20 - LONG-TERM OBLIGATIONS** (continued)

Year	Governmental Activities				
	Direct Borrowings			Direct Borrowings	
	OPWC	Police and Fire Pension		Financed Purchase	
	Loans	Principal	Interest	Principal	Interest
2024	\$16,318	\$5,026	\$3,025	\$33,761	\$2,613
2025	16,317	5,242	2,809	0	0
2026	16,318	5,468	2,583	0	0
2027	16,317	5,702	2,349	0	0
2028	16,318	5,947	2,104	0	0
2029 to 2033	81,587	33,795	6,460	0	0
2034 to 2037	57,112	11,236	472	0	0
	<u>\$220,287</u>	<u>\$72,416</u>	<u>\$19,802</u>	<u>\$33,761</u>	<u>\$2,613</u>

The City's future annual debt service requirements payable from the enterprise funds are as follows:

	Business-Type Activities			
	Direct Borrowings			
	OPWC			AMP Ohio
	Loans	OWDA Loans		Payable
Year	Principal	Principal	Interest	Principal
2024	\$55,971	\$634,447	\$185,002	\$57,798
2025	48,971	583,520	165,190	57,798
2026	48,970	602,980	146,836	57,798
2027	48,971	623,136	127,828	57,798
2028	48,970	644,013	108,146	106,306
2029 to 2033	244,853	2,163,218	288,801	0
2034 to 2038	244,853	565,727	28,424	0
2039 to 2043	174,084	0	0	0
2044 to 2046	57,767	0	0	0
	\$973,410	\$5,817,041	\$1,050,227	\$337,498

**NOTE 21 - FUND BALANCE**

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

**City of Galion**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2023**

**NOTE 21 - FUND BALANCE** (continued)

Fund Balance	General	Police and Fire Levy	Street Maintenance and Repair	Other Governmental Funds
Nonspendable for:				
Prepaid Items	\$37,573	\$38,391	\$5,282	\$8,423
Materials and Supplies Inventory	0	0	87,174	26,066
Unclaimed Monies	17,296	0	0	0
Total Nonspendable	<u>54,869</u>	<u>38,391</u>	<u>92,456</u>	<u>34,489</u>
Restricted for:				
Airport Improvements	0	0	0	18,773
Drug Enforcement	0	0	0	85,118
Economic Development and Rehabilitation	0	0	0	142,032
Opioid Settlement	0	0	0	13,918
Park Improvements	0	0	0	776,295
Park Operations	0	0	0	266,833
Permanent Improvements	0	0	0	674,513
Police and Fire Operations	0	98,182	0	63,716
Street Construction and Maintenance	0	0	74,880	56,516
Visitor's Bureau	0	0	0	78,109
Total Restricted	<u>0</u>	<u>98,182</u>	<u>74,880</u>	<u>2,175,823</u>
Assigned for:				
Projected Budget Shortage	2,316,488	0	0	0
Unpaid Obligations	443,511	0	0	0
Total Assigned	<u>2,759,999</u>	<u>0</u>	<u>0</u>	<u>0</u>
Unassigned (Deficit)	<u>8,139,382</u>	<u>0</u>	<u>0</u>	<u>(1,095,340)</u>
Total Fund Balance	<u>\$10,954,250</u>	<u>\$136,573</u>	<u>\$167,336</u>	<u>\$1,114,972</u>

**NOTE 22 - INTERNAL BALANCES AND TRANSFERS**

The City uses an internal proportionate share to allocate its net pension/OPEB liability (asset) and corresponding deferred outflows/inflows of resources and pension/OPEB expense to its various funds. This allocation creates a change in internal proportionate share. The effects of the internal proportionate share are eliminated from the pension/OPEB deferred outflows/inflows of resources in the governmental and business-type activities columns of the statement of net position except for any net residual amounts between governmental and business-type activities. These residual amounts are eliminated in the total column of the government-wide statement of net position thus allowing the total column to present the change in proportionate share for the City as a whole.

Eliminations made in the business-type activities column related to pension include deferred outflows of resources and deferred inflows of resources, in the amount of \$31,061.

**City of Galion**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2023**

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**NOTE 22 - INTERNAL BALANCES AND TRANSFERS** (continued)

Eliminations made in the business-type activities column related to OPEB include deferred outflows of resources and deferred inflows of resources, in the amount of \$174.

Eliminations made in the total column of the government-wide statement of net position include deferred outflows of resources - pension and deferred inflows of resources - pension, in the amount of \$58,161.

Eliminations made in the total column of the government-wide statement of net position include deferred outflows of resources - OPEB and deferred inflows of resources - OPEB, in the amount of \$342.

During 2023, the General Fund made transfers to the Police and Fire Levy and Street Maintenance and Repair special revenue funds, and other governmental funds, in the amount of \$232,798, \$588,210, and \$673,954, respectively, to subsidize various programs in other funds.

Other governmental funds made transfers to the Water and Sewer enterprise funds, in the amount of \$27,286 and \$44,520, respectively, to move receipts as debt payments came due.

The Water and Sewer enterprise funds made transfers to other governmental funds, in the amount of \$10,527 and \$17,175, respectively, to move special assessment revenue related to Water and Sewer funds.

**NOTE 23 - EGBERT M. FREESE FOUNDATION**

The Egbert M. Freese Foundation (Foundation), a not-for-profit corporation, is a component unit of the City. The Foundation is governed by a five member Board of Trustees, two members are appointed by City Council and three members are named by the Board. The Foundation was established by the City in 1999 upon receipt of monies from the estate of Egbert M. Freese. The terms of the Foundation agreement provide for the Board of Trustees to have the power and authority to appropriate for distribution funds held by the Foundation as principal. In addition, the annual net income from the Foundation's assets is to be distributed annually such that one-eighth of the annual net income is used for college scholarships for worthy high school graduates in the City and seven-eighths of the income is used generally for the upkeep and maintenance of City facilities that benefit the citizens of Galion (primarily for the upkeep and improvement of the parks in the City).

The Foundation's resources are invested in various securities as determined by the Board of Trustees. As of December 31, 2023, the Foundation's investments consisted of the following:

	Fair Value
Equities	\$8,305,969
Fixed Income	1,774,344
Real Assets	532,453
Alternative Income	418,537
Cash Equivalents	187,117
	<u>\$11,218,420</u>

**City of Galion**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2023**

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**NOTE 24 - CITY OF GALION BOARD OF HEALTH**

**A. Summary of Significant Accounting Policies**

**Reporting Entity**

The City of Galion Board of Health (Board of Health) is presented following the provisions of NCGA Statement No. 1, “Governmental Accounting and Financial Report Principles”, as modified by subsequent NCGA and GASB pronouncements.

The Board of Health is governed by a six member Board appointed by the City of Galion and the City provides substantial funding for the Board of Health. Due to the City’s ability to impose its will on the Board of Health and the financial burden of the Board of Health is on the City, the Board of Health is a component unit of the City. Separately issued financial statements for the Board of Health can be obtained from the City of Galion Health Department, 113 Harding Way East, Galion, Ohio, 44833.

**Basis of Presentation**

The Board of Health is accounted for using a flow a flow of economic resources measurement focus. With this measurement focus, all assets and liabilities are included on the statement of net position. The Board of Health uses the accrual basis of accounting. Revenues are recognized in the accounting period in which they are earned and expenses are recognized at the time they are incurred.

**B. Receivables**

Receivables at December 31, 2023, consisted of intergovernmental receivables arising from grants, contributions, Medicaid billings, and interfund receivables. All receivables are considered collectible and in full within one year. At December 31, 2023, intergovernmental receivables consisted of grants, in the amount of \$63,952, and Medicaid billings, in the amount of \$12,618.

**C. Capital Assets**

The Board of Health had capital assets of equipment, in the amount of \$14,359, as of December 31, 2023. Accumulated depreciation was \$8,204 and net capital assets of \$6,155.

**D. Risk Management**

The Board of Health participates in the Public Entities Pool of Ohio, a public entity shared risk pool. The Board of Health pays an annual premium to the pool for insurance coverage. Members agree to share in the coverage of losses and pay all premiums necessary for the specified insurance coverage. Upon withdrawal from the Pool, a participant is responsible for the payment of all liabilities accruing as a result of withdrawal. During 2023, the Board of Health had general liability insurance coverage of \$6,000,000.

**E. Long-Term Obligations**

The Board of Health’s long-term obligations activity for the year ended December 31, 2023, was as follows.



**City of Galion**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2023**

**NOTE 24 - CITY OF GALION BOARD OF HEALTH** (continued)

	Balance January 1, 2023	Additions	Reductions	Balance December 31, 2023	Due Within One Year
Net Pension Liability	\$270,016	\$565,707	\$0	\$835,723	\$0
Net OPEB Liability	0	17,072	0	17,072	0
Compensated Absences	84,140	0	41,825	42,315	22,708
Total	<u>\$354,156</u>	<u>\$582,779</u>	<u>\$41,825</u>	<u>\$895,110</u>	<u>\$22,708</u>

**NOTE 25 - PUBLIC ENTITY SHARED RISK POOL**

The Public Entities Pool of Ohio (Pool) is a public entity shared risk pool which provides various risk management services to its members. The Pool is governed by a seven member board of directors; six are member representatives or elected officials and one is a representative of the pool administrator, American Risk Pooling Consultants, Inc. Each member has one vote on all issues addressed by the Board of Directors.

Participation in the Pool is by written application subject to the terms of the pool agreement. Members must continue membership for a full year and may withdraw from the Pool by giving a sixty day written notice prior to their annual anniversary. Financial information can be obtained from the Public Entities Pool of Ohio, 6797 North High Street, Suite 131, Worthington, Ohio 43085.

**NOTE 26 - JOINT VENTURE**

The City is a participant, with thirty-five other subdivisions within the State of Ohio, in a joint venture to provide supplemental reserve electric power to the participants on a cooperative basis, the Ohio Municipal Electric Generation Agency Joint Venture (JV2). The City is both a financing participant and an owner participant with percentages of liability and ownership of 5.47 percent and 4.29 percent, respectively. Owner participants own undivided interests, as tenants in common, in JV2 in the amount of their respective project shares. Purchaser participants agree to purchase the output associated with their respective project shares, ownership of which is held in trust for such purchaser participants.

In accordance with the JV2 Agreement (Agreement), the participants jointly undertook (as either financing participants or non-financing participants and as either owner participants or purchaser participants) the acquisition, construction, and equipping of JV2, including such portions of JV2 as have been acquired, constructed, or equipped by AMP-Ohio and to pay or incur the costs of the same in accordance with the Agreement.

JV2 was created to provide additional sources of reliable, reasonably priced electric power and energy when prices are high or during times of generation shortages or transmission constraints, and to improve the reliability and economic status of the participants' respective municipal electric utility system. The project consists of 138.65 MW of distributed generation (of which 134.081 MW is the participant's entitlement and 4.569 MW are held in reserve). Upon dissolution of JV2, the net position will be shared by the participants on a percentage of ownership basis. JV2 is managed by AMP-Ohio, who acts as the joint venture's agent.

**City of Galion**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2023**

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**NOTE 26 - JOINT VENTURE** (continued)

The City's investment and its share of the operating results of JV2 are reported in the City's Electric enterprise fund. The City's investment in JV2 was a deficit of \$84,503 at December 31, 2023. Complete financial statements for JV2 may be obtained from AMP-Ohio or from the Auditor of State of Ohio website at [www.ohioauditor.gov](http://www.ohioauditor.gov).

**NOTE 27 - JOINTLY GOVERNED ORGANIZATIONS**

**A. Galion/Polk Township Community Improvement Corporation (CIC)**

The City participates in the Galion/Polk Township Community Improvement Corporation (CIC), a 501(c)(3) not-for-profit corporation established under Ohio Revised Code Section 1724.10. The purpose of the CIC is to advance, encourage, and promote the industrial, economic, commercial, and civic development of the City of Galion and Polk Township.

The CIC board consists of twenty-five members, two-fifths of whom are required by the Ohio Revised Code to be from the participating governments. Financial information can be obtained from the Galion/Polk Township Community Improvement Corporation, 409 Kroft Street, Galion, Ohio 44833.

**B. Regional Income Tax Agency (RITA)**

The Regional Income Tax Agency (RITA) is a regional council of governments formed to establish a central collection facility for administering income tax laws of the members and for collecting income taxes on behalf of each member. RITA currently has approximately three hundred fifty members in the council of governments. Each member has one representative to the council of governments and is entitled to one vote on items under consideration. RITA is administered by a nine member board of trustees elected by the members of the council of governments. The board exercises total control over RITA's operations including budgeting, appropriating, contracting, and designating management. Each participant's degree of control is limited to its representation on the council. For 2023, the City's total cost for income tax collection services is not yet available; however, these costs are not expected to differ significantly from 2022. For 2023, the City paid \$180,219 for tax collection services.

**NOTE 28 - RELATED ORGANIZATIONS**

**A. Galion Public Library**

The Galion Public Library is a distinct political subdivision of the State of Ohio created under Chapter 3375 of the Ohio Revised Code. The Library is governed by a Board of Trustees appointed by the Mayor. The Board of Trustees possesses its own contracting and budgeting authority, hires and fires personnel, and does not depend on the City for operational subsidies. Although the City serves as the taxing authority and can issue tax related debt on behalf of the Library, its role is limited to a ministerial function. The determination to request approval of a tax, the rate, and the purpose are discretionary decisions made solely by the Board of Trustees. The Library is not considered part of the City and its operations are not included within the accompanying financial statements. Financial information can be obtained from the Galion Public Library, 123 N. Market Street, Galion, Ohio 44833.

**City of Galion**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2023**

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**NOTE 28 - RELATED ORGANIZATIONS** (continued)

**B. Galion Port Authority**

The Galion Port Authority is a legally separate organization created under Ohio Revised Code Sections 4582.21 to 4582.59. The Port Authority may acquire, construct, furnish, equip, maintain, repair, sell, exchange, lease to or from, operate, manage, or contract for the operation or management of port authority facilities as defined in the Ohio Revised Code and may issue bonds or notes for such purposes. The purpose of the Port Authority is to enhance, foster, aid, provide or promote transportation, economic development, housing, recreation, education, governmental operations, culture and research in the City of Galion and to create or preserve jobs and employment opportunities and enhance the availability of adequate housing. The Port Authority is governed by a seven member Board of Directors appointed by the Mayor of the City of Galion with approval of City Council. The Port Authority serves as custodian of its own funds and maintains all records and accounts independent of the City of Galion. Financial information can be obtained from the Galion Port Authority, P.O.Box 761, Galion, Ohio, 44833.

**NOTE 29 - CONTINGENT LIABILITIES**

**A. Litigation**

The City of Galion is a party to several legal proceedings seeking damages or injunctive relief generally incidental to its operations and pending projects. The City management is of the opinion that the ultimate disposition of various claims and legal proceedings will not have a material effect, if any, on the financial condition of the City.

**B. Federal and State Grants**

For the period January 1, 2023, to December 31, 2023, the City received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies or their designees. Such audits could lead to a request for reimbursement to the grantor agency for expenditures disallowed under the terms of the grant. Based on prior experience, the City believes such disallowances, if any, would be immaterial.

**NOTE 30 - COVID-19**

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June 2021 while the national state of emergency ended in April 2023. During 2023, the City received COVID-19 funding. The City will continue to spend available COVID-19 funding consistent with the applicable program guidelines.

During 2023, the City received \$547,464 as an on-behalf of grant from another government. These amounts are recorded in the Water enterprise fund.

**NOTE 31 - SUBSEQUENT EVENT**

On July 18, 2024, the City issued \$1,188,000 in bond anticipation notes for a screw pump, constructing State Route 61 lift station, site improvements to Powers Reservoir, and improvements to the water treatment plant. The notes have an interest rate of 4.35% and mature on July 18, 2025.

City of Galion  
Required Supplementary Information  
Schedule of the City's Proportionate Share of the Net Pension Liability  
Ohio Public Employees Retirement System - Traditional  
Last Ten Years

	2023	2022	2021	2020
City's Proportion of the Net Pension Liability	0.02074688%	0.02076951%	0.02141518%	0.02062800%
City's Proportionate Share of the Net Pension Liability	\$6,128,638	\$1,807,036	\$3,171,124	\$4,077,263
City's Covered Payroll	\$3,172,079	\$3,083,436	\$3,050,071	\$2,902,393
City's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	193.21%	58.60%	103.97%	140.48%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	75.74%	92.62%	86.88%	82.17%

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

See Notes to the Required Supplementary Information

2019	2018	2017	2016	2015	2014
0.21055500%	0.02372200%	0.02385800%	0.02393400%	0.02308100%	0.02308100%
\$5,766,673	\$3,721,521	\$5,417,745	\$4,145,670	\$2,783,827	\$2,720,949
\$3,159,907	\$3,134,954	\$3,082,733	\$2,983,957	\$2,829,850	\$2,549,462
182.50%	118.71%	175.74%	138.93%	98.37%	106.73%
74.70%	84.66%	77.25%	81.08%	86.45%	86.36%

City of Galion  
Required Supplementary Information  
Schedule of the City's Proportionate Share of the Net Pension Asset  
Ohio Public Employees Retirement System - Combined  
Last Six Years (1)

	2023	2022	2021	2020
City's Proportion of the Net Pension Asset	0.00830104%	0.00769167%	0.00770206%	0.06799500%
City's Proportionate Share of the Net Pension Asset	\$19,565	\$30,306	\$22,232	\$14,177
City's Covered Payroll	\$33,250	\$31,929	\$34,321	\$30,264
City's Proportionate Share of the Net Pension Asset as a Percentage of Covered Payroll	58.84%	94.92%	64.78%	46.84%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	137.14%	169.88%	157.67%	145.28%

(1) Amounts for the combined plan are not presented prior to 2018 as the City's participation in this plan was considered immaterial in previous years.

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

See Notes to the Required Supplementary Information

2019	2018
0.00620370%	0.00643200%
\$6,938	\$8,755
\$29,479	\$26,346
23.54%	33.23%
126.64%	137.28%

City of Galion  
Required Supplementary Information  
Schedule of the City's Proportionate Share of the Net Pension Liability  
Ohio Police and Fire Pension Fund  
Last Ten Years

	2023	2022	2021	2020
City's Proportion of the Net Pension Liability	0.10673150%	0.09641030%	0.09440810%	0.09500420%
City's Proportionate Share of the Net Pension Liability	\$10,138,458	\$6,023,159	\$6,435,886	\$6,399,990
City's Covered Payroll	\$2,712,362	\$2,425,784	\$2,283,670	\$2,223,558
City's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	373.79%	248.30%	281.82%	287.83%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	62.90%	75.03%	70.65%	69.89%

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

See Notes to the Required Supplementary Information



2019	2018	2017	2016	2015	2014
0.09793500%	0.09480700%	0.09312600%	0.09875600%	0.09833180%	0.09833180%
\$7,994,083	\$5,818,734	\$5,898,508	\$6,353,043	\$5,093,998	\$4,789,067
\$2,144,400	\$2,062,044	\$1,998,757	\$1,980,560	\$1,925,161	\$1,819,529
372.79%	282.18%	295.11%	320.77%	264.60%	263.20%
63.07%	70.91%	68.36%	66.77%	71.71%	73.00%

City of Galion  
Required Supplementary Information  
Schedule of the City's Proportionate Share of the Net OPEB Liability (Asset)  
Ohio Public Employees Retirement System  
Last Seven Years (1)

	2023	2022	2021	2020
City's Proportion of the Net OPEB Liability (Asset)	0.01985544%	0.01983861%	0.02045042%	0.01967580%
City's Proportionate Share of the Net OPEB Liability (Asset)	\$125,191	(\$621,375)	(\$364,341)	\$2,717,738
City's Covered Payroll	\$3,254,854	\$3,160,665	\$3,127,492	\$2,972,607
City's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of Covered Payroll	3.85%	-19.66%	-11.65%	91.43%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	94.79%	128.23%	115.57%	47.80%

(1) Although this schedule is intended to reflect information for ten years, information prior to 2017 is not available. An additional column will be added each year.

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

See Notes to the Required Supplementary Information

2019	2018	2017
0.02005740%	0.02261000%	0.02279000%
\$2,615,012	\$2,455,280	\$2,301,867
\$3,232,586	\$3,202,000	\$3,147,758
80.90%	76.68%	73.13%
46.33%	54.14%	54.04%

City of Galion  
Required Supplementary Information  
Schedule of the City's Proportionate Share of the Net OPEB Liability  
Ohio Police and Fire Pension Fund  
Last Seven Years (1)

	2023	2022	2021	2020
City's Proportion of the Net OPEB Liability	0.10673150%	0.09641030%	0.09440810%	0.09500420%
City's Proportionate Share of the Net OPEB Liability	\$759,897	\$1,056,740	\$1,000,270	\$938,427
City's Covered Payroll	\$2,712,362	\$2,425,784	\$2,283,670	\$2,223,558
City's Proportionate Share of the Net OPEB Liability as a Percentage of Covered Payroll	28.02%	43.56%	43.80%	42.20%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	52.59%	46.90%	45.40%	47.08%

(1) Although this schedule is intended to reflect information for ten years, information prior to 2017 is not available. An additional column will be added each year.

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

See Notes to the Required Supplementary Information

2019	2018	2017
0.09793500%	0.09480700%	0.09312600%
\$891,849	\$5,371,632	\$4,420,482
\$2,144,400	\$2,062,044	\$1,998,757
41.59%	260.50%	221.16%
46.57%	14.13%	15.96%

City of Galion  
Required Supplementary Information  
Schedule of the City's Contributions  
Ohio Public Employees Retirement System  
Last Ten Years

	2023	2022	2021	2020
<b>Net Pension Liability - Traditional Plan</b>				
Contractually Required Contribution	\$437,873	\$444,091	\$431,681	\$427,010
Contributions in Relation to the Contractually Required Contribution	<u>(437,873)</u>	<u>(444,091)</u>	<u>(431,681)</u>	<u>(427,010)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
City Covered Payroll	\$3,127,664	\$3,172,079	\$3,083,436	\$3,050,071
Pension Contributions as a Percentage of Covered Payroll	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>
<b>Net Pension Asset - Combined Plan</b>				
Contractually Required Contribution	\$5,614	\$4,655	\$4,470	\$4,805
Contributions in Relation to the Contractually Required Contribution	<u>(5,614)</u>	<u>(4,655)</u>	<u>(4,470)</u>	<u>(4,805)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
City Covered Payroll	\$46,783	\$33,250	\$31,929	\$34,321
Pension Contributions as a Percentage of Covered Payroll	<u>12.00%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>
<b>Net OPEB Liability/Asset - OPEB Plan</b>				
Contractually Required Contribution	\$2,816	\$1,981	\$1,812	\$1,724
Contributions in Relation to the Contractually Required Contribution	<u>(2,816)</u>	<u>(1,981)</u>	<u>(1,812)</u>	<u>(1,724)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
City Covered Payroll (1)	\$3,231,970	\$3,254,854	\$3,160,665	\$3,127,492
OPEB Contributions as a Percentage of Covered Payroll	<u>0.09%</u>	<u>0.06%</u>	<u>0.06%</u>	<u>0.06%</u>

(1) The OPEB plan includes the members from the traditional plan, the combined plan, and the member directed plan. The member directed pension plan is a defined contribution pension plan; therefore, the pension side is not included above.

See Notes to the Required Supplementary Information

<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
\$406,335	\$442,387	\$407,544	\$369,928	\$358,075	\$339,582
<u>(406,335)</u>	<u>(442,387)</u>	<u>(407,544)</u>	<u>(369,928)</u>	<u>(358,075)</u>	<u>(339,582)</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$2,902,393	\$3,159,907	\$3,134,954	\$3,082,733	\$2,983,958	\$2,829,850
<u>14.00%</u>	<u>14.00%</u>	<u>13.00%</u>	<u>12.00%</u>	<u>12.00%</u>	<u>12.00%</u>
\$4,237	\$4,127	\$3,425	\$3,717		
<u>(4,237)</u>	<u>(4,127)</u>	<u>(3,425)</u>	<u>(3,717)</u>		
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>		
\$30,264	\$29,479	\$26,346	\$30,975		
<u>14.00%</u>	<u>14.00%</u>	<u>13.00%</u>	<u>12.00%</u>		
\$1,598	\$1,728	\$33,241	\$63,636		
<u>(1,598)</u>	<u>(1,728)</u>	<u>(33,241)</u>	<u>(63,636)</u>		
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>		
\$2,972,607	\$3,232,586	\$3,202,000	\$3,147,758		
<u>0.05%</u>	<u>0.05%</u>	<u>1.04%</u>	<u>2.02%</u>		

City of Galion  
Required Supplementary Information  
Schedule of the City's Contributions  
Ohio Police and Fire Pension Fund  
Last Ten Years

	2023	2022	2021	2020
<b>Net Pension Liability</b>				
Contractually Required Contribution	\$657,985	\$581,579	\$517,241	\$486,751
Contributions in Relation to the Contractually Required Contribution	<u>(657,985)</u>	<u>(581,579)</u>	<u>(517,241)</u>	<u>(486,751)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
City Covered Payroll	\$3,059,067	\$2,712,362	\$2,425,784	\$2,283,670
Contributions as a Percentage of Covered Payroll	21.51%	21.44%	21.32%	21.31%
<b>Net OPEB Liability</b>				
Contractually Required Contribution	\$15,295	\$13,562	\$12,129	\$11,419
Contributions in Relation to the Contractually Required Contribution	<u>(15,295)</u>	<u>(13,562)</u>	<u>(12,129)</u>	<u>(11,419)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
City Covered Payroll	\$3,059,067	\$2,712,362	\$2,425,784	\$2,283,670
Contributions as a Percentage of Covered Payroll Covered Payroll	0.50%	0.50%	0.50%	0.50%

(1) The City's Covered payroll is the same for pension and OPEB.

See Notes to the Required Supplementary Information



<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
\$473,318	\$457,054	\$440,179	\$425,129	\$423,223	\$411,512
<u>(473,318)</u>	<u>(457,054)</u>	<u>(440,179)</u>	<u>(425,129)</u>	<u>(423,223)</u>	<u>(411,512)</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$2,223,558	\$2,144,400	\$2,062,044	\$1,998,757	\$1,980,559	\$1,925,160
21.29%	21.31%	21.35%	21.27%	21.37%	21.38%
\$11,118	\$10,722	\$10,310	\$9,994	\$9,903	\$9,626
<u>(11,118)</u>	<u>(10,722)</u>	<u>(10,310)</u>	<u>(9,994)</u>	<u>(9,903)</u>	<u>(9,626)</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$2,223,558	\$2,144,400	\$2,062,044	\$1,998,757	\$1,980,559	\$1,925,160
0.50%	0.50%	0.50%	0.50%	0.50%	0.50%

**City of Galion**  
**Notes to the Required Supplementary Information**  
**For the Year Ended December 31, 2023**

**Changes in Assumptions - OPERS Pension - Traditional Plan**

Amounts reported beginning in 2022 incorporate changes in assumptions used by OPERS in calculating the total pension liability in the latest actuarial valuation. These new assumptions compared with those used in prior years are presented below:

	2022	2019 through 2021	2018 and 2017	2016 and prior
Wage Inflation	2.75 percent	3.25 percent	3.25 percent	3.75 percent
Future Salary Increases	2.75 to 10.75 percent including wage inflation	3.25 to 10.75 percent including wage inflation	3.25 to 10.75 percent including wage inflation	4.25 to 10.05 percent including wage inflation
COLA or Ad Hoc COLA:				
Pre-January 7, 2013 Retirees	3 percent, simple	3 percent, simple	3 percent, simple	3 percent, simple
Post-January 7, 2013 Retirees	see below	see below	see below	see below
Investment Rate of Return	6.9 percent	7.2 percent	7.5 percent	8 percent
Actuarial Cost Method	Individual Entry Age	Individual Entry Age	Individual Entry Age	Individual Entry Age

The assumptions related to COLA or Ad Hoc COLA for Post-January 7, 2013, Retirees are as follows:

COLA or Ad Hoc COLA, Post-January 7, 2013 Retirees:

2023	3.0 percent, simple through 2023 then 2.05 percent, simple
2022	3.0 percent, simple through 2022 then 2.05 percent, simple
2021	0.5 percent, simple through 2021 then 2.15 percent, simple
2020	1.4 percent, simple through 2020 then 2.15 percent, simple
2017 through 2019	3.0 percent, simple through 2018 then 2.15 percent, simple
2016 and prior	3.0 percent, simple through 2018 then 2.80 percent, simple

Amounts reported beginning in 2022 use pre-retirement mortality rates based on 130 percent of the Pub-2010 General Employee Mortality tables (males and females) for State and Local Government divisions and 170 percent of the Pub-2010 Safety Employee Mortality tables (males and females) for the Public Safety and Law Enforcement divisions. Post-retirement mortality rates are based on 115 percent of the PubG-2010 Retiree Mortality Tables (males and females) for all divisions. Post-retirement mortality rates for disabled retirees are based on the PubNS-2010 Disabled Retiree Mortality Tables (males and females) for all divisions. For all the previously described tables, the base year is 2010 and mortality rates for a particular calendar year are determined by applying the MP-2020 mortality improvement scales (males and females) to all these tables.

**City of Galion**  
**Notes to the Required Supplementary Information**  
**For the Year Ended December 31, 2023**

Amounts reported for 2017 through 2021 use mortality rates based on the RP-2014 Healthy Annuitant mortality table. For males, Healthy Annuitant Mortality tables were used, adjusted for mortality improvement back to the observation period base of 2006 and then established the base year as 2015. For females, Healthy Annuitant Mortality tables were used, adjusted for mortality improvements back to the observation period base year of 2006 and then established the base year as 2010. The mortality rates used in evaluating disability allowances were based on the RP-2014 Disabled mortality tables, adjusted for mortality improvement back to the observation base year of 2006 and then established the base year as 2015 for males and 2010 for females. Mortality rates for a particular calendar year for both healthy and disabled retiree mortality tables are determined by applying the MP-2015 mortality improvement scale to the above described tables.

Amounts reported for 2016 and prior use mortality rates based on the RP-2000 Mortality Table projected 20 years using Projection Scale AA. For males, 105 percent of the combined healthy male mortality rates were used. For females, 100 percent of the combined healthy female mortality rates were used. The mortality rates used in evaluating disability allowances were based on the RP-2000 mortality table with no projections. For males 120 percent of the disabled female mortality rates were used set forward two years. For females, 100 percent of the disabled female mortality rates were used.

**Changes in Assumptions - OPERS Pension - Combined Plan**

	<u>2022</u>	<u>2019 through 2021</u>	<u>2018</u>
Wage Inflation	2.75 percent	3.25 percent	3.25 percent
Future Salary Increases	2.75 to 8.25 percent including wage inflation	3.25 to 8.25 percent including wage inflation	3.25 to 8.25 percent including wage inflation
COLA or Ad Hoc COLA:			
Pre-January 7, 2013 Retirees	3 percent, simple	3 percent, simple	3 percent, simple
Post-January 7, 2013 Retirees	see below	see below	see below
Investment Rate of Return	6.9 percent	7.2 percent	7.5 percent
Actuarial Cost Method	Individual	Individual	Individual
	Entry Age	Entry Age	Entry Age

For 2022, 2021 and 2020, the Combined Plan had the same change in COLA or Ad Hoc COLA for Post-January 2, 2013, retirees as the Traditional Plan.

**Changes in Assumptions - OP&F Pension**

Amounts reported beginning in 2018 incorporate changes in assumptions used by OP&F in calculating the total pension liability in the latest actuarial valuation. These new assumptions compared with those used in 2017 and prior are presented below:

**City of Galion**  
**Notes to the Required Supplementary Information**  
**For the Year Ended December 31, 2023**

	Beginning in 2018	2017 and Prior
Actuarial Cost Method	Entry Age Normal	Entry Age Normal
Investment Rate of Return	8.0 percent	8.25 percent
Projected Salary Increases	3.75 percent to 10.5 percent	4.25 percent to 11 percent
Payroll Growth	3.25 percent per annum, compounded annually, consisting of Inflation rate of 2.75 percent plus productivity increase rate of 0.5 percent	Inflation rate of 3.25 percent plus productivity increase rate of 0.5 percent
Cost of Living Adjustments	2.2 percent simple for increases based on the lesser of the increase in CPI and 3 percent	3.00 percent simple; 2.6 percent simple for increases based on the lesser of the increase in CPI and 3 percent

Beginning in 2022, the OP&F Board adopted a change in the investment rate of return, changing it from 8 percent for 2018 through 2021 to 7.5 percent for 2022 and forward.

Beginning in 2023, mortality for service retirees is based on the Pub-2010 Below-Median Safety Amount-Weighted Healthy Retiree mortality table with rates adjusted by 96.2 percent for males and 98.7 percent for females. All rates are projected using the MP-2021 Improvement Scale.

Beginning in 2023, mortality for disabled retirees is based on the Pub-2010 Safety Amount-Weighted Disabled Retiree mortality table with rates adjusted by 135 percent for males and 97.9 percent for females. All rates are projected using the MP-2021 Improvement Scale.

Beginning in 2023, mortality for contingent annuitants is based on the Pub- 2010 Below-Median Safety Amount-Weighted Contingent Annuitant Retiree mortality table with rates adjusted by 108.9 percent for males and 131 percent for females. All rates are projected using the MP-2021 Improvement Scale.

Beginning in 2023, mortality for active members is based on the Pub-2010 Below-Median Safety Amount-Weighted Employee mortality table. All rates are projected using the MP- 2021 Improvement Scale.

Prior to 2023, mortality for non-disabled participants is based on the RP-2014 Total Employee and Healthy Annuitant Mortality Tables rolled back to 2006, adjusted according to the rates in the following table, and projected with the Buck Modified 2016 Improvement Scale. Rates for surviving beneficiaries are adjusted by 120 percent.

Age	Police	Fire
67 or less	77 %	68 %
68-77	105	87
78 and up	115	120

Prior to 2023, mortality for disabled retirees is based on the RP-2014 Disabled Mortality Tables rolled back to 2006, adjusted according to the rates in the following table, and projected with the Buck Modified 2016 Improvement Scale.

**City of Galion**  
**Notes to the Required Supplementary Information**  
**For the Year Ended December 31, 2023**

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<u>Age</u>	<u>Police</u>	<u>Fire</u>
59 or less	35 %	35 %
60-69	60	45
70-79	75	70
80 and up	100	90

**Changes in Assumptions - OPERS OPEB**

Wage Inflation:	
2023 and 2022	2.75 percent
2021 and prior	3.25 percent
Projected Salary Increases (including wage inflation):	
2023 and 2022	2.75 to 10.75 percent
2021 and prior	3.25 to 10.75 percent
Investment Return Assumption:	
Beginning in 2019	6.00 percent
2018	6.50 percent
Municipal Bond Rate:	
2023	4.05 percent
2022	1.84 percent
2021	2.00 percent
2020	2.75 percent
2019	3.71 percent
2018	3.31 percent
Single Discount Rate:	
2023	5.22 percent
2022	6.00 percent
2021	6.00 percent
2020	3.16 percent
2019	3.96 percent
2018	3.85 percent
Health Care Cost Trend Rate:	
2023	5.5 percent, initial 3.5 percent, ultimate in 2036
2022	5.5 percent, initial 3.5 percent, ultimate in 2034
2021	8.5 percent, initial 3.5 percent, ultimate in 2035
2020	10.5 percent, initial 3.5 percent, ultimate in 2030
2019	10.0 percent, initial 3.25 percent, ultimate in 2029
2018	7.5 percent, initial 3.25 percent, ultimate in 2028

**City of Galion**  
**Notes to the Required Supplementary Information**  
**For the Year Ended December 31, 2023**

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**Changes in Assumptions - OP&F OPEB**

Blended Discount Rate:	
2023	4.27 percent
2022	2.84 percent
2021	2.96 percent
2020	3.56 percent
2019	4.66 percent
2018	3.24 percent

For 2022, the OP&F Board adopted a change in the investment rate of return, changing it from 8 percent for 2018 through 2021 to 7.5 percent for 2022 and 2023.

**Changes in Benefit Terms - OPERS OPEB**

On January 15, 2020, the Board approved several changes to the health care plan offered to Medicare and non-Medicare retirees in efforts to decrease costs and increase the solvency of the health care plan. These changes are effective January 1, 2022, and include changes to base allowances and eligibility for Medicare retirees, as well as replacing OPERS-sponsored medical plans for non-Medicare retirees with monthly allowances, similar to the program for Medicare retirees. These changes are reflected in 2021.

**Changes in Benefit Terms - OP&F OPEB**

For 2019, OP&F recognized a change in benefit terms. Under this new model, OP&F provides eligible retirees with a fixed stipend earmarked to pay for health care and Medicare Part B reimbursements. This new model replaced the self-insured health care plan used in prior years.

# OHIO AUDITOR OF STATE KEITH FABER



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

City of Galion  
Crawford County  
301 Harding Way East  
Galion, Ohio 44833

To the City Council:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Galion, Crawford County, Ohio (the City) as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated April 21, 2025, wherein we noted the City adopted new accounting guidance in Governmental Accounting Standards Board Statement 101, *Compensated Absences*. We also noted our report includes a reference to other auditors who audited the financial statements of the City of Galion Board of Health, a discretely presented component unit, as described in our report on the City's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

### ***Report on Internal Control Over Financial Reporting***

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

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

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

***Report on Compliance and Other Matters***

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

***Purpose of This Report***

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



Keith Faber  
Auditor of State  
Columbus, Ohio

April 21, 2025



# OHIO AUDITOR OF STATE KEITH FABER



**CITY OF GALION**

**CRAWFORD COUNTY**

## **AUDITOR OF STATE OF OHIO CERTIFICATION**

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



**Certified for Release 6/17/2025**

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

This report is a matter of public record and is available online at  
[www.ohioauditor.gov](http://www.ohioauditor.gov)