



Mary Taylor, CPA  
Auditor of State



VILLAGE OF RIO GRANDE  
GALLIA COUNTY

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GALLIA COUNTY

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# Mary Taylor, CPA

Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

Village of Rio Grande  
Gallia County  
P.O. Box 343  
Rio Grande, Ohio 45674

To the Village Council:

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 Rio Grande, Gallia County, Ohio (the Village), as of and for the years ended December 31, 2008 and 2007, which collectively comprise the Village's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Village's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. The Village processes its financial transactions with the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to audit the Village because the Auditor of State designed, developed, implemented, and as requested, operates UAN. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code §§ 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments. We believe our audit provides a reasonable basis for our opinions.

As discussed in Note 2, the accompanying financial statements and notes follow the modified cash accounting basis. This is a comprehensive accounting basis other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Rio Grande, Gallia County, Ohio, as of December 31, 2008 and 2007, and the respective changes in modified cash financial position and the respective budgetary comparisons for the General and Street Construction, Maintenance, and Repair Funds thereof for the years then ended in conformity with the basis of accounting Note 2 describes.

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In accordance with *Government Auditing Standards*, we have also issued our report dated November 20, 2009, 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. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information the Governmental Accounting Standards Board requires. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.

A handwritten signature in cursive script that reads "Mary Taylor".

**Mary Taylor, CPA**  
Auditor of State

November 20, 2009

**Village of Rio Grande**  
Management's Discussion and Analysis  
For the Years Ended December 31, 2008 and 2007

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The discussion and analysis of the Village of Rio Grande's (the Village) financial performance provides an overall review of the Village's financial activities for the years ended December 31, 2008 and 2007, within the limitations of the Village's modified cash basis of accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the Village's financial performance.

**Highlights**

Key highlights for 2008 and 2007 are as follows:

Net assets of governmental activities decreased \$31,301 or 14 percent in 2008, a significant change from the prior year. The fund most affected by the decrease in cash and cash equivalents was the General Fund. The decrease was due to the Village making a \$5,000 down payment on a fire truck, the increase in the cost of diesel fuel and gasoline, the rising cost of health insurance, extra equipment purchases, increase in premiums to the Bureau of Workers' Compensation, as well as increases in wages paid to the police department to increase staffing.

Net assets of governmental activities increased \$12,845 or 10 percent in 2007, a significant change from the prior year. The fund most affected by the increase in cash and cash equivalents was the General Fund. The increase was due to the income tax money that was collected was greater in 2007 than it was in 2006. The net assets did not increase as much in 2007 as they did in 2006.

The Village's general receipts from Governmental Activities are primarily municipal income taxes, grants, and entitlements not restricted to specific programs. These receipts represent 66 percent and 21 percent respectively in 2008. In 2007, these receipts represent 66 percent and 25 percent respectively. The "Grants and Entitlements not Restricted to Specific Programs" accounts for the money we received as a local government distribution, local government revenue assistance, inheritance tax, cigarette tax, and liquor and beer permit fees. Income tax monies received increased between 2006 and 2008 because the tax administrator was able to collect some outstanding balances and through sending out tax questionnaires, the tax administrator was able to locate more residents to which the one percent tax applied. The tax also increased due to more contractors working at the University of Rio Grande on the cafeteria project.

The cost of wages overall increased from 2007 to 2008 because the Village added the volunteer fire department to the payroll, increased employees hours for summer mowing, increase the hours for some police officers, as well as giving raises to employees. The cost of wages overall increased from 2006 to 2007 because the Village re-established their own police force and had six officers on the payroll in 2007.

The cost of health insurance increased in 2008 because some employees jumped to the next age band during the year, which meant the monthly insurance costs increased. The cost of life insurance per employee increased from 2007 to 2008. In 2007, the cost of health insurance increased because the Village added another full time employee to the policy with family coverage. Life insurance also increased because we added an additional full time employee to the policy. The cost for life insurance per employee increased this year rather than decreasing as it had in 2006.

The Village paid off the OWDA Water Loan in 2008. The balance due on the loan was \$9,880 of which \$3,577 was principal and \$6,302 was interest. In 2007, the Village paid off the GMAC Water Loan and the GMAC Sewer Loan.

The Village paid their portion of a sidewalk project on State Route 325. The cost was \$13,000.

The Water Operating Fund gained \$23,503 during 2008, while the Sewer Operating Fund decreased \$20,321 during 2008. The Sewer Debt Service Fund increased \$5,225 in 2008. The Water Fund did so well because the US Bank Trust Account for Municipal Bonds Outstanding for the Village was sufficiently funded to eliminate any further cash payments on the part of the Village. The Sewer fund decreased due to the percentage of wages, benefits, as well as other all purpose percentages changing from 40 percent allocated to the Sewer fund in 2007 to 55 percent in 2008. The Sewer Replacement Fund gained \$8,101 during 2008 because the maintenance men did not have to make as many expensive repairs to the sewer plant and its equipment.

**Village of Rio Grande**  
Management's Discussion and Analysis  
For the Years Ended December 31, 2008 and 2007  
(Continued)

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The Water Operating Fund gained \$15,739 during 2007, while the Sewer Operating Fund gained \$11,361 during 2007. The Sewer Debt Service Fund lost \$8,058 in 2007 due to an error in preparing the debt service fund worksheets, which showed one sewer payment coming out of the water fund on the worksheet. This error was not caught until the payment was due. The Sewer Replacement Fund gained \$7,970 during 2007 because the maintenance men did not have to make as many expensive repairs to the sewer plant and its equipment as they did in 2006.

**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 assets and the statement of activities provide information about the cash activities of the Government as a whole.

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

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

**Basis of Accounting**

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

As a result of using the modified 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 modified cash basis of accounting.

**Reporting the Government as a Whole**

The statement of net assets and the statement of activities reflect how the Village did financially during 2008 and 2007, within the limitations of modified cash basis accounting. The statement of net assets presents the cash balances and investments 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 the changes in cash position. Keeping in mind the limitations of the modified 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 income taxes.



**Village of Rio Grande**  
Management's Discussion and Analysis  
For the Years Ended December 31, 2008 and 2007  
(Continued)

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In the statement of net assets 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. State and federal grants and income and taxes finance most of these activities. Benefits provided through governmental activities are not necessarily paid for by the people receiving them.

Business-type Activities

The Village has two business-type activities, the provision of water and the provision of sewer services. Business-type activities are financed by a fee charged to the customers receiving the services.

**Reporting the Village's Most Significant Funds**

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

Governmental Funds

Most of the Village's activities are reported in governmental funds. The governmental fund financial statements provide a detailed view of the Village's governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the Village's programs. The Village's significant governmental funds are presented on the financial statement in separate columns. The information for nonmajor 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 Street Construction, Maintenance and Repair Fund, and the Police and Fire Capital Projects Fund (2008 only). The programs reported in governmental funds are closely related to those reported in the governmental activities section of the entity-wide statements. We describe this relationship in reconciliations presented with the governmental fund financial statements.

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 government has four enterprise funds, the Water Operating Fund, the Sewer Operating Fund, the Sewer Replacement Fund, and the Sewer Debt Service Fund. When the services are provided to other departments of the Village, the service is reported as an internal service fund. The Village does not have any internal service funds.

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the Village. Fiduciary funds are not reflected on the government-wide financial statements because the resources of these funds are not available to support the Village's programs.

**Village of Rio Grande**  
Management's Discussion and Analysis  
For the Years Ended December 31, 2008 and 2007  
(Continued)

**The Village as a Whole**

Table 1 provides a summary of the Village's net assets for 2008 compared to 2007 and 2006 on a cash basis.

Table 1  
**Net Assets**

	Governmental Activities			Business-Type Activities			Total		
	2008	2007	2006	2008	2007	2006	2008	2007	2006
<b>Assets</b>									
Cash	\$36,067	\$19,888	\$12,627	\$3,897	\$47,763	\$6,072	\$39,964	\$67,651	\$18,699
Investments	154,727	202,207	189,527	175,936	115,562	130,241	330,663	317,769	319,768
<b>Total Assets</b>	<b>\$190,794</b>	<b>\$222,095</b>	<b>\$202,154</b>	<b>\$179,833</b>	<b>\$163,325</b>	<b>\$136,313</b>	<b>\$370,627</b>	<b>\$385,420</b>	<b>\$338,467</b>
<b>Net Assets:</b>									
Restricted for:									
Capital Projects	\$34,000	\$22,000	\$10,000				\$34,000	\$22,000	\$10,000
Other Purposes	20,214	16,288	29,302				20,214	16,288	29,302
Unrestricted	136,580	183,807	162,852	\$179,833	\$163,325	\$136,313	316,413	347,132	299,165
<b>Total Net Assets</b>	<b>\$190,794</b>	<b>\$222,095</b>	<b>\$202,154</b>	<b>\$179,833</b>	<b>\$163,325</b>	<b>\$136,313</b>	<b>\$370,627</b>	<b>\$385,420</b>	<b>\$338,467</b>

Net assets of governmental activities decreased during 2008.

- Wages for Village employees increased approximately 20 percent in 2008 because the Village had more police officers on the payroll, increased the hours for some police officers, increased the hours of one of the maintenance men for summer mowing, and gave a raise to the employees.
- Health insurance costs increased approximately 14 percent in 2008, while life insurance costs increased approximately 10% in 2008. Health insurance costs increased because some employees jumped to the next age bracket during the year, which meant increased in monthly insurance costs. Life insurance rates increased per employee in 2008, as well.
- In 2008, the Village paid off one loan from 2004. The OWDA Loan #3888 had a balance of \$9,880, of which \$3,578 was principal and \$6,302 was interest.

Net assets of governmental activities increased during 2007.

- There has been an increase in local tax receipts because the tax administrator has been able to locate more citizens subject to the Village tax and to collect some, not all, outstanding balances. Local wages have increased slightly, which has resulted in more income tax receipts compared to last year. In addition, the University of Rio Grande has been building on their campus and when they bring in contractors, the contractors are subject to the local tax. That has also helped to increase the amount of local taxes received for 2007.
- Wages for Village employees increased approximately 6.5 percent in 2007 because the Village of Rio Grande re-established their own police force in April of 2007 and had approximately six officers on the payroll during 2007.
- Health insurance costs increased approximately 35 percent in 2007, while life insurance costs increased approximately 11% in 2007. Health insurance costs increased because the Village added one employee to the insurance policy with family coverage. Life insurance rates increased per employee this year, as well.
- In 2007, the Village paid off two loans from 1972, one a GMAC Water Loan and the other a GMAC Sewer Loan. The balance on the water loan was \$4,000 and the balance on the sewer loan was \$7,000.
- The Village paid their portion of a sidewalk project on State Route 325. The cost was \$13,000.

**Village of Rio Grande**  
Management's Discussion and Analysis  
For the Years Ended December 31, 2008 and 2007  
(Continued)

Net assets of the business-type activities increased in 2008 and 2007, mostly in the Water Operating Fund and the Sewer Replacement Fund.

- The Water Operating Fund gained money because the water rates were raised in July of 2007 to cover the costs of the water loans and associated expenses of having water responsibilities and personnel.
- The Water Operating Fund increased in 2008 because the US Bank Trust Account for outstanding Village Mortgage Bonds was adequately funded to pay off the bonds without the Village making additional payments.
- The Sewer Replacement Fund increased in 2008 and 2007 because the maintenance men did not have to upgrade or make as many repairs to the sewer plant equipment.

Table 2 reflects the changes in net assets on a cash basis in 2008, 2007 and 2006 for governmental activities, business-type activities and total primary government.

Table 2  
**Changes in Net Assets**

	Governmental Activities			Business-Type Activities			Total		
	2008	2007	2006	2008	2007	2006	2008	2007	2006
Receipts									
Program Receipts:									
Charges for Services and Sales	\$39,735	\$34,499	\$28,380	\$377,559	\$384,125	\$364,096	\$417,294	\$418,624	\$392,476
Operating Grants and Contributions	27,758	26,866	26,015				27,758	26,866	26,015
Total Program Receipts	67,493	61,365	54,395	377,559	384,125	364,096	445,052	445,490	418,491
General Receipts:									
Property and Other Local Taxes	257	563	456				257	563	456
Income Taxes	214,560	210,196	189,782				214,560	210,196	189,782
Grants and Entitlements not									
Restricted to Specific Programs	67,504	77,900	70,557				67,504	77,900	70,557
Other Debt Proceeds	64,392			21,527			85,919		
Sale of Fixed Assets	4,000						4,000		
Other Local Taxes	3,671	2,357					3,671	2,357	
Cable Franchise Fees	1,565	1,280	1,006				1,565	1,280	1,006
Interest	12,894	14,000	18,223				12,894	14,000	18,223
Miscellaneous	11,454	9,836	13,300	3,784	1,611	4,073	15,238	11,447	17,373
Total General Receipts	380,297	316,132	293,324	25,311	1,611	4,073	405,608	317,743	297,397
Total Receipts	447,790	377,497	347,719	402,870	385,736	368,169	850,660	763,233	715,888

**Village of Rio Grande**  
Management's Discussion and Analysis  
For the Years Ended December 31, 2008 and 2007  
(Continued)

Table 2  
**Changes in Net Assets**  
(Continued)

	Governmental Activities			Business-Type Activities			Total		
	2008	2007	2006	2008	2007	2006	2008	2007	2006
Disbursements:									
General Government	\$145,941	\$131,079	\$118,578				\$145,941	\$131,079	\$118,578
Security of Persons and Property	228,460	123,388	107,712				228,460	123,388	107,712
Leisure Time Activities	857	1,309	2,762				857	1,309	2,762
Community Environment	568	642	695				568	642	695
Transportation	76,372	75,928	45,295				76,372	75,928	45,295
Capital Outlay	25,640	31,053	38,035				25,640	31,053	38,035
Principal Retirement	1,253	1,253	10,254				1,253	1,253	10,254
Interest and Fiscal Charges			223						
Water Operating				\$181,293	\$182,927	\$194,559	181,293	182,927	194,559
Sewer Operating				160,892	124,155	122,210	160,892	124,155	122,210
Sewer Debt Service				39,775	47,108	47,440	39,775	47,108	47,440
Sewer Replacement Fund				4,402	4,534	23,900	4,402	4,534	23,900
<b>Total Disbursements</b>	<b>479,091</b>	<b>364,652</b>	<b>323,554</b>	<b>386,362</b>	<b>358,724</b>	<b>388,109</b>	<b>865,453</b>	<b>723,376</b>	<b>711,663</b>
Increase (Decrease) in Net Assets	(31,301)	12,845	24,165	16,508	27,012	(19,940)	(14,793)	39,857	4,225
Net Assets, January 1 (As Restated)	222,095	209,250	185,085	163,325	136,313	156,253	385,420	345,563	341,338
<b>Net Assets, December 31</b>	<b>\$190,794</b>	<b>\$222,095</b>	<b>\$209,250</b>	<b>\$179,833</b>	<b>\$163,325</b>	<b>\$136,313</b>	<b>\$370,627</b>	<b>\$385,420</b>	<b>\$345,563</b>

Program receipts represent 56 percent of total receipts for 2008 and 58 percent in 2007 and are primarily comprised of charges for services.

General receipts represent 44 percent of the Village's total receipts in 2008. Of this amount, 61 percent are income taxes and 19 percent are grants and entitlements not restricted to specific programs. General receipts represent 42 percent of the Village's total receipts in 2007. Of this amount, 66 percent are income taxes and 25 percent are grants and entitlements not restricted to specific programs.

Disbursements for General Government represent the overhead cost of running the Village and the support services provided for the other Village activities. These include the costs of council, the fiscal officer, income tax departments, as well as internal services such as payroll and purchasing.

Security of Persons and Property are the costs of police and fire protection. Leisure Time Activities are the costs of maintaining the parks and playing fields; and Transportation is the cost of maintaining the roads.

**Governmental Activities**

If you look at the Statement of Activities, you will see that the first column lists the major services provided by the Village. The next column identifies the costs of providing these services. The major program disbursements for governmental activities are for general government, security of persons and property, transportation and capital outlay, representing 30 percent, 48 percent, 16 percent and 5 percent, respectively in 2008. In 2007, the major program disbursements for governmental activities are for general government, security of persons and property, transportation and capital outlay, representing 36 percent, 34 percent, 21 percent and 9 percent, respectively. The next two columns of the Statement entitled Program Receipts identify amounts paid by people who are directly charged for the service and grants received by the Village that must be used to provide a specific service. The net Receipt (Disbursement) column compares the program receipts to the cost of the service. This "net cost" amount

**Village of Rio Grande**  
Management's Discussion and Analysis  
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represents the cost of 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

	Total Cost of Services			Net Cost of Services		
	2008	2007	2006	2008	2007	2006
General Government	\$145,941	\$131,079	\$118,578	\$142,941	\$128,079	\$115,578
Security of Persons and Property	228,460	123,388	107,712	197,301	95,602	82,332
Leisure Time Activities	857	1,309	2,762	(2,489)	302	2,762
Community Environment	568	642	695	(1,662)	(2,064)	695
Transportation	76,372	75,928	45,295	48,614	49,062	19,280
Capital Outlay	25,640	31,053	38,035	25,640	31,053	38,035
Principal Retirement	1,253	1,253	10,254	1,253	1,253	10,254
Interest and Fiscal Charges			223			223
Total Disbursements	<u>\$479,091</u>	<u>\$364,652</u>	<u>\$323,554</u>	<u>\$411,598</u>	<u>\$303,287</u>	<u>\$269,159</u>

Most of the Village's programs are supported by the one percent local income tax.

**Business-type Activities**

The water and sewer operations of the Village are expanding and more people are annexing to the Village of Rio Grande. The sewer plant is nearing its maximum capacity and the Village is in the process of working with Floyd Browne Group for engineering services to expand the current plant so we can keep up with the anticipated future flow.

**The Village's Funds**

Total governmental funds had total receipts and other financing sources of \$447,790 in 2008 and total disbursements and other financing uses of \$479,091. The greatest changes within governmental funds occurred within the General Fund. The fund balance of the General Fund decreased \$47,227. The decrease in the General Fund was due to an increase in the cost of gasoline and diesel fuel, the Village making a \$5,000 down payment on a fire truck, increase health insurance costs, additional equipment purchases, increased BWC premiums, and increased police department wages.

In 2007, total governmental funds had total receipts and other financing sources of \$377,497 and total disbursements and other financing uses of \$364,652. The greatest changes within governmental funds occurred within the General Fund and the Street Construction, Maintenance and Repair Fund. The fund balance of the General Fund increased \$13,859 and the Street Construction, Maintenance and Repair Fund decreased by \$12,404. The increase in the General Fund was due to increased tax collections. The decrease in the Street Construction, Maintenance and Repair Fund was due a greater percentage of the salaries of the maintenance men was taken out of the Street Construction, Maintenance, and Repair Fund, than there was in 2006.

In 2008, the General Fund receipts were less than disbursements by \$47,227. In 2007, the General Fund receipts were more than disbursements by \$13,859 and the Street Construction, Maintenance and Repair Fund receipts were less than disbursements by \$12,404, indicating that the General Fund is more stable than the Street Construction, Maintenance, and Repair Fund.

**Village of Rio Grande**  
Management's Discussion and Analysis  
For the Years Ended December 31, 2008 and 2007  
(Continued)

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**General Fund Budgeting Highlights**

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

**Capital Assets and Debt Administration**

Capital Assets

The Village uses the UAN Inventory Software to keep a listing of the capital expenditures.

Debt

At December 31, 2008, the Village's outstanding debt totaled \$400,212. For further information regarding the Village's debt, refer to the Schedule of Outstanding Debt in Note 10 to the basic financial statements.

**Current Issues**

The challenge for the Village is to provide quality services to the public while staying within the restrictions imposed by limited, and in some cases shrinking, funding. We rely heavily on local taxes.

**Contacting the Government's Financial Management**

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the Village's finances and to reflect the Village's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Elizabeth M. Brabham, Fiscal Officer, Village of Rio Grande, 174 East College Street PO Box 343, Rio Grande, Ohio 45674.

**VILLAGE OF RIO GRANDE, GALLIA COUNTY**

*Statement of Net Assets - Modified Cash Basis*

*December 31, 2008*

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	Governmental Activities	Business - Type Activities	Total
<b>Assets</b>			
Equity in Pooled Cash and Cash Equivalents	\$36,067	\$3,897	\$39,964
Investments	154,727	175,936	330,663
<i>Total Assets</i>	<u>\$190,794</u>	<u>\$179,833</u>	<u>\$370,627</u>
<b>Net Assets</b>			
Restricted for:			
Capital Projects	\$34,000		\$34,000
Other Purposes	20,214		20,214
Unrestricted	136,580	\$179,833	316,413
<i>Total Net Assets</i>	<u>\$190,794</u>	<u>\$179,833</u>	<u>\$370,627</u>

See accompanying notes to the basic financial statements

**VILLAGE OF RIO GRANDE, GALLIA COUNTY**

*Statement of Activities - Modified Cash Basis*

*For the Year Ended December 31, 2008*

	Program Cash Receipts			Net (Disbursements) Receipts and Changes in Net Assets		
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities	Business-Type Activities	Total
<b>Governmental Activities</b>						
Security of Persons and Property	\$228,460	\$31,159		(\$197,301)		(\$197,301)
Leisure Time Activities	857	3,346		2,489		2,489
Community Environment	568	2,230		1,662		1,662
Transportation	76,372		\$27,758	(48,614)		(48,614)
General Government	145,941	3,000		(142,941)		(142,941)
Capital Outlay	25,640			(25,640)		(25,640)
Debt Service:						
Principal	1,253			(1,253)		(1,253)
<i>Total Governmental Activities</i>	<u>479,091</u>	<u>39,735</u>	<u>27,758</u>	<u>(411,598)</u>	<u>\$0</u>	<u>(411,598)</u>
<b>Business Type Activities</b>						
Water Operating	181,293	200,976			19,683	19,683
Sewer Operating	160,892	119,079			(41,813)	(41,813)
Sewer Debt Service	39,775	45,000			5,225	5,225
Sewer Replacement Fund	4,402	12,504			8,102	8,102
<i>Total Business Type Activities</i>	<u>386,362</u>	<u>377,559</u>	<u>0</u>	<u>0</u>	<u>(8,803)</u>	<u>(8,803)</u>
<i>Total Primary Government</i>	<u>865,453</u>	<u>417,294</u>	<u>27,758</u>	<u>(411,598)</u>	<u>(8,803)</u>	<u>(420,401)</u>
<b>General Receipts</b>						
Property Taxes				257		257
Municipal Income Taxes				214,560		214,560
Other Taxes				3,671		3,671
Grants and Entitlements not Restricted to Specific Programs				67,504		67,504
Other Debt Proceeds				64,392	21,527	85,919
Sale of Fixed Assets				4,000		4,000
Cable Franchise Fees				1,565		1,565
Earnings on Investments				12,894		12,894
Miscellaneous				11,454	3,784	15,238
<i>Total General Receipts</i>				<u>380,297</u>	<u>25,311</u>	<u>\$405,608</u>
Change in Net Assets				(31,301)	16,508	(14,793)
<i>Net Assets Beginning of Year</i>				<u>222,095</u>	<u>163,325</u>	<u>385,420</u>
<i>Net Assets End of Year</i>				<u>\$190,794</u>	<u>\$179,833</u>	<u>\$370,627</u>

See accompanying notes to the basic financial statements



**VILLAGE OF RIO GRANDE, GALLIA COUNTY**  
*Statement of Modified Cash Basis Assets and Fund Balances*  
*Governmental Funds*  
*December 31, 2008*

	GENERAL	STREET CONSTRUCTION MAINTENANCE AND REPAIR	POLICE AND FIRE CAPITAL PROJECTS	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
<b>Assets</b>					
Equity in Pooled Cash and Cash Equivalents	\$723	\$459	\$34,000	\$885	\$36,067
Investments	135,857	17,237		1,633	154,727
<i>Total Assets</i>	<u>\$136,580</u>	<u>\$17,696</u>	<u>\$34,000</u>	<u>\$2,518</u>	<u>\$190,794</u>
<b>Fund Balances</b>					
Reserved:					
Reserved for Encumbrances	\$795				\$795
Unreserved:					
Undesignated (Deficit), Reported in:					
General Fund	135,785				135,785
Special Revenue Funds		\$17,696		\$2,518	20,214
Capital Projects Funds			\$34,000		34,000
<i>Total Fund Balances</i>	<u>\$136,580</u>	<u>\$17,696</u>	<u>\$34,000</u>	<u>\$2,518</u>	<u>\$190,794</u>

See accompanying notes to the basic financial statements

**VILLAGE OF RIO GRANDE, GALLIA COUNTY**  
*Statement of Cash Receipts, Disbursements and Changes in Modified Cash Basis Fund Balances*  
*Governmental Funds*  
*For the Year Ended December 31, 2008*

	GENERAL	STREET CONSTRUCTION MAINTENANCE AND REPAIR	POLICE AND FIRE CAPITAL PROJECTS	OTHER GOVERNMENTAL FUNDS	TOTAL
<b>Receipts</b>					
Property and Other Local Taxes	\$3,928				\$3,928
Municipal Income Taxes	162,960	\$39,600	\$12,000		214,560
Intergovernmental	67,504	25,676		\$2,082	95,262
Charges for Services	33,200				33,200
Fines, Licenses and Permits	8,100				8,100
Earnings on Investments	12,894				12,894
Miscellaneous	10,106	1,348			11,454
<b>Total Receipts</b>	<b>298,692</b>	<b>66,624</b>	<b>12,000</b>	<b>2,082</b>	<b>379,398</b>
<b>Disbursements</b>					
Current:					
Security of Persons and Property	228,460				228,460
Leisure Time Activities	857				857
Community Environment	568				568
Transportation		75,020		1,352	76,372
General Government	145,941				145,941
Capital Outlay	25,640				25,640
Debt Service:					
Principal Retirement	1,253				1,253
<b>Total Disbursements</b>	<b>402,719</b>	<b>75,020</b>	<b>0</b>	<b>1,352</b>	<b>479,091</b>
<b>Excess of Receipts Over (Under) Disbursements</b>	<b>(104,027)</b>	<b>(8,396)</b>	<b>12,000</b>	<b>730</b>	<b>(99,693)</b>
<b>Other Financing Sources (Uses)</b>					
Other Debt Proceeds	52,800	11,592			64,392
Sale of Fixed Assets	4,000				4,000
<b>Total Other Financing Sources (Uses)</b>	<b>56,800</b>	<b>11,592</b>	<b>0</b>	<b>0</b>	<b>68,392</b>
<b>Net Change in Fund Balances</b>	<b>(47,227)</b>	<b>3,196</b>	<b>12,000</b>	<b>730</b>	<b>(31,301)</b>
<b>Fund Balances Beginning of Year</b>	<b>183,807</b>	<b>14,500</b>	<b>22,000</b>	<b>1,788</b>	<b>222,095</b>
<b>Fund Balances End of Year</b>	<b>\$136,580</b>	<b>\$17,696</b>	<b>\$34,000</b>	<b>\$2,518</b>	<b>\$190,794</b>

See accompanying notes to the basic financial statements

**VILLAGE OF RIO GRANDE, GALLIA COUNTY**

*Statement of Receipts, Disbursements and Changes*

*In Fund Balance - Budget and Actual - Budget Basis*

*General Fund*

*For the Year Ended December 31, 2008*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Receipts</b>				
Property and Other Local Taxes	\$2,546	\$2,546	\$3,928	\$1,382
Municipal Income Taxes	160,000	160,000	162,960	2,960
Intergovernmental	70,395	70,395	67,504	(2,891)
Charges for Services	29,050	29,050	33,200	4,150
Fines, Licenses and Permits	9,600	9,600	8,100	(1,500)
Earnings on Investments	7,000	7,000	12,894	5,894
Miscellaneous	12,500	12,500	10,106	(2,394)
<i>Total Receipts</i>	<u>291,091</u>	<u>291,091</u>	<u>298,692</u>	<u>7,601</u>
<b>Disbursements</b>				
Current:				
Security of Persons and Property	204,500	205,500	228,460	(22,960)
Leisure Time Activities	2,150	2,170	857	1,313
Community Environment	845	845	568	277
General Government	205,785	200,365	146,736	53,629
Capital Outlay	57,500	61,900	25,640	36,260
Debt Service:				
Principal Retirement	1,255	1,255	1,253	2
<i>Total Disbursements</i>	<u>472,035</u>	<u>472,035</u>	<u>403,514</u>	<u>68,521</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(180,944)</u>	<u>(180,944)</u>	<u>(104,822)</u>	<u>(60,920)</u>
<b>Other Financing Sources (Uses)</b>				
Other Debt Proceeds			52,800	52,800
Sale of Fixed Assets			4,000	4,000
<i>Total Other Financing Sources (Uses)</i>	<u>0</u>	<u>0</u>	<u>56,800</u>	<u>56,800</u>
<i>Net Change in Fund Balance</i>	(180,944)	(180,944)	(48,022)	132,922
<i>Fund Balance Beginning of Year</i>	<u>183,807</u>	<u>183,807</u>	<u>183,807</u>	
<i>Fund Balance End of Year</i>	<u>\$2,863</u>	<u>\$2,863</u>	<u>\$135,785</u>	<u>\$132,922</u>

See accompanying notes to the basic financial statements

**VILLAGE OF RIO GRANDE, GALLIA COUNTY**

*Statement of Receipts, Disbursements and Changes  
in Fund Balance - Budget and Actual - Budget Basis  
Street Construction, Maintenance, and Repair  
For the Year Ended December 31, 2008*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Receipts</b>				
Municipal Income Taxes	\$39,600	\$39,600	\$39,600	
Intergovernmental	22,700	22,700	25,676	\$2,976
Miscellaneous			1,348	1,348
<i>Total Receipts</i>	<u>62,300</u>	<u>62,300</u>	<u>66,624</u>	<u>4,324</u>
<b>Disbursements</b>				
Current:				
Transportation	7,600	87,592	75,020	12,572
<i>Total Disbursements</i>	<u>7,600</u>	<u>87,592</u>	<u>75,020</u>	<u>12,572</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>54,700</u>	<u>(25,292)</u>	<u>(8,396)</u>	<u>(8,248)</u>
<b>Other Financing Sources (Uses)</b>				
Other Debt Proceeds		11,592	11,592	
<i>Total Other Financing Sources (Uses)</i>	<u>0</u>	<u>11,592</u>	<u>11,592</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	54,700	(13,700)	3,196	16,896
<i>Fund Balance Beginning of Year</i>	<u>14,500</u>	<u>14,500</u>	<u>14,500</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$69,200</u>	<u>\$800</u>	<u>\$17,696</u>	<u>\$16,896</u>

See accompanying notes to the basic financial statements

**VILLAGE OF RIO GRANDE, GALLIA COUNTY**

*Statement of Fund Net Assets- Modified Cash Basis*

*Proprietary Funds*

*December 31, 2008*

	<u>WATER OPERATING</u>	<u>SEWER OPERATING</u>	<u>SEWER DEBT SERVICE</u>	<u>SEWER REPLACEMENT</u>	<u>NONMAJOR ENTERPRISE FUNDS</u>	<u>TOTAL ENTERPRISE FUNDS</u>
<b>Assets</b>						
Equity in Pooled Cash and Cash Equivalents	\$176	\$890	\$1,180	\$1,072	\$579	\$3,897
Investments	<u>57,377</u>	<u>37,033</u>	<u>4,438</u>	<u>63,534</u>	<u>13,554</u>	<u>175,936</u>
<i>Total Assets</i>	<u><u>\$57,553</u></u>	<u><u>\$37,923</u></u>	<u><u>\$5,618</u></u>	<u><u>\$64,606</u></u>	<u><u>\$14,133</u></u>	<u><u>\$179,833</u></u>
<b>Net Assets</b>						
Restricted for:						
Unrestricted	<u>\$57,553</u>	<u>\$37,923</u>	<u>\$5,618</u>	<u>\$64,606</u>	<u>\$14,133</u>	<u>\$179,833</u>
<i>Total Net Assets</i>	<u><u>\$57,553</u></u>	<u><u>\$37,923</u></u>	<u><u>\$5,618</u></u>	<u><u>\$64,606</u></u>	<u><u>\$14,133</u></u>	<u><u>\$179,833</u></u>

See accompanying notes to the basic financial statements

**VILLAGE OF RIO GRANDE, GALLIA COUNTY**  
*Statement of Cash Receipts,  
Disbursements and Changes in Fund Net Assets - Modified Cash Basis  
Proprietary Funds  
For the Year Ended December 31, 2008*

	WATER OPERATING TOTAL	SEWER OPERATING TOTAL	SEWER DEBT SERVICE	SEWER REPLACEMENT	NONMAJOR ENTERPRISE FUNDS	TOTAL ENTERPRISE FUNDS
<b>Operating Receipts</b>						
Charges for Services	\$200,976	\$119,079	\$45,000	\$12,504		\$377,559
<i>Total Operating Receipts</i>	<u>200,976</u>	<u>119,079</u>	<u>45,000</u>	<u>12,504</u>	<u>\$0</u>	<u>377,559</u>
<b>Operating Disbursements</b>						
Personal Services	16,861	46,170				63,031
Employee Fringe Benefits	11,958	26,126				38,084
Contractual Services	15,111	62,864				77,975
Supplies and Materials	11,969	18,731				30,700
Other	79,745	7,000		919		87,664
<i>Total Operating Disbursements</i>	<u>135,644</u>	<u>160,891</u>	<u>0</u>	<u>919</u>	<u>0</u>	<u>297,454</u>
<i>Operating Income (Loss)</i>	<u>65,332</u>	<u>(41,812)</u>	<u>45,000</u>	<u>11,585</u>	<u>0</u>	<u>80,105</u>
<b>Non-Operating Receipts (Disbursements)</b>						
Other Debt Proceeds	3,312	18,215				21,527
Miscellaneous Receipts	508	3,276				3,784
Capital Outlay	(12,731)			(3,484)		(16,215)
Principal Payments	(23,875)		(38,648)			(62,523)
Interest and Fiscal Charges	(9,043)		(1,127)			(10,170)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(41,829)</u>	<u>21,491</u>	<u>(39,775)</u>	<u>(3,484)</u>	<u>0</u>	<u>(63,597)</u>
<i>Change in Net Assets</i>	<u>23,503</u>	<u>(20,321)</u>	<u>5,225</u>	<u>8,101</u>	<u>0</u>	<u>16,508</u>
<i>Net Assets Beginning of Year</i>	<u>34,050</u>	<u>58,244</u>	<u>393</u>	<u>56,505</u>	<u>14,133</u>	<u>163,325</u>
<i>Net Assets End of Year</i>	<u><u>\$57,553</u></u>	<u><u>\$37,923</u></u>	<u><u>\$5,618</u></u>	<u><u>\$64,606</u></u>	<u><u>\$14,133</u></u>	<u><u>\$179,833</u></u>

See accompanying notes to the basic financial statements

**VILLAGE OF RIO GRANDE, GALLIA COUNTY**

*Statement of Fiduciary Net Assets - Modified Cash Basis*

*Fiduciary Funds*

*December 31, 2008*

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	<u>Agency</u>
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	\$56
<i>Total Assets</i>	<u><u>\$56</u></u>
<b>Net Assets</b>	
Restricted for:	
Other Purposes	<u>\$56</u>
<i>Total Net Assets</i>	<u><u>\$56</u></u>

See accompanying notes to the basic financial statements

**VILLAGE OF RIO GRANDE, GALLIA COUNTY**

*Statement of Net Assets - Modified Cash Basis*

*December 31, 2007*

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	Governmental Activities	Business - Type Activities	Total
<b>Assets</b>			
Equity in Pooled Cash and Cash Equivalents	\$19,888	\$47,763	\$67,651
Investments	202,207	115,562	317,769
<i>Total Assets</i>	<u>\$222,095</u>	<u>\$163,325</u>	<u>\$385,420</u>
<b>Net Assets</b>			
Restricted for:			
Capital Projects	\$22,000		\$22,000
Other Purposes	16,288		16,288
Unrestricted	183,807	\$163,325	347,132
<i>Total Net Assets</i>	<u>\$222,095</u>	<u>\$163,325</u>	<u>\$385,420</u>

See accompanying notes to the basic financial statements



**VILLAGE OF RIO GRANDE, GALLIA COUNTY**

*Statement of Activities- Modified Cash Basis*

*For the Year Ended December 31, 2007*

	Program Cash Receipts			Net (Disbursements) Receipts and Changes in Net Assets		
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities	Business-Type Activities	Total
<b>Governmental Activities</b>						
Security of Persons and Property	\$123,388	\$27,786		(\$95,602)		(\$95,602)
Leisure Time Activities	1,309	1,007		(302)		(302)
Community Environment	642	2,706		2,064		2,064
Transportation	75,928		\$26,866	(49,062)		(49,062)
General Government	131,079	3,000		(128,079)		(128,079)
Capital Outlay	31,053			(31,053)		(31,053)
Debt Service:						
Principal	1,253			(1,253)		(1,253)
<i>Total Governmental Activities</i>	<u>364,652</u>	<u>34,499</u>	<u>26,866</u>	<u>(303,287)</u>	<u>\$0</u>	<u>(303,287)</u>
<b>Business Type Activities</b>						
Water Operating	182,927	197,852			14,925	14,925
Sewer Operating	124,155	134,719			10,564	10,564
Sewer Debt Service	47,108	39,050			(8,058)	(8,058)
Sewer Replacement Fund	4,534	12,504			7,970	7,970
<i>Total Business Type Activities</i>	<u>358,724</u>	<u>384,125</u>	<u>0</u>	<u>0</u>	<u>25,401</u>	<u>25,401</u>
<i>Total Primary Government</i>	<u>\$723,376</u>	<u>\$418,624</u>	<u>\$26,866</u>	<u>(\$303,287)</u>	<u>25,401</u>	<u>(277,886)</u>
<b>General Receipts</b>						
Property Taxes				563		563
Municipal Income Taxes				210,196		210,196
Other Taxes				2,357		2,357
Grants and Entitlements not Restricted to Specific Programs				77,900		77,900
Cable Franchise Fees				1,280		1,280
Earnings on Investments				14,000		14,000
Miscellaneous				9,836	1,611	11,447
<i>Total General Receipts</i>				<u>\$316,132</u>	<u>\$1,611</u>	<u>\$317,743</u>
Change in Net Assets				\$12,845	\$27,012	\$39,857
<i>Net Assets Beginning of Year (Restated- See Note 13)</i>				<u>\$209,250</u>	<u>\$136,313</u>	<u>\$345,563</u>
<i>Net Assets End of Year</i>				<u>\$222,095</u>	<u>\$163,325</u>	<u>\$385,420</u>

See accompanying notes to the basic financial statements

**VILLAGE OF RIO GRANDE, GALLIA COUNTY**  
*Statement of Modified Cash Basis Assets and Fund Balances*  
*Governmental Funds*  
*December 31, 2007*

	GENERAL	STREET CONSTRUCTION MAINTENANCE AND REPAIR	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
<b>Assets</b>				
Equity in Pooled Cash and Cash Equivalents	\$9,020	\$213	\$10,655	\$19,888
Investments	174,787	14,287	13,133	202,207
<i>Total Assets</i>	<u>\$183,807</u>	<u>\$14,500</u>	<u>\$23,788</u>	<u>\$222,095</u>
<b>Fund Balances</b>				
Reserved:				
Reserved for Encumbrances	\$8,361			\$8,361
Unreserved:				
Undesignated (Deficit), Reported in:				
General Fund	175,446			175,446
Special Revenue Funds		\$14,500	\$1,788	16,288
Capital Projects Funds			22,000	22,000
<i>Total Fund Balances</i>	<u>\$183,807</u>	<u>\$14,500</u>	<u>\$23,788</u>	<u>\$222,095</u>

See accompanying notes to the basic financial statements

**VILLAGE OF RIO GRANDE, GALLIA COUNTY**  
*Statement of Cash Receipts, Disbursements and Changes in Modified Cash Basis Fund Balances*  
*Governmental Funds*  
*For the Year Ended December 31, 2007*

	GENERAL	STREET CONSTRUCTION MAINTENANCE AND REPAIR	OTHER GOVERNMENTAL FUNDS	TOTAL
<b>Receipts</b>				
Property and Other Local Taxes	\$2,920			\$2,920
Municipal Income Taxes	162,196	\$36,000	\$12,000	210,196
Intergovernmental	77,900	24,851	2,015	104,766
Charges for Services	30,944			30,944
Fines, Licenses and Permits	4,835			4,835
Earnings on Investments	14,000			14,000
Miscellaneous	9,788	48		9,836
<b>Total Receipts</b>	<b>302,583</b>	<b>60,899</b>	<b>14,015</b>	<b>377,497</b>
<b>Disbursements</b>				
<b>Current:</b>				
Security of Persons and Property	123,388			123,388
Leisure Time Activities	1,309			1,309
Community Environment	642			642
Transportation		73,303	2,625	75,928
General Government	131,079			131,079
Capital Outlay	31,053			31,053
<b>Debt Service:</b>				
Principal Retirement	1,253			1,253
<b>Total Disbursements</b>	<b>288,724</b>	<b>73,303</b>	<b>2,625</b>	<b>364,652</b>
<b>Net Change in Fund Balances</b>	<b>13,859</b>	<b>(12,404)</b>	<b>11,390</b>	<b>12,845</b>
<b>Fund Balances Beginning of Year (Restated - See Note 13)</b>	<b>169,948</b>	<b>26,904</b>	<b>12,398</b>	<b>209,250</b>
<b>Fund Balances End of Year</b>	<b>\$183,807</b>	<b>\$14,500</b>	<b>\$23,788</b>	<b>\$222,095</b>

See accompanying notes to the basic financial statements

**VILLAGE OF RIO GRNADE, GALLIA COUNTY**

*Statement of Receipts, Disbursements and Changes  
in Fund Balance - Budget and Actual - Budget Basis  
General Fund*

*For the Year Ended December 31, 2007*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Receipts</b>				
Property and Other Local Taxes	\$2,034	\$2,034	\$2,920	\$886
Municipal Income Taxes	160,000	160,000	162,196	2,196
Intergovernmental	69,195	69,195	77,900	8,705
Charges for Services	32,500	32,500	30,944	(1,556)
Fines, Licenses and Permits	1,300	1,300	4,835	3,535
Earnings on Investments	7,500	7,500	14,000	6,500
Miscellaneous	7,500	7,500	9,788	2,288
<i>Total Receipts</i>	<u>280,029</u>	<u>280,029</u>	<u>302,583</u>	<u>22,554</u>
<b>Disbursements</b>				
Current:				
Security of Persons and Property	124,350	142,550	123,388	19,162
Leisure Time Activities	2,150	2,150	1,309	841
Community Environment	1,360	1,435	642	793
General Government	239,970	219,695	137,349	82,346
Capital Outlay	72,500	73,000	33,144	39,856
Debt Service:				
Principal Retirement		1,500	1,253	247
<i>Total Disbursements</i>	<u>440,330</u>	<u>440,330</u>	<u>297,085</u>	<u>143,245</u>
<i>Net Change in Fund Balance</i>	(160,301)	(160,301)	5,498	(120,691)
<i>Fund Balance Beginning of Year (Restated - See Note 13)</i>	<u>169,948</u>	<u>169,948</u>	<u>169,948</u>	
<i>Fund Balance End of Year</i>	<u>\$9,647</u>	<u>\$9,647</u>	<u>\$175,446</u>	<u>(\$120,691)</u>

See accompanying notes to the basic financial statements

**VILLAGE OF RIO GRANDE, GALLIA COUNTY**

*Statement of Receipts, Disbursements and Changes  
in Fund Balance - Budget and Actual - Budget Basis  
Street Construction, Maintenance, and Repair Fund  
For the Year Ended December 31, 2007*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Receipts</b>				
Municipal Income Taxes	\$36,000	\$36,000	\$36,000	
Intergovernmental	26,500	26,500	24,851	(\$1,648)
Miscellaneous			48	48
<i>Total Receipts</i>	<u>62,500</u>	<u>62,500</u>	<u>60,899</u>	<u>(1,600)</u>
<b>Disbursements</b>				
Current:				
Transportation	88,375	88,375	73,303	15,072
<i>Total Disbursements</i>	<u>88,375</u>	<u>88,375</u>	<u>73,303</u>	<u>15,072</u>
<i>Net Change in Fund Balance</i>	(25,875)	(25,875)	(12,404)	13,471
<i>Fund Balance Beginning of Year</i>	<u>26,904</u>	<u>26,904</u>	<u>26,904</u>	
<i>Fund Balance End of Year</i>	<u>\$1,029</u>	<u>\$1,029</u>	<u>\$14,500</u>	<u>\$13,471</u>

See accompanying notes to the basic financial statements

**VILLAGE OF RIO GRANDE, GALLIA COUNTY**

*Statement of Fund Net Assets - Modified Cash Basis*

*Proprietary Funds*

*December 31, 2007*

	<u>WATER OPERATING</u>	<u>SEWER OPERATING</u>	<u>SEWER DEBT SERVICE</u>	<u>SEWER REPLACEMENT</u>	<u>NONMAJOR ENTERPRISE FUNDS</u>	<u>TOTAL ENTERPRISE FUNDS</u>
<b>Assets</b>						
Equity in Pooled Cash and Cash Equivalents	\$20,498	\$15,511	\$55	\$10,069	\$1,630	\$47,763
Investments	<u>13,552</u>	<u>42,733</u>	<u>338</u>	<u>46,435</u>	<u>12,504</u>	<u>115,562</u>
<i>Total Assets</i>	<u><u>\$34,050</u></u>	<u><u>\$58,244</u></u>	<u><u>\$393</u></u>	<u><u>\$56,504</u></u>	<u><u>\$14,134</u></u>	<u><u>\$163,325</u></u>
<b>Net Assets</b>						
Restricted for:						
Unrestricted	<u>\$34,050</u>	<u>\$58,244</u>	<u>\$393</u>	<u>\$56,505</u>	<u>\$14,133</u>	<u>\$163,325</u>
<i>Total Net Assets</i>	<u><u>\$34,050</u></u>	<u><u>\$58,244</u></u>	<u><u>\$393</u></u>	<u><u>\$56,505</u></u>	<u><u>\$14,133</u></u>	<u><u>\$163,325</u></u>

See accompanying notes to the basic financial statements

**VILLAGE OF RIO GRANDE, GALLIA COUNTY**  
*Statement of Cash Receipts,  
Disbursements and Changes in Fund Net Assets - Modified Cash Basis  
Proprietary Funds  
For the Year Ended December 31, 2007*

	WATER OPERATING	SEWER OPERATING	SEWER DEBT SERVICE	SEWER REPLACEMENT	NON-MAJOR ENTERPRISE FUNDS	TOTAL ENTERPRISE FUNDS
<b>Operating Receipts</b>						
Charges for Services	\$197,852	\$134,719	\$39,050	\$12,504		\$384,125
<i>Total Operating Receipts</i>	<u>197,852</u>	<u>134,719</u>	<u>39,050</u>	<u>12,504</u>	<u>\$0</u>	<u>384,125</u>
<b>Operating Disbursements</b>						
Personal Services	14,165	33,964				48,129
Employee Fringe Benefits	9,635	19,321				28,956
Contractual Services	8,617	45,409				54,026
Supplies and Materials	10,158	16,903				27,061
Other	87,557	8,559		1,699		97,815
<i>Total Operating Disbursements</i>	<u>130,132</u>	<u>124,156</u>	<u>0</u>	<u>1,699</u>	<u>0</u>	<u>255,987</u>
<i>Operating Income (Loss)</i>	<u>67,720</u>	<u>10,563</u>	<u>39,050</u>	<u>10,805</u>	<u>0</u>	<u>128,138</u>
<b>Non-Operating Receipts (Disbursements)</b>						
Miscellaneous Receipts	813	798				1,611
Capital Outlay				(2,835)		(2,835)
Principal Payments	(46,710)		(45,495)			(92,205)
Interest and Fiscal Charges	(6,084)		(1,613)			(7,697)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(51,981)</u>	<u>798</u>	<u>(47,108)</u>	<u>(2,835)</u>	<u>0</u>	<u>(101,126)</u>
<i>Change in Net Assets</i>	15,739	11,361	(8,058)	7,970	0	27,012
<i>Net Assets Beginning of Year</i>	<u>18,311</u>	<u>46,883</u>	<u>8,451</u>	<u>48,535</u>	<u>14,133</u>	<u>136,313</u>
<i>Net Assets End of Year</i>	<u>\$34,050</u>	<u>\$58,244</u>	<u>\$393</u>	<u>\$56,505</u>	<u>\$14,133</u>	<u>\$163,325</u>

See accompanying notes to the basic financial statements

**VILLAGE OF RIO GRANDE, GALLIA COUNTY**

*Statement of Fiduciary Net Assets- Modified Cash Basis*

*Fiduciary Funds*

*December 31, 2007*

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	<u>Agency</u>
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	\$185
<i>Total Assets</i>	<u><u>\$185</u></u>
<b>Net Assets</b>	
Restricted for:	
Other Purposes	<u>\$185</u>
<i>Total Net Assets</i>	<u><u>\$185</u></u>

See accompanying notes to the basic financial statements



**Village of Rio Grande**  
*Notes to the Basic Financial Statements*  
*For the Years Ended December 31, 2008 and 2007*

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**Note 1 - Reporting Entity**

The Village of Rio Grande, Gallia County, 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. The Village is directed by a six-member Council elected for four-year terms and a three member Board of Public Affairs elected for four-year terms. The Mayor is elected to a four-year term and votes only to break a tie. The Council appoints one Council member to serve as the Council President.

**A. Primary Government**

The primary government consists of all funds, departments, boards and agencies that are not legally separate from the Village. The Village provides general government services, water and sewer utilities, maintenance of Village roads and bridges, park operations, and police services. The Village appropriates general fund money to support a volunteer fire department.

**B. Component Units**

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 support to, the organization; or the Village is obligated for the debt of the organization. The Village is also financially accountable for any organizations that are fiscally dependent on the Village in that the Village approves their budget, the issuance of their debt or the levying of their taxes. Component units also include legally separate, tax-exempt entities whose resources are for the direct benefit of the Village, are accessible to the Village and are significant in amount to the Village. The Village does not have any component units.

**C. Public Entity Risk Pools**

The Village participates in two public entity risk pools. Note 7 to the financial statements provides additional information for these entities. These organizations are:

Public Entity Risk Pools:

The Village participates in the Public Entities Pool of Ohio, or PEP. PEP is a government risk pool working to alleviate the extreme changes in the availability of insurance coverage and the cost of premiums for insurance. PEP provides casualty and property insurance coverage for member entities.

The Village also participates in the Ohio Municipal League (OML) Worker’s Compensation Group Rating Program. The OML retains the services of a Group Administrator and that Group Administrator performs the claims administration, actuarial cost control, and the consulting services for participants.

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 modified cash basis of accounting. This modified cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally 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. In the government-wide financial statements and

**Village of Rio Grande**  
*Notes to the Basic Financial Statements*  
*For the Years Ended December 31, 2008 and 2007*  
(Continued)

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**Note 2 - Summary of Significant Accounting Policies** (Continued)

the fund financial statements for the proprietary funds, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied, to the extent they are applicable to the cash basis of accounting unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails. The Village does not apply FASB statements issued after November 30, 1989, to its business-type activities and to its enterprise funds. 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 financial statements, including a statement of net assets and a statement of activities, and fund financial statements, which provide a more detailed level of financial information.

**Government-Wide Financial Statements**

The statement of net assets 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 fiduciary funds. The statements distinguish between those activities of the Village that are governmental and those that are considered business-type. Governmental activities generally are financed through taxes, intergovernmental receipts or other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties for goods and services.

The statement of net assets presents the cash and investment 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 to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information to 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. Fiduciary funds are reported by type.

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

**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. Funds are used to segregate resources that are restricted as to use. The funds of the Village are divided into three categories, governmental, proprietary and fiduciary.

**Village of Rio Grande**  
*Notes to the Basic Financial Statements*  
*For the Years Ended December 31, 2008 and 2007*  
(Continued)

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**Note 2 - Summary of Significant Accounting Policies** (Continued)

**B. Fund Accounting (Continued)**

**Governmental Funds**

The Village classifies funds financed primarily from taxes, intergovernmental receipts (e.g., grants), and other non-exchange transactions as governmental funds. The Village's major governmental funds are the General Fund, the Street Construction, Maintenance and Repair Fund, and the Police and Fire Capital Projects Fund.

General Fund - This fund is used to account for 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 or transferred according to the general laws of Ohio.

Street Construction, Maintenance and Repair Fund - This fund receives gasoline tax and motor vehicle license tax money for constructing, maintaining and repairing Village streets. This fund also receives income tax money from the General Fund each month.

Police and Fire Capital Projects Fund - This fund receives \$1,000 per month in income tax money for the purpose of purchasing a fire truck and a police cruiser.

**Proprietary Funds**

The Village classifies funds financed primarily from user charges for goods or services as proprietary. Proprietary funds are classified as enterprise.

Enterprise Funds - Enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services. The Village's major enterprise funds are the Water Operating Fund, the Sewer Operating Fund, Sewer Debt Service Fund, and the Sewer Replacement Fund.

Water Operating Fund - This fund receives charges for services from residents and commercial users to cover water service costs.

Sewer Operating Fund - This fund receives charges for services from residents and commercial users to cover sewer service costs.

Sewer Replacement Fund - This fund was established to account for payment on the Village's sewer replacement costs. This fund receives a portion of the charges for sewer services.

Sewer Debt Service Fund - This fund was established to account for payment on the Village's sewer debt. This fund receives a portion of the charges for sewer services.

**Fiduciary Funds**

Fiduciary funds include pension trust funds, investment trust funds, private purpose trust funds, and agency funds. Trust funds are used to account for assets held under a trust agreement for individuals, private organizations, or other governments, which are not available to support the Village's own programs. The Village does not have any private purpose trust funds. Agency funds are purely custodial in nature and are used to hold resources for individuals, organizations or other governments. The Village's only agency fund accounts for the Mayor's Court.

**Village of Rio Grande**  
*Notes to the Basic Financial Statements*  
*For the Years Ended December 31, 2008 and 2007*  
(Continued)

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**Note 2 - Summary of Significant Accounting Policies** (Continued)

**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.

As a result of the use of this 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 liabilities and the related expenses) 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 appropriations ordinance, 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 Council may appropriate.

The appropriations ordinance is the Village Council's authorization to spend resources and sets limits on cash disbursements plus encumbrances at the level of control selected by the Village Council. The legal level of control has been established at the fund/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 Fiscal Officer. 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 certificates of estimated resources in effect at the time final appropriations were passed by the Village Council.

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

**E. Cash and Investments**

To improve cash management, cash received by the Village is pooled and invested. Individual fund integrity is maintained through Village records.

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

During 2008 and 2007, the Village invested in nonnegotiable certificates of deposit and STAROhio. The nonnegotiable certificates of deposit are reported at cost.

STAROhio is an investment pool, managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAROhio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAROhio are valued at STAROhio's share price, which is the price the investment could be sold for on December 31, 2008 and 2007.

**Village of Rio Grande**  
*Notes to the Basic Financial Statements*  
*For the Years Ended December 31, 2008 and 2007*  
*(Continued)*

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**Note 2 - Summary of Significant Accounting Policies** (Continued)

**E. Cash and Investments** (Continued)

Interest earnings are allocated to Village funds according to State statutes, grant requirements, or debt related restrictions. The total interest receipts credited to the General Fund for 2008 and 2007 were \$12,894 and \$14,000 respectively.

**F. Restricted Assets**

Cash, cash equivalents and investments are reported as restricted when limitations on their use change the nature or normal understanding of their use. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments, or imposed by law through constitutional provisions or enabling legislation.

**G. Inventory and Prepaid Items**

The Village reports disbursements for inventories 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. 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.

**J. Employer Contributions to Cost-Sharing Pension Plans**

The Village recognizes the disbursement for their employer contributions to cost-sharing pension plans when they are paid. As described in Notes 8 and 9, the employer contributions include portions for pension benefits and for postretirement health care benefits.

**K. 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 the cash is received and principal and interest payments are reported when paid.

**L. Net Assets**

Net assets are 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 assets restricted for other purposes include resources restricted for the purpose of making a down payment on the purchase of a fire truck and making a down payment on a new police cruiser or purchasing a used police cruiser (per Resolution 2005-22, Resolution 2006-16, Resolution 2008-25, and Resolution 2008-26) and grants when they are received by the Village of Rio Grande.

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

Resolution 2005-22, a Resolution to Establish a Capital Projects Fund for the Purpose of Purchasing a Fire Truck, stated that the Village would deposit \$10,000 of income tax monies per year into the Capital Projects Fund beginning in 2006, for the next five years, ending on December 31, 2010.

**Village of Rio Grande**  
*Notes to the Basic Financial Statements*  
*For the Years Ended December 31, 2008 and 2007*  
(Continued)

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**Note 2 - Summary of Significant Accounting Policies** (Continued)

**L. Net Assets** (Continued)

Resolution 2006-16, A Resolution to Amend Resolution 2005-22, A Resolution to Establish a Capital Projects Fund for the Purpose of Purchasing a Fire Truck, amended Resolution 2005-22, stating that instead of depositing \$10,000 of income tax monies per year into the Capital Projects Fund, the Village would, beginning in 2007, deposit \$12,000 of income tax monies per year into the Capital Projects Fund. This will continue through December 31, 2010.

Resolution 2008-25, A Resolution to Establish a Capital Projects Fund for the Purpose of Purchasing a Police Cruiser, stated that the Village would deposit \$500 of income tax money per month into the Capital Projects Fund beginning October 2008 and continuing through October of 2013.

Resolution 2008-26, A resolution to Amend Resolution 2006-16, A Resolution to Establish a Capital Projects Fund for the Purpose of Purchasing a Fire Truck, amended Resolution 2006-16, stating that the amount of income tax monies to be deposited for the Fire Department would change from \$10,000 in 2006 and \$12,000 in 2007 through 2010 to \$10,000 in 2006, \$12,000 in 2007, \$10,500 in 2008, and \$6,000 in 2009 and 2010.

On December 31, 2008, the Capital Projects Fund had \$34,000 available.

**M. Fund Balance Reserves**

The Village reserves any portion of fund balances which is not available for appropriation or which is legally segregated for a specific future use. Unreserved fund balance indicates that portion of the fund balance, which is available for appropriation in future periods. Fund balance reserves have been established for encumbrances.

**N. Interfund Transactions**

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

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 non-operating receipts/disbursements in the proprietary funds. Repayments from funds responsible for particular disbursements to the funds that initially paid for them are not presented in the financial statements.

**Note 3 - Budgetary Basis of Accounting**

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements, and Changes in Fund Balances-Budget and Actual-Budgetary Basis presented for the General Fund and the Street Construction, Maintenance and Repair Special Revenue Fund are prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The differences between the budgetary basis and the cash basis are the outstanding year-end encumbrances are treated as cash disbursements (budgetary basis) rather than as a reservation of fund balance (cash basis). The encumbrances outstanding at year-end amounted to \$795 and \$8,361 respectively in the General Fund for 2008 and 2007.

**Note 4 - Deposits and Investments**

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

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

**Village of Rio Grande**  
*Notes to the Basic Financial Statements*  
*For the Years Ended December 31, 2008 and 2007*  
*(Continued)*

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**Note 4 - Deposits and Investments** (Continued)

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

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories.

Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts, including passbook accounts.

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

1. United State Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, 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) 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 (STAROhio).

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 as set forth in the Village's investment policy. The Village is also permitted to invest in STAROhio in addition to the financial institutions listed in the Village's investment policy.

**Village of Rio Grande**  
*Notes to the Basic Financial Statements*  
*For the Years Ended December 31, 2008 and 2007*  
(Continued)

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**Note 4 - Deposits and Investments** (Continued)

The carrying amount of deposits and investments at December 31 was as follows:

	2008	2007
Demand deposits	\$40,020	\$67,836
Certificates of deposit	248,703	237,856
Total deposits	288,723	305,692
STAROhio	81,960	79,913
Total investments	81,960	79,913
Total deposits and investments	\$370,683	\$385,605

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. 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 by the financial institution as security for repayment or by a collateral pool of eligible securities deposited with 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. All of the Village's bank balances were covered by federal depository insurance or collateralized.

Investments

The Village Council adopted an investment policy and procedures manual on April 10, 2006. The Village's investment policy addresses interest rate risk to the extent that it allows the Fiscal Officer to invest funds to a maximum maturity of five years for the interest rate that will yield the most interest for the Village. State statute requires that an investment mature within five years from the date of purchase, unless matched to a specific obligation of debt of the Village, and that an investment must be purchased with the expectation that it will be held to maturity.

STAROhio carries a rating of AAAM by Standard and Poor's. Ohio law requires that STAROhio maintain the highest rating provided by at least one nationally recognized standard setting service.

**Note 5 - Income Taxes**

The Village levies a 1 percent income tax whose proceeds are placed into the 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 the Village. In the latter case, the Village allows a credit of the lesser of actual taxes paid to another city or 100 percent of the 1 percent tax rate on taxable income. 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 annually.

**Note 6 - Property Taxes**

Property taxes include amounts levied against all real property, public utility property, and tangible personal property located in the Village. Real property tax receipts received in 2008 represent the collection of 2007 taxes.

Real property taxes are levied after October 1, on the assessed values as of January 1, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. 2008 real property taxes are collected in and intended to finance 2009.



**Village of Rio Grande**  
*Notes to the Basic Financial Statements*  
*For the Years Ended December 31, 2008 and 2007*  
*(Continued)*

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**Note 6 - Property Taxes** (Continued)

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

Public utility tangible personal property is assessed at varying percentages of true value: public utility real property is assessed at 35 percent of true value. 2008 public utility property taxes, which became a lien on December 31, are levied after October 1, and will be collected in 2009 with real property taxes.

Tangible personal property taxes are levied after October 1, on the true value as of December 31. Collections are made the following year. Tangible personal property assessments are being phased out- the assessment percentage for all property including inventory for 2007 was 12.5 percent. This was reduced to 6.25 percent in 2008, and zero for 2009. Payments paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, the first payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20.

The full tax rates for all Village operations for the year ended December 31, 2008 and 2007, were \$1.00 per \$1,000 (or .10 millage) of assessed value. The assessed values of real property, public utility property, and tangible personal property for 2008 were as follows:

Real Property	
Residential/Agricultural	\$4,909,020
Tangible Personal Property	92,529
Public Utility	<u>481,835</u>
Total Assessed Value	<u><u>\$5,483,384</u></u>

The County Treasurer collects property taxes on behalf of all taxing districts in the county, including the Village. The County Auditor periodically remits the Village its portion of taxes collected.

**Note 7-Risk Management**

The Village is exposed to various risks of property and casualty losses, and injuries to employees.

The Village insures against injuries to employees through the Ohio Bureau of Worker's Compensation. The Village also participates in the Ohio Municipal League Workers' Compensation Group Rating Program.

The OML, as the sponsoring organization, has retained the services of Gates McDonald as its Group Administrator to perform claims administration, actuarial costs control, and consulting services for participants. Each year, the Village pays an enrollment fee to the Group Rating Program to cover the costs of administering the program.

The Village belongs to the Public Entities Pool of Ohio (PEP), a risk-sharing pool available to Ohio local governments. PEP provides property and casualty coverage for its members. American Risk Pooling Consultants, Inc. (ARPCO), a division of York Insurance Services Group, Inc. (York), functions as the administrator of PEP and provides underwriting, claims, loss control, risk management, and reinsurance services for PEP. PEP is a member of the American Public Entity Excess Pool (APEEP), which is also administered by ARPCO. Member governments pay annual contributions to fund PEP. PEP pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

**Casualty and Property Coverage**

APEEP provides PEP with an excess risk-sharing program. Under this arrangement, PEP retains insured risks up to an amount specified in the contracts. At December 31, 2008, PEP retained \$350,000 for casualty claims and \$100,000 for property claims.

**Village of Rio Grande**  
*Notes to the Basic Financial Statements*  
For the Years Ended December 31, 2008 and 2007  
(Continued)

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**Note 7-Risk Management** (Continued)

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

Property and casualty settlements did not exceed insurance coverage for the past three fiscal years.

**Financial Position**

PEP's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2008 and 2007:

	<u>2008</u>	<u>2007</u>
Assets	\$35,769,535	\$37,560,071
Liabilities	<u>(15,310,206)</u>	<u>(17,340,825)</u>
Net Assets	<u>\$20,459,329</u>	<u>\$20,219,246</u>

At December 31, 2008 and 2007, respectively, the liabilities above include approximately \$13.8 million and \$15.9 million of estimated incurred claims payable. The assets and retained earnings above also include approximately \$12.9 million and \$15.0 million of unpaid claims to be billed to approximately 445 member governments in the future, as of December 31, 2008, and 2007, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. The Village's share of these unpaid claims collectible in future years is approximately \$15,000.

Based on discussions with PEP, the expected rates PEP charges to compute member contributions, which are used to pay claims as they become due, are not expected to change significantly from those used to determine the historical contributions detailed below. By contract, the annual liability of each member is limited to the amount of financial contributions required to be made to PEP for each year of membership.

<b><u>Contributions to PEP</u></b>	
2007	\$13,451
2008	\$13,258

After completing one year of membership, members may withdraw on each anniversary of the date they joined PEP provided they provide written notice to PEP 60 days in advance of the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's contribution. Withdrawing members have no other future obligation to PEP. Also upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim occurred or was reported prior to the withdrawal.

**Note 8-Defined Benefit Pension Plans**

**A. Ohio Public Employees Retirement System**

The Village participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional 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.

**Village of Rio Grande**  
*Notes to the Basic Financial Statements*  
*For the Years Ended December 31, 2008 and 2007*  
*(Continued)*

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**Note 8 - Defined Benefit Pension Plans** (Continued)

**A. Ohio Public Employees Retirement System** (Continued)

The combined plan is a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and a defined contribution plan. Under the combined plan, employer contributions are invested by the retirement system to provide a formula retirement benefit similar to the traditional plan benefit. Member contributions, whose investment is self-directed by the member, 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 and combined plans. Members of the member directed plan do not qualify for ancillary benefits including post-employment health care coverage. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-5601 or (800) 222-7377.

For the years ended December 31, 2008 and 2007, the members of all three plans, except those in law enforcement participating in the traditional plan, were required to contribute 10 percent and 9.5 percent respectively of their annual covered salaries. Members participating in the traditional plan that were in law enforcement contributed 10.1 percent of their annual covered salary. The Village's contribution rate for pension benefits for 2008 and 2007 was 14 and 13.85 percent respectively, except for those plan members in law enforcement or public safety. For those classifications, the Village's pension contributions were 17.40 percent of covered payroll. The Ohio Revised Code provides statutory authority for member and employer contributions.

The Village's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2008, 2007, and 2006 were \$43,236 (\$17,999 for employee contributions and \$25,237 for employer contributions), \$42,464 (\$17,256 for employee contributions and \$24,208 for employer contributions), and \$39,361 (\$15,606 for employee contributions and \$23,755 for employer contributions) respectively; 100% percent has been contributed for 2008, 2007, and 2006.

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

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 the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

Plan members are required to contribute 10 percent of their annual covered salary to fund pension obligations while the Village is required to contribute 19.5 percent for police officers. Contributions are authorized by State statute. The Village's contributions to the Fund for police were \$ 7,425 (\$2,517 for employee contributions and \$4,908 for employer contributions) for the year ended December 31, 2008. The full amount has been contributed for 2008. The Village did not have any police officers that qualified for membership in the Ohio Police and Fire Pension Fund until 2008.

**Village of Rio Grande**  
*Notes to the Basic Financial Statements*  
*For the Years Ended December 31, 2008 and 2007*  
*(Continued)*

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**Note 9 - Postemployment Benefits**

**A. Ohio Public Employees Retirement System**

The Ohio Public Employees Retirement System (OPERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit with either the traditional or combined plans. Health care coverage for disability recipients and qualified survivor benefit recipients is available. Members of the member-directed plan do not qualify for postretirement health care coverage. A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of postretirement health care based on authority granted by State statute. The 2008 employer contribution rate was 14 percent; 7 percent of covered payroll was the portion used to fund healthcare. The 2007 local government employer contribution rate was 13.85 percent of covered payroll; 5 percent of covered payroll was the portion that was used to fund health care from January 1 through June 30 and 6 percent of covered payroll was the portion used to fund health care from July 1 through December 31.

Benefits are advance-funded using the individual entry age actuarial cost method. Significant actuarial assumptions, based on OPERS's latest actuarial review performed as of December 31, 2007, include a rate of return on investments of 6.50 percent, an annual increase in active employee total payroll of 4.00 percent compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between .50 percent and 6.3 percent based on additional annual pay increases. Health care costs were assumed to increase between .50 and 4 percent annually for the next seven years.

All investments are carried at market value. For actuarial valuation purposes, a smoothed market approach is used. Assets are adjusted to reflect 25 percent of unrealized market appreciation or depreciation on investment assets annually, not to exceed a 12 percent corridor.

As of December 31, 2008, the number of active contributing participants in the traditional and combined plans was 364,503. The number of active contributing participants for both plans used in the December 31, 2007, actuarial valuation was 364,076. Actual employer contributions for 2008 and 2007, which were used to fund postemployment benefits, were \$12,619 and \$10,010, respectively. The actual contribution and the actuarially required contribution amounts are the same. OPERS's net assets available for payment of benefits at December 31, 2007, (the latest information available) were \$12.8 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$29.8 billion and \$17 billion, respectively.

On September 9, 2004, the OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP) with an effective date of January 1, 2007. To improve the solvency of the Health Care Fund, OPERS created a separate investment pool for health care assets. Member and employer contribution rates increased as of January 1, 2006, January 1, 2007, and January 1, 2008, which allowed additional funds to be allocated to the health care plan.

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

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

OP&F provides access to post-retirement healthcare coverage for any person who receives or is eligible to receive a monthly service, disability, or survivor benefit or is a spouse or eligible dependent child of such person.

**Village of Rio Grande**  
*Notes to the Basic Financial Statements*  
*For the Years Ended December 31, 2008 and 2007*  
*(Continued)*

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**Note 9 - Postemployment Benefits** (Continued)

**B. Ohio Police and Fire Pension Fund** (Continued)

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

OP&F issues a publicly available financial report that includes financial information and required supplementary information for the Plan. That report may be obtained by writing to OP&F, 140 East Town Street, Columbus, Ohio 43215-5164.

Funding policy – OP&F’s post-employment healthcare plan was established and is administered as an Internal Revenue Code 401(h) account within the defined benefit pension plan, under the authority granted by the Ohio Revised code to the OP&F Board of Trustees. The Ohio Revised Code sets the contribution rates for participating employers and for plan members to the OP&F. Participating employers are required to contribute to the pension plan at rates expressed as percentages of the payroll of active pension plan members, currently, 19.50 percent of covered payroll for police employers.

The Board of Trustees is authorized to allocate a portion of the total employer contributions made to the pension plan to the 401(h) account as the employer contribution for retiree healthcare benefits. For the year ended December 31, 2008 the employer contribution allocated to the healthcare plan was 6.75 percent of covered payroll. The amount of employer contributions allocated to the healthcare plan each year is subject to the trustees’ primary responsibility to ensure that pension benefits are adequately funded and also is limited by the provisions of Section 401(h).

The OP&F Board of Trustees is also authorized to establish requirements for contributions to the healthcare 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. Active members do not make contributions to the OPEB Plan.

The Village’s contributions to OP&F which were allocated to fund post-employment health care benefits for the years ended December 31, 2008 were \$1,698. The Village did not have any police officers that qualified for membership in the Ohio Police and Fire Pension Fund until 2008.

**Village of Rio Grande**  
*Notes to the Basic Financial Statements*  
For the Years Ended December 31, 2008 and 2007  
(Continued)

**Note 10 - Long-Term Obligations**

The Village's long-term debt activity for the year ended December 31, 2008 and 2007 was as follows:

	Interest Rate	Balance December 31, 2006	Balance Adj.	Adjusted Beginning Balance	Reductions	Reductions from US Bank Trustee Account	Balance December 31, 2007
<u>Business-Type Activities</u>							
U.S. Bank Water Bonds	6.75%	\$99,517	\$1,583	\$101,100	(\$32,092)	(\$15,332)	\$53,676
OWDA Sewer Loan #2490	2.20%	63,268	(3,337)	59,931	(6,930)		53,001
OPWC Sewer Loan #CO526	0.00%	265,575		265,575	(31,244)		234,331
OPWC Infrastructure Loan #CT53E	0.00%	32,000		32,000	(2,667)		29,333
OWDA Planning Loan #3888	5.28%	13,549	(152)	13,397	(9,819)		3,578
GMAC Sewer Loan	0.00%	7,000		7,000	(7,000)		0
GMAC Water Loan	0.00%	4,180	(180)	4,000	(4,000)		0
Total Business-Type Activities		\$485,089	(\$2,086)	\$483,003	(\$93,752)	(\$15,332)	\$373,919

	Interest Rate	Balance December 31, 2007	Additions	Reductions	Reductions from US Bank Trustee Account	Balance December 31, 2008
<u>Governmental Activities</u>						
Ohio Valley Bank - Fire Truck	4.59%	\$0	\$52,800	\$0	\$0	\$52,800
Total Governmental Activities		\$0	\$52,800	\$0	\$0	\$52,800

<u>Business-Type Activities</u>						
U.S. Bank Water Bonds	6.75%	\$53,676		(\$19,204)	\$1,428	\$35,900
OWDA Sewer Loan #2490	2.20%	53,001		(7,084)		45,917
OPWC Sewer Loan #CO526	0.00%	234,331		(31,244)		203,087
OPWC Infrastructure Loan #CT53E	0.00%	29,333		(2,667)		26,666
OWDA Planning Loan #3888	5.28%	3,578		(3,578)		0
Ohio Valley Bank - Maintenance Truck	4.80%	0	\$33,419			33,419
Total Business-Type Activities		\$373,919	\$33,419	(\$63,777)	\$1,428	\$344,989

**Village of Rio Grande**  
*Notes to the Basic Financial Statements*  
For the Years Ended December 31, 2008 and 2007  
(Continued)

**Note 10 - Long-Term Obligations** (Continued)

The Ohio Water Development Authority (OWDA) loan #2490 relates to a water and sewer plant pollution control project that was mandated by the Ohio Environmental Protection Agency. Upon completion of the project, the loan amount was finalized for \$132,278 in 1999. The loan will be repaid in semi-annual installments of \$4,105.50 including interest, over 20 years. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

The Ohio Public Works Commission (OPWC) loan #CO526 was issued in 1994, interest free, for the purpose of making improvements at the water treatment plant. This loan will be repaid in semi-annual installments of \$15,622.03 over 20 years. The Village has agreed to set utility rates sufficient to cover OPWC debt service requirements.

The 1994 Water Mortgage Revenue Bonds were issued for the purpose of improving the Village's water system. Monthly payments are made to the trustee in the amount of 1/12 of the scheduled succeeding years principal plus 1/12 of the succeeding years interest, less 1/12 of any excess funds remaining in the trustees Bond account at the end of the preceding years. Interest payments are made by the Trustee semi-annually and principal payments are made by the Trustee annually. The Village set utility rates sufficient to cover the bonds debt service requirement. The bonds are secured by a mortgage on the water plant.

The Ohio Public Works Commission (OPWC) loan #CT53E was issued in 2004, interest free, for the purpose of upgrading the water treatment facility. The loan will be repaid in semi-annual installments of \$1,333.33 over a 15-year term.

The Ohio Water Development Authority (OWDA) loan #3888 was issued in 2004, for upgrading the water treatment facility. The loan will be repaid in semi-annual installments of \$4,909 (per Resolution 2004-11) over a five-year term. The loan had an interest rate of 5.28 percent. The Village owed \$9,880 to OWDA at the beginning of 2008 of which \$3,578 was principal and \$6,302 was capitalized interest.

In 2008, the Village of Rio Grande Fire Department located a used 1986 fire truck. The Village obtained a loan from Ohio Valley Bank for this fire truck in July 2008, with the first payment due February 2009. The Loan Amount of \$52,800 is to be paid in semi-annual payments with an interest rate of 4.59 percent over the next four years.

The Village obtained a loan for a maintenance truck form Ohio Valley Bank in the amount of \$33,419 in October 2008. The first payment will be due in April 2009. The loan has an interest rate of 4.8 percent and will be paid in semi-annual payments over five years.

It is noted that some variances were identified between the last audited balance and the actual beginning amounts for various debt issuances. We have presented this using a beginning balance adjustment column in the chart above.

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

Year	Ohio Valley Bank - Fire Truck Loan		Ohio Valley Bank - Maintenance Truck Loan		Firststar (US Bank) Water Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2009	\$12,193	\$2,468	\$6,057	\$1,553	\$35,900	\$2,423
2010	12,918	1,743	6,356	1,255	0	0
2011	13,527	1,134	6,669	942	0	0
2012	14,162	499	6,995	615	0	0
2013-2017	0	0	7,342	269	0	0
Totals	\$52,800	\$5,844	\$33,419	\$4,634	\$35,900	\$2,423

**Village of Rio Grande**  
*Notes to the Basic Financial Statements*  
For the Years Ended December 31, 2008 and 2007  
(Continued)

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**Note 10 - Long-Term Obligations** (Continued)

Year	OWDA Sewer Loan #2490		OWDA Sewer Loan #CO526		PWC Infrastructure Loan #CT53E	
	Principal	Interest	Principal	Interest	Principal	Interest
2009	\$7,240	\$971	\$31,244	\$0	\$2,667	\$0
2010	7,401	810	31,244	0	2,667	0
2011	7,564	647	31,244	0	2,667	0
2012	7,732	479	31,244	0	2,667	0
2013-2017	15,980	442	78,110	0	13,333	0
2018-2019	0	0		0	2,666	0
Totals	<u>\$45,917</u>	<u>\$3,349</u>	<u>\$203,086</u>	<u>\$0</u>	<u>\$26,667</u>	<u>\$0</u>

The Ohio Revised Code provides that the net general obligation debt of the Village, exclusive of certain exempt debt issued without a vote of the electors shall never exceed 5.5 percent of tax valuation of the Village. The Ohio Revised Code further provides that the total voted and unvoted net debt of the Village less the same exempt debt shall never exceed an amount equal to 10.5 percent of its tax valuation. The Village's legal debt margin was \$575,755 in 2008.

**Note 11 - Related Party Transactions**

Mark Neal, a Rio Grande Village Council member, managed Rio General Hardware, which was the local hardware store. The Village bought operating supplies and materials from Rio General Hardware due to the proximity to the Village Hall in 2007 totaling \$2,606.

**Note 12 - Subsequent Events**

The Village is going to be expanding the current sewer plant because it is nearing maximum capacity and there is expected future growth in Rio Grande. When the time comes to expand the plant, the Village will be spending increased amounts from our Sewer Fund

**Note 13 - Restated Balances**

The beginning of the year General Fund balance has been restated due to the exclusion of the Mayor's Court Fund - Agency Fund. The Village has set up a Mayor's Court Agency Fund to record activity of the Village Mayor's Court. This fund should have been closed out to the General Fund annually to allow for disclosure of Mayor's Court Activity.

This error resulted in the following restatements:

Fund Balance Restatement:

Governmental Funds Balance, December 31, 2006	\$202,154
Error in prior year ending balance	7,096
Governmental Funds Balance, January 1, 2007	<u>\$209,250</u>



**Village of Rio Grande**  
*Notes to the Basic Financial Statements*  
*For the Years Ended December 31, 2008 and 2007*  
*(Continued)*

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**Note 13 - Restated Balances** (Continued)

Error in prior year ending balance breaks down as follows:

	2006	Error	Restated 2007
	Ending	Noted	Beginning
	<u>Balance</u>	<u></u>	<u>Balance</u>
General Fund	\$162,852	\$7,096	\$169,948
Mayor's Court Fund	7,096	(7,096)	0
Totals	<u>\$169,948</u>	<u>\$0</u>	<u>\$169,948</u>

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# Mary Taylor, CPA

Auditor of State

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

Village of Rio Grande  
Gallia County  
P.O. Box 343  
Rio Grande, Ohio 45674

To the Village Council:

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Rio Grande, Gallia County, Ohio (the Village), as of and for the years ended December 31, 2008 and 2007, which collectively comprise the Village's basic financial statements and have issued our report thereon dated November 20, 2009 wherein we noted the Village uses a comprehensive accounting basis other than generally accepted accounting principles. We also noted the Village uses the Auditor of State's Uniform Accounting Network (UAN) to process its financial transactions. *Government Auditing Standards* considers this service to impair the Auditor of State's independence to audit the Village. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services and Ohio Revised Code §§ 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio Governments. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

### Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Village's internal control over financial reporting as a basis for designing our audit procedures for expressing our opinion on the financial statements, but not to opine on the effectiveness of the Village's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Village's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Village's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the Village's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the Village's internal control will not prevent or detect a material financial statement misstatement.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all internal control deficiencies that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

We noted certain matters that we reported to the Village's management in a separate letter dated November 20, 2009.

#### **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, providing an opinion 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*.

We also noted certain noncompliance or other matters that we reported to the Village's management in a separate letter dated November 20, 2009.

We intend this report solely for the information and use of management and the Village Council. We intend it for no one other than these specified parties.



**Mary Taylor, CPA**  
Auditor of State

November 20, 2009



Mary Taylor, CPA  
Auditor of State

VILLAGE OF RIO GRANDE

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  
DECEMBER 17, 2009