



Dave Yost • Auditor of State



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

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# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT

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

To the Village Commission:

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of the City of Gallipolis, Gallia County, Ohio (the Village), as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for preparing and fairly presenting these financial statements in accordance with the cash accounting basis Note 2 describes. This responsibility includes determining that the cash accounting basis is acceptable for the circumstances. Management is also responsible for designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Village's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Village's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

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**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of the City of Gallipolis, Gallia County, Ohio, as of December 31, 2013, and the respective changes in cash financial position and where applicable, cash flows, and the respective budgetary comparison for the General, Tax Incremental Financing, and Court Mediation Funds thereof for the year then ended in accordance with the accounting basis described in Note 2.

**Accounting Basis**

We draw attention to Note 2 of the financial statements, which describes the accounting basis, which differs from generally accepted accounting principles. We did not modify our opinion regarding this matter.

**Emphasis of Matter**

As discussed in Note 3 to the financial statements, during 2013, the Village adopted new accounting guidance in Governmental Accounting Standards Board Statement No. 61, *The Financial Reporting Entity: Omnibus*. We did not modify our opinion regarding this matter.

**Other Matters**

*Supplemental and Other Information*

We audited to opine on the Village's financial statements that collectively comprise its basic financial statements.

*Management's Discussion & Analysis* includes tables of net position, changes in net position, governmental activities and long-term debt. This information provides additional analysis and is not a required part of the basic financial statements.

The Federal Awards Expenditures Schedule also presents additional analysis as required by the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and is also not a required part of the financial statements.

These tables and the Schedule are management's responsibility, and derive from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected these tables and the Schedule to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling these tables and the Schedule directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and in accordance with auditing standards generally accepted in the United States of America. In our opinion, these tables and the Schedule are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other than the aforementioned procedures applied to the tables, we applied no procedures to any other information in Management's Discussion & Analysis, and we express no opinion or any other assurance on it.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated July 17, 2014, 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. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on 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.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

**Dave Yost**  
Auditor of State

Columbus, Ohio

July 17, 2014

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**Village of the City of Gallipolis, Ohio**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2013*  
*Unaudited*

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The discussion and analysis of the Village of the City of Gallipolis' (the Village) financial performance provides an overall review of the Village's financial activities for the year ended December 31, 2013, within the limitations of the Village's cash basis accounting. Readers should also review the basic financial statements and notes to the financial statements to enhance their understanding of the Village's financial performance.

## **FINANCIAL HIGHLIGHTS**

***Key financial highlights are as follows:***

- For 2013, total net position decreased \$672,746, with governmental activities decreasing \$746,969 and business-type activities increasing \$74,223.
- For 2013, the Village had six governmental major funds: the General Fund; the Court Mediation Program and Tax Increment Financing Special Revenue Funds; the Bond and Note Retirement Debt Service Fund; and the FEMA and Court Capital Improvement Capital Projects Funds. The fund balances of the General, Tax Increment Financing, FEMA, and Court Capital Improvement Funds decreased \$2,983, \$240,908, \$7,640, and \$52,806, respectively. The fund balance of the Court Mediation Program Fund increased \$40,487 from the prior year while the fund balance of the Bond and Note Retirement Fund remained the same.
- The Village has two business-type activities: the Water and Sewer Funds. For 2013, the Water Fund's net position decreased by \$42,993 and the Sewer Fund's increased by \$122,880.

## **USING THE BASIC FINANCIAL STATEMENTS**

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

### ***Report Components***

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

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

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

**Village of the City of Gallipolis, Ohio**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2013*  
*Unaudited*

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***Basis of Accounting***

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

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

***Reporting the Village of the City of Gallipolis as a Whole***

***Statement of Net Position and Statement of Activities***

The statement of net position and the statement of activities reflect how the Village did financially during 2013, within the limitations of the cash basis of accounting. The statement of net position presents the cash balances of the governmental and business-type activities of the Village at year end. The statement of activities compares cash disbursements with program receipts for each governmental program and business-type activity. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function or business-type activity draws from the Village's general receipts.

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

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

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

**Village of the City of Gallipolis, Ohio**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2013*  
*Unaudited*

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

*Fund Financial Statements*

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

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

**THE VILLAGE OF THE CITY OF GALLIPOLIS AS A WHOLE**

Table 1 provides a summary of the Village's net position for 2013 compared to 2012 on a cash basis:

**Village of the City of Gallipolis, Ohio**  
*Management's Discussion and Analysis*  
For the Year Ended December 31, 2013  
Unaudited

(Table 1)  
**Net Position**

	Governmental Activities		Business-Type Activities		Total	
	2013	2012	2013	2012	2013	2012
<b>Assets</b>						
Cash and Cash Equivalents	\$1,362,454	\$2,098,767	\$1,003,091	\$923,204	\$2,365,545	\$3,021,971
Cash in Segregated Accounts	96,736	113,056	0	0	96,736	113,056
Internal Balances	(36,067)	(41,731)	36,067	41,731	0	0
<i>Total Assets</i>	<u>1,423,123</u>	<u>2,170,092</u>	<u>1,039,158</u>	<u>964,935</u>	<u>2,462,281</u>	<u>3,135,027</u>
<b>Net Position</b>						
Restricted for:						
Street	318,034	580,134	0	0	318,034	580,134
Police	37,747	34,347	0	0	37,747	34,347
Fire	63,045	103,786	0	0	63,045	103,786
Cemetery	29,939	130,044	0	0	29,939	130,044
Recreation	28,442	60,010	0	0	28,442	60,010
Court	528,699	564,589	0	0	528,699	564,589
Capital Improvements	0	272,529	0	0	0	272,529
Unclaimed Monies	4,445	8,015	0	0	4,445	8,015
Other Purposes	20,024	75,742	0	0	20,024	75,742
Perpetual Care - Nonexpendable	27,442	27,442	0	0	27,442	27,442
Unrestricted	<u>365,306</u>	<u>313,454</u>	<u>1,039,158</u>	<u>964,935</u>	<u>1,404,464</u>	<u>1,278,389</u>
<i>Total Net Position</i>	<u>\$1,423,123</u>	<u>\$2,170,092</u>	<u>\$1,039,158</u>	<u>\$964,935</u>	<u>\$2,462,281</u>	<u>\$3,135,027</u>

As mentioned previously, net position of governmental activities decreased \$746,969 and the business-type activities net position increased \$74,223 during 2013. The primary reasons contributing to the decreases are as follows:

- Slow growth in local tax revenues. Property tax valuation within the Village increased from \$74,564,617 (in 2012) to \$76,217,307 (in 2013). Loss of the estate tax resulted in \$100,000 less in revenues in 2013, compared to 2012. Additionally, the economy has negatively impacted local wages, resulting in a slight decrease in income tax receipts compared to last year.
- Debt Service from the Village's energy conservation project. The project, totaling \$6,000,000 Village-wide, has reduced the Village's energy consumption and included improvements to the Village's street lighting, pool and park facilities, and water and sewer systems. Final debt service payment is April 9, 2015.

Table 2 reflects the changes in net position on a cash basis in 2013 and 2012 for governmental activities, business-type activities, and total primary government.

**Village of the City of Gallipolis, Ohio**  
*Management's Discussion and Analysis*  
For the Year Ended December 31, 2013  
Unaudited

(Table 2)

**Changes in Net Position**

	Governmental Activities		Business-Type Activities		Total	
	2013	2012	2013	2012	2013	2012
<b>Receipts</b>						
Program Receipts:						
Charges for Services	\$1,732,805	\$1,669,994	\$3,018,840	\$2,964,206	\$4,751,645	\$4,634,200
Operating Grants, Contributions and Interest	314,295	422,289	0	0	314,295	422,289
Capital Grants and Contributions and Interest	896,770	7,786	0	66,919	896,770	74,705
<i>Total Program Receipts</i>	<u>2,943,870</u>	<u>2,100,069</u>	<u>3,018,840</u>	<u>3,031,125</u>	<u>5,962,710</u>	<u>5,131,194</u>
General Receipts:						
Property Taxes	343,697	340,096	0	0	343,697	340,096
Income Taxes	1,660,582	1,680,028	0	0	1,660,582	1,680,028
Payments in Lieu of Taxes	99,183	98,854	0	0	99,183	98,854
Franchise Fees	52,758	60,713	0	0	52,758	60,713
Grants and Entitlements	216,227	329,201	0	0	216,227	329,201
Investment Earnings	37,732	74,431	0	0	37,732	74,431
Proceeds from Sale of Capital Assets	0	160,000	0	0	0	160,000
Proceeds from Sale of Bonds	353,175	0	0	0	353,175	0
Donations and Contributions	1,950	2,450	0	0	1,950	2,450
Loan Proceeds	0	0	150,273	0	150,273	0
Miscellaneous	56,607	36,357	17,459	23,274	74,066	59,631
<i>Total General Receipts</i>	<u>2,821,911</u>	<u>2,782,130</u>	<u>167,732</u>	<u>23,274</u>	<u>2,989,643</u>	<u>2,805,404</u>
<b>Total Receipts</b>	<u>5,765,781</u>	<u>4,882,199</u>	<u>3,186,572</u>	<u>3,054,399</u>	<u>8,952,353</u>	<u>7,936,598</u>
<b>Disbursements</b>						
General Government	1,292,410	1,244,824	0	0	1,292,410	1,244,824
General Government - Court	590,778	650,588	0	0	590,778	650,588
Security of Persons and Property:						
Police	1,090,756	1,137,848	0	0	1,090,756	1,137,848
Fire	217,646	205,289	0	0	217,646	205,289
Public Health Services	251,108	194,446	0	0	251,108	194,446
Community Environment	86,255	98,109	0	0	86,255	98,109
Transportation	1,285,670	533,671	0	0	1,285,670	533,671
Leisure Time Activities	294,066	248,994	0	0	294,066	248,994
Capital Outlay	577,353	2,548,791	0	0	577,353	2,548,791
Debt Service:						
Principal Retirement	636,706	277,315	0	0	636,706	277,315
Interest and Fiscal Charges	140,109	165,921	0	0	140,109	165,921
Water	0	0	1,644,940	1,817,278	1,644,940	1,817,278
Sewer	0	0	1,517,302	1,354,202	1,517,302	1,354,202
<i>Total Disbursements</i>	<u>6,462,857</u>	<u>7,305,796</u>	<u>3,162,242</u>	<u>3,171,480</u>	<u>9,625,099</u>	<u>10,477,276</u>
<i>Increase (Decrease) before Transfers and Advances</i>	(697,076)	(2,423,597)	24,330	(117,081)	(672,746)	(2,540,678)
<i>Transfers</i>	(99,893)	(27,351)	99,893	27,351	0	0
<i>Advances</i>	50,000	312,260	(50,000)	(312,260)	0	0
<b>Change in Net Position</b>	<u>(746,969)</u>	<u>(2,138,688)</u>	<u>74,223</u>	<u>(401,990)</u>	<u>(672,746)</u>	<u>(2,540,678)</u>
<i>Net Position Beginning of Year</i>	<u>2,170,092</u>	<u>4,308,780</u>	<u>964,935</u>	<u>1,366,925</u>	<u>3,135,027</u>	<u>5,675,705</u>
<i>Net Position End of Year</i>	<u>\$1,423,123</u>	<u>\$2,170,092</u>	<u>\$1,039,158</u>	<u>\$964,935</u>	<u>\$2,462,281</u>	<u>\$3,135,027</u>

**Village of the City of Gallipolis, Ohio**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2013*  
*Unaudited*

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***Governmental Activities***

For 2013, program receipts represent \$2,943,870 or 51.1 percent of total receipts and are primarily composed of charges for services such as code enforcement, cemetery, and recreation fees, court fines, and police and fire contracts, and restricted intergovernmental receipts such as motor vehicle license and gas tax money as well as FEMA grant receipts.

General receipts represent \$2,821,911, or 48.9 percent of the Village's total receipts, and of this amount, \$2,004,279, or 71 percent are derived from local taxes. The Village's total general revenue receipts increased from 2012. This increase is mainly due to the issuance of bonds in 2013.

The Village continues to work very hard to increase the income tax base by being proactive with new businesses and is continuing to strive to provide better service to the taxpayers at the lowest cost possible. The ability of the Village to continue to provide quality services without income tax increases rests on the Village Management's ability to keep costs in line.

General government, security of persons and property, and transportation are the major activities of the Village, representing 60.1 percent of the governmental disbursements in 2013, an increase in percentage from the prior year. During 2013, expenses for these operations amounted to \$1,292,410, \$1,090,756, \$217,646, and \$1,285,670, respectively. These activities are, for the most part, funded by the municipal income tax and FEMA funding. The Village attempts to supplement the income and activities of the police and fire departments through grant funding to enable the departments to widen the scope of their activities. The police and fire departments and their employees continue to work hand-in-hand with the Village to help reduce the costs to the taxpayer.

Capital outlay activities of the Village accounted for 8.9 percent of governmental disbursements. Capital outlay decreased \$1,971,438 from the prior year. The primary cause of this decrease is the completion of the new law enforcement center and administrative office building (municipal building) in 2013.

Court operations, public health services, park operations, community environment, and debt service account for the remaining 31 percent of governmental disbursements in 2013.

***Business-Type Activities***

The Village's water and sewer operations account for the disbursements for the Village's business-type activities and are funded almost entirely from charges for services. During 2013, program disbursements exceeded program receipts by \$143,402 for all business-type activities.

The Village's water and sewer departments continued to operate with low rates. The minimum water and sewer rates are \$15.69 and \$11.95, respectively, for the first 1,000 gallons. Water and sewer rates increase 3% annually per ordinance, with the most recent increase on April 1, 2013.

**Village of the City of Gallipolis, Ohio**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2013*  
*Unaudited*

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

(Table 3)

**Governmental Activities**

	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
	2013	2013	2012	2012
General Government	\$1,292,410	\$785,753	\$1,244,824	\$724,055
General Government - Court	590,778	(361,824)	650,588	(273,671)
Security of Persons and Property:				
Police	1,090,756	1,066,098	1,137,848	1,032,512
Fire	217,646	83,234	205,289	58,194
Public Health Services	251,108	199,911	194,446	164,367
Community Environment	86,255	71,257	98,109	72,931
Transportation	1,285,670	122,557	533,671	261,922
Leisure Time Activities	294,066	197,833	248,994	173,390
Capital Outlay	577,353	577,353	2,548,791	2,548,791
Debt Service:				
Principal Retirement	636,706	636,706	277,315	277,315
Interest and Fiscal Charges	140,109	140,109	165,921	165,921
<i>Total</i>	<u>\$6,462,857</u>	<u>\$3,518,987</u>	<u>\$7,305,796</u>	<u>\$5,205,727</u>

The dependence upon property and income tax receipts is apparent as approximately 54 percent of governmental activities are supported through these and other general receipts.

**THE VILLAGE’S FUNDS**

The Village’s governmental funds are accounted for using the cash basis of accounting. In 2013, governmental funds had total receipts of \$5,412,606 and disbursements of \$6,452,201.

The General Fund is the primary operating fund of the Village. At the end of 2013, the unassigned fund balance was \$193,707, while total fund balance was \$247,161. As a measure of the General Fund’s liquidity, it may be useful to compare both the unassigned fund balance and total fund balance to total fund disbursements. Unassigned fund balance represents 6.6 percent to total General Fund disbursements, while total fund balance represents 8.4 percent of that same amount. The Village’s General Fund balance decreased \$2,983 during 2013.

At the end of 2013, the Court Mediation Program Special Revenue Fund had a fund balance of \$140,963. This is an increase of \$40,487 from the fund balance of \$100,476 at the end of 2012.

**Village of the City of Gallipolis, Ohio**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2013*  
*Unaudited*

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The fund balance of the Tax Increment Financing Special Revenue Fund decreased \$240,908 from 2012. This decrease is due to the early payoff of debt service in the amount of \$335,368 to the State Infrastructure Bank for Phase I of Farm Road.

The fund balance of the FEMA Capital Projects Fund decreased \$7,640 from 2012. This decrease is due to an increase in construction disbursements compared to 2012.

At the end of 2013, the Court Capital Improvement Capital Projects Fund had a fund balance of \$198,435, a decrease of \$52,806 from 2012.

The net position of the Water Enterprise Fund decreased \$42,993 in 2013 largely due to costs related to a performance audit. Debt service payments related to the Ameresco Energy Savings Project continued to have a negative impact, although this was partially mitigated by utility savings.

The net position of the Sewer Enterprise Fund increased \$122,880 in 2013 due to the proceeds received from a new loan and reimbursement in 2013 from FEMA for costs related to disaster recovery incurred in 2011 and 2012. Debt service payments related to the Ameresco Energy Savings Project continued to have a negative impact, although this was partially mitigated by utility savings.

***General Fund Budgeting Highlights***

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

During 2013, the Village amended the General Fund budget several times. Budget basis receipts were \$2,950,287, \$3,758 above final estimates of \$2,946,529. Final estimated receipts were increased \$100,013 from the original of \$2,846,516. Disbursements of \$2,978,718 were lower than final appropriations of \$3,133,364. Final appropriations were increased \$134,924 from originals. All recommendations for budget change came from the Village Manager and Village Auditor to the Commission for review and Ordinance enactment on the change. The allocation of appropriations within the departments and objects within a fund, with the exception of employee salaries, may be modified during the year, as requested by the department supervisors and approved by the Village Manager, by the Village Auditor without an ordinance of Commission. With the General Fund supporting many of the major activities such as police and fire departments, as well as most legislative and executive activities, the General Fund is monitored closely, looking for possible revenue shortfalls or overspending by individual departments.



**Village of the City of Gallipolis, Ohio**  
*Management's Discussion and Analysis*  
For the Year Ended December 31, 2013  
Unaudited

**DEBT ADMINISTRATION**

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

(Table 4)  
**Outstanding Debt at December 31, 2013 and 2012**

	Governmental Activities		Business-Type Activities		Total	
	2013	2012	2013	2012	2013	2012
<b>Bond Anticipation Notes:</b>						
2002 Fire Truck	\$0	\$47,634	\$0	\$0	\$0	\$47,634
2002 Pumper/Tanker Truck	71,181	89,050	0	0	71,181	89,050
<i>Total Bond Anticipation Notes</i>	<u>71,181</u>	<u>136,684</u>	<u>0</u>	<u>0</u>	<u>71,181</u>	<u>136,684</u>
<b>Loans:</b>						
2010 OPWC	0	0	109,410	113,462	109,410	113,462
2002 State Infrastructure Bank	0	332,228	0	0	0	332,228
2005 Ameresco	196,952	320,399	1,124,241	1,828,892	1,321,193	2,149,291
2013 OWDA	0	0	150,273	0	150,273	0
<i>Total Loans</i>	<u>196,952</u>	<u>652,627</u>	<u>1,383,924</u>	<u>1,942,354</u>	<u>1,580,876</u>	<u>2,594,981</u>
<b>General Obligation Bonds:</b>						
2002 Fire Station	457,444	473,512	0	0	457,444	473,512
2011 Various Purpose	2,194,905	2,277,633	0	0	2,194,905	2,277,633
2013 Street Improvement	336,443	0	0	0	336,443	0
<i>Total General Obligation Bonds</i>	<u>2,988,792</u>	<u>2,751,145</u>	<u>0</u>	<u>0</u>	<u>2,988,792</u>	<u>2,751,145</u>
Capital Leases	235,700	209,923	108,956	130,135	344,656	340,058
<i>Totals</i>	<u>\$3,492,625</u>	<u>\$3,750,379</u>	<u>\$1,492,880</u>	<u>\$2,072,489</u>	<u>\$4,985,505</u>	<u>\$5,822,868</u>

For additional information on the Village's debt, see Notes 14 and 15 to the basic financial statements.

**CURRENT ISSUES**

As the preceding information shows, the Village depends heavily on its taxpayers and grants and entitlements. Although the Village has tightened non-capital related spending to better bring expenses in line with revenues and carefully watched financial planning, this must continue if the Village hopes to remain on firm financial footing.

**CONTACTING THE VILLAGE AUDITOR'S DEPARTMENT**

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

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**Village of the City of Gallipolis, Ohio**  
*Statement of Net Position - Cash Basis*  
*December 31, 2013*

	Governmental Activities	Business-Type Activities	Total
<b>Assets</b>			
Equity in Pooled Cash and Cash Equivalents	\$1,362,454	\$1,003,091	\$2,365,545
Cash in Segregated Accounts	96,736	0	96,736
Internal Balances	(36,067)	36,067	0
<i>Total Assets</i>	<u>\$1,423,123</u>	<u>\$1,039,158</u>	<u>\$2,462,281</u>
<b>Net Position</b>			
Restricted for:			
Street	\$318,034	\$0	\$318,034
Police	37,747	0	37,747
Fire	63,045	0	63,045
Cemetery	29,939	0	29,939
Recreation	28,442	0	28,442
Court	528,699	0	528,699
Unclaimed Monies	4,445	0	4,445
Other Purposes	20,024	0	20,024
Perpetual Care - Nonexpendable	27,442	0	27,442
Unrestricted	<u>365,306</u>	<u>1,039,158</u>	<u>1,404,464</u>
<i>Total Net Position</i>	<u>\$1,423,123</u>	<u>\$1,039,158</u>	<u>\$2,462,281</u>

See accompanying notes to the basic financial statements

**Village of the City of Gallipolis, Ohio**  
*Statement of Activities - Cash Basis*  
For the Year Ended December 31, 2013

	Disbursements	Program Receipts			Net (Disbursements) Receipts and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
<b>Governmental Activities</b>							
General Government	\$1,292,410	\$468,022	\$38,635		(\$785,753)	\$0	(\$785,753)
General Government - Court	590,778	896,330	56,272		361,824	0	361,824
Security of Persons and Property:							
Police	1,090,756	24,418	240		(1,066,098)	0	(1,066,098)
Fire	217,646	122,456	11,956		(83,234)	0	(83,234)
Public Health Services	251,108	51,197	0		(199,911)	0	(199,911)
Community Environment	86,255	11,430	3,568		(71,257)	0	(71,257)
Transportation	1,285,670	93,288	173,055	\$896,770	(122,557)	0	(122,557)
Leisure Time Activities	294,066	65,664	30,569		(197,833)	0	(197,833)
Capital Outlay	577,353	0	0		(577,353)	0	(577,353)
Debt Service:							
Principal Retirement	636,706	0	0		(636,706)	0	(636,706)
Interest and Fiscal Charges	140,109	0	0		(140,109)	0	(140,109)
<i>Total Governmental Activities</i>	<u>6,462,857</u>	<u>1,732,805</u>	<u>314,295</u>	<u>896,770</u>	<u>(3,518,987)</u>	<u>0</u>	<u>(3,518,987)</u>
<b>Business-Type Activities</b>							
Water	1,644,940	1,585,722	0	0	0	(59,218)	(59,218)
Sewer	1,517,302	1,433,118	0	0	0	(84,184)	(84,184)
<i>Total Business-Type Activities</i>	<u>3,162,242</u>	<u>3,018,840</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(143,402)</u>	<u>(143,402)</u>
<i>Total</i>	<u>\$9,625,099</u>	<u>\$4,751,645</u>	<u>\$314,295</u>	<u>\$896,770</u>	<u>(3,518,987)</u>	<u>(143,402)</u>	<u>(3,662,389)</u>
<b>General Receipts</b>							
Property Taxes Levied for:							
General Purposes					227,357	0	227,357
Fire					116,340	0	116,340
Income Taxes Levied for General Purposes					1,660,582	0	1,660,582
Payments in Lieu of Taxes					99,183	0	99,183
Franchise Fees					52,758	0	52,758
Grants and Entitlements not Restricted to Specific Programs					216,227	0	216,227
Investment Earnings					37,732	0	37,732
Proceeds from Sale of Bonds					353,175	0	353,175
Donations and Contributions					1,950	0	1,950
Loan Proceeds					0	150,273	150,273
Miscellaneous					56,607	17,459	74,066
<i>Total General Receipts</i>					<u>2,821,911</u>	<u>167,732</u>	<u>2,989,643</u>
Transfers					(99,893)	99,893	0
Advances					50,000	(50,000)	0
<i>Total General Receipts, Transfers and Advances</i>					<u>2,772,018</u>	<u>217,625</u>	<u>2,989,643</u>
Change in Net Position					(746,969)	74,223	(672,746)
<i>Net Position Beginning of Year</i>					<u>2,170,092</u>	<u>964,935</u>	<u>3,135,027</u>
<i>Net Position End of Year</i>					<u>\$1,423,123</u>	<u>\$1,039,158</u>	<u>\$2,462,281</u>

See accompanying notes to the basic financial statements

**Village of the City of Gallipolis, Ohio**  
*Statement of Cash Basis Assets and Fund Balances*  
*Governmental Funds*  
*December 31, 2013*

	General	Court Mediation Program	Tax Increment Financing	FEMA	Court Capital Improvement	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>							
Equity in Pooled Cash and Cash Equivalents	\$242,716	\$140,963	\$275,972	\$345	\$198,435	\$499,578	\$1,358,009
Restricted Assets:							
Equity in Pooled Cash and Cash Equivalents	4,445	0	0	0	0	0	4,445
<i>Total Assets</i>	<u>\$247,161</u>	<u>\$140,963</u>	<u>\$275,972</u>	<u>\$345</u>	<u>\$198,435</u>	<u>\$499,578</u>	<u>\$1,362,454</u>
<b>Fund Balances</b>							
Nonspendable	\$4,445	\$0	\$0	\$0	\$0	\$27,442	\$31,887
Restricted	0	140,963	275,972	345	198,435	410,215	1,025,930
Committed	0	0	0	0	0	61,921	61,921
Assigned	49,009	0	0	0	0	0	49,009
Unassigned	193,707	0	0	0	0	0	193,707
<i>Total Fund Balances</i>	<u>\$247,161</u>	<u>\$140,963</u>	<u>\$275,972</u>	<u>\$345</u>	<u>\$198,435</u>	<u>\$499,578</u>	1,362,454

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

An internal service fund is used by management to charge the costs of insurance to individual funds. The assets of the internal fund are included in governmental activities in the statement of net position.

60,669

*Net Position of Governmental Activities*

\$1,423,123

See accompanying notes to the basic financial statements

**Village of the City of Gallipolis, Ohio**  
*Statement of Cash Receipts, Disbursements, and Changes in Fund Balances*  
*Governmental Funds*  
*For the Year Ended December 31, 2013*

	General	Court Mediation Program	Tax Increment Financing	Bond and Note Retirement	FEMA	Court Capital Improvement	Other Governmental Funds	Total Governmental Funds
<b>Receipts</b>								
Property and Other Local Taxes	\$227,357	\$0	\$0	\$0	\$0	\$0	\$116,340	\$343,697
Municipal Income Taxes	1,660,582	0	0	0	0	0	0	1,660,582
Permissive Motor Vehicle License Taxes	0	0	0	0	0	0	60,560	60,560
Payment in Lieu of Taxes	0	0	99,183	0	0	0	0	99,183
Charges for Services	326,511	0	0	0	0	0	424,614	751,125
Fines, Licenses, and Permits	483,713	80,886	0	0	0	234,142	122,007	920,748
Franchise Fees	52,758	0	0	0	0	0	0	52,758
Intergovernmental	113,943	0	0	0	999,054	0	285,852	1,398,849
Investment Earnings	37,732	0	0	0	0	0	679	38,411
Donations	1,950	0	0	0	0	0	28,136	30,086
Miscellaneous	45,741	262	0	0	0	61	10,543	56,607
<b>Total Receipts</b>	<b>2,950,287</b>	<b>81,148</b>	<b>99,183</b>	<b>0</b>	<b>999,054</b>	<b>234,203</b>	<b>1,048,731</b>	<b>5,412,606</b>
<b>Disbursements</b>								
Current:								
General Government	966,602	0	0	0	0	0	322,808	1,289,410
General Government - Court	359,569	40,661	0	0	0	0	188,148	588,378
Security of Persons and Property:								
Police	1,075,712	0	0	0	0	0	11,361	1,087,073
Fire	182,906	0	0	0	0	0	34,500	217,406
Public Health Services	24,191	0	0	0	0	0	226,677	250,868
Community Environment	79,081	0	0	0	0	0	6,634	85,715
Transportation	61,665	0	4,723	0	895,865	0	322,982	1,285,235
Leisure Time Activities	137,168	0	0	0	0	0	156,780	293,948
Capital Outlay	42,815	0	0	0	0	237,009	297,529	577,353
Debt Service:								
Principal Retirement	0	0	0	636,706	0	0	0	636,706
Interest and Fiscal Charges	0	0	0	140,109	0	0	0	140,109
<b>Total Disbursements</b>	<b>2,929,709</b>	<b>40,661</b>	<b>4,723</b>	<b>776,815</b>	<b>895,865</b>	<b>237,009</b>	<b>1,567,419</b>	<b>6,452,201</b>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>20,578</u>	<u>40,487</u>	<u>94,460</u>	<u>(776,815)</u>	<u>103,189</u>	<u>(2,806)</u>	<u>(518,688)</u>	<u>(1,039,595)</u>
<b>Other Financing Sources (Uses)</b>								
Proceeds from Sale of Bonds	30,375	0	0	0	0	0	322,800	353,175
Advances In	346,543	0	0	0	0	0	15,191	361,734
Advances Out	(6,000)	0	0	0	0	0	(305,734)	(311,734)
Transfers In	7,993	0	0	776,815	0	0	151,291	936,099
Transfers Out	(402,472)	0	(335,368)	0	(110,829)	(50,000)	(137,323)	(1,035,992)
<b>Total Other Financing Sources (Uses)</b>	<u>(23,561)</u>	<u>0</u>	<u>(335,368)</u>	<u>776,815</u>	<u>(110,829)</u>	<u>(50,000)</u>	<u>46,225</u>	<u>303,282</u>
<b>Net Change in Fund Balances</b>	<b>(2,983)</b>	<b>40,487</b>	<b>(240,908)</b>	<b>0</b>	<b>(7,640)</b>	<b>(52,806)</b>	<b>(472,463)</b>	<b>(736,313)</b>
<b>Fund Balances Beginning of Year</b>	<u>250,144</u>	<u>100,476</u>	<u>516,880</u>	<u>0</u>	<u>7,985</u>	<u>251,241</u>	<u>972,041</u>	<u>2,098,767</u>
<b>Fund Balances End of Year</b>	<u><u>\$247,161</u></u>	<u><u>\$140,963</u></u>	<u><u>\$275,972</u></u>	<u><u>\$0</u></u>	<u><u>\$345</u></u>	<u><u>\$198,435</u></u>	<u><u>\$499,578</u></u>	<u><u>\$1,362,454</u></u>

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

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

(10,656)

*Change in Net Position of Governmental Activities*

(\$746,969)

See accompanying notes to the basic financial statements

**Village of the City of Gallipolis, Ohio**  
*Statement of Receipts, Disbursements, and Changes  
in Fund Balance - Budget and Actual (Budget Basis)  
General Fund  
For the Year Ended December 31, 2013*

	Budgeted Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		
<b>Receipts</b>				
Property and Other Taxes	\$218,275	\$227,357	\$227,357	\$0
Municipal Income Taxes	1,575,000	1,658,000	1,660,582	2,582
Charges for Services	339,841	326,511	326,511	0
Fines, Licenses, and Permits	401,000	483,688	483,713	25
Franchise Fees	60,000	52,758	52,758	0
Intergovernmental	120,400	113,943	113,943	0
Investment Earnings	35,000	37,732	37,732	0
Donations	2,000	1,950	1,950	0
Miscellaneous	95,000	44,590	45,741	1,151
<i>Total Receipts</i>	<u>2,846,516</u>	<u>2,946,529</u>	<u>2,950,287</u>	<u>3,758</u>
<b>Disbursements</b>				
Current:				
General Government	981,023	1,023,484	968,325	55,159
General Government - Court	392,625	386,842	360,119	26,723
Security of Persons and Property:				
Police	1,062,576	1,130,236	1,098,310	31,926
Fire	224,951	228,582	206,084	22,498
Public Health Services	35,199	35,208	24,495	10,713
Community Environment	79,620	80,651	79,081	1,570
Transportation	59,248	62,772	61,665	1,107
Leisure Time Activities	132,651	142,340	137,824	4,516
Capital Outlay	30,547	43,249	42,815	434
<i>Total Disbursements</i>	<u>2,998,440</u>	<u>3,133,364</u>	<u>2,978,718</u>	<u>154,646</u>
<i>Excess of Receipts Under Disbursements</i>	<u>(151,924)</u>	<u>(186,835)</u>	<u>(28,431)</u>	<u>158,404</u>
<b>Other Financing Sources (Uses)</b>				
Proceeds from Sale of Bonds	30,375	30,375	30,375	0
Advances In	369,732	346,543	346,543	0
Advances Out	(6,000)	(6,000)	(6,000)	0
Transfers In	7,711	7,993	7,993	0
Transfers Out	(399,472)	(402,472)	(402,472)	0
<i>Total Other Financing Sources (Uses)</i>	<u>2,346</u>	<u>(23,561)</u>	<u>(23,561)</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	(149,578)	(210,396)	(51,992)	158,404
<i>Fund Balance Beginning of Year</i>	226,455	226,455	226,455	0
Prior Year Encumbrances Appropriated	23,689	23,689	23,689	0
<i>Fund Balance End of Year</i>	<u>\$100,566</u>	<u>\$39,748</u>	<u>\$198,152</u>	<u>\$158,404</u>

See accompanying notes to the basic financial statements

**Village of the City of Gallipolis, Ohio**  
*Statement of Receipts, Disbursements, and Changes  
in Fund Balance - Budget and Actual (Budget Basis)*  
*Court Mediation Program Special Revenue Fund*  
*For the Year Ended December 31, 2013*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
<b>Receipts</b>				
Fines, Licenses and Permits	\$70,000	\$80,886	\$80,886	\$0
Miscellaneous	<u>0</u>	<u>262</u>	<u>262</u>	<u>0</u>
<i>Total Receipts</i>	70,000	81,148	81,148	0
<b>Disbursements</b>				
Current:				
General Government - Court	<u>46,043</u>	<u>46,043</u>	<u>40,661</u>	<u>5,382</u>
<i>Net Change in Fund Balance</i>	23,957	35,105	40,487	5,382
<i>Fund Balance Beginning of Year</i>	<u>100,476</u>	<u>100,476</u>	<u>100,476</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$124,433</u></u>	<u><u>\$135,581</u></u>	<u><u>\$140,963</u></u>	<u><u>\$5,382</u></u>

See accompanying notes to the basic financial statements



**Village of the City of Gallipolis, Ohio**  
*Statement of Receipts, Disbursements, and Changes  
in Fund Balance - Budget and Actual (Budget Basis)*  
*Tax Increment Financing Special Revenue Fund*  
For the Year Ended December 31, 2013

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
<b>Receipts</b>				
Payments in Lieu of Taxes	\$98,500	\$99,183	\$99,183	\$0
<b>Disbursements</b>				
Current:				
Transportation	<u>5,000</u>	<u>4,723</u>	<u>4,723</u>	<u>0</u>
<i>Excess of Receipts Over Disbursements</i>	93,500	94,460	94,460	0
<b>Other Financing Uses</b>				
Transfers Out	<u>(337,928)</u>	<u>(335,368)</u>	<u>(335,368)</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	(244,428)	(240,908)	(240,908)	0
<i>Fund Balance Beginning of Year</i>	<u>516,880</u>	<u>516,880</u>	<u>516,880</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$272,452</u></u>	<u><u>\$275,972</u></u>	<u><u>\$275,972</u></u>	<u><u>\$0</u></u>

See accompanying notes to the basic financial statements

**Village of the City of Gallipolis, Ohio**  
*Statement of Fund Net Position - Cash Basis*  
*Proprietary Funds*  
*December 31, 2013*

	Business-Type Activities			Governmental Activities
	Water Fund	Sewer Fund	Total Enterprise Funds	Internal Service Fund
<b>Assets</b>				
Current Assets:				
Equity in Pooled Cash and Cash Equivalents	\$427,499	\$575,592	\$1,003,091	\$0
Cash in Segregated Accounts	0	0	0	96,736
<i>Total Assets</i>	\$427,499	\$575,592	\$1,003,091	\$96,736
<b>Net Position</b>				
Unrestricted	\$427,499	\$575,592	1,003,091	\$96,736

Some amounts reported for business-type activities in the statement of net position are different because internal service fund activity is included with business-type activities.

Net position of business-type activities	36,067
	\$1,039,158

See accompanying notes to the basic financial statements

**Village of the City of Gallipolis, Ohio**  
*Statement of Cash Receipts, Disbursements,  
and Changes in Fund Net Position*  
*Proprietary Funds*  
For the Year Ended December 31, 2013

	Business-Type Activities			Governmental
	Water Fund	Sewer Fund	Total Enterprise Funds	Internal Service Fund
<b>Operating Receipts</b>				
Charges for Services	\$1,579,660	\$1,433,118	\$3,012,778	\$58,728
Other Operating Receipts	4,657	12,802	17,459	0
<i>Total Operating Receipts</i>	<u>1,584,317</u>	<u>1,445,920</u>	<u>3,030,237</u>	<u>58,728</u>
<b>Operating Disbursements</b>				
Salaries and Benefits	611,320	490,036	1,101,356	0
Contractual Services	339,937	324,647	664,584	75,048
Materials and Supplies	122,194	102,147	224,341	0
Capital Outlay	127,320	264,928	392,248	0
<i>Total Operating Disbursements</i>	<u>1,200,771</u>	<u>1,181,758</u>	<u>2,382,529</u>	<u>75,048</u>
<i>Operating Income (Loss)</i>	<u>383,546</u>	<u>264,162</u>	<u>647,708</u>	<u>(16,320)</u>
<b>Non-Operating Receipts (Disbursements)</b>				
Loan Proceeds	0	150,273	150,273	0
Customer Deposits Received	6,062	0	6,062	0
Customer Deposits Returned	(4,332)	0	(4,332)	0
Debt Service Principal	(402,200)	(306,503)	(708,703)	0
Interest and Fiscal Charges	(34,678)	(26,336)	(61,014)	0
<i>Total Non Operating Receipts (Disbursements)</i>	<u>(435,148)</u>	<u>(182,566)</u>	<u>(617,714)</u>	<u>0</u>
<i>Income (Loss) Before Transfers and Advances</i>	<u>(51,602)</u>	<u>81,596</u>	<u>29,994</u>	<u>(16,320)</u>
Transfers In	8,609	91,284	99,893	0
Advances Out	0	(50,000)	(50,000)	0
<i>Change in Net Position</i>	<u>(42,993)</u>	<u>122,880</u>	<u>79,887</u>	<u>(16,320)</u>
<i>Net Position Beginning of Year</i>	<u>470,492</u>	<u>452,712</u>		<u>113,056</u>
<i>Net Position End of Year</i>	<u>\$427,499</u>	<u>\$575,592</u>		<u>\$96,736</u>

Some amounts reported for business-type activities in the statement of activities are different because the net disbursements of the internal service fund is reported with business-type activities.

Change in net position of business-type activities

(5,664)  
\$74,223

See accompanying notes to the basic financial statements

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

*Statement of Cash Flows - Cash Basis*

*Proprietary Funds*

*For the Year Ended December 31, 2013*

	Business-Type Activities			Governmental
	Water Fund	Sewer Fund	Total Enterprise Funds	Internal Service Fund
<b><i>Increase (Decrease) in Cash and Cash Equivalents</i></b>				
<b>Cash Flows from Operating Activities:</b>				
Cash Received from Customers	\$1,579,660	\$1,433,118	\$3,012,778	\$58,728
Cash Payments for Employee Services and Benefits	(611,320)	(490,036)	(1,101,356)	(75,048)
Cash Payments to Suppliers for Goods and Services	(589,451)	(691,722)	(1,281,173)	0
Other Operating Receipts	4,657	12,802	17,459	0
Customer Deposits Received	6,062	0	6,062	0
Customer Deposits Returned	(4,332)	0	(4,332)	0
<i>Net Cash Provided by (Used for) Operating Activities</i>	<u>385,276</u>	<u>264,162</u>	<u>649,438</u>	<u>(16,320)</u>
<b>Cash Flows from Noncapital Financing Activities:</b>				
Transfers From Other Funds	8,609	91,284	99,893	0
Transfers To Other Funds	0	(50,000)	(50,000)	0
<i>Net Cash Provided by Noncapital Activities</i>	<u>8,609</u>	<u>41,284</u>	<u>49,893</u>	<u>0</u>
<b>Cash Flows from Capital and Related Financing Activities:</b>				
Loan Proceeds	0	150,273	150,273	0
Principal Paid on Debt	(402,200)	(306,503)	(708,703)	0
Interest and Fiscal Charges Paid on Debt	(34,678)	(26,336)	(61,014)	0
<i>Net Cash Used for Capital and Related Financing Activities</i>	<u>(436,878)</u>	<u>(182,566)</u>	<u>(619,444)</u>	<u>0</u>
<i>Net Increase (Decrease) in Cash and Cash Equivalents</i>	(42,993)	122,880	79,887	(16,320)
<i>Cash and Cash Equivalents Beginning of Year</i>	<u>470,492</u>	<u>452,712</u>	<u>923,204</u>	<u>113,056</u>
<i>Cash and Cash Equivalents End of Year</i>	<u>\$427,499</u>	<u>\$575,592</u>	<u>\$1,003,091</u>	<u>\$96,736</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:</b>				
<i>Operating Income (Loss)</i>	\$383,546	\$264,162	\$647,708	(\$16,320)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:				
Due to Depositors	6,062	0	6,062	0
Deposits Returned	(4,332)	0	(4,332)	0
<i>Net Cash Provided by (Used for) Operating Activities</i>	<u>\$385,276</u>	<u>\$264,162</u>	<u>\$649,438</u>	<u>(\$16,320)</u>

See accompanying notes to the basic financial statements

**Village of the City of Gallipolis, Ohio**  
*Statement of Net Position - Cash Basis*  
*Municipal Court Agency Fund*  
*December 31, 2013*

**Assets**

Cash and Cash Equivalents in Segregated Accounts	<u><u>\$286,898</u></u>
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**Net Position**

Restricted for Others	<u><u>\$286,898</u></u>
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See accompanying notes to the basic financial statements

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## **Village of the City of Gallipolis, Ohio**

*Notes to the Basic Financial Statements*

*For the Year Ended December 31, 2013*

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### **Note 1 - Description of the Village and the Reporting Entity**

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

#### ***Reporting Entity***

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

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

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

### **Note 2 - Summary of Significant Accounting Policies**

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

#### ***A. Basis of Presentation***

The Village's basic financial statements consist of government-wide statements, including a statement of net position and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

## Village of the City of Gallipolis, Ohio

*Notes to the Basic Financial Statements*

*For the Year Ended December 31, 2013*

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

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

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

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

### ***B. Fund Accounting***

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

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

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

***Court Mediation Program Special Revenue Fund*** This fund was established per ORC 1901.262 to account for court fees for the resolution of disputes between parties to any civil action or proceeding.



## Village of the City of Gallipolis, Ohio

Notes to the Basic Financial Statements

For the Year Ended December 31, 2013

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**Tax Increment Financing Special Revenue Fund** This fund accounts for funds received due to the TIF agreement with various agencies collected by the County. The Village receives its settlement with the property taxes.

**Bond and Note Retirement** This fund accounts for and reports the accumulation of resources for, and the payment of, general long-term obligation principal, interest, and related costs.

**FEMA Disaster Recovery Capital Projects Fund** This fund accounts for funds received from the Federal Emergency Management Agency and the Ohio Emergency Management Agency for disaster recovery.

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

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

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

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

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

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

**Fiduciary Funds** Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds, and agency funds. Trust funds are used to account for assets held by the Village under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the Village's own programs. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

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

## **Village of the City of Gallipolis, Ohio**

*Notes to the Basic Financial Statements*

*For the Year Ended December 31, 2013*

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### ***C. Basis of Accounting***

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

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

### ***D. Budgetary Process***

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

The certificate of estimated resources may be amended during the year if projected increases or decreases in receipts are identified by the Village Auditor. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the amended certificate in effect when final appropriations for the year were adopted by the Village Commission.

The appropriation resolution is subject to amendment throughout the year with the restriction that appropriations may not exceed estimated resources. The amounts reported as the original budgeted amounts in the budgetary statements reflect the first appropriation for that fund that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as final budgeted amounts represent the final appropriation amounts passed by the Village Commission during the year.

### ***E. Cash and Cash Equivalents***

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

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

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

## **Village of the City of Gallipolis, Ohio**

*Notes to the Basic Financial Statements*

*For the Year Ended December 31, 2013*

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Interest earnings are allocated to Village funds according to State statutes, grants requirements, or debt related restrictions. Interest receipts credited to the General Fund during 2013 amounted to \$37,732, which includes \$33,790 assigned from other Village funds.

### ***F. Restricted Assets***

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

### ***G. Inventory and Prepaid Items***

The Village reports disbursements for inventory and prepaid items when paid. These items are not reflected as assets in the accompanying financial statements.

### ***H. Capital Assets***

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

### ***I. Interfund Receivables/Payables***

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

### ***J. Accumulated Leave***

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

### ***K. Employer Contributions to Cost-Sharing Pension Plans***

The Village recognizes the disbursement for employer contributions to cost-sharing pension plans when they are paid. As described in Notes 11 and 12, the employer contributions include portions for pension benefits and for postretirement health care benefits.

### ***L. Long-Term Obligations***

The Village's cash basis financial statements do not report liabilities for bonds or other long-term obligations. Proceeds of debt are reported when cash is received and principal and interest payments are reported when paid.

### ***M. Net Position***

Net position is reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net position restricted for other purposes primarily include activities involving community environment.

## Village of the City of Gallipolis, Ohio

Notes to the Basic Financial Statements

For the Year Ended December 31, 2013

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The Village's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted resources are available.

### ***N. Fund Balance***

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

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

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

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

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

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

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

### ***O. Interfund Transactions***

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

## **Village of the City of Gallipolis, Ohio**

*Notes to the Basic Financial Statements*

*For the Year Ended December 31, 2013*

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

### **Note 3 - Change in Accounting Principles**

For 2013, the Village has implemented Governmental Accounting Standard Board (GASB) Statement No. 61, "The Financial Reporting Entity: Omnibus." This statement modifies existing requirements for the assessment of potential component units in determining what should be included in the financial reporting entity, and financial reporting entity display and disclosure requirements. These changes were incorporated in the Village's 2013 financial statements; however, there was no effect on beginning net position/fund balance.

### **Note 4 - Budgetary Basis of Accounting**

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements, and Changes in Fund Balance – Budget and Actual (Budget Basis) presented for the General Fund and each major special revenue fund is prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference between the budgetary basis and the cash basis are outstanding year end encumbrances. These are treated as expenditures (budgetary basis) rather than as restricted, committed, or assigned fund balance (cash basis). The encumbrances outstanding at December 31, 2013, (budgetary basis) amounted to \$49,009 for the General Fund.

### **Note 5 - Fund Balances**

Fund balance is classified as nonspendable, restricted, committed, assigned, and/or unassigned based primarily on the extent to which the Village is bound to observe constraints imposed upon the use of the resources in the government funds. The constraints placed on fund balance for the major governmental funds and all other governmental funds for 2013 are presented below:

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

*Notes to the Basic Financial Statements*

*For the Year Ended December 31, 2013*

<u>Fund Balances</u>	<u>General</u>	<u>Court Mediation Program</u>	<u>Tax Increment Financing</u>	<u>FEMA</u>	<u>Court Capital Improvement</u>	<u>Other Governmental</u>	<u>Total</u>
Nonspendable:							
Unclaimed Monies	\$4,445	\$0	\$0	\$0	\$0	\$0	\$4,445
Cemetery Endowments	0	0	0	0	0	27,442	27,442
<i>Total Nonspendable</i>	<u>4,445</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>27,442</u>	<u>31,887</u>
Restricted for:							
Street Improvements	0	0	275,972	0	0	42,062	318,034
Fire Protection	0	0	0	0	0	63,045	63,045
Law Enforcement	0	0	0	0	0	37,747	37,747
Cemeteries	0	0	0	0	0	29,939	29,939
Recreation	0	0	0	0	0	28,442	28,442
Court Operations	0	140,963	0	0	0	189,301	330,264
Court Improvements	0	0	0	0	198,435	0	198,435
Capital Improvements	0	0	0	0	0	0	0
Other Purposes	0	0	0	345	0	19,679	20,024
<i>Total Restricted</i>	<u>0</u>	<u>140,963</u>	<u>275,972</u>	<u>345</u>	<u>198,435</u>	<u>410,215</u>	<u>1,025,930</u>
Committed for:							
Recreation	0	0	0	0	0	20,902	20,902
Sanitation	0	0	0	0	0	31,726	31,726
Community Environment	0	0	0	0	0	9,293	9,293
<i>Total Committed</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>61,921</u>	<u>61,921</u>
Assigned to:							
Purchases on Order	49,009	0	0	0	0	0	49,009
Unassigned:	193,707	0	0	0	0	0	193,707
<i>Total Fund Balances</i>	<u>\$247,161</u>	<u>\$140,963</u>	<u>\$275,972</u>	<u>\$345</u>	<u>\$198,435</u>	<u>\$499,578</u>	<u>\$1,362,454</u>

**Note 6 - Deposits and Investments**

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

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

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

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

## Village of the City of Gallipolis, Ohio

Notes to the Basic Financial Statements

For the Year Ended December 31, 2013

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

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2 percent and be marked to market daily, and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio or Ohio local governments;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) above and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio); and,
8. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred eighty days in an amount not to exceed 25 percent of the interim monies available for investment at any one time if training requirement have been met.

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

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

**Deposits** Custodial credit risk for deposits is the risk that in the event of bank failure, the Village will not be able to recover deposits or collateral securities that are in the possession of an outside party. At December 31, 2013, \$2,152,520 of the Village's bank balance of \$2,790,974 was exposed to custodial credit risk because it was uninsured and uncollateralized. Although all statutory requirements for the deposit of money had been followed, non-compliance with federal requirements could potentially subject the Village to a successful claim by the FDIC.

## Village of the City of Gallipolis, Ohio

*Notes to the Basic Financial Statements*

*For the Year Ended December 31, 2013*

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The Village has no deposit policy for custodial credit risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the Village or a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secured.

### **Note 7 - Income Taxes**

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

### **Note 8 - Property Taxes**

Property taxes include amounts levied against all real and public utility property located in the Village. Property tax revenue received during 2013 for real and public utility property taxes represents collections of 2012 taxes.

2013 real property taxes were levied after October 1, 2013, on the assessed value as of January 1, 2013, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2013 real property taxes are collected in and intended to finance 2014.

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

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2013 public utility property taxes which became a lien December 31, 2012, are levied after October 1, 2013, and are collected in 2014 with real property taxes.

The full tax rate for all Village operations for the year ended December 31, 2013, was \$3.90 per \$1,000 of assessed value. The assessed values of real property and public utility tangible property upon which 2013 property tax receipts were based are as follows:

Real Property:	
Residential and Agricultural	\$40,746,630
Commercial/Industrial/Mineral	31,749,560
Public Utility Personal Property	3,540,170
Other	180,947
Total Assessed Value	<u><u>\$76,217,307</u></u>



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

*Notes to the Basic Financial Statements*

*For the Year Ended December 31, 2013*

**Note 9 - Interfund Receivables/Payables**

**A. Transfers**

During 2013, the following transfers were made:

<b>Transfer to</b>	<b>Transfer from</b>					<b>Total</b>
	<b>Major Funds</b>					
	<b>General</b>	<b>Tax Increment Financing</b>	<b>FEMA</b>	<b>Court Capital Improvements</b>	<b>Other Nonmajor Governmental</b>	
Major Funds:						
General Fund	\$0	\$0	\$7,993	\$0	\$0	\$7,993
Bond and Note						
Retirement Fund	268,972	335,368	0	50,000	122,475	776,815
Other Nonmajor						
Governmental Funds	133,500	0	2,943	0	14,848	151,291
Water Enterprise Fund	0	0	8,609	0	0	8,609
Sewer Enterprise Fund	0	0	91,284	0	0	91,284
<b>Total all Funds</b>	<b>\$402,472</b>	<b>\$335,368</b>	<b>\$110,829</b>	<b>\$50,000</b>	<b>\$137,323</b>	<b>\$1,035,992</b>

The above mentioned Transfers From/To were used to move receipts from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them; and to use unrestricted receipts collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. Nonroutine transfers from the Tax Increment Financing, Court Capital Improvements, and other nonmajor governmental funds were in compliance with Ohio Revised Code to either make debt payments or for designated capital projects. Other nonroutine transfers were made from the FEMA Fund to reimburse the General, Street and State Highway, Cemeteries, Water, and Sewer Funds.

**B. Interfund Balances**

For governmental activities, interfund balances at December 31, 2013, arise from the provision of cash flow resources from the General Fund, Cemeteries Fund, Court Probation Services Fund, and Court Capital Improvement Fund until the receipt of grant monies by the General and other nonmajor governmental funds. The payable from the Sewer Fund to the General Fund resulted from interest receipts being incorrectly posted to the Sewer Fund in prior years.

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

*Notes to the Basic Financial Statements*

*For the Year Ended December 31, 2013*

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
Major Funds:		
General Fund	\$73,189	\$8,800
Court Capital Improvement Fund	12,000	0
Other Nonmajor Governmental Funds:		
Court Grant Funds	0	21,191
Assistance to Firefighters Fund	0	23,189
Court Probation Services Fund	9,191	0
Cemeteries Fund	8,800	0
Sewer Enterprise Fund	0	50,000
Total all Funds	<u>\$103,180</u>	<u>\$103,180</u>

**Note 10 - Risk Management**

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

<u>Property</u>	<u>Limit</u>	<u>Deductible</u>	
Real and Personal Property	\$25,893,431	\$2,500	
	Limit (Per		
<u>Liability</u>	<u>Occurrence)</u>	<u>Aggregate</u>	<u>Deductible</u>
Commercial General	\$1,000,000	\$3,000,000	\$0
Employee Benefits	1,000,000	3,000,000	1,000
Law Enforcement	1,000,000	3,000,000	5,000
Public Entity Management	1,000,000	3,000,000	5,000
	Limit	<u>Deductible</u>	
<u>Auto</u>	<u>Limit</u>	<u>Deductible</u>	
Liability	\$1,000,000	\$1,000	
Medical Payments	5,000	0	
Uninsured Motorist	25,000	0	

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

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

## Village of the City of Gallipolis, Ohio

*Notes to the Basic Financial Statements*

*For the Year Ended December 31, 2013*

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### **Note 11 - Defined Benefit Pension Plans**

#### ***A. Ohio Public Employees Retirement System***

Plan Description – The Village participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The Traditional Pension Plan is a cost-sharing, multiple-employer defined benefit pension plan. The Member-Directed Plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the Member-Directed Plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings. The Combined Plan is a cost-sharing, multiple-employer defined benefit pension plan. Under the Combined Plan, OPERS invests employer contributions to provide a formula retirement benefit similar in nature to, but less than, the Traditional Pension Plan benefit. Member contributions, the investment of which is self-directed by the members, accumulate retirement assets in a manner similar to the Member-Directed Plan.

OPERS provides retirement, disability, survivor and death benefits, and annual cost-of-living adjustments to members of the Traditional Pension and Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/investments/cafr.shtml>, by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 614-222-5601 or 800-222-7377.

Funding Policy – The Ohio Revised Code provides statutory authority for member and employer contributions and currently limits the employer contribution to a rate not to exceed 14 percent of covered payroll for state and local employer units. Member contribution rates, as set forth in the Ohio Revised Code, are not to exceed 10 percent of covered payroll for members in State and local. For the year ended December 31, 2013, members in state and local divisions contributed 10 percent of covered payroll. For 2013, member and employer contribution rates were consistent across all three plans.

The Village's 2013 contribution rate was 14.0 percent, except for those plan members in law enforcement or public safety, for whom the Village's contribution was 18.10 percent of covered payroll. The portion of employer contributions used to fund pension benefits is net of post-employment health care benefits. For 2013, the portion of employer contribution allocated to health care was 1.00 percent for members in the Traditional Plan and the Combined Plan. Effective January 1, 2014, the portion of employer contributions allocated to health care increased to 2 percent. Employer contribution rates are actuarially determined.

The Village's required contributions for pension obligations to the Traditional Pension and Combined Plans for the years ended December 31, 2013, 2012, and 2011, were \$250,691, \$187,737, and \$195,147, respectively. The full amount has been contributed for 2013, 2012 and 2011. Contributions to the Member-Directed Plan for 2013 were \$5,313 made by the Village and \$3,795 made by the plan members.

## **Village of the City of Gallipolis, Ohio**

*Notes to the Basic Financial Statements*

*For the Year Ended December 31, 2013*

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

Plan Description – The Village contributes to the Ohio Police and Fire Pension Fund (OP&F), a cost-sharing multiple-employer defined benefit pension plan. OP&F provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by the Ohio State Legislature and are codified in Chapter 742 of the Ohio Revised Code. OP&F issues a publicly available financial report that includes financial information and required supplementary information for the plan. That report may be obtained by writing to OP&F, 140 East Town Street, Columbus, Ohio 43215-5164.

Funding Policy – Employer and employee contribution rates are set by the Ohio Revised Code. From January 1, 2013, thru July 1, 2013, plan members were required to contribute 10 percent of their annual covered salary. From July 2, 2013, thru December 31, 2013, plan members were required to contribute 10.75 percent of their annual covered salary. Throughout 2013, employers were required to contribute 19.5 percent and 24 percent respectively for police officers and firefighters.

The OP&F Pension Fund is authorized by the Ohio Revised Code to allocate a portion of the employer contributions to retiree health care benefits. For January 1, 2013, thru May 31, 2013, the portion of employer contributions used to fund pension benefits was 14.81 percent of covered payroll for police officers and 19.31 percent of covered payroll for firefighters. For June 1, 2013, thru December 31, 2013, the portion of employer contributions used to fund pension benefits was 16.65 percent of covered payroll for police officers and 21.15 percent of covered payroll for firefighters. The Village's contributions to OP&F for police and firefighters pension were \$67,008 and \$6,058 for the year ended December 31, 2013, \$62,864 and \$5,424 for the year ended December 31, 2012, and \$61,977 and \$6,500 for the year ended December 31, 2011. The full amount has been contributed for 2013, 2012, and 2011.

### **Note 12 - Postemployment Benefits**

#### ***A. Ohio Public Employees Retirement System***

Plan Description – Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: The Traditional Pension Plan—a cost-sharing, multiple-employer defined benefit pension plan; the Member-Directed Plan—a defined contribution plan; and the Combined Plan—a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

OPERS maintains a cost-sharing multiple-employer defined benefit post-employment health care plan for qualifying members of both the Traditional Pension and the Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including post-employment health care coverage. The plan includes a medical plan, prescription drug program and Medicare Part B premium reimbursement.

In order to qualify for post-employment health care coverage, age-and-service retirees under the Traditional Pension and Combined Plans must have 10 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The Ohio Revised Code permits, but does not mandate, OPERS to provide health care benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

## Village of the City of Gallipolis, Ohio

*Notes to the Basic Financial Statements*

*For the Year Ended December 31, 2013*

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Disclosures for the health care plan are presented separately in the OPERS financial report which may be obtained by visiting <https://www.opers.org/investments/cafr.shtml>, by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 614-222-5601 or 800-222-7377.

Funding Policy – The post-employment health care plan was established under, and is administrated in accordance with, Internal Revenue Code 401(h). The Ohio Revised Code provides the statutory authority requiring public employers to fund post-retirement health care through contributions to OPERS. A portion of each employer's contribution to OPERS is set aside for the funding of post-retirement health care.

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2013, state and local employers contributed at a rate of 14.0 percent of covered payroll. This is the maximum employer contribution rate permitted by the Ohio Revised Code.

Each year, the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding of post-employment health care benefits. For 2013, the portion of employer contributions allocated to health care for members in the Traditional Plan and the Combined Plan was 1.0 percent. Effective January 1, 2014, the portion of employer contributions allocated to healthcare was raised to 2 percent for both plans, as recommended by the OPERS Actuary.

The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care benefits provided, by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected. Active members do not make contributions to the post-employment health care plan.

The Village's contributions allocated to fund post-employment health care benefits for the years ended December 31, 2013, 2012, and 2011, were \$19,284, \$75,095, and \$78,059, respectively. The full amount has been contributed for 2013, 2012 and 2011.

Changes to the health care plan were adopted by the OPERS Board of Trustees on September 19, 2012, with a transition plan commencing January 1, 2014. With the recent passage of pension legislation under SB 343 and the approved health care changes, OPERS expects to be able to consistently allocate 4 percent of the employer contributions toward the health care fund after the end of the transition period.

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

Plan Description – The Village contributes to the Ohio Police and Fire Pension Fund (OP&F) sponsored health care program, a cost-sharing multiple-employer defined post-employment health care plan administered by OP&F. OP&F provides health care benefits including coverage for medical, prescription drugs, dental, vision, Medicare Part B Premium and long-term care to retirees, qualifying benefit recipients and their eligible dependents.

OP&F provides access to post-retirement health care coverage for any person who receives or is eligible to receive a monthly service, disability, or survivor benefit check or is a spouse or eligible dependent child of such person. The health care coverage provided by OP&F meets the definition of an Other Post-Employment Benefit (OPEB) as described in GASB Statement No. 45.

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

## Village of the City of Gallipolis, Ohio

Notes to the Basic Financial Statements

For the Year Ended December 31, 2013

OP&F issues a publicly available financial report that includes financial information and required supplementary information for the plan. That report may be obtained by writing to OP&F, 140 East Town Street, Columbus, Ohio 43215-5164. That report is also available of OP&F's website at www.op-f.org.

Funding Policy – The Ohio Revised Code provides for contribution requirements of the participating employers and of plan members to the OP&F defined benefit pension plan. Participating employers are required by Ohio Revised Code to contribute to the pension plan at rates expressed as percentages of the payroll of active pension plan members, currently, 19.5 percent and 24.0 percent of covered payroll for police and fire employers, respectively. Active members do not make contributions to the OPEB Plan.

OP&F maintains funds for health care in two separate accounts. One for health care benefits under an IRS Code Section 115 trust and one for Medicare Part B reimbursements administrated as an Internal Revenue Code 401(h) account, both of which are within the defined benefit pension plan, under the authority granted by the Ohio Revised Code to the OP&F Board of Trustees.

The Board of Trustees is authorized to allocate a portion of the total employer contributions made into the pension plan to the Section 115 trust and the Section 401(h) account as the employer contribution for retiree health care benefits. For January 1, 2013, thru May 31, 2013, the employer contribution allocated to the health care plan was 4.69 percent of covered payroll. For June 1, 2013, thru December 31, 2013, the employer contribution allocated to the health care plan was 2.85 percent of covered payroll. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees' primary responsibility to ensure that pension benefits are adequately funded and is limited by the provisions of Sections 115 and 401(h).

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

The Village's contributions to OP&F which were allocated to fund post-employment health care benefits for police and firefighters were \$21,220 and \$1,471 for the year ended December 31, 2013, \$33,281 and \$2,122 for the year ended December 31, 2012, and \$32,812 and \$2,544 for the year ended December 31, 2011. The full amount has been contributed for 2013, 2012, and 2011.

### Note 13 - Significant Commitments

#### A. Contractual Commitments

As of December 31, 2013, the Village had a contractual purchase commitment as follows:

Project	Purchase Commitments	Amounts Paid as of 12/31/2013	Amount Remaining on Contract
<b>Waste Water Treatment Plant Upgrades:</b>			
Sewer Fund	\$1,253,251	\$228,384	\$1,024,867

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

*Notes to the Basic Financial Statements*

*For the Year Ended December 31, 2013*

**B. Encumbrances**

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

Governmental Activities:	
General Fund	\$49,009
Court Capital Improvement Fund	4,995
Nonmajor Governmental Funds	<u>9,984</u>
Total Governmental Activities	<u>63,988</u>
Business-Type Activities:	
Water Fund	60,808
Sewer Fund	<u>59,951</u>
Total Business-Type Activities	<u>120,759</u>
Total	<u><u>\$184,747</u></u>

**Note 14 - Capital Leases**

In the current and prior years, the Village entered into agreements to lease equipment and vehicles. Such agreements are, in substance, lease purchases and are reflected as capital lease obligations. Principal payments for all capital leases during 2013 totaled \$65,278.

Future minimum lease payments through 2020 are as follows:

Year	Governmental Activities		Business-Type Activities		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2014	\$41,659	\$8,028	\$21,947	\$3,354	\$63,606	\$11,382
2015	43,405	6,280	22,753	2,549	66,158	8,829
2016	45,240	4,447	23,587	1,714	68,827	6,161
2017	37,685	2,561	14,867	834	52,552	3,395
2018	30,638	1,521	13,315	460	43,953	1,981
2019 - 2020	37,073	808	12,487	367	49,560	1,175
	<u>\$235,700</u>	<u>\$23,645</u>	<u>\$108,956</u>	<u>\$9,278</u>	<u>\$344,656</u>	<u>\$32,923</u>

## Village of the City of Gallipolis, Ohio

*Notes to the Basic Financial Statements*

*For the Year Ended December 31, 2013*

### Note 15 - Long-Term Obligations

Changes in long-term obligations of the Village during 2013 were as follows:

	Principal Outstanding 12/31/12	Additions	Deductions	Principal Outstanding 12/31/13	Amounts Due in One Year
<b>Governmental Activities:</b>					
Loans:					
2002 Evans Road State Infrastructure Bank Loan - 3.00% restated at December 31, 2008	\$332,228	\$0	\$332,228	\$0	\$0
2005 Ameresco Energy Conservation Improvements Loan - 3.89%	320,399	0	123,447	196,952	129,684
<b>Total Loans</b>	<b>652,627</b>	<b>0</b>	<b>455,675</b>	<b>196,952</b>	<b>129,684</b>
Bond Anticipation Notes:					
2002 Fire Truck - 4.68%	47,634	0	47,634	0	0
2002 Pumper/Tanker - 4.48%	89,050	0	17,869	71,181	18,667
<b>Total Bond Anticipation Notes</b>	<b>136,684</b>	<b>0</b>	<b>65,503</b>	<b>71,181</b>	<b>18,667</b>
General Obligation Bonds:					
2002 Fire Station - 4.99%	473,512	0	16,068	457,444	16,880
2011 Various Purpose - 3.91%	2,277,633	0	82,728	2,194,905	85,994
2013 Street Improvement - 3.55%	0	353,175	16,732	336,443	17,332
<b>Total General Obligation Bonds</b>	<b>2,751,145</b>	<b>353,175</b>	<b>115,528</b>	<b>2,988,792</b>	<b>120,206</b>
Capital Leases	209,923	69,876	44,099	235,700	41,659
<b>Total Governmental Activities</b>	<b>\$3,750,379</b>	<b>\$423,051</b>	<b>\$680,805</b>	<b>\$3,492,625</b>	<b>\$310,216</b>
<b>Business-Type Activities:</b>					
2010 OPWC Spruce Street Water and Sewer Improvements - 0%	\$113,462	\$0	\$4,052	\$109,410	\$2,026
2005 Ameresco Energy Conservation Improvements Loan - 3.89%	1,828,892	0	704,651	1,124,241	740,255
2013 OWDA - 1.00%	0	150,273	0	150,273	0
Capital Leases	130,135	0	21,179	108,956	21,947
<b>Total Business-Type Activities</b>	<b>\$2,072,489</b>	<b>\$150,273</b>	<b>\$729,882</b>	<b>\$1,492,880</b>	<b>\$764,228</b>

The State Infrastructure Bank Loan, originally obtained on June 26, 2000, in the amount of \$802,835, represents amounts borrowed for the construction of Evans Road. During 2013, this loan was retired from payments in lieu of tax receipts in the Tax Incremental Financing Special Revenue Fund.

The Ameresco Energy Conservation Improvements Loan, originally obtained on September 22, 2005, was used for a Village-wide energy conservation improvement project. The project included the replacement or improvement of the Village's street lights, swimming pool, sewer plant, water plant, parks, and riverbank. The loan activity is reflected in the General Fund, the Fire Levy Special Revenue Fund, and the Water and Sewer Enterprise Funds.



## Village of the City of Gallipolis, Ohio

*Notes to the Basic Financial Statements*

*For the Year Ended December 31, 2013*

Principal and interest requirements to retire the Ameresco Energy Conservation Improvement Loan outstanding at December 31, 2013, are as follows:

Year Ended December 31,	Governmental		Business-Type		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2014	\$129,684	\$5,789	\$740,255	\$33,049	\$869,939	\$38,838
2015	67,268	983	383,986	5,611	451,254	6,594
	<u>\$196,952</u>	<u>\$6,772</u>	<u>\$1,124,241</u>	<u>\$38,660</u>	<u>\$1,321,193</u>	<u>\$45,432</u>

The Fire Truck Bond Anticipation Note, originally issued on August 26, 2002, in the amount of \$419,000 and the Pumper/Tanker Truck Bond Anticipation Note, originally issued on April 24, 2002, in the amount of \$235,000, represent amounts borrowed for the purchase of new fire trucks. Both bond anticipation notes will be retired from property tax receipts in the Fire Levy Special Revenue Fund. The Fire Truck Bond Anticipation Note was retired during 2013

Principal and interest requirements to retire the bond anticipation note outstanding at December 31, 2013, are as follows:

Year Ended December 31,	Principal	Interest	Total
2014	\$18,667	\$3,017	\$21,684
2015	19,520	2,164	21,684
2016	20,413	1,271	21,684
2017	12,581	283	12,864
	<u>\$71,181</u>	<u>\$6,735</u>	<u>\$77,916</u>

The Fire Station General Obligation Bonds, originally issued on February 25, 2002, in the amount of \$602,000, represents amounts borrowed for the construction of a fire station and will be retired from property tax receipts in the Fire Levy Special Revenue Fund.

Principal and interest requirements to retire the Fire Station General Obligation Bonds outstanding at December 31, 2013, are as follows:

Year Ended December 31,	Principal	Interest	Total
2014	\$16,880	\$22,618	\$39,498
2015	17,733	21,766	39,499
2016	18,629	20,870	39,499
2017	19,570	19,929	39,499
2018	20,558	18,940	39,498
2019 - 2023	119,462	78,030	197,492
2024 - 2028	152,848	44,645	197,493
2029 - 2031	91,764	6,981	98,745
	<u>\$457,444</u>	<u>\$233,779</u>	<u>\$691,223</u>

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

*Notes to the Basic Financial Statements  
For the Year Ended December 31, 2013*

The Various Purpose Bonds was issued on September 30, 2011, for \$2,342,000 and matures on December 1, 2031. The bonds were issued for the purpose of acquiring and constructing a new justice center and an auxiliary fire station. The bonds will be retired from property tax receipts and court fees.

Principal and interest requirements to retire the Various Purpose Bonds outstanding at December 31, 2013, are as follows:

Year Ended December 31,	Principal	Interest	Total
2014	\$85,994	\$84,989	\$170,983
2015	89,390	81,593	170,983
2016	92,919	78,064	170,983
2017	96,587	74,395	170,982
2018	100,401	70,582	170,983
2019 - 2023	564,690	290,222	854,912
2024 - 2028	685,323	169,590	854,913
2029 - 2031	479,601	33,345	512,946
	<u>\$2,194,905</u>	<u>\$882,780</u>	<u>\$3,077,685</u>

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

Principal and interest requirements to retire the Street Improvement Bonds outstanding at December 31, 2013, are as follows:

Year Ended December 31,	Principal	Interest	Total
2014	\$17,332	\$11,791	\$29,123
2015	17,952	11,170	29,122
2016	18,595	10,528	29,123
2017	19,261	9,862	29,123
2018	19,951	9,172	29,123
2019 - 2023	111,000	34,615	145,615
2024 - 2028	132,352	13,261	145,613
	<u>\$336,443</u>	<u>\$100,399</u>	<u>\$436,842</u>

The OPWC Spruce Street Water and Sewer Improvement Loan began draws in 2010 and was obtained to finance the improvements to water and sewer lines on Spruce Street. The loan activity will be reflected in the Sewer and Water Enterprise Funds which received the proceeds and will repay the debt.

## Village of the City of Gallipolis, Ohio

Notes to the Basic Financial Statements

For the Year Ended December 31, 2013

Principal requirements to retire the OPWC Spruce Street Water and Sewer Improvement Loan outstanding at December 31, 2013, are as follows:

Year Ended December 31,	Principal
2014	\$2,026
2015	4,052
2016	4,052
2017	4,052
2018	4,053
2019 - 2023	20,261
2024 - 2028	20,261
2029 - 2033	20,261
2034 - 2038	20,261
2039 - 2041	10,131
	<u>\$109,410</u>

The 2013 Ohio Water Development Authority (OWDA) Wastewater Treatment Plant Headworks Loan relates to the engineering and design of improvements to the headworks at the wastewater treatment plant. As of December 31, 2013, this loan has not been fully drawn down and no amortization schedule exists. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

The Village's overall legal debt margin was \$4,942,751, with an unvoted debt margin of \$1,131,886 at December 31, 2013.

### Note 16 - Contingencies

#### A. Grants

The Village receives financial assistance from federal and State agencies in the form of grants. Disbursing grant funds generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit. Any disallowed claims resulting from such audits could become a liability. However, in the opinion of management, any such disallowed claims through December 31, 2013, will not have a material adverse effect on the Village.

#### B. Litigation

The Village is currently party to pending litigation seeking damages and/or injunctive relief as confirmed by the Village Solicitor. The outcomes are not known at this time. The Village management is of opinion that ultimate disposition of these claims and legal proceeding will not have a material effect, if any, on the financial condition of the Village.

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

**FEDERAL AWARDS EXPENDITURE SCHEDULE  
FOR THE YEAR ENDED DECEMBER 31, 2013**

<b>Federal Grantor/ Pass Through Grantor Program Title</b>	<b>Pass Through Entity Number</b>	<b>Federal CFDA Number</b>	<b>Disbursements</b>
<b>U.S. Department of Justice</b>			
<i>Passed Through State Attorney General's Office:</i>			
Crime Victim Assistance	2011VAGENE951	16.575	\$ 448
	2013VAGENE550		19,193
	2014VAGENE550		<u>6,811</u>
Total Crime Victim Assistance			<u>26,452</u>
<i>Passed through Office of Criminal Justice Services:</i>			
Edward Byrne Memorial Justice Assistance Grant Program	2011JGCO16859	16.738	215
	2011JGCO16921		<u>1,800</u>
Total Edward Byrne Memorial Justice Assistance Grant Program			<u>2,015</u>
Total U.S. Department of Justice			28,467
<b>U.S. Department of Homeland Security</b>			
<i>Passed Through Ohio Department of Emergency Management:</i>			
Disaster Grants - Public Assistance	FEMA-4002-DR-OH	97.036	843,443
	FEMA-4077-DR-053-29204		<u>15,883</u>
Total U.S. Department of Homeland Security			<u>859,326</u>
<b>Total Federal Awards Expenditures</b>			<b><u>\$ 887,793</u></b>

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

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

**NOTES TO THE FEDERAL AWARDS EXPENDITURES SCHEDULE  
FOR THE YEAR ENDED DECEMBER 31, 2013**

**NOTE A - SIGNIFICANT ACCOUNTING POLICIES**

The accompanying Federal Awards Expenditures Schedule (the Schedule) reports the Village of the City of Gallipolis' (the Village's) federal award programs' disbursements. The Schedule has been prepared on the cash basis of accounting.

**NOTE B - MATCHING REQUIREMENTS**

Certain Federal programs require the Village to contribute non-Federal funds (matching funds) to support the Federally-funded programs. The Village has met its matching requirements. The Schedule does not include the expenditure of non-Federal matching funds.



# Dave Yost • Auditor of State

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

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

To the Village Commission:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of the City of Gallipolis, Gallia County, Ohio (the Village), as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements and have issued our report thereon dated July 17, 2014, wherein we noted the Village had adopted Governmental Accounting Standards Board Statement No. 61.

### ***Internal Control Over Financial Reporting***

As part of our financial statement audit, we considered the Village's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the Village's internal control. Accordingly, we have not opined on it.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Village's financial statements. 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 internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

***Compliance and Other Matters***

As part of reasonably assuring whether the Village's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and, accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

***Purpose of this Report***

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Village's internal control or on compliance. This report is an integral part of an audit performed under *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 "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

**Dave Yost**  
Auditor of State

Columbus, Ohio

July 17, 2014





# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO THE MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

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

To the Village Commission:

### ***Report on Compliance for the Major Federal Program***

We have audited the Village of the City of Gallipolis', Gallia County, Ohio (the Village), compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect the Village's' major federal program for the year ended December 31, 2013. The *Summary of Auditor's Results* in the accompanying Schedule of Findings identifies the Village's major federal program.

### ***Management's Responsibility***

The Village's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

### ***Auditor's Responsibility***

Our responsibility is to opine on the Village's compliance for the Village's major federal program based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. These standards and OMB Circular A-133 require us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect a major federal program occurred. 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 our audit provides a reasonable basis for our compliance opinion on the Village's major program. However, our audit does not provide a legal determination of the Village's compliance.

***Opinion on the Major Federal Program***

In our opinion, the Village complied, in all material respects with the compliance requirements referred to above that could directly and materially affect its major federal program for the year ended December 31, 2013.

***Report on Internal Control Over Compliance***

The Village's management is responsible for establishing and maintaining effective internal control over compliance with the applicable compliance requirements referred to above. In planning and performing our compliance audit, we considered the Village's internal control over compliance with the applicable requirements that could directly and materially affect a major federal program, to determine our auditing procedures appropriate for opining on each major federal program's compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not to the extent needed to opine on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the Village's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program's applicable compliance requirement. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program compliance requirement will not be prevented, or timely detected and corrected. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with federal program's applicable compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

This report only describes the scope of our internal control compliance tests and the results of this testing based on OMB Circular A-133 requirements. Accordingly, this report is not suitable for any other purpose.



**Dave Yost**  
Auditor of State

Columbus, Ohio

July 17, 2014

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

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A-133 § .505  
DECEMBER 31, 2013**

**1. SUMMARY OF AUDITOR'S RESULTS**

<i>(d)(1)(i)</i>	<b>Type of Financial Statement Opinion</b>	Unmodified
<i>(d)(1)(ii)</i>	<b>Were there any material control weaknesses reported at the financial statement level (GAGAS)?</b>	No
<i>(d)(1)(ii)</i>	<b>Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?</b>	No
<i>(d)(1)(iii)</i>	<b>Was there any reported material noncompliance at the financial statement level (GAGAS)?</b>	No
<i>(d)(1)(iv)</i>	<b>Were there any material internal control weaknesses reported for major federal programs?</b>	No
<i>(d)(1)(iv)</i>	<b>Were there any significant deficiencies in internal control reported for major federal programs?</b>	No
<i>(d)(1)(v)</i>	<b>Type of Major Programs' Compliance Opinion</b>	Unmodified
<i>(d)(1)(vi)</i>	<b>Are there any reportable findings under § .510(a)?</b>	No
<i>(d)(1)(vii)</i>	<b>Major Programs (list):</b>	Disaster Grants – Public Assistance – CFDA #97.036
<i>(d)(1)(viii)</i>	<b>Dollar Threshold: Type A/B Programs</b>	Type A: > \$ 300,000 Type B: all others
<i>(d)(1)(ix)</i>	<b>Low Risk Auditee?</b>	No

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

None.

**3. FINDINGS FOR FEDERAL AWARDS**

None.

**VILLAGE OF CITY OF GALLIPOLIS  
GALLIA COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2013**

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>
2012-001	Ohio Rev. Code Section 5705.36(A)(4) – Appropriations Exceeded Actual Resources.	Yes	



# Dave Yost • Auditor of State

**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  
JULY 31, 2014**