



**JIM PETRO**  
**AUDITOR OF STATE**  

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**STATE OF OHIO**



VILLAGE OF THE CITY OF GALLIPOLIS  
GALLIA COUNTY

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**STATE OF OHIO  
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**REPORT OF INDEPENDENT ACCOUNTANTS**

Village of the City of Gallipolis  
Gallia County  
518 Second Avenue  
Gallipolis, Ohio 45631

To the Commission:

We have audited the accompanying financial statements of the Village of the City of Gallipolis, Gallia County, Ohio (the Village) as of and for the year ended December 31, 2001. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As disclosed in Notes 2 and 3, as of April 30, 2001, the City of Gallipolis was declared a Village as a result of the 2000 census. The previous financial statements of the Village were prepared in accordance with accounting principles generally accepted in the United States of America. Due to the change in status from a City to a Village, the Village chose to prepare its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles, as described in Note 1.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of the Village of the City of Gallipolis, Gallia County, as of December 31, 2001, and its combined cash receipts and disbursements for the year then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 25, 2002 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 grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

We performed our audit to form an opinion on the financial statements of the Village, taken as a whole. The accompanying Schedule of Federal Awards Expenditures is presented for additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements and, in our opinion, is fairly stated, in all material respects, in relations to the financial statements taken as a whole.

This report is intended solely for the information and use of the audit committee, management, the Commission and other officials authorized to receive this report under § 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, appearing to read "Jim Petro", written in a cursive style.

**Jim Petro**  
Auditor of State

September 25, 2002

VILLAGE OF THE CITY OF GALLIPOLIS  
GALLIA COUNTY

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL AND SIMILAR FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2001**

|  | Governmental Fund Types |                    |                    |                     | Fiduciary<br>Fund Type | Totals<br>(Memorandum<br>Only) |
|--|-------------------------|--------------------|--------------------|---------------------|------------------------|--------------------------------|
|  | General                 | Special<br>Revenue | Debt<br>Service    | Capital<br>Projects | Expendable<br>Trust    |                                |
| <b>Cash Receipts:</b>  |                         |                    |                    |                     |                        |                                |
| Property Tax and Other Local Taxes   | \$1,649,840             | \$231,074          | \$                 | \$                  | \$                     | \$1,880,914                    |
| Intergovernmental Receipts   | 314,175                 | 2,269,356          |                    | 698,205             |                        | 3,281,736                      |
| Charges for Services   | 308,802                 | 39,535             |                    |                     |                        | 348,337                        |
| Fines, Licenses, and Permits   | 291,977                 | 127,720            |                    | 39,076              |                        | 458,773                        |
| Earnings on Investments  | 14,475                  | 39,307             |                    | 4,170               | 380                    | 58,332                         |
| Donations  |                         |                    |                    |                     | 6,000                  | 6,000                          |
| Miscellaneous  | 55,457                  | 4,768              |                    |                     |                        | 60,225                         |
| <b>Total Cash Receipts</b>   | <b>2,634,726</b>        | <b>2,711,760</b>   | <b>0</b>           | <b>741,451</b>      | <b>6,380</b>           | <b>6,094,317</b>               |
| <b>Cash Disbursements:</b>   |                         |                    |                    |                     |                        |                                |
| Current:   |                         |                    |                    |                     |                        |                                |
| Security of Persons and Property   | 866,713                 | 97,805             |                    |                     |                        | 964,518                        |
| Public Health Services   | 66,205                  | 87,964             |                    |                     |                        | 154,169                        |
| Leisure Time Activities  | 193,327                 | 5,320              |                    |                     | 5,557                  | 204,204                        |
| Community Environment  | 69,730                  | 308,154            |                    |                     |                        | 377,884                        |
| Transportation   | 63,581                  | 2,062,972          |                    |                     |                        | 2,126,553                      |
| General Government   | 1,240,235               | 131,239            |                    |                     |                        | 1,371,474                      |
| Debt Service:  |                         |                    |                    |                     |                        |                                |
| Principal Payments   |                         |                    | 1,089,800          |                     |                        | 1,089,800                      |
| Interest Payments  |                         |                    | 54,099             |                     |                        | 54,099                         |
| Capital Outlay   |                         |                    |                    | 700,027             |                        | 700,027                        |
| <b>Total Cash Disbursements</b>  | <b>2,499,791</b>        | <b>2,693,454</b>   | <b>1,143,899</b>   | <b>700,027</b>      | <b>5,557</b>           | <b>7,042,728</b>               |
| <b>Total Cash Receipts Over/(Under) Cash Disbursements</b>   | <b>134,935</b>          | <b>18,306</b>      | <b>(1,143,899)</b> | <b>41,424</b>       | <b>823</b>             | <b>(948,411)</b>               |
| <b>Other Financing Sources/(Uses):</b>   |                         |                    |                    |                     |                        |                                |
| Sale of Notes  |                         |                    | 999,000            |                     |                        | 999,000                        |
| Transfers-In   | 86,736                  | 161,569            | 144,899            | 47,795              |                        | 440,999                        |
| Advances-In  | 42,287                  | 35,574             |                    |                     |                        | 77,861                         |
| Transfers-Out  | (324,987)               | (145,424)          | (29,562)           | (1,312)             |                        | (501,285)                      |
| Advances-Out   | (35,574)                |                    |                    | (42,287)            |                        | (77,861)                       |
| <b>Total Other Financing Sources/(Uses)</b>  | <b>(231,538)</b>        | <b>51,719</b>      | <b>1,114,337</b>   | <b>4,196</b>        | <b>0</b>               | <b>938,714</b>                 |
| Excess of Cash Receipts and Other Financing<br>Sources Over/(Under) Cash Disbursements<br>and Other Financing Uses | (96,603)                | 70,025             | (29,562)           | 45,620              | 823                    | (9,697)                        |
| Fund Cash Balances, January 1  | 282,134                 | 572,732            | 29,562             | 75,661              | 7,302                  | 967,391                        |
| <b>Fund Cash Balances, December 31</b>   | <b>\$185,531</b>        | <b>\$642,757</b>   | <b>\$0</b>         | <b>\$121,281</b>    | <b>\$8,125</b>         | <b>\$957,694</b>               |
| Reserves for Encumbrances, December 31   | \$62,083                | \$28,092           | \$0                | \$5,982             | \$0                    | \$96,157                       |

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

**VILLAGE OF THE CITY OF GALLIPOLIS  
GALLIA COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL PROPRIETARY AND SIMILAR FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2001**

|  | Proprietary<br>Fund Types | Fiduciary<br>Fund Types |                         | Totals<br>(Memorandum<br>Only) |
|--|---------------------------|-------------------------|-------------------------|--------------------------------|
|  | Enterprise                | Nonexpendable<br>Trust  | Agency                  |                                |
| <b>Operating Cash Receipts:</b>  |                           |                         |                         |                                |
| Charges for Services   | \$2,656,296               | \$                      | \$                      | \$2,656,296                    |
| Miscellaneous  | 21,793                    |                         |                         | 21,793                         |
| Total Operating Cash Receipts  | <u>2,678,089</u>          | <u>0</u>                | <u>0</u>                | <u>2,678,089</u>               |
| <b>Operating Cash Disbursements:</b>   |                           |                         |                         |                                |
| Personal Services  | 961,847                   |                         |                         | 961,847                        |
| Fringe Benefits  |                           |                         |                         | 0                              |
| Contractual Services   | 665,107                   |                         |                         | 665,107                        |
| Supplies and Materials   | 229,306                   |                         |                         | 229,306                        |
| Capital Outlay   | 290,555                   |                         |                         | 290,555                        |
| Total Operating Cash Disbursements   | <u>2,146,815</u>          | <u>0</u>                | <u>0</u>                | <u>2,146,815</u>               |
| Operating Income/(Loss)  | <u>531,274</u>            | <u>0</u>                | <u>0</u>                | <u>531,274</u>                 |
| <b>Non-Operating Cash Receipts:</b>  |                           |                         |                         |                                |
| Interest   | 91,741                    | 758                     |                         | 92,499                         |
| Other Non-Operating Cash Receipts  |                           |                         | 1,231,116               | 1,231,116                      |
| Total Non-Operating Cash Receipts  | <u>91,741</u>             | <u>758</u>              | <u>1,231,116</u>        | <u>1,323,615</u>               |
| <b>Non-Operating Cash Disbursements:</b>   |                           |                         |                         |                                |
| Debt Service:  |                           |                         |                         |                                |
| Principal Payments   | 351,765                   |                         |                         | 351,765                        |
| Interest Payments  | 269,223                   |                         |                         | 269,223                        |
| Other Non-Operating Cash Disbursements   |                           |                         | 1,150,797               | 1,150,797                      |
| Total Non-Operating Cash Disbursements   | <u>620,988</u>            | <u>0</u>                | <u>1,150,797</u>        | <u>1,771,785</u>               |
| Excess of Receipts Over/(Under) Disbursements<br>Before Interfund Transfers and Advances | 2,027                     | 758                     | 80,319                  | 83,104                         |
| Transfers-In   | 116,005                   |                         |                         | 116,005                        |
| Transfers-Out  | (55,025)                  | (694)                   |                         | (55,719)                       |
| Net Receipts Over/(Under) Disbursements  | 63,007                    | 64                      | 80,319                  | 143,390                        |
| Fund Cash Balances, January 1  | <u>1,747,119</u>          | <u>22,442</u>           | <u>30,526</u>           | <u>1,800,087</u>               |
| <b>Fund Cash Balances, December 31</b>   | <b><u>\$1,810,126</u></b> | <b><u>\$22,506</u></b>  | <b><u>\$110,845</u></b> | <b><u>\$1,943,477</u></b>      |
| Reserve for Encumbrances, December 31  | <u>\$212,589</u>          | <u>\$0</u>              | <u>\$0</u>              | <u>\$212,589</u>               |

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



**VILLAGE OF THE CITY OF GALLIPOLIS  
GALLIA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Reporting Entity**

The Village of the City of Gallipolis, Gallia County (the Village), is a charter municipal corporation, incorporated under the laws of the State of Ohio. The Village is directed by a publicly-elected five-member Commission and full-time City Manager. The Village provides water and sewer utilities, park operations, and police service. The Village appropriates general fund money to support a volunteer fire department.

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

The Village is associated with the Ohio Municipal League Worker's Compensation Group Rating Plan that is an insurance purchasing pool. This organization is presented in Note 12 to the financial statements.

As described in Note 2, the City of Gallipolis was declared a Village, as of April 30, 2001, as a result of the 2000 census.

**B. Basis of Accounting**

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized 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 prescribed or permitted by the Auditor of State.

**C. Cash and Investments**

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or disbursements, respectively.

Certificates of deposit are valued at cost.

**VILLAGE OF THE CITY OF GALLIPOLIS  
GALLIA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Fund Accounting**

The Village uses fund accounting to segregate cash and investments that are restricted as to use. The Village classifies its funds into the following types:

**1. General Fund**

The General Fund is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

**2. Special Revenue Funds**

These funds are used to account for proceeds from specific sources (other than from trusts or for capital projects) that are restricted to expenditure for specific purposes. The Village had the following significant Special Revenue Fund:

*Eastern Avenue Flood Mitigation Route Fund* - This fund was established to account for funds received from the Federal Government to be expended for construction costs on the Eastern Avenue Flood Mitigation Route Project.

**3. Debt Service Fund**

These funds are used to accumulate resources for the payment of bonds and note indebtedness. The Village had the following significant Debt Service Fund:

*Debt Service Fund* – this fund was established to account for payment on the Village’s governmental debt issues.

**4. Capital Project Funds**

These funds are used to account for receipts that are restricted for the acquisition or construction of major capital projects (except those financed through enterprise or trust funds). The Village had the following significant Capital Project Funds:

*CDBG Downtown Revitalization Grant Fund* – This fund receives CDBG funds for the Downtown Revitalization Project.

*OPWC Eastern Avenue Paving Fund* - This fund receives monies from the Federal Government and OPWC for the Eastern Avenue Paving Project.

VILLAGE OF THE CITY OF GALLIPOLIS  
GALLIA COUNTY

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001  
(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

5. Enterprise Funds

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

*Water Fund* - This fund is used to account for the provision of water services to customers on the Village system.

*Water Pollution Control (WPC) Fund* - This fund is used to account for the provision of sanitation services to customers on the Village system.

6. Fiduciary Funds (Trust and Agency Funds)

Trust funds are used to account for resources restricted by legally binding trust agreements. If the agreement requires the Village to maintain the corpus of the trust, the fund is classified as a nonexpendable trust fund. Other trust funds are classified as expendable. Funds for which the Village is acting in an agency capacity are classified as agency funds. The Village had the following significant Fiduciary Funds:

*Parks Expendable Trust Fund* - This fund is used to account for bequests and donations given to the Village for improvements to park facilities.

*Cemetery Endowment Nonexpendable Trust Fund* - This fund is used to account for bequests to the Village for maintenance of the Village's cemeteries. Interest income earned on the invested balance is transferred to the Cemeteries Fund to be used for perpetual care of the lots.

*Municipal Court Agency Fund* - This fund is used to account for the activities of the Municipal Court.

E. Budgetary Process

The Ohio Revised Code requires that each fund (except certain agency funds) be budgeted annually.

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund or function level of control, and appropriations may not exceed estimated resources. The City Commission must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Unencumbered appropriations lapse at year end.

**VILLAGE OF THE CITY OF GALLIPOLIS  
GALLIA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**E. Budgetary Process (Continued)**

**2. Estimated Resources**

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

**3. Encumbrances**

The Ohio Revised Code requires the Village to reserve (encumber) appropriations when commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated.

A summary of 2001 budgetary activity appears in Note 5.

**F. Property, Plant and Equipment**

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets on the accompanying financial statements.

**G. Accumulated Leave**

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the Village's basis of accounting.

**2. CHANGE IN STATUS**

As of April 30, 2001, the City of Gallipolis was declared a Village as a result of the 2000 census.

**3. CHANGE IN REPORTING METHOD**

The previous financial statements of the Village were prepared in accordance with accounting principles generally accepted in the United States of America. Due to the change in status from a City to a Village as disclosed in Note 2, the Village chose to prepare its financial statements on the basis of accounting formerly prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

**This required a restatement of fund balances previously presented at December 31, 2000. Those balances reflected the net of assets over liabilities measured under generally accepted accounting principles. The balances presented in this report as of January 1, 2001 do not agree to those balances, since fund balances now reflect only cash and investments.**

**VILLAGE OF THE CITY OF GALLIPOLIS  
GALLIA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001  
(Continued)**

**4. EQUITY IN POOLED CASH AND INVESTMENTS**

The Village maintains a cash and investments pool used by all funds. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of cash at December 31 was as follows:

|                         |              |
|-------------------------|--------------|
|                         | 2001         |
| Demand deposits         | \$ 1,708,271 |
| Certificates of deposit | 1,192,900    |
| Total deposits          | \$ 2,901,171 |

**Deposits:** Deposits are either (1) insured by the Federal Deposit Insurance Corporation, (2) collateralized by securities specifically pledged by the financial institution to the Village, or (3) collateralized by the financial institution's public entity deposit pool.

**5. BUDGETARY ACTIVITY**

Budgetary activity for the year ending December 31, 2001:

| 2001 Budgeted vs. Actual Receipts |                      |                    |                |
|-----------------------------------|----------------------|--------------------|----------------|
| Fund Type                         | Budgeted<br>Receipts | Actual<br>Receipts | Variance       |
| General                           | \$ 3,278,140         | \$ 2,763,749       | \$ (514,391)   |
| Special Revenue                   | 4,936,331            | 2,908,903          | (2,027,428)    |
| Debt Service                      | 1,144,000            | 1,143,899          | (101)          |
| Capital Projects                  | 1,143,642            | 789,246            | (354,396)      |
| Enterprise                        | 3,090,280            | 2,885,835          | (204,445)      |
| Fiduciary                         | 8,355                | 7,138              | (1,217)        |
| Total                             | \$ 13,600,748        | \$ 10,498,770      | \$ (3,101,978) |

| 2001 Budgeted vs. Actual Budgetary Basis Expenditures |                            |                           |              |
|---|----------------------------|---------------------------|--------------|
| Fund Type   | Appropriation<br>Authority | Budgetary<br>Expenditures | Variance     |
| General   | \$ 3,386,495               | \$ 2,922,435              | \$ 464,060   |
| Special Revenue                                       | 5,123,492                  | 2,866,970                 | 2,256,522    |
| Debt Service  | 1,173,562                  | 1,173,461                 | 101          |
| Capital Projects                                      | 1,153,315                  | 749,608                   | 403,707      |
| Enterprise  | 3,700,361                  | 3,035,417                 | 664,944      |
| Fiduciary   | 10,450                     | 6,251                     | 4,199        |
| Total   | \$ 14,547,675              | \$ 10,754,142             | \$ 3,793,533 |

**VILLAGE OF THE CITY OF GALLIPOLIS  
GALLIA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001  
(Continued)**

**6. PROPERTY TAX**

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by the Commission. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. Homestead and rollback amounts are then paid by the State, and are reflected in the accompanying financial statements as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to make semiannual payment, 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.

Tangible personal property tax is assessed by the property owners, who must file a list of such property to the County by each April 30.

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

**7. LOCAL INCOME TAX**

The Village levies a municipal income tax of one percent on gross salaries, wages and other personal service compensation earned by residents of the Village and on the earnings of nonresidents working within the Village. Residents of the Village are granted a credit for taxes paid to other municipalities.

Employers within the Village withhold income tax on employee compensation and remit the tax to the Village either monthly or quarterly, as required. Corporations and other individual taxpayers are required to pay their estimated tax quarterly and file a declaration annually. By the City ordinance, income tax proceeds are credited to the General Fund. Income tax revenue for 2001 was \$1,494,899.

**8. DEBT**

Debt outstanding at December 31, 2001 was as follows:

|   | Principal    | Interest Rate |
|---|--------------|---------------|
| Ohio Water Development Authority Loan     | \$ 1,730,971 | 10.71%        |
| Ohio Public Works Commission Loan         | 78,701       | 0.00%         |
| Sewer Mortgage Revenue Refunding Bonds    | 960,000      | 5% - 5.625%   |
| Vehicle Bond Anticipation Note            | 245,000      | 3.19%         |
| Fire Truck Bond Anticipation Note         | 459,000      | 3.11%         |
| Municipal Building Bond Anticipation Note | 295,000      | 2.67%         |
| Total                                     | \$3,768,672  |               |

The Ohio Water Development Authority (OWDA) loan relates to the construction of the Water Treatment Plant. The original loan amount for the project was \$4,000,000 in 1981. The loan will be repaid in semiannual installments of \$232,468, including interest, over 25 years. The loan is collateralized by water receipts. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

**VILLAGE OF THE CITY OF GALLIPOLIS  
GALLIA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001  
(Continued)**

**8. DEBT (Continued)**

The Ohio Public Works Commission (OPWC) loan relates to construction of the Spruce Street lift station. The original loan amount for the project was \$138,884 in 1995. The loan will be repaid in semiannual installments of \$4,629.47, over 15 years. The loan is collateralized by sewer receipts.

The Sewer Mortgage Revenue Refunding Bonds were used for the upgrade of the Wastewater Treatment Plant. The original amount of the bonds totaled \$1,880,000 in 1993. The loan has a variable interest rate ranging from 3.00% to 5.625%. The bonds are to be repaid in semiannual installments of interest and annual installments of principal, over 15 years. The Village uses trust bank accounts for the repayment of these bonds. As of December 31, 2001, the balance of these accounts were \$209,266.87, which are included in the accompanying financial statements. The bonds are collateralized by sewer receipts. The Village has covenanted that it will at all times prescribe and charge such rates for the use and services of the Sewer System, and will so restrict operation and maintenance expenses of the Sewer System, as shall result in revenues from the System at least adequate, after meeting such operation and maintenance expenses, to provide for (1) the payments required by the Indenture to be made into the Bond Fund, and other Special Funds, (2) proper improvement and replacement reserves, and (3) in each 12-month period ending December 31, an amount at least equal to 115% of the amount required to be paid into the Bond Fund in a 12-month period. Contrary to this rate covenant, there was a deficiency of \$101,278.88 in meeting this requirement.

The Vehicle Bond Anticipation Note was issued in anticipation of the issuance of bonds for the purpose of paying part of the cost of acquiring a brush truck, a fire truck, and a street sweeper. The bond anticipation note is collateralized by revenues of the Village. The bond anticipation note matures on August 23, 2002.

The Fire Truck Bond Anticipation Note was issued in anticipation of the issuance of bonds for the purpose of paying part of the cost of acquiring a fire truck and related equipment. The bond anticipation note is collateralized by revenues of the Village. The bond anticipation note matures on September 20, 2002.

The Municipal Building Bond Anticipation Note was issued in anticipation of the issuance of bonds for the purpose of paying part of the cost of acquiring and renovating a building for use as a municipal building. The bond anticipation note is collateralized by revenues of the Village. The bond anticipation note matures on November 15, 2002.

The Village has been approved for a State Infrastructure Bank Loan in the amount of \$1,400,000 to be used for the final stages of Phase I of the Eastern Avenue Flood Mitigation Route Project. The first draw on the loan was received in March 2002 in the amount of \$350,887.15. The Village does not expect to draw on the entire amount of the loan.

**VILLAGE OF THE CITY OF GALLIPOLIS  
GALLIA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001  
(Continued)**

**8. DEBT (Continued)**

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

| Year ending December 31: | OWDA Loan          | OPWC<br>Loan     | Mortgage<br>Revenue<br>Bonds | Bond<br>Anticipation<br>Notes |
|--------------------------|--------------------|------------------|------------------------------|-------------------------------|
| 2002                     | \$ 464,936         | \$ 9,259         | \$ 152,293                   | \$ 1,028,967                  |
| 2003                     | 464,936            | 9,259            | 152,192                      |                               |
| 2004                     | 464,936            | 9,259            | 146,680                      |                               |
| 2005                     | 464,936            | 9,259            | 151,115                      |                               |
| 2006                     | 464,936            | 9,259            | 154,905                      |                               |
| 2007 – 2011              |                    | 32,406           | 456,936                      |                               |
| Total                    | <u>\$2,324,680</u> | <u>\$ 78,701</u> | <u>\$ 1,214,121</u>          | <u>\$ 1,028,967</u>           |

**9. CONTRACTUAL COMMITMENTS**

As of December 31, 2001, the Village had contractual commitments as follows:

| Company   | Project  | Amount Remaining<br>on Contract |
|-----------|--|---------------------------------|
| DGM, Inc. | Eastern Avenue Flood Mitigation<br>Route Project | \$ 666,611                      |

**10. RETIREMENT SYSTEMS**

**A. Public Employees Retirement System**

All Village employees, other than non-administrative full-time police officers and firefighters, participate in the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-employer plan. This plan provides retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 2001, PERS members contributed 8.5% of their gross salaries. The Village contributed an amount equal to 13.55% of participants' gross salaries for 2001. The Village has paid all contributions required through December 31, 2001.



**VILLAGE OF THE CITY OF GALLIPOLIS  
GALLIA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001  
(Continued)**

**10. RETIREMENT SYSTEMS (Continued)**

**B. Ohio Police and Fire Pension Fund**

The Village's law enforcement officers and firefighters contribute to the Ohio Police and Fire Pension Fund (OP&F). OP&F is a cost-sharing, multiple-employer plan. This plan provides for retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 2001, OP&F members contributed 10% of their gross salaries. The Village contributed an amount equal to 19.5% of police and firefighter participant wages. The Village has paid all contributions required through December 31, 2001.

**C. Social Security System**

Effective August 3, 1992, all volunteer firefighters and reserve police officers, not otherwise covered by another retirement system, are covered by social security. The Village's liability is 6.2% of wages paid.

**11. RISK MANAGEMENT**

**Risk Pool Membership**

The Village belongs to the Public Entities Pool of Ohio ("PEP"), a risk-sharing pool available to Ohio local governments. PEP provides property and casualty insurance for its members. PEP is a member of the American Public Entity Excess Pool (APEEP). Member governments pay annual contributions to fund PEP. PEP pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

Casualty Coverage

PEP retains casualty risks up to \$250,000 per occurrence. Claims exceeding \$250,000 are reinsured with APEEP up to \$1,750,000 per claim and \$5,000,000 in the aggregate per year. Governments can elect additional coverage, from \$2,000,000 to \$10,000,000, from the General Reinsurance Corporation.

If losses exhaust PEP's retained earnings, APEEP covers PEP losses up to \$5,000,000 per year, subject to a per-occurrence limit of \$2,000,000.

Property Coverage

PEP retains property risks, including automobile physical damage up to \$100,000 on any specific loss. The Travelers Indemnity Company reinsures specific losses exceeding \$100,000. The Travelers Indemnity Company also provides aggregate excess coverage for property including automobile physical damage subject to an annual stop loss. When the stop loss is reached in any year, The Travelers Indemnity Company provides coverage in excess of \$10,000.

The aforementioned casualty and property reinsurance agreements do not discharge PEP's primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective government.

**VILLAGE OF THE CITY OF GALLIPOLIS  
GALLIA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001  
(Continued)**

**11. RISK MANAGEMENT (Continued)**

Financial Position

PEP's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2001 and 2000 (the latest information available):

| <u>Casualty Coverage</u> | <u>2001</u>         | <u>2000</u>        |
|--------------------------|---------------------|--------------------|
| Assets                   | 19,358,458          | \$17,112,129       |
| Liabilities              | <u>(8,827,588)</u>  | <u>(7,715,035)</u> |
| Retained earnings        | <u>\$10,530,870</u> | <u>\$9,397,094</u> |
|                          |                     |                    |
| <u>Property Coverage</u> | <u>2001</u>         | <u>2000</u>        |
| Assets                   | 1,890,323           | \$1,575,614        |
| Liabilities              | <u>(469,100)</u>    | <u>(281,561)</u>   |
| Retained earnings        | <u>\$1,421,223</u>  | <u>\$1,294,053</u> |

**12. INSURANCE PURCHASING POOL**

The Village participates in the Ohio Municipal League Workers' Compensation Group Rating Plan, a group rating plan and insurance purchasing pool. The Ohio Municipal League, as the sponsoring organization, has retained the services of Gates, McDonald & Company of Hilliard, Ohio, as its Group Administrator to perform claims administration, actuarial cost control, and consulting services for participants. Each year the Village pays an enrollment fee to the GRP to cover the costs of administering the program.

**13. CONTINGENT LIABILITY**

The Village is defendant in a lawsuit. Although the outcome of this suit is not presently determinable, management believes that the resolution of this matter will not materially adversely affect the Village's financial condition.

Amounts received from grantor agencies are subject to audit and adjustment by the grantor, principally the federal government. Any disallowed costs may require refunding to the grantor. Amounts which may be disallowed, if any, are not presently determinable. However, based on prior experience, management believes such refunds, if any, would not be material.

**VILLAGE OF THE CITY OF GALLIPOLIS  
GALLIA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001  
(Continued)**

**14. SUBSEQUENT EVENTS**

On February 5, 2002, the Commission approved an ordinance providing for the issuance of \$602,000 in bonds for paying part of the costs of constructing a new fire station. On February 19, 2002, the Commission approved an emergency ordinance providing for the issuance of \$235,000 in bond anticipation notes for the purpose of paying part of the costs of acquiring a new fire truck. Also, the Village has been approved for a State Infrastructure Bank Loan in the amount of \$1,400,000 to be used for the final stages of Phase I of the Eastern Avenue Flood Mitigation Route Project and in March, 2002, the Village received its first drawdown of State Infrastructure Bank loan monies in the amount of \$350,887.15 for the Eastern Avenue Flood Mitigation Route Project. In August 2002, the Commission approved an ordinance providing for the issuance of \$215,000 in notes for a brush truck, fire truck, and street sweeper. Also in August 2002, the Commission approved an ordinance providing for the issuance of \$419,000 bond anticipation notes for a fire truck and related equipment.

**VILLAGE OF THE CITY OF GALLIPOLIS  
GALLIA COUNTY**

**SCHEDULE OF FEDERAL AWARDS EXPENDITURES  
FOR THE YEAR ENDED DECEMBER 31, 2001**

| <b>FEDERAL GRANTOR/<br/>Pass Through Grantor<br/>Program Title</b> | <b>Pass Through<br/>Entity<br/>Number</b> | <b>Federal<br/>CFDA<br/>Number</b> | <b>Disbursements</b>       |
|--|---|------------------------------------|----------------------------|
| <b>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>            |   |                                    |                            |
| <i>Passed Through Ohio Department of Development:</i>              |   |                                    |                            |
| Community Housing Improvement Program                              | A-C-99-125-1                              | 14.228                             | \$ 308,154                 |
| Downtown Revitalization Competitive Program                        | A-T-99-125-1                              | 14.228                             | <u>233,075</u>             |
| Total U.S. Department of Housing and Urban Development             |   |                                    | <u>541,229</u>             |
| <b>U.S. DEPARTMENT OF JUSTICE</b>                                  |   |                                    |                            |
| <i>Passed Through State Attorney General's Office:</i>             |   |                                    |                            |
| Victims of Crime Act   | 99VAGENN405N                              | 16.575                             | 18,908                     |
|  | 2002VAGENE550                             | 16.575                             | <u>6,390</u>               |
| Total Victims of Crime Act   |   |                                    | 25,298                     |
| <i>Passed Through Office of Criminal Justice Services:</i>         |   |                                    |                            |
| Violence Against Women Act   | 1999-WF-VA2-8427                          | 16.588                             | 18,157                     |
|  | 2000-WF-VA2-8427                          | 16.588                             | <u>6,472</u>               |
| Total Violence Against Women Act                                   |   |                                    | 24,629                     |
| Law Enforcement Block Grant  | 98-LB-LEB-3020                            | 16.592                             | 1,540                      |
| <i>Direct From Federal Government:</i>                             |   |                                    |                            |
| Community Oriented Policing Services (COPS Fast)                   | N/A                                       | 16.710                             | 23,753                     |
| Community Oriented Policing Services (COPS More)                   | N/A                                       | 16.710                             | <u>8,056</u>               |
| Total Community Oriented Policing Services                         |   |                                    | <u>31,809</u>              |
| Total U.S. Department of Justice                                   |   |                                    | <u>83,276</u>              |
| <b>HIGHWAY PLANNING AND CONSTRUCTION CLUSTER:</b>                  |   |                                    |                            |
| <b>U.S. DEPARTMENT OF HIGHWAYS</b>                                 |   |                                    |                            |
| <i>Passed Through Ohio Department of Transportation:</i>           |   |                                    |                            |
| Highway Planning and Construction                                  | N/A                                       | 20.205                             | <u>1,461,717</u>           |
| Total U.S. Department of Highways                                  |   |                                    | <u>1,461,717</u>           |
| <b>APPALACHIAN REGIONAL COMMISSION</b>                             |   |                                    |                            |
| <i>Passed Through Ohio Department of Transportation:</i>           |   |                                    |                            |
| Appalachian Development Highway System                             | N/A                                       | 23.003                             | <u>600,000</u>             |
| Total Appalachian Regional Commission                              |   |                                    | <u>600,000</u>             |
| Total Highway Planning and Construction Cluster                    |   |                                    | <u>2,061,717</u>           |
| <b>Total Federal Awards Expenditures</b>                           |   |                                    | <b><u>\$ 2,686,222</u></b> |

*The Notes to the Schedule of Federal Awards Expenditures are an integral part of this Schedule.*

**VILLAGE OF THE CITY OF GALLIPOLIS  
GALLIA COUNTY**

**NOTES TO SCHEDULE OF FEDERAL AWARDS EXPENDITURES  
DECEMBER 31, 2001**

**NOTE A -- SIGNIFICANT ACCOUNTING POLICIES**

The accompanying Schedule of Federal Awards Expenditures (the Schedule) summarizes activity of the Village's Federal award programs. The Schedule has been prepared on the cash basis of accounting.

**NOTE B -- SUBRECIPIENTS**

The County passes-through certain Federal assistance received from State Department of Development to other governments or not-for-profit agencies (subrecipients). As described in Note A, the Village records expenditures of Federal awards to subrecipients when paid in cash.

The subrecipient agencies have certain compliance responsibilities related to administering these Federal Programs. Under Federal Circular A-133, the Village is responsible for monitoring subrecipients to help assure that Federal awards are used for authorized purposes in compliance with laws, regulations and the provisions of contracts or grant agreements, and that performance goals are achieved.

**NOTE C -- MATCHING REQUIREMENTS**

Certain Federal programs require that the Village contribute non-Federal funds (matching funds) to support the Federally-funded programs. The Village has complied with the matching requirements. The expenditure of non-Federal matching funds is not included on the Schedule.

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STATE OF OHIO  
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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**REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE AND ON INTERNAL CONTROL  
REQUIRED BY GOVERNMENT AUDITING STANDARDS**

Village of the City of Gallipolis  
Gallia County  
518 Second Avenue  
Gallipolis, Ohio 45631

To the Commission:

We have audited the accompanying financial statements of the Village of the City of Gallipolis, Gallia County, Ohio (the Village) as of and for the year ended December 31, 2001, and have issued our report thereon dated September 25, 2002, wherein we noted that due to the change in status from a City to a Village, the Village now prepares its statements on a basis of accounting prescribed or permitted by the Auditor of State rather than accounting principles generally accepted in the United States of America. We conducted our audit 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.

**Compliance**

As part of obtaining reasonable assurance about whether the Village's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. 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 an instance of noncompliance that is required to be reported under *Government Auditing Standards* which is described in the accompanying Schedule of Findings as item 2001-20727-001. We also noted certain immaterial instances of noncompliance that we have reported to management of the Village in a separate letter dated September 25, 2002.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Village's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Village's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. The reportable condition is described in the accompanying Schedule of Findings as item 2001-20727-002.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. We do not consider the reportable condition described above to be a material weakness. We also noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Village in a separate letter dated September 25, 2002.

This report is intended solely for the information and use of the audit committee, management, the Commission, and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, appearing to read "Jim Petro", with a stylized flourish at the end.

**Jim Petro**  
Auditor of State

September 25, 2002





STATE OF OHIO  
OFFICE OF THE AUDITOR

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**REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE WITH REQUIREMENTS  
APPLICABLE TO EACH MAJOR FEDERAL PROGRAM AND INTERNAL CONTROL OVER  
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

Village of the City of Gallipolis  
Gallia County  
518 Second Avenue  
Gallipolis, Ohio 45631

To the Commission:

**Compliance**

We have audited the compliance of the Village of the City of Gallipolis, Gallia County, Ohio (the Village), with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement* that are applicable to each of its major federal programs for the year ended December 31, 2001. The Village's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal programs are the responsibility of the Village's management. Our responsibility is to express an opinion on the Village's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance occurred with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program. An audit includes examining, on a test basis, evidence about the Village's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Village's compliance with those requirements.

In our opinion, the Village complied, in all material respects, with the requirements referred to above that are applicable to its major federal programs for the year ended December 31, 2001.

**Internal Control over Compliance**

The management of the Village is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Village's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Village of the City of Gallipolis  
Gallia County  
Report of Independent Accountants on Compliance with  
Requirements Applicable to Major Federal Programs and  
Internal Control Over Compliance in Accordance with OMB Circular A-133  
Page 2

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses. We also noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Village in a separate letter dated September 25, 2002.

This report is intended for the information and use of the audit committee, management, the Commission, and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, appearing to read "Jim Petro", written in a cursive style.

**Jim Petro**  
Auditor of State

September 25, 2002

**VILLAGE OF THE CITY OF GALLIPOLIS  
GALLIA COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 §.505  
DECEMBER 31, 2001**

|  |
|--|
| <b>1. SUMMARY OF AUDITOR'S RESULTS</b> |
|--|

|                     |   |   |
|---------------------|---|---|
| <b>(d)(1)(i)</b>    | <b>Type of Financial Statement Opinion</b>  | Unqualified   |
| <b>(d)(1)(ii)</b>   | <b>Were there any material control weakness conditions reported at the financial statement level (GAGAS)?</b>         | No  |
| <b>(d)(1)(ii)</b>   | <b>Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?</b> | Yes   |
| <b>(d)(1)(iii)</b>  | <b>Was there any reported material non-compliance at the financial statement level (GAGAS)?</b>                       | Yes   |
| <b>(d)(1)(iv)</b>   | <b>Were there any material internal control weakness conditions reported for major federal programs?</b>              | No  |
| <b>(d)(1)(iv)</b>   | <b>Were there any other reportable internal control weakness conditions reported for major federal programs?</b>      | No  |
| <b>(d)(1)(v)</b>    | <b>Type of Major Programs' Compliance Opinion</b>   | Unqualified   |
| <b>(d)(1)(vi)</b>   | <b>Are there any reportable findings under § .510?</b>  | No  |
| <b>(d)(1)(vii)</b>  | <b>Major Programs (list):</b>   | Highway Planning and Construction Cluster:<br>Highway Planning and Construction, CFDA #20.205<br>Appalachian Development Highway System, CFDA #23.003 |
| <b>(d)(1)(viii)</b> | <b>Dollar Threshold: Type A/B Programs</b>  | Type A: > \$ 300,000<br>Type B: all others  |
| <b>(d)(1)(ix)</b>   | <b>Low Risk Auditee?</b>  | No  |

VILLAGE OF THE CITY OF GALLIPOLIS  
GALLIA COUNTY

SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 §.505  
DECEMBER 31, 2001  
(Continued)

**2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS  
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS**

**Finding Number 2001-60744-001**

**Noncompliance Citation**

The bond issuance documents for the Sanitary Sewer System Mortgage Revenue Refunding Bonds, dated July 1, 1993, include a rate covenant. According to these documents, the Village has covenanted that it will, at all times, prescribe and charge such rates for the use and services of the System, as shall result in revenues from the System at least adequate, after meeting such operation and maintenance expenses, to provide for the following:

1. the payments required by the Indenture to be made into the Bond Fund, and the other Special Funds;
2. proper improvement and replacement reserves; and
3. in each 12-month period ending each December 31, an amount at least equal to 115% of the amount required to be paid into the Bond Fund during such 12-month period.

The failure in any such 12-month period to meet such tests shall not constitute an event of default under the Indenture. In such event, the Village shall immediately employ an independent firm of engineers or consultants, knowledgeable in the operation of municipal sanitary sewer system and rate studies applicable thereto and having a good repute for skill and experience in such work, to submit a written report and recommendations with respect to rates and charges of the System and with respect to improvements or changes in the operations of the System, stating the extent to which prior recommendations of consultants or engineers may not have been compiled with by the Village. A copy of such report and recommendations shall be filed with the Village, the Trustee, the Underwriters and any holders of Bonds requesting the same.

The Net Income in the Water Pollution Control Fund during 2001 amounted to \$214,325, while the payments required (\$146,792.50) plus the requirement of 115% of the debt service requirements ( $\$146,792.50 \times 115\% = \$168,811.38$ ) totaled \$315,603.88. This resulted in a deficiency of \$101,278.88 in meeting the rate covenant requirements.

We recommend the Village review and follow their debt agreements and consult with their bond counsel to determine the necessary steps that should be taken to resolve this issue.

**VILLAGE OF THE CITY OF GALLIPOLIS  
GALLIA COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 §.505  
DECEMBER 31, 2001  
(Continued)**

**2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS  
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)**

**Finding Number 2001-60744-002**

**Reportable Condition**

**Estimated Revenues Exceeded Actual Revenues**

Estimated revenues exceeded actual revenues at December 31, 2001. This could result in appropriations exceeding actual revenues plus unencumbered beginning fund balances and lead to overspending.

We found that estimated revenues exceeded actual revenues for the following funds and by the following amounts; however, the following funds were not overspent:

|                       |           |      |                          |            |     |
|-----------------------|-----------|------|--------------------------|------------|-----|
| General Fund          | \$514,382 | 16%  | Cemetery Endowment       | \$ 1,242   | 62% |
| COPS More Fund        | \$ 11,653 | 51%  | M&R Streets Fund         | \$ 9,744   | 5%  |
| TIF Fund              | \$ 18,153 | 18%  | Shade Tree Fund          | \$ 367     | 7%  |
| LEBG Trust Fund       | \$ 36     | 72%  | VAWA Grant Fund          | \$ 1,947   | 7%  |
| Alcohol Enforce. Fund | \$ 672    | 43%  | DARE Program Fund        | \$ 125     | 75% |
| Capital Improve. Fund | \$ 105    | 21%  | New Municipal Bldg. Fund | \$ 607     | 61% |
| CDBG Downtown Fund    | \$145,525 | 61%  | Eastern Ave. Paving Fund | \$ 108,917 | 21% |
| Court Improve. Fund   | \$ 3,042  | 7%   | ODNR River Access Fund   | \$ 8,700   | 19% |
| ODNR Playground Fund  | \$ 87,500 | 100% | Sanitation Fund          | \$ 4,266   | 28% |
| Swimming Pool Fund    | \$ 12,379 | 11%  | Utility Deposit Fund     | \$ 607     | 30% |
| WPC Replacement Fund  | \$198,394 | 96%  |                          |            |     |

Estimated revenues exceeded actual revenues for the following funds and by the following amounts which resulted in overspending by insignificant amounts:

|                                 |             |     |                        |           |     |
|---------------------------------|-------------|-----|------------------------|-----------|-----|
| Eastern Ave. Flood Mit.<br>Fund | \$1,832,394 | 51% | Water Replacement Fund | \$ 50,670 | 50% |
| CHIP Grant Fund                 | \$ 247,509  | 46% |                        |           |     |

We recommend estimated revenues be compared with actual revenues on a regular basis and, if significant variances are noted, estimated revenues should be adjusted accordingly.

**3. FINDINGS FOR FEDERAL AWARDS**

None.

**VILLAGE OF THE CITY OF GALLIPOLIS  
GALLIA COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
OMB CIRCULAR A -133 §.315 (b)  
DECEMBER 31, 2001**

| Finding Number | Finding Summary   | Fully Corrected? | Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain:</i></b> |
|----------------|---|------------------|---|
| 2000-20727-001 | A noncompliance finding was issued under 44 C.F.R. §13.21 for not paying FEMA interest to the Ohio Emergency Management Agency. | Yes              |   |

**VILLAGE OF THE CITY OF GALLIPOLIS  
GALLIA COUNTY**

**CORRECTIVE ACTION PLAN  
OMB CIRCULAR A -133 §.315 (c)  
DECEMBER 31, 2001**

| Finding Number | Planned Corrective Action   | Anticipated Completion Date | Responsible Contact Person                      |
|----------------|---|-----------------------------|---|
| 2001-20727-001 | The Auditor/Clerk/Treasurer intends to consult with bond counsel to determine the necessary steps that should be taken. | December 31, 2002           | Annette Landers,<br>Auditor/Clerk/<br>Treasurer |
| 2001-20727-002 | The Auditor/Clerk/Treasurer intends to monitor estimated and actual receipts closely.                                   | December 31, 2002           | Annette Landers,<br>Auditor/Clerk/<br>Treasurer |







STATE OF OHIO  
OFFICE OF THE AUDITOR  

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Telephone 614-466-4514  
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Facsimile 614-466-4490

**VILLAGE OF THE CITY OF GALLIPOLIS**

**GALLIA COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
NOVEMBER 7, 2002**