



bhm cpa group, inc.
CERTIFIED PUBLIC ACCOUNTANTS

VILLAGE OF GALENA
DELAWARE COUNTY

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

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OHIO AUDITOR OF STATE
KEITH FABER



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Village Council
Village of Galena
109 Harrison Street
Galena, OH 43021

We have reviewed the *Independent Auditor's Report* of the Village of Galena, Delaware County, prepared by BHM CPA Group, Inc., for the audit period January 1, 2021 through December 31, 2022. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Village of Galena is responsible for compliance with these laws and regulations.

A handwritten signature in cursive script that reads "Keith Faber".

Keith Faber
Auditor of State
Columbus, Ohio

September 15, 2023

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**VILLAGE OF GALENA
DELAWARE COUNTY**

*For the Years Ended December 31, 2022 and 2021
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INDEPENDENT AUDITOR'S REPORT

Village of Galena
Delaware County
109 Harrison Street
P.O. Box 386
Galena, Ohio 43021

To the Village Council:

Report on the Audit of the Financial Statements

Unmodified and Adverse Opinions

We have audited the financial statements of the Village of Galena, Delaware County, Ohio (the Village), which comprises the cash balances, receipts and disbursements for each governmental and proprietary fund type as of and for the years ended December 31, 2022 and 2021, and the related notes to the financial statements.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements for each governmental and proprietary fund type as of and for the years ended December 31, 2022 and 2021, and the related notes to the financial statements, in accordance with the financial reporting provisions which Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit, described in Note 2.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* section of our report, the accompanying financial statements do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Village, as of December 31, 2022 and 2021, or the changes in financial position or, where applicable, cash flows thereof for the years then ended.

Basis for Opinions

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

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 2 of the financial statements, the financial statements are prepared by the Village on the basis of the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 2 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.

Emphasis of Matter

As discussed in Note 13 to the 2022 financial statements and Note 14 to the 2021 financial statements, the financial impact of COVID-19 and the ensuing measures will impact subsequent periods of the Village. We did not modify our opinion regarding this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control. Accordingly, no such opinion is expressed.

- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Village's ability to continue as a going concern for a reasonable period of time.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 28, 2023, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Village's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.



BHM CPA Group, Inc.
Piketon, Ohio
July 28, 2023

**VILLAGE OF GALENA
DELAWARE COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2022**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
Cash Receipts:				
Property Taxes	\$ 155,295	\$ -	\$ -	\$ 155,295
Municipal Income Tax	894,740	-	-	894,740
Intergovernmental	33,326	112,251	35,810	181,387
Special Assessments	-	-	63,786	63,786
Charges for Services	-	12,253	-	12,253
Fines, Licenses, and Permits	68,258	-	-	68,258
Earnings on Investments	38,603	500	-	39,103
Miscellaneous	37,426	-	-	37,426
	<u>1,227,648</u>	<u>125,004</u>	<u>99,596</u>	<u>1,452,248</u>
Total Cash Receipts				
Cash Disbursements:				
Current:				
Public Health Services	-	18,805	-	18,805
Leisure Time Activities	52,184	-	-	52,184
Community Environment	69,918	-	-	69,918
Basic Utility Services	-	78,036	-	78,036
Transportation	12,401	7,574	-	19,975
General Government	524,097	-	-	524,097
Debt Service:				
Principal Retirement	20,000	7,048	-	27,048
Interest and Fiscal Charges	11,163	-	-	11,163
	<u>689,763</u>	<u>111,463</u>	<u>-</u>	<u>801,226</u>
Total Cash Disbursements				
Excess of Receipts Over/(Under) Disbursements	537,885	13,541	99,596	651,022
Other Financing Receipts (Disbursements):				
Advances-In	-	35,810	-	35,810
Advances-Out	-	-	(35,810)	(35,810)
	<u>-</u>	<u>35,810</u>	<u>(35,810)</u>	<u>-</u>
Total Other Financing Receipts (Disbursements)				
Net Change in Fund Cash Balances	537,885	49,351	63,786	651,022
Fund Cash Balances, January 1	847,265	292,070	-	1,139,335
Fund Cash Balances, December 31	<u>\$ 1,385,150</u>	<u>\$ 341,421</u>	<u>\$ 63,786</u>	<u>\$ 1,790,357</u>

The notes to the financial statements are an integral part of this statement.

**VILLAGE OF GALENA
DELAWARE COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)
ALL PROPRIETARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2022**

	<u>Proprietary Fund Types</u>
	<u>Enterprise</u>
Operating Cash Receipts:	
Charges for Services	\$ 545,199
Total Operating Cash Receipts	545,199
Operating Cash Disbursements:	
Personal Services	8,746
Contractual Services	172,546
Supplies and Materials	134,564
Total Operating Cash Disbursements	315,856
Operating Income (Loss)	229,343
Non-Operating Receipts (Disbursements)	
Special Assessments	1,348
Principal Retirement	(142,115)
Interest and Fiscal Charges	(150,488)
Total Non-Operating Cash Receipts (Disbursements)	(291,255)
Net Change in Fund Cash Balances	(61,912)
Fund Cash Balances, January 1	2,354,650
Fund Cash Balances, December 31	\$ 2,292,738

The notes to the financial statements are an integral part of this statement.

Village of Galena, Ohio
Delaware County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 1 – Reporting Entity

The Village of Galena (the Village), Delaware County, is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. A publicly-elected six-member Council directs the Village. The Village provides sewer utilities and general government services. The Village contracts with the Delaware County Sheriff's department to provide security of persons and property. The Village contracts with B.S.T. & G (Berkshire, Sunbury, Trenton and Galena) Joint Fire District to receive fire protection services.

Jointly Governed Organizations and Public Entity Risk Pools

The Village participates in jointly governed organizations and a public entity risk pool. Notes 6 and 11 to the financial statements provide additional information for these entities. These entities are:

Public Entity Risk Pool: Ohio Plan Risk Management Inc. (OPRM) – A public entity risk pool that jointly administered self-insurance risk management program and other administrative services to Ohio governments

Jointly Governed Organizations: B.S.T.& G. Joint Fire District – Berkshire Township, Village of Sunbury, Trenton Township, and Village of Galena appoint one member to the Board of Trustees of the B.S.T. & G. Joint Fire District.

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

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

The Village's financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types and a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all proprietary fund types which are organized on a fund type basis.

Fund Accounting

The Village 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 Village are presented below:

General Fund The general fund accounts for and reports all financial resources not accounted for and reported in another fund. The general fund balance is available to the Village for any purpose provided it is expended or transferred according to the general laws of Ohio.

Special Revenue Funds These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Village had the following significant Special Revenue Funds:

Village of Galena, Ohio
Delaware County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Street Construction Maintenance and Repair The street construction maintenance and repair fund accounts for and reports that portion of the State gasoline tax and motor vehicle license registration fees restricted for construction, maintenance, and repair of streets within the Village.

Cemetery Fund This fund receives charges for Sale of Lots, Grave Openings, Foundations, and for other cemetery costs.

Grant Construction-OPWC Fund This fund was used for the Walnut Street Culvert Project.

Capital Project Funds These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. These funds are receipted in from the New Community Authority (NCA) the NCA collects funds from residents of new residential developments, these funds go to the Village and the schools. The Village had the following significant capital project funds:

Grant Construction Fund The Village received a Federal Grant for \$350,000.00 that will be administered by ODNR. There has been no activity associated with this grant.

Enterprise Funds These funds account for operations that are similar to private business enterprises, where management intends to recover the significant costs of providing certain goods or services through user charges. The Village had the following significant Enterprise Funds:

Sewer Fund The sewer fund accounts for the provision of sanitary sewer services to the residents and commercial users within the Village.

Basis of Accounting

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (C). This basis is similar to the cash receipts and disbursements accounting basis. The Board recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (C) permit.

Budgetary Process

The Ohio Revised Code requires that each fund be budgeted annually.

Appropriations Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control and appropriations may not exceed estimated resources. The Village Council must annually approve appropriation measures and subsequent amendments. Appropriations lapse at year end.

Village of Galena, Ohio
Delaware County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Estimated Resources Estimated resources include estimates of cash to be received (budgeted receipts) plus cash as of January 1. The County Budget Commission must approve estimated resources.

Encumbrances The Ohio Revised Code requires the Village to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year.

A summary of 2022 budgetary activity appears in Note 3.

Capital Assets

The Village records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave. Unpaid sick leave is only available to persons who retire and meet age and length of service requirements of OPERS, and who was also in service of the Village for a period of 10 continuous years prior to retirement may redeem accumulated sick leave up to $\frac{1}{4}$ of 960 hours.

Fund Balance

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

Nonspendable The Village classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact. For regulatory purposes nonspendable fund balance includes unclaimed monies that are required to be held for five years before they may be utilized by the Village and the nonexpendable portion of the corpus in permanent funds.

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

Committed Council can *commit* amounts via formal action (resolution). The Village must adhere to these commitments unless the Council amends the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

Village of Galena, Ohio
Delaware County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Assigned Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. For regulatory purposes, assigned fund balance in the general fund is limited to encumbrances outstanding at year end.

Unassigned Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

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

For regulatory purposes, limited disclosure related to fund balance is included in Note 12.

Note 3 – Budgetary Activity

Budgetary activity for the year ending December 31, 2022 follows:

2022 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$983,112	\$1,227,648	\$244,536
Special Revenue	39,951	125,004	85,053
Capital Projects	35,810	99,596	63,786
Enterprise	490,896	546,547	55,651
Total	\$1,549,769	\$1,998,795	\$449,026

2022 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,561,347	\$689,763	\$871,584
Special Revenue	213,080	111,463	101,617
Enterprise	1,411,777	608,459	803,318
Total	\$3,186,204	\$1,409,685	\$1,776,519

Note 4 – Deposits and Investments

To improve cash management, cash received by the Village is pooled. Monies for all funds are maintained in this pool. The Ohio Revised Code prescribes allowable deposits and investments. A summary of the Village's deposit and investment accounts are as follows:

Village of Galena, Ohio
Delaware County
Notes to the Financial Statements
For the Year Ended December 31, 2022

	2022
<i>Cash Management Pool:</i>	
Demand deposits	\$1,546,960
Total deposits	1,546,960
STAR Ohio	2,536,135
Total investments	2,536,135
Total carrying amount of deposits and investments held in the Pool	\$4,083,095

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation; or collateralized through 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.

STAR Ohio:

Investments in STAR Ohio and mutual funds are not evidenced by securities that exist in physical or book-entry form.

Note 5 – Taxes

Property Taxes

Real property taxes become a lien on January 1 preceding the October 1 date for which the Council adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable non-business, owner occupancy, and homestead exemption credits and/or homestead and rollback deductions. The financial statements include these credits and/or deduction amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

Public utilities are also taxed on personal and real property located within the Village.

The County is responsible for assessing property and for billing, collecting, and distributing all property taxes on behalf of the Village.

Local Income Taxes

The Village levies a municipal income tax of 1.0 percent on substantially all earned income arising from employment, residency, or business activities within the Village as well as certain income of residents earned outside of the Village.

Village of Galena, Ohio
Delaware County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Employers within the Village withhold income tax on employee compensation and remit the tax to the Regional Income Tax Agency (RITA) either monthly or quarterly, as required. Corporations and other individual taxpayers pay estimated taxes quarterly and file a declaration annually. Income tax receipts for the year ended December 31, 2022 were \$894,740 and are credited to the General Fund.

Note 6 – Risk Management

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

Commercial Insurance

The Village has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles; and
- Errors and omissions.

Risk Pool Membership

The Government belongs to the Ohio Plan Risk Management, Inc. (OPRM) (the "Plan"), a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to Ohio governments ("Members"). The Plan is legally separate from its member governments.

Pursuant to Section 2744.081 of the Ohio Revised Code, the plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages to its members sold through fourteen appointed independent agents in the State of Ohio.

Effective November 1, 2010 (through October 31, 2017), the corridor is for losses paid is between 60% and 70% of casualty premiums earned in the first \$250,000. Effective November 1, 2016, the OPRM elected to participate in a property loss corridor deductible. The property corridor includes losses paid between 70% and 75%. In 2018, the casualty loss corridor was eliminated and the property corridor was adjusted to losses paid between 65% and 70%. Effective November 1, 2019, the property loss corridor was adjusted to losses between 60% and 67.5% and remain unchanged effective November 1, 2021 and November 1, 2020. OPRM had 769 members as of December 31, 2021.

Village of Galena, Ohio
Delaware County
Notes to the Financial Statements
For the Year Ended December 31, 2022

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2021 (latest information available).

Assets	\$21,777,439
Liabilities	<u>(15,037,383)</u>
Members' Equity	<u><u>6,740,056</u></u>

You can read the complete audited financial statements for OPRM at the Plan's website, www.ohioplan.org.

Note 7 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

The Village employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement health care and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent of their gross salaries, and the Village contributed an amount equaling 14 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2022.

Note 8 – Postemployment Benefits

OPERS offer cost-sharing, multiple-employer defined benefit postemployment plans, which includes multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement, and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the Traditional Pension Plan and Combined Plan was 0 percent during calendar year 2022. The portion of employer contributions allocated to health care for OPERS members in the Member Directed Plan was 4.0 percent during calendar year 2022.

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

Village of Galena, Ohio
Delaware County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 9 – Debt

Debt outstanding at December 31, 2022, was as follows:

	Principal	Interest Rate
OPWC CQ05N - Walnut St Phase II	38,903	0.00%
OPWC CQ18P - Walnut St Phase III	93,914	0.00%
OPWC CQ130 - Wastewater Facility Improvement	38,199	0.00%
OWDA 7961	5,042,673	2.67%
OWDA 5789	409,477	3.77%
2011 General Obligation Bonds	225,000	4.00%
Total	\$5,848,166	

The Ohio Water Development Authority (OWDA) loan 5789 relates to a cooperative agreement for the Village’s Wastewater Treatment plant purchase and design improvements. The Village acquired the loan to acquire, construct, expand, rehabilitate, and improve the Municipal Wastewater Plant. The loan is finalized and the Village is required to make semi-annual principal payments and interest payments until the loan is paid off. The sewer revenue has been pledged to repay this loan.

On July 1, 2011, the Village entered into an agreement with Director of the Ohio Public Works Commission for the Wastewater Facility Improvements project. The loan issued by OPWC was \$66,848 and will be paid off in twenty-one years.

On September 1, 2011, the Village issued \$405,000 in General Obligation Bonds for the purpose of retiring notes issued for the purpose of acquiring land and interest in land located at 109 Harrison Street, Galena, Ohio including all improvements and appurtenances thereto, and making renovations and improvements thereto, authorizing participation in the Ohio Capital Asset Financing Program.

On July 1, 2010 and the Village entered into an agreement with Director of the Ohio Public Works Commission for the Walnut Street Reconstruction (Phase II) project. Phase II of the project was completed in 2011 and the Village began paying on the loan. OPWC-Walnut Street Reconstruction Phase 3-Part A loan the Village began paying on the loan in January 2014.

In 2018 The Village entered into a loan with O.W.D.A. for WWTP replacement. The loan amount was \$5.5 million dollars with payments expected to begin in July 2020. The Village made principal and interest payments of \$258,477. The loan is finalized and the Village is required to make semi-annual principal payments and interest payments until the loan is paid off. The sewer revenue has been pledged to repay this loan.

Village of Galena, Ohio
Delaware County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Amortization

Amortization of the above debt, including interest, is scheduled as follows:

Year Ending December 31:	OPWC	OWDA	General Obligation Bonds
2023	\$10,231	\$294,302	\$30,363
2024	10,231	294,302	29,563
2025	10,231	294,302	33,663
2026	10,231	294,302	32,538
2027	10,231	294,302	31,413
2028-2032	51,154	1,471,512	123,538
2033-2037	38,825	1,471,512	-
2038-2042	21,344	1,440,569	-
2043-2047	8,538	1,316,800	-
2048-2050	-	657,400	-
Total	<u>\$171,016</u>	<u>\$7,829,303</u>	<u>\$281,078</u>

Note 10 – Construction and Contractual Commitments

The Village has a 5.5 million dollar construction loan for the design and construction of a new wastewater facility.

Note 11 – Jointly Governed Organizations

Berkshire Township, Village of Sunbury, Trenton Township, and Village of Galena appoint one member to the Board of Trustees of the B.S.T. & G. Joint Fire District. The B.S.T. & G. Joint Fire District provides fire protection and rescue services within the District. Additional information may be obtained in writing to B.S.T. & G. Joint Fire District, 350 West Cherry Street, Sunbury, Ohio. 43074.

Note 12 – Fund Balances

The fund balance of special revenue funds is either restricted or committed.

Note 13 – COVID-19

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

The Village received \$39,172.94 in American Rescue Plan Funds for a total of \$78,035.59. The Village used these funds to maintain wastewater facilities.

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**VILLAGE OF GALENA
DELAWARE COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2021**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
Cash Receipts:				
Property Taxes	\$ 120,480	\$ -	\$ -	\$ 120,480
Municipal Income Tax	713,916	-	-	713,916
Intergovernmental	25,120	105,337	-	130,457
Charges for Services	-	13,357	-	13,357
Fines, Licenses, and Permits	201,062	-	-	201,062
Earnings on Investments	10,803	681	-	11,484
Miscellaneous	30,648	-	-	30,648
	<u>1,102,029</u>	<u>119,375</u>	<u>-</u>	<u>1,221,404</u>
Total Cash Receipts				
Cash Disbursements:				
Current:				
Public Health Services	-	8,095	-	8,095
Leisure Time Activities	18,279	-	-	18,279
Community Environment	66,157	-	-	66,157
Transportation	15,483	28,579	-	44,062
General Government	607,424	-	-	607,424
Capital Outlay	-	-	35,810	35,810
Debt Service:				
Principal Retirement	20,000	7,048	-	27,048
Interest and Fiscal Charges	11,963	-	-	11,963
	<u>739,306</u>	<u>43,722</u>	<u>35,810</u>	<u>818,838</u>
Total Cash Disbursements				
Excess of Receipts Over/(Under) Disbursements	362,723	75,653	(35,810)	402,566
Other Financing Receipts (Disbursements):				
Proceeds from Sale of Public Debt:				
Advances In	-	-	35,810	35,810
Advances Out	-	(35,810)	-	(35,810)
	<u>-</u>	<u>(35,810)</u>	<u>35,810</u>	<u>-</u>
Total Other Financing Receipts (Disbursements)				
Net Change in Fund Cash Balances	362,723	39,843	-	402,566
Fund Cash Balances, January 1	484,542	252,227	-	736,769
Fund Cash Balances, December 31	<u>\$ 847,265</u>	<u>\$ 292,070</u>	<u>\$ -</u>	<u>\$ 1,139,335</u>

The notes to the financial statements are an integral part of this statement.

**VILLAGE OF GALENA
DELAWARE COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)
ALL PROPRIETARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2021**

	Proprietary Fund Types
	Enterprise
Operating Cash Receipts:	
Charges for Services	\$ 1,108,560
Total Operating Cash Receipts	1,108,560
Operating Cash Disbursements:	
Personal Services	13,797
Contractual Services	192,741
Supplies and Materials	168,813
Total Operating Cash Disbursements	375,351
Operating Income (Loss)	733,209
Non-Operating Receipts (Disbursements)	
Special Assessments	4,086
Loans Issued	100,447
Capital Outlay	(100,447)
Principal Retirement	(141,623)
Interest and Fiscal Charges	(158,304)
Total Non-Operating Cash Receipts (Disbursements)	(295,841)
Net Change in Fund Cash Balances	437,368
Fund Cash Balances, January 1	1,917,282
Fund Cash Balances, December 31	\$ 2,354,650

The notes to the financial statements are an integral part of this statement.

Village of Galena, Ohio
Delaware County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 1 – Reporting Entity

The Village of Galena (the Village), Delaware County, is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. A publicly-elected six-member Council directs the Village. The Village provides sewer utilities and general government services. The Village contracts with the Delaware County Sheriff's department to provide security of persons and property. The Village contracts with B.S.T. & G (Berkshire, Sunbury, Trenton and Galena) Joint Fire District to receive fire protection services.

Jointly Governed Organizations and Public Entity Risk Pools

The Village participates in jointly governed organizations and a public entity risk pool. Notes 7 and 12 to the financial statements provide additional information for these entities. These entities are:

Public Entity Risk Pool: Ohio Plan Risk Management Inc. (OPRM) – A public entity risk pool that jointly administered self-insurance risk management program and other administrative services to Ohio governments

Jointly Governed Organizations: B.S.T.& G. Joint Fire District – Berkshire Township, Village of Sunbury, Trenton Township, and Village of Galena appoint one member to the Board of Trustees of the B.S.T. & G. Joint Fire District.

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

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

The Village's financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types and a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all proprietary fund types which are organized on a fund type basis.

Fund Accounting

The Village 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 Village are presented below:

General Fund The general fund accounts for and reports all financial resources not accounted for and reported in another fund. The general fund balance is available to the Village for any purpose provided it is expended or transferred according to the general laws of Ohio.

Special Revenue Funds These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Village had the following significant Special Revenue Funds:

Village of Galena, Ohio
Delaware County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Street Construction Maintenance and Repair The street construction maintenance and repair fund accounts for and reports that portion of the State gasoline tax and motor vehicle license registration fees restricted for construction, maintenance, and repair of streets within the Village.

Cemetery Fund This fund receives charges for Sale of Lots, Grave Openings, Foundations, and for other cemetery costs.

Grant Construction-OPWC Fund This fund was used for the Walnut Street Culvert Project.

Enterprise Funds These funds account for operations that are similar to private business enterprises, where management intends to recover the significant costs of providing certain goods or services through user charges. The Village had the following significant Enterprise Funds:

Sewer Fund The sewer fund accounts for the provision of sanitary sewer services to the residents and commercial users within the Village.

Basis of Accounting

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (C). This basis is similar to the cash receipts and disbursements accounting basis. The Board recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (C) permit.

Budgetary Process

The Ohio Revised Code requires that each fund be budgeted annually.

Appropriations Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control and appropriations may not exceed estimated resources. The Village Council must annually approve appropriation measures and subsequent amendments. Appropriations lapse at year end.

Estimated Resources Estimated resources include estimates of cash to be received (budgeted receipts) plus cash as of January 1. The County Budget Commission must approve estimated resources.

Encumbrances The Ohio Revised Code requires the Village to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year.

A summary of 2021 budgetary activity appears in Note 3.

Village of Galena, Ohio
Delaware County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Capital Assets

The Village records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave. Unpaid sick leave is only available to persons who retire and meet age and length of service requirements of OPERS, and who was also in service of the Village for a period of 10 continuous years prior to retirement may redeem accumulated sick leave up to $\frac{1}{4}$ of 960 hours.

Fund Balance

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

Nonspendable The Village classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact. For regulatory purposes nonspendable fund balance includes unclaimed monies that are required to be held for five years before they may be utilized by the Village and the nonexpendable portion of the corpus in permanent funds.

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

Committed Council can *commit* amounts via formal action (resolution). The Village must adhere to these commitments unless the Council amends the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

Assigned Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. For regulatory purposes, assigned fund balance in the general fund is limited to encumbrances outstanding at year end.

Unassigned Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

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

Village of Galena, Ohio
Delaware County
Notes to the Financial Statements
For the Year Ended December 31, 2021

For regulatory purposes, limited disclosure related to fund balance is included in Note 13.

Note 3 – Budgetary Activity

Budgetary activity for the year ending December 31, 2021 follows:

2021 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,049,737	\$1,102,029	\$52,292
Special Revenue	51,300	119,375	68,075
Capital Projects	94,110	0	(94,110)
Enterprise	400,728	1,213,093	812,365
Total	\$1,595,875	\$2,434,497	\$838,622

2021 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,389,116	\$739,306	\$649,810
Special Revenue	259,256	43,722	215,534
Capital Projects	94,110	35,810	58,300
Enterprise	3,085,086	775,725	2,309,361
Total	\$4,827,568	\$1,594,563	\$3,233,005

Note 4 – Deposits and Investments

To improve cash management, cash received by the Village is pooled. Monies for all funds are maintained in this pool. The Ohio Revised Code prescribes allowable deposits and investments. A summary of the Village's deposit and investment accounts are as follows:

	2021
<i>Cash Management Pool:</i>	
Demand deposits	\$2,972,792
Certificates of deposit	521,193
Total deposits	3,493,985
Total carrying amount of deposits and investments held in the Pool	3,493,985

Village of Galena, Ohio
Delaware County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation; 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.

Note 5 – Taxes

Property Taxes

Real property taxes become a lien on January 1 preceding the October 1 date for which the Council adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable non-business, owner occupancy, and homestead exemption credits and/or homestead and rollback deductions. The financial statements include these credits and/or deduction amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

Public utilities are also taxed on personal and real property located within the Village.

The County is responsible for assessing property and for billing, collecting, and distributing all property taxes on behalf of the Village.

Local Income Taxes

The Village levies a municipal income tax of 1.0 percent on substantially all earned income arising from employment, residency, or business activities within the Village as well as certain income of residents earned outside of the Village.

Employers within the Village withhold income tax on employee compensation and remit the tax to the Regional Income Tax Agency (RITA) either monthly or quarterly, as required. Corporations and other individual taxpayers pay estimated taxes quarterly and file a declaration annually. Income tax receipts for the year ended December 31, 2021 were \$713,916 and are credited to the General Fund.

Note 6 – Interfund Balances

Outstanding advances at December 31, 2021, consisted of \$35,810 advanced to grant construction (OPWC) funds to provide working capital for the Walnut Street Culvert Project.

Village of Galena, Ohio
Delaware County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 7 – Risk Management

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

Commercial Insurance

The Village has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles; and
- Errors and omissions.

Risk Pool Membership

The Government belongs to the Ohio Plan Risk Management, Inc. (OPRM) (the "Plan"), a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to Ohio governments ("Members"). The Plan is legally separate from its member governments.

Pursuant to Section 2744.081 of the Ohio Revised Code, the plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages to its members sold through fourteen appointed independent agents in the State of Ohio.

Effective November 1, 2010 (through October 31, 2017), the corridor is for losses paid is between 60% and 70% of casualty premiums earned in the first \$250,000. Effective November 1, 2016, the OPRM elected to participate in a property loss corridor deductible. The property corridor includes losses paid between 70% and 75%. In 2018, the casualty loss corridor was eliminated and the property corridor was adjusted to losses paid between 65% and 70%. Effective November 1, 2019, the property loss corridor was adjusted to losses between 60% and 67.5% and remain unchanged effective November 1, 2021 and November 1, 2020. OPRM had 769 members as of December 31, 2021.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2021.

Assets	\$21,777,439
Liabilities	<u>(15,037,383)</u>
Members' Equity	<u><u>6,740,056</u></u>

You can read the complete audited financial statements for OPRM at the Plan's website, www.ohioplan.org.

Village of Galena, Ohio
Delaware County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 8 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

The Village employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan’s benefits, which include postretirement health care and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent of their gross salaries, and the Village contributed an amount equaling 14 percent of participants’ gross salaries. The Village has paid all contributions required through December 31, 2021.

Note 9 – Postemployment Benefits

OPERS offer cost-sharing, multiple-employer defined benefit postemployment plans, which includes multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement, and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the Traditional Pension Plan and Combined Plan was 0 percent during calendar year 2021. The portion of employer contributions allocated to health care for OPERS members in the Member Directed Plan was 4.0 percent during calendar year 2021.

Note 10 – Debt

Debt outstanding at December 31, 2021, was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
OPWC CQ05N - Walnut St Phase II	41,681	0.00%
OPWC CQ18P - Walnut St Phase III	98,182	0.00%
OPWC CQ130 - Wastewater Facility Improvement	41,382	0.00%
OWDA 7961 - Wastewater Treatment Plant Replacement	5,166,529	2.67%
OWDA 5789 - WWTP Purchase & Design Improv.	424,555	3.77%
2011 General Obligation Bonds	245,000	4.00%
Total	<u>\$6,017,329</u>	

The Ohio Water Development Authority (OWDA) loan relates to a cooperative agreement for the Village’s Wastewater Treatment plant purchase and design improvements. The Village acquired the loan to acquire, construct, expand, rehabilitate, and improve the Municipal Wastewater Plant. The loan is finalized and the Village is required to make semi-annual principal payments and interest payments until the loan is paid off. The sewer revenue has been pledged to repay this loan.

On July1, 2011, the Village entered into an agreement with Director of the Ohio Public Works Commission for the Wastewater Facility Improvements project. The loan issued by OPWC was \$66,848 and will be paid off in twenty-one years.

Village of Galena, Ohio
Delaware County
Notes to the Financial Statements
For the Year Ended December 31, 2021

On September 1, 2011, the Village issued \$405,000 in General Obligation Bonds for the purpose of retiring notes issued for the purpose of acquiring land and interest in land located at 109 Harrison Street, Galena, Ohio including all improvements and appurtenances thereto, and making renovations and improvements thereto, authorizing participation in the Ohio Capital Asset Financing Program.

On July 1, 2010 and the Village entered into an agreement with Director of the Ohio Public Works Commission for the Walnut Street Reconstruction (Phase II) project. Phase II of the project was completed in 2011 and the Village began paying on the loan. OPWC-Walnut Street Reconstruction Phase 3-Part A loan the Village began paying on the loan in January 2014.

In 2018 The Village entered into a loan with O.W.D.A. for WWTP replacement. The loan amount was \$5.5 million dollars with payments expected to begin in July 2020. The Village made principal and interest payments of \$265,801. No amortization table is available for the loan repayment.

Amortization

Amortization of the above debt, including interest, is scheduled as follows:

Year Ending December 31:	General Obligation Bonds	OPWC	OWDA
2022	\$31,163	\$10,231	\$30,942
2023	30,363	10,231	30,942
2024	29,563	10,231	30,942
2025	33,663	10,231	30,942
2026	32,538	10,231	30,942
2027-2031	154,950	51,154	154,712
2032-2036	-	44,787	154,712
2037-2041	-	21,344	154,712
2042-2044	-	12,805	-
Total	\$312,240	\$181,245	\$618,846

Note 11 – Construction and Contractual Commitments

The Village has a 5.5 million dollar construction loan for the design and construction of a new wastewater facility.

Note 12 – Jointly Governed Organizations

Berkshire Township, Village of Sunbury, Trenton Township, and Village of Galena appoint one member to the Board of Trustees of the B.S.T. & G. Joint Fire District. The B.S.T. & G. Joint Fire District provides fire protection and rescue services within the District. Additional information may be obtained in writing to B.S.T. & G. Joint Fire District, 350 West Cherry Street, Sunbury, Ohio. 43074.

Village of Galena, Ohio
Delaware County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 13 – Fund Balances

The fund balance of special revenue funds is either restricted or committed.

Note 14 – COVID-19

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

The Village received \$38,862.65 in American Rescue Plan Funds. The Village did not spend any of these funds.



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

Village of Galena
Delaware County
109 Harrison Street
P.O. Box 386
Galena, Ohio 43021

To the Village Council:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States (Government Auditing Standards), the financial statements of the cash balances, receipts, and disbursements for each governmental and proprietary fund type as of and for the years ended December 31, 2022 and 2021 and the related notes to the financial statements of the Village of Galena, Delaware County, (the Village) and have issued our report thereon dated July 28, 2023, wherein we noted the Village followed financial reporting provisions Ohio Rev. Code § 117.38 and Ohio Admin. Code 117-2-03(C) permit. We also noted the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent period of the Village.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a certain deficiency in internal control, described in the accompanying schedule of findings as item 2022-001 that we consider to be a material weakness.

Report on Compliance and Other Matters

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

Purpose of This Report

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

A handwritten signature in black ink that reads "BHM CPA Group". The letters are cursive and somewhat stylized.

BHM CPA Group, Inc.
Piketon, Ohio
July 28, 2023

**Village of Galena
Delaware County
Schedule of Findings
December 31, 2022 and 2021**

1. SUMMARY OF AUDITOR'S RESULTS

FINDING NUMBER 2022-001

Financial Reporting - Material Weakness

Sound financial reporting is the responsibility of the fiscal officer and Village Council and is essential to ensure information provided to the readers of the financial statements is complete and accurate.

Material and immaterial misstatements were identified during the course of the audit which have not been prevented or detected by the Village's internal controls over financial reporting. Misstatements were identified in the following areas:

- Principal Payments;
- Capital Outlay Disbursements;
- Transportation Disbursements;
- Debt Proceeds;
- Property Tax Receipts;
- Intergovernmental Receipts;
- Interest Receipts;
- Fund Balance

The notes to the financial statements also required additions and corrections for the years ended December 31, 2021 and 2022.

We recommend the Village's Fiscal Officer take steps to ensure the accurate posting of all transactions to the ledgers. By exercising accuracy in recording financial activity, the Village can reduce posting errors and increase the reliability of the financial data throughout the year.

Officials' Response: We did not receive a response from officials to this finding.

**Village of Galena
Delaware County
Schedule of Prior Audit Findings
December 31, 2022 and 2021**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:
2020-001	Financial Statement Presentation – Material Weakness	No	Reissued as Finding 2022-001

OHIO AUDITOR OF STATE KEITH FABER



VILLAGE OF GALENA

DELAWARE 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 9/28/2023

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

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