

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

REGULAR AUDIT

FOR YEARS ENDED DECEMBER 31, 2008 AND 2007

Perry & Associates
Certified Public Accountants, A.C



Mary Taylor, CPA
Auditor of State

Village Council
Village of the City of Gallipolis
518 Second Avenue
Gallipolis, Ohio 45631

We have reviewed the *Independent Accountants' Report* of the Village of the City of Gallipolis, Gallia County, prepared by Perry & Associates, Certified Public Accountants, A.C., for the audit period January 1, 2007 through December 31, 2008. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

Mary Taylor

Mary Taylor, CPA
Auditor of State

July 29, 2009

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

TABLE OF CONTENTS

TITLE	PAGE
Independent Accountants' Report.....	1
Management's Discussion and Analysis.....	3
Basic Financial Statements for the Year Ended December 31, 2008:	
<i>Government-Wide Financial Statements:</i>	
Statement of Net Assets – Cash Basis.....	12
Statement of Activities – Cash Basis	13
<i>Fund Financial Statements:</i>	
Statement of Cash Basis Assets and Fund Balances – Governmental Funds	14
Statement of Cash Receipts, Disbursements, and Changes in Fund Balances –Governmental Funds	15
Statement of Receipts, Disbursements, and Changes in Fund Balance – Budget and Actual – (Budget Basis) - General Fund.....	16
Statement of Receipts, Disbursements, and Changes in Fund Balance – Budget and Actual – (Budget Basis) – Tax Increment Financing Special Revenue Fund	17
Statement of Fund Net Assets – Cash Basis – Proprietary Funds	18
Statement of Receipts, Disbursements, and Changes in Fund Net Assets – Cash Basis – Proprietary Funds	19
Statement of Fiduciary Net Assets – Cash Basis – Municipal Court Agency Fund	20
Basic Financial Statements for the Year Ended December 31, 2007:	
<i>Government-Wide Financial Statements:</i>	
Statement of Net Assets – Cash Basis.....	21
Statement of Activities – Cash Basis	22
<i>Fund Financial Statements:</i>	
Statement of Cash Basis Assets and Fund Balances – Governmental Funds	23
Statement of Cash Receipts, Disbursements, and Changes in Fund Balances – Governmental Funds	24
Statement of Receipts, Disbursements, and Changes in Fund Balance – Budget and Actual – (Budget Basis) - General Fund.....	25

VILLAGE OF THE CITY OF GALLIPOLIS
GALLIA COUNTY

TABLE OF CONTENTS
(Continued)

TITLE	PAGE
Statement of Receipts, Disbursements, and Changes in Fund Balance – Budget and Actual – (Budget Basis) – Court Computerization Special Revenue Fund.....	26
Statement of Fund Net Assets – Cash Basis – Proprietary Funds	27
Statement of Receipts, Disbursements, and Changes in Fund Net Assets – Cash Basis – Proprietary Funds	28
Statement of Fiduciary Net Assets – Cash Basis – Municipal Court Agency Fund	29
Notes to the Basic Financial Statements	30
Independent Accountants’ Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	46

Perry & Associates
Certified Public Accountants, A.C.

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INDEPENDENT ACCOUNTANTS' REPORT

June 22, 2009

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

To the Village Commission:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the **Village of the City of Gallipolis, Gallia County, Ohio** (The Village), as of and for the 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. We believe our audit provides a reasonable basis for our opinions.

As described more fully in Note 2, the accompanying financial statements and notes follow the 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 cash financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village, as of December 31, 2008 and 2007, and the respective changes in cash financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the General and Tax Incremental Financing Funds for the year then ended December 31, 2008 and the General and Court Computerization Funds for the year then ended December 31, 2007 in conformity with basis of accounting Note 2 describes.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 22, 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 Government Accounting Standards Board requires. We have applied certain limited procedures, consisting principally of inquiries of management regarding methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.

Respectfully Submitted,

A handwritten signature in cursive script that reads "Perry & Associates CPAs A.C.".

Perry and Associates
Certified Public Accountants, A.C.

Village of the City of Gallipolis, Ohio
Management's Discussion and Analysis
For the Years Ended December 31, 2007 and 2008
Unaudited

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

FINANCIAL HIGHLIGHTS

Key financial highlights are as follows:

- For 2007, net assets of business-type activities decreased \$349,515 while the governmental activities increased \$273,457. For 2008, both activities experienced decreases: governmental decreased \$35,014 and business-type decreased \$1,162,727.
- For 2007, the Village had three governmental major funds; the General Fund, the Court Computerization Special Revenue Fund, and the Court Capital Improvement Capital Projects Fund. The General Fund had \$3,136,891 in receipts and \$2,664,451 in disbursements. The General Fund's balance increased \$66,556. The Court Computerization Fund had \$38,636 in receipts and \$44,223 in disbursements. The Court Computerization Fund's balance decreased \$5,587. The Court Capital Improvement Fund had \$152,096 in receipts and \$72,623 in disbursements. The Court Capital Improvement Fund's balance increased \$67,473.
- For 2008, the Village had three governmental major funds; the General Fund, the Tax Increment Financing Special Revenue Fund, and the Court Capital Improvement Capital Projects Fund. The General Fund had \$2,953,584 in receipts and \$2,760,812 in disbursements. The General Fund's balance decreased \$127,005. The Tax Increment Financing Fund had \$122,345 in receipts and \$5,826 in disbursements. The Tax Increment Financing Fund's balance increased \$65,054. The Court Capital Improvement Fund had \$132,993 in receipts and \$67,455 in disbursements. The Court Capital Improvement Fund's balance increased \$65,538.
- The Village has two business-type activities: the Water and Sewer Funds. For 2007, the Water Fund had \$1,603,954 in operating receipts and \$1,368,006 in operating disbursements. The Water Fund's net asset balance decreased \$51,301. The Sewer Fund had \$1,278,862 in operating receipts and \$1,244,586 in operating disbursements. The Sewer Fund's net asset balance decreased \$298,214. For 2008, the Water Fund had \$1,549,565 in operating receipts and \$1,728,353 in operating disbursements. The Water Fund's net asset balance decreased \$514,706. The Sewer Fund had \$1,248,942 in operating receipts and \$1,491,034 in operating disbursements. The Sewer Fund's net asset balance decreased \$648,021.

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 Village as a whole.

Village of the City of Gallipolis, Ohio
Management's Discussion and Analysis
For the Years Ended December 31, 2007 and 2008
Unaudited

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

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

Basis of Accounting

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

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

Reporting the Village of the City of Gallipolis as a Whole

Statement of Net Assets and Statement of Activities

The statement of net assets and the statement of activities reflect how the Village did financially during 2007 and 2008, within the limitations of the cash basis of accounting. The statement of net assets presents the cash balances of the governmental and business-type activities of the Village at year end. The statement of activities compares cash disbursements with program receipts for each governmental program and business-type activity. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function or business-type activity draws from the Village's general receipts.

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

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

Village of the City of Gallipolis, Ohio
Management's Discussion and Analysis
For the Years Ended December 31, 2007 and 2008
Unaudited

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

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

Fund Financial Statements

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

- Governmental Funds - Most of the Village's activities are reported in governmental funds. The governmental fund financial statements provide a detailed view of the Village's governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the Village's programs. The Village's significant governmental funds are presented on the financial statements in separate columns. The information for 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 Court Computerization Special Revenue Fund for 2007, the Tax Increment Financing Special Revenue Fund for 2008, and the Court Capital Improvement Capital Projects Fund. The programs reported in the governmental funds are closely related to those reported in the governmental activities section of the entity-wide statements. We describe this relationship in reconciliations, if necessary.
- Proprietary Funds - When the Village charges customers for the services it provides, these services are generally reported in proprietary funds. When the services are provided to the general public, the activity is reported as an enterprise fund. The Village has two enterprise funds, the Water and Sewer Funds. The Village also has an internal service fund for medical expense reimbursements.

Village of the City of Gallipolis, Ohio
Management's Discussion and Analysis
For the Years Ended December 31, 2007 and 2008
Unaudited

THE VILLAGE OF THE CITY OF GALLIPOLIS AS A WHOLE

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

(Table 1)
Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2007	2008	2007	2008	2007	2008
Assets						
Cash and Cash Equivalents	\$2,650,704	\$2,590,439	\$1,467,258	\$1,362,168	\$4,117,962	\$3,952,607
Cash in Segregated Accounts	20,479	39,750	0	0	20,479	39,750
Cash with Escrow Agents	41,532	55,190	1,065,315	0	1,106,847	55,190
Internal Balances	(8,172)	(15,850)	8,172	15,850	0	0
<i>Total Assets</i>	<u>2,704,543</u>	<u>2,669,529</u>	<u>2,540,745</u>	<u>1,378,018</u>	<u>5,245,288</u>	<u>4,047,547</u>
Net Assets						
Restricted for:						
Street	275,090	357,126	0	0	275,090	357,126
Police	19,058	55,655	0	0	19,058	55,655
Fire	70,686	67,021	0	0	70,686	67,021
Cemetery	21,920	22,604	0	0	21,920	22,604
Recreation	119,162	62,227	0	0	119,162	62,227
Court	904,779	543,021	0	0	904,779	543,021
Capital Improvements	2,812	384,047	0	0	2,812	384,047
Unclaimed Monies	27,363	20,413	0	0	27,363	20,413
Other Purposes	53,730	55,934	0	0	53,730	55,934
Perpetual Care - Nonexpendable	25,442	25,442	0	0	25,442	25,442
Unrestricted	1,184,501	1,076,039	2,540,745	1,378,018	3,725,246	2,454,057
<i>Total Net Assets</i>	<u>\$2,704,543</u>	<u>\$2,669,529</u>	<u>\$2,540,745</u>	<u>\$1,378,018</u>	<u>\$5,245,288</u>	<u>\$4,047,547</u>

As mentioned previously, net assets of governmental activities decreased \$35,014 and the Village's business-type activities net assets decreased \$1,162,727 during 2008. The primary reasons contributing to the decreases are as follows:

- Slow growth in local tax revenues. Due to the slowing of the economy and a decrease in property tax valuation, property tax valuation within the Village decreased from \$85,137,780 (in 2007) to \$75,911,887 (in 2008, local tax revenues had little growth.) Additionally, local wages have experienced only negligible growth, resulting in little change in income tax receipts compared to last year.
- Debt Service from the Village's energy conservation improvement project. The project, totaling \$6,000,000 Village-wide, will reduce the Village's energy consumption and will include improvements to the Village's street lighting, swimming pool, park facilities, and water and sewer systems, began in 2005 and continued through 2008.

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

Village of the City of Gallipolis, Ohio
Management's Discussion and Analysis
For the Years Ended December 31, 2007 and 2008
Unaudited

(Table 2)

Changes in Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2007	2008	2007	2008	2007	2008
Receipts						
Program Receipts:						
Charges for Services	\$1,404,274	\$1,486,498	\$2,978,851	\$2,791,911	\$4,383,125	\$4,278,409
Operating Grants, Contributions and Interest	524,657	299,380	0	0	524,657	299,380
Capital Grants and Contributions and Interest	208,925	56,894	0	0	208,925	56,894
<i>Total Program Receipts</i>	<u>2,137,856</u>	<u>1,842,772</u>	<u>2,978,851</u>	<u>2,791,911</u>	<u>5,116,707</u>	<u>4,634,683</u>
General Receipts:						
Property Taxes	305,678	305,949	0	0	305,678	305,949
Income Taxes	1,617,079	1,637,474	0	0	1,617,079	1,637,474
Payments in Lieu of Taxes	122,598	122,345	0	0	122,598	122,345
Franchise Fees	54,743	55,413	0	0	54,743	55,413
Grants and Entitlements	427,733	195,552	0	0	427,733	195,552
Investment Earnings	96,554	134,525	0	0	96,554	134,525
Bond Anticipation Note Proceeds	115,000	0	0	0	115,000	0
Donations and Contributions	2,125	2,950	0	0	2,125	2,950
Miscellaneous	41,769	26,340	41,818	16,560	83,587	42,900
<i>Total General Receipts</i>	<u>2,783,279</u>	<u>2,480,548</u>	<u>41,818</u>	<u>16,560</u>	<u>2,825,097</u>	<u>2,497,108</u>
Total Receipts	<u>4,921,135</u>	<u>4,323,320</u>	<u>3,020,669</u>	<u>2,808,471</u>	<u>7,941,804</u>	<u>7,131,791</u>
Disbursements:						
General Government	1,212,389	1,159,672	0	0	1,212,389	1,159,672
General Government - Court	558,058	648,316	0	0	558,058	648,316
Security of Persons and Property:						
Police	934,834	935,471	0	0	934,834	935,471
Fire	330,532	216,227	0	0	330,532	216,227
Public Health Services	142,258	162,326	0	0	142,258	162,326
Community Environment	122,905	178,514	0	0	122,905	178,514
Transportation	614,423	370,276	0	0	614,423	370,276
Leisure Time Activities	280,594	344,537	0	0	280,594	344,537
Capital Outlay	940	15,000	0	0	940	15,000
Debt Service:						
Principal Retirement	330,015	220,799	0	0	330,015	220,799
Interest and Fiscal Charges	120,730	107,196	0	0	120,730	107,196
Water	0	0	1,733,543	2,074,235	1,733,543	2,074,235
Sewer	0	0	1,636,641	1,896,963	1,636,641	1,896,963
<i>Total Disbursements</i>	<u>4,647,678</u>	<u>4,358,334</u>	<u>3,370,184</u>	<u>3,971,198</u>	<u>8,017,862</u>	<u>8,329,532</u>
<i>Increase (Decrease) in Net Assets</i>	273,457	(35,014)	(349,515)	(1,162,727)	(76,058)	(1,197,741)
<i>Net Assets Beginning of Year</i>	2,431,086	2,704,543	2,890,260	2,540,745	5,321,346	5,245,288
<i>Net Assets End of Year</i>	<u>\$2,704,543</u>	<u>\$2,669,529</u>	<u>\$2,540,745</u>	<u>\$1,378,018</u>	<u>\$5,245,288</u>	<u>\$4,047,547</u>

Village of the City of Gallipolis, Ohio
Management's Discussion and Analysis
For the Years Ended December 31, 2007 and 2008
Unaudited

Governmental Activities

For 2008, program receipts represent only \$1,842,772 or 42.6 percent of total receipts and are primarily composed of charges for services such as code enforcement, cemetery, and recreation fees, court fines, and police and fire contracts, and restricted intergovernmental receipts such as motor vehicle license and gas tax money. The amount of program revenues decreased substantially from the prior year, related almost entirely to the decreases in funding of capital grants and contributions from the Ohio Department of Natural Resources and Community Development Block Grant Program for Park Improvements and from the Appalachian Regional Commission for preliminary engineering on Phase 2 of Farm Road.

General receipts represent \$2,480,548, or 57.4 percent of the Village's total receipts, and of this amount, \$2,065,768, or 83.3 percent are derived from local taxes. The Village's total general revenue receipts also decreased in 2008. This decrease is, again, primarily due to decreases in grant funding.

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

General government and security of persons and property are the major activities of the Village, representing 53.0 percent of the governmental expenses in 2008, a slight decrease from the prior year. During 2008, expenses for these operations amounted to \$1,159,672, \$935,471, and \$216,227, respectively. These activities are, for the most part, funded by the municipal income tax. The Village attempts to supplement the income and activities of the police department to enable the department to widen the scope of its activity. The fire department and its employees continue to work hand in hand with the Village to help reduce the costs to the taxpayer.

Transportation activities of the Village accounted for 8.5 percent of governmental expenses. This is a decrease of \$244,147 from 2007. This is due to continued cost reductions in the Village's street and state highway related special revenue funds, as well as completion of major repairs to Hedgewood Drive in 2007.

Court operations, public health services, park operations, community environment, and debt service account for the remaining 38.5 percent of governmental expenditures in 2008.

Business-Type Activities

The Village's water and sewer operations account for the expenses for the Village's business-type activities and are funded almost entirely from charges for services. During 2008, program expenses exceeded program receipts by \$1,162,727 for all business-type activities.

The Village's water and sewer departments continued to operate with low rates. The minimum water and sewer rates are \$13.53 and \$9.72, respectively, for the first 1,000 gallons. Water and sewer rates last increased 3 percent and 4 percent, respectively, on April 1, 2008.

Village of the City of Gallipolis, Ohio
Management's Discussion and Analysis
For the Years Ended December 31, 2007 and 2008
Unaudited

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

(Table 3)

Governmental Activities				
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
	2007	2007	2008	2008
General Government	\$1,212,389	\$795,611	\$1,159,672	\$718,924
General Government - Court	558,058	(166,664)	648,316	(9,241)
Security of Persons and Property:				
Police	934,834	823,237	935,471	815,157
Fire	330,532	85,799	216,227	65,280
Public Health Services	142,258	95,672	162,326	119,721
Community Environment	122,905	107,078	178,514	166,074
Transportation	614,423	200,841	370,276	106,187
Leisure Time Activities	280,594	116,563	344,537	190,465
Capital Outlay	940	940	15,000	15,000
Debt Service:				
Principal Retirement	330,015	330,015	220,799	220,799
Interest and Fiscal Charges	120,730	120,730	107,196	107,196
<i>Total</i>	\$4,647,678	\$2,509,822	\$4,358,334	\$2,515,562

The dependence upon property and income tax receipts is apparent as nearly 57 percent of governmental activities are supported through these and other governmental receipts.

THE VILLAGE'S FUNDS

The Village's governmental funds are accounted for using the cash basis of accounting. In 2007, governmental funds had total receipts of \$4,806,114 and disbursements of \$4,659,964. In 2008, governmental funds had total receipts of \$4,323,268 and disbursements of \$4,369,875.

The fund balance of the General Fund decreased \$127,005 from 2007. At December 31, 2008, the General Fund's unreserved fund balance of \$1,037,871 represented 37.6 percent of current year disbursements. Most of this balance remains in the Village's treasury.

The fund balance of the Tax Increment Financing Special Revenue Fund increased \$65,054 from 2007. At December 31, 2008, the Fund had an unreserved fund balance of \$294,611.

The fund balance of the Court Capital Improvement Capital Projects Fund increased \$65,538 from 2007. At December 31, 2008, the Court Capital Improvement Fund had an unreserved fund balance of \$381,235.

Village of the City of Gallipolis, Ohio
Management's Discussion and Analysis
For the Years Ended December 31, 2007 and 2008
Unaudited

The net asset balance of the Water Enterprise Fund decreased \$514,706 in 2008 because of debt service payments related to the Ameresco Energy Savings Project, which was not completed until the end of 2008. Savings from this project should be realized beginning in 2009.

The net asset balance of the Sewer Enterprise Fund decreased \$648,021 in 2008 due to debt service payments related to the Ameresco Energy Savings Project, as above. Savings from this project should begin positively impacting fund balances in 2009.

General Fund Budgeting Highlights

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

During 2008, the Village amended the General Fund budget several times. Income tax revenue estimates were decreased by \$20,000, intergovernmental receipt estimates increased by \$16,876, and appropriations reduced by \$129,548. The revisions to estimated revenues and appropriations were due to very aggressive cost-savings measures and deletion of appropriations for projects postponed to future years or eliminated. All recommendations for budget change came from the Village Manager and Village Auditor to the Council for review and Ordinance enactment on the change. The allocation of appropriations within the departments and objects within a fund, with the exception of employee salaries, may be modified during the year by the Village Auditor without an ordinance of Council. With the General Fund supporting many of our major activities such as our police and fire departments, as well as most legislative and executive activities, the General Fund is monitored closely, looking for possible revenue shortfalls or overspending by individual departments.

Village of the City of Gallipolis, Ohio
Management's Discussion and Analysis
For the Years Ended December 31, 2007 and 2008
Unaudited

DEBT ADMINISTRATION

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

(Table 4)
Outstanding Debt at December 31, 2007 and 2008

	Governmental Activities		Business-Type Activities		Total	
	2007	2008	2007	2008	2007	2008
Bond Anticipation Notes:						
2002 Fire Truck	\$254,960	\$217,314	\$0	\$0	\$254,960	\$217,314
2002 Pumper/Tanker Truck	167,190	152,959	0	0	167,190	152,959
2007Municipal Building	115,000	87,996	0	0	115,000	87,996
<i>Total Bond Anticipation Notes</i>	<u>537,150</u>	<u>458,269</u>	<u>0</u>	<u>0</u>	<u>537,150</u>	<u>458,269</u>
Loans:						
1995 OPWC	0	0	23,147	13,888	23,147	13,888
2003 State Infrastructure Bank	739,027	711,357	0	0	739,027	711,357
2005 Ameresco	824,481	751,215	4,876,206	4,322,700	5,700,687	5,073,915
<i>Total Loans</i>	<u>1,563,508</u>	<u>1,462,572</u>	<u>4,899,353</u>	<u>4,336,588</u>	<u>6,462,861</u>	<u>5,799,160</u>
2002 General Obligation Vehicle Bonds	88,816	60,392	0	0	88,816	60,392
2002 General Obligation Fire Station Bonds	542,978	530,420	0	0	542,978	530,420
<i>Totals</i>	<u>\$2,732,452</u>	<u>\$2,511,653</u>	<u>\$4,899,353</u>	<u>\$4,336,588</u>	<u>\$7,631,805</u>	<u>\$6,848,241</u>

For additional information on the Village's debt, see Note 11 to the basic financial statements.

CURRENT ISSUES

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

CONTACTING THE VILLAGE AUDITOR'S DEPARTMENT

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the Village's finances and to show the Village's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact Annette Landers, Village Auditor, 518 Second Avenue, Gallipolis, Ohio 45631.

Village of the City of Gallipolis, Ohio

Statement of Net Assets - Cash Basis

December 31, 2008

	Governmental Activities	Business-Type Activities	Total
Assets			
Equity in Pooled Cash and Cash Equivalents	\$2,590,439	\$1,362,168	\$3,952,607
Cash in Segregated Accounts	39,750	0	39,750
Cash with Escrow Agents	55,190	0	55,190
Internal Balances	(15,850)	15,850	0
<i>Total Assets</i>	<u>\$2,669,529</u>	<u>\$1,378,018</u>	<u>\$4,047,547</u>
Net Assets			
Restricted for:			
Street	\$357,126	\$0	\$357,126
Police	55,655	0	55,655
Fire	67,021	0	67,021
Cemetery	22,604	0	22,604
Recreation	62,227	0	62,227
Court	543,021	0	543,021
Capital Improvements	384,047	0	384,047
Unclaimed Monies	20,413	0	20,413
Other Purposes	55,934	0	55,934
Perpetual Care - Nonexpendable	25,442	0	25,442
Unrestricted	<u>1,076,039</u>	<u>1,378,018</u>	<u>2,454,057</u>
<i>Total Net Assets</i>	<u>\$2,669,529</u>	<u>\$1,378,018</u>	<u>\$4,047,547</u>

See accompanying notes to the basic financial statements

Village of the City of Gallipolis, Ohio
Statement of Activities - Cash Basis
For the Year Ended December 31, 2008

	Disbursements	Program Receipts			Net (Disbursements) Receipts and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities							
General Government	\$1,159,672	\$440,748	\$0	\$0	(\$718,924)	\$0	(\$718,924)
General Government - Court	648,316	612,219	45,338	0	9,241	0	9,241
Security of Persons and Property:							
Police	935,471	76,592	43,722	0	(815,157)	0	(815,157)
Fire	216,227	150,947	0	0	(65,280)	0	(65,280)
Public Health Services	162,326	42,605	0	0	(119,721)	0	(119,721)
Community Environment	178,514	12,440	0	0	(166,074)	0	(166,074)
Transportation	370,276	56,788	207,301	0	(106,187)	0	(106,187)
Leisure Time Activities	344,537	94,159	3,019	56,894	(190,465)	0	(190,465)
Capital Outlay	15,000	0	0	0	(15,000)	0	(15,000)
Debt Service:							
Principal Retirement	220,799	0	0	0	(220,799)	0	(220,799)
Interest and Fiscal Charges	107,196	0	0	0	(107,196)	0	(107,196)
<i>Total Governmental Activities</i>	<u>4,358,334</u>	<u>1,486,498</u>	<u>299,380</u>	<u>56,894</u>	<u>(2,515,562)</u>	<u>0</u>	<u>(2,515,562)</u>
Business-Type Activities							
Water	2,074,235	1,557,699	0	0	0	(516,536)	(516,536)
Sewer	1,896,963	1,234,212	0	0	0	(662,751)	(662,751)
<i>Total Business-Type Activities</i>	<u>3,971,198</u>	<u>2,791,911</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(1,179,287)</u>	<u>(1,179,287)</u>
<i>Total</i>	<u>\$8,329,532</u>	<u>\$4,278,409</u>	<u>\$299,380</u>	<u>\$56,894</u>	<u>(2,515,562)</u>	<u>(1,179,287)</u>	<u>(3,694,849)</u>
General Receipts							
Property Taxes Levied for:							
General Purposes							
					186,213	0	186,213
Fire							
					119,736	0	119,736
Income Taxes Levied for General Purposes							
					1,637,474	0	1,637,474
Payments in Lieu of Taxes							
					122,345	0	122,345
Franchise Fees							
					55,413	0	55,413
Grants and Entitlements not Restricted to Specific Programs							
					195,552	0	195,552
Investment Earnings							
					134,525	0	134,525
Donations and Contributions							
					2,950	0	2,950
Miscellaneous							
					26,340	16,560	42,900
<i>Total General Receipts</i>					<u>2,480,548</u>	<u>16,560</u>	<u>2,497,108</u>
Change in Net Assets					(35,014)	(1,162,727)	(1,197,741)
<i>Net Assets Beginning of Year</i>					<u>2,704,543</u>	<u>2,540,745</u>	<u>5,245,288</u>
<i>Net Assets End of Year</i>					<u>\$2,669,529</u>	<u>\$1,378,018</u>	<u>\$4,047,547</u>

See accompanying notes to the basic financial statements

Village of the City of Gallipolis, Ohio
Statement of Cash Basis Assets and Fund Balances
Governmental Funds
December 31, 2008

	General	Tax Increment Financing	Court Capital Improvement	Other Governmental Funds	Total Governmental Funds
Assets					
Equity in Pooled Cash and Cash Equivalents	\$996,949	\$294,611	\$381,235	\$897,231	\$2,570,026
Cash with Escrow Agents	55,190	0	0	0	55,190
Restricted Assets:					
Equity in Pooled Cash and Cash Equivalents	20,413	0	0	0	20,413
<i>Total Assets</i>	<u>\$1,072,552</u>	<u>\$294,611</u>	<u>\$381,235</u>	<u>\$897,231</u>	<u>\$2,645,629</u>
Fund Balances					
Reserved for Encumbrances	\$14,268	\$0	\$0	\$5,845	\$20,113
Reserved for Endowments	0	0	0	25,442	25,442
Reserved for Unclaimed Monies	20,413	0	0	0	20,413
Unreserved:					
Undesignated, Reported in:					
General Fund	1,037,871	0	0	0	1,037,871
Special Revenue Funds	0	294,611	0	863,132	1,157,743
Capital Projects Funds	0	0	381,235	2,812	384,047
<i>Total Fund Balances</i>	<u>\$1,072,552</u>	<u>\$294,611</u>	<u>\$381,235</u>	<u>\$897,231</u>	<u>2,645,629</u>

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

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

23,900

Net Assets of Governmental Activities

\$2,669,529

See accompanying notes to the basic financial statements

Village of the City of Gallipolis, Ohio
Statement of Cash Receipts, Disbursements, and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2008

	General	Tax Increment Financing	Court Capital Improvement	Other Governmental Funds	Total Governmental Funds
Receipts					
Property and Other Local Taxes	\$186,213	\$0	\$0	\$119,736	\$305,949
Municipal Income Taxes	1,637,474	0	0	0	1,637,474
Permissive Motor Vehicle License Taxes	0	0	0	45,291	45,291
Payment in Lieu of Taxes	0	122,345	0	0	122,345
Charges for Services	345,138	0	0	372,744	717,882
Fines, Licenses, and Permits	379,111	0	132,843	176,857	688,811
Franchise Fees	55,413	0	0	0	55,413
Intergovernmental	195,552	0	0	382,412	577,964
Investment Earnings	134,473	0	0	324	134,797
Donations	2,950	0	0	8,052	11,002
Miscellaneous	17,260	0	150	8,930	26,340
Total Receipts	2,953,584	122,345	132,993	1,114,346	4,323,268
Disbursements					
Current:					
General Government	936,616	0	0	226,455	1,163,071
General Government - Court	352,122	0	67,455	230,443	650,020
Security of Persons and Property:					
Police	889,078	0	0	50,040	939,118
Fire	204,366	0	0	12,107	216,473
Public Health Services	23,695	0	0	138,925	162,620
Community Environment	148,408	0	0	30,836	179,244
Transportation	40,675	5,826	0	324,809	371,310
Leisure Time Activities	150,852	0	0	194,172	345,024
Capital Outlay	15,000	0	0	0	15,000
Debt Service:					
Principal Retirement	0	0	0	220,799	220,799
Interest and Fiscal Charges	0	0	0	107,196	107,196
Total Disbursements	2,760,812	5,826	67,455	1,535,782	4,369,875
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>192,772</u>	<u>116,519</u>	<u>65,538</u>	<u>(421,436)</u>	<u>(46,607)</u>
Other Financing Sources (Uses)					
Advances In	16,364	0	0	3,837	20,201
Advances Out	(3,837)	0	0	(16,364)	(20,201)
Transfers In	0	0	0	524,577	524,577
Transfers Out	(332,304)	(51,465)	0	(140,808)	(524,577)
Total Other Financing Sources (Uses)	(319,777)	(51,465)	0	371,242	0
Net Change in Fund Balances	(127,005)	65,054	65,538	(50,194)	(46,607)
Fund Balances Beginning of Year	1,199,557	229,557	315,697	947,425	2,692,236
Fund Balances End of Year	\$1,072,552	\$294,611	\$381,235	\$897,231	\$2,645,629

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

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

11,593

Change in Net Assets of Governmental Activities

(\$35,014)

See accompanying notes to the basic financial statements

Village of the City of Gallipolis, Ohio
Statement of Receipts, Disbursements, and Changes
in Fund Balance - Budget and Actual (Budget Basis)
General Fund
For the Year Ended December 31, 2008

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget Over (Under)
Receipts				
Property and Other Taxes	\$196,095	\$188,536	\$186,213	(\$2,323)
Municipal Income Taxes	1,650,000	1,630,000	1,637,474	7,474
Charges for Services	335,987	331,085	345,138	14,053
Fines, Licenses, and Permits	364,000	368,000	379,111	11,111
Franchise Fees	54,100	54,941	55,413	472
Intergovernmental	176,799	193,675	195,552	1,877
Investment Earnings	65,000	34,500	134,473	99,973
Donations	1,000	2,950	2,950	0
Miscellaneous	874	12,510	17,260	4,750
<i>Total Receipts</i>	2,843,855	2,816,197	2,953,584	137,387
Disbursements				
Current:				
General Government	1,047,339	1,000,359	944,312	56,047
General Government - Court	386,907	382,407	352,122	30,285
Security of Persons and Property:				
Police	992,693	972,693	890,240	82,453
Fire	222,436	227,436	209,776	17,660
Public Health Services	41,441	42,912	23,695	19,217
Community Environment	178,676	157,676	148,408	9,268
Transportation	47,000	47,000	40,675	6,325
Leisure Time Activities	226,664	183,125	150,852	32,273
Capital Outlay	15,000	15,000	15,000	0
<i>Total Disbursements</i>	3,158,156	3,028,608	2,775,080	253,528
<i>Excess of Receipts Over (Under) Disbursements</i>	(314,301)	(212,411)	178,504	390,915
Other Financing Sources (Uses)				
Advances In	205,877	19,964	16,364	(3,600)
Advances Out	(189,750)	(3,837)	(3,837)	0
Transfers Out	(463,464)	(388,804)	(332,304)	56,500
<i>Total Other Financing Sources (Uses)</i>	(447,337)	(372,677)	(319,777)	52,900
<i>Net Change in Fund Balance</i>	(761,638)	(585,088)	(141,273)	443,815
<i>Fund Balance Beginning of Year</i>	1,159,489	1,159,489	1,159,489	0
Prior Year Encumbrances Appropriated	40,068	40,068	40,068	0
<i>Fund Balance End of Year</i>	\$437,919	\$614,469	\$1,058,284	\$443,815

See accompanying notes to the basic financial statements

Village of the City of Gallipolis, Ohio
*Statement of Receipts, Disbursements, and Changes
in Fund Balance - Budget and Actual (Budget Basis)
Tax Increment Financing Special Revenue Fund
For the Year Ended December 31, 2008*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
Receipts				
Payments in Lieu of Taxes	\$132,500	\$130,896	\$122,345	(\$8,551)
Disbursements				
Current:				
Transportation	6,200	6,200	5,826	374
<i>Total Disbursements</i>	<u>6,200</u>	<u>6,200</u>	<u>5,826</u>	<u>374</u>
<i>Excess of Receipts Over Disbursements</i>	<u>126,300</u>	<u>124,696</u>	<u>116,519</u>	<u>(8,177)</u>
Other Financing Uses				
Transfers Out	(157,465)	(51,465)	(51,465)	0
<i>Net Change in Fund Balance</i>	(31,165)	73,231	65,054	(8,177)
<i>Fund Balance Beginning of Year</i>	229,557	229,557	229,557	0
Prior Year Encumbrances Appropriated	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$198,392</u></u>	<u><u>\$302,788</u></u>	<u><u>\$294,611</u></u>	<u><u>(\$8,177)</u></u>

See accompanying notes to the basic financial statements

Village of the City of Gallipolis, Ohio

Statement of Fund Net Assets - Cash Basis

Proprietary Funds

December 31, 2008

	Business-Type Activities			Governmental
	Water Fund	Sewer Fund	Total Enterprise Funds	Internal Service Fund
Assets				
Current Assets:				
Equity in Pooled Cash and Cash Equivalents	\$927,896	\$434,272	\$1,362,168	\$0
Cash in Segregated Accounts	0	0	0	39,750
Internal Balance	8,371	7,479	15,850	0
<i>Total Assets</i>	<u>\$936,267</u>	<u>\$441,751</u>	<u>\$1,378,018</u>	<u>\$39,750</u>
Net Assets				
Unrestricted	<u>\$936,267</u>	<u>\$441,751</u>	<u>\$1,378,018</u>	<u>\$39,750</u>

See accompanying notes to the basic financial statements

Village of the City of Gallipolis, Ohio
*Statement of Receipts, Disbursements,
and Changes in Fund Net Assets - Cash Basis*
Proprietary Funds
For the Year Ended December 31, 2008

	Business-Type Activities			Governmental Activities
	Water Fund	Sewer Fund	Total Enterprise Funds	Internal Service Fund
Operating Receipts				
Charges for Services	\$1,547,735	\$1,234,212	\$2,781,947	\$75,792
Other Operating Receipts	1,830	14,730	16,560	0
<i>Total Operating Receipts</i>	<u>1,549,565</u>	<u>1,248,942</u>	<u>2,798,507</u>	<u>75,792</u>
Operating Disbursements				
Salaries and Benefits	648,701	542,574	1,191,275	0
Contractual Services	306,417	275,331	581,748	56,573
Materials and Supplies	143,927	105,237	249,164	0
Capital Outlay	629,308	567,892	1,197,200	0
<i>Total Operating Disbursements</i>	<u>1,728,353</u>	<u>1,491,034</u>	<u>3,219,387</u>	<u>56,573</u>
<i>Operating Income (Loss)</i>	<u>(178,788)</u>	<u>(242,092)</u>	<u>(420,880)</u>	<u>19,219</u>
Non-Operating Receipts (Disbursements)				
Investment Earnings	0	0	0	52
Customer Deposits Received	9,964	0	9,964	0
Customer Deposits Returned	(7,347)	0	(7,347)	0
Debt Service Principal	(237,845)	(324,920)	(562,765)	0
Interest and Fiscal Charges	(100,690)	(81,009)	(181,699)	0
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(335,918)</u>	<u>(405,929)</u>	<u>(741,847)</u>	<u>52</u>
<i>Change in Net Assets</i>	(514,706)	(648,021)	(1,162,727)	19,271
<i>Net Assets Beginning of Year</i>	<u>1,450,973</u>	<u>1,089,772</u>	<u>2,540,745</u>	<u>20,479</u>
<i>Net Assets End of Year</i>	<u>\$936,267</u>	<u>\$441,751</u>	<u>\$1,378,018</u>	<u>\$39,750</u>

See accompanying notes to the basic financial statements

Village of the City of Gallipolis, Ohio
Statement of Fiduciary Net Assets - Cash Basis
Municipal Court Agency Fund
December 31, 2008

Assets	
Cash and Cash Equivalents in Segregated Accounts	<u>\$225,896</u>
Net Assets	
Restricted for Others	<u>\$225,896</u>

See accompanying notes to the basic financial statements

Village of the City of Gallipolis, Ohio

Statement of Net Assets - Cash Basis

December 31, 2007

	Governmental Activities	Business-Type Activities	Total
Assets			
Equity in Pooled Cash and Cash Equivalents	\$2,650,704	\$1,467,258	\$4,117,962
Cash in Segregated Accounts	20,479	0	20,479
Cash with Escrow Agents	41,532	1,065,315	1,106,847
Internal Balances	(8,172)	8,172	0
<i>Total Assets</i>	<u><u>\$2,704,543</u></u>	<u><u>\$2,540,745</u></u>	<u><u>\$5,245,288</u></u>
Net Assets			
Restricted for:			
Street	\$275,090	\$0	\$275,090
Police	19,058	0	19,058
Fire	70,686	0	70,686
Cemetery	21,920	0	21,920
Recreation	119,162	0	119,162
Court	904,779	0	904,779
Capital Improvements	2,812	0	2,812
Unclaimed Monies	27,363	0	27,363
Other Purposes	53,730	0	53,730
Perpetual Care - Nonexpendable	25,442	0	25,442
Unrestricted	<u>1,184,501</u>	<u>2,540,745</u>	<u>3,725,246</u>
<i>Total Net Assets</i>	<u><u>\$2,704,543</u></u>	<u><u>\$2,540,745</u></u>	<u><u>\$5,245,288</u></u>

See accompanying notes to the basic financial statements

Village of the City of Gallipolis, Ohio
Statement of Activities - Cash Basis
For the Year Ended December 31, 2007

	Program Receipts			Net (Disbursements) Receipts and Changes in Net Assets			
	Disbursements	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities							
General Government	\$1,212,389	\$416,206	\$0	\$572	(\$795,611)	\$0	(\$795,611)
General Government - Court	558,058	656,547	68,175	0	166,664	0	166,664
Security of Persons and Property:							
Police	934,834	43,501	68,096	0	(823,237)	0	(823,237)
Fire	330,532	104,644	140,089	0	(85,799)	0	(85,799)
Public Health Services	142,258	46,586	0	0	(95,672)	0	(95,672)
Community Environment	122,905	15,827	0	0	(107,078)	0	(107,078)
Transportation	614,423	32,974	227,533	153,075	(200,841)	0	(200,841)
Leisure Time Activities	280,594	87,989	20,764	55,278	(116,563)	0	(116,563)
Capital Outlay	940	0	0	0	(940)	0	(940)
Debt Service:							
Principal Retirement	330,015	0	0	0	(330,015)	0	(330,015)
Interest and Fiscal Charges	120,730	0	0	0	(120,730)	0	(120,730)
<i>Total Governmental Activities</i>	<u>4,647,678</u>	<u>1,404,274</u>	<u>524,657</u>	<u>208,925</u>	<u>(2,509,822)</u>	<u>0</u>	<u>(2,509,822)</u>
Business-Type Activities							
Water	1,733,543	1,668,034	0	0	0	(65,509)	(65,509)
Sewer	1,636,641	1,310,817	0	0	0	(325,824)	(325,824)
<i>Total Business-Type Activities</i>	<u>3,370,184</u>	<u>2,978,851</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(391,333)</u>	<u>(391,333)</u>
<i>Total</i>	<u>\$8,017,862</u>	<u>\$4,383,125</u>	<u>\$524,657</u>	<u>\$208,925</u>	<u>(2,509,822)</u>	<u>(391,333)</u>	<u>(2,901,155)</u>
General Receipts							
Property Taxes Levied for:							
General Purposes					184,467	0	184,467
Fire					121,211	0	121,211
Income Taxes Levied for General Purposes					1,617,079	0	1,617,079
Payments in Lieu of Taxes					122,598	0	122,598
Franchise Fees					54,743	0	54,743
Grants and Entitlements not Restricted to Specific Programs					427,733	0	427,733
Investment Earnings					96,554	0	96,554
Bond Anticipation Note Proceeds					115,000	0	115,000
Donations and Contributions					2,125	0	2,125
Miscellaneous					41,769	41,818	83,587
<i>Total General Receipts</i>					<u>2,783,279</u>	<u>41,818</u>	<u>2,825,097</u>
Change in Net Assets					273,457	(349,515)	(76,058)
<i>Net Assets Beginning of Year</i>					<u>2,431,086</u>	<u>2,890,260</u>	<u>5,321,346</u>
<i>Net Assets End of Year</i>					<u>\$2,704,543</u>	<u>\$2,540,745</u>	<u>\$5,245,288</u>

See accompanying notes to the basic financial statements

Village of the City of Gallipolis, Ohio
Statement of Cash Basis Assets and Fund Balances
Governmental Funds
December 31, 2007

	General	Court Computerization	Court Capital Improvement	Other Governmental Funds	Total Governmental Funds
Assets					
Equity in Pooled Cash and Cash Equivalents	\$1,135,385	\$307,944	\$315,697	\$864,315	\$2,623,341
Cash with Escrow Agents	36,809	0	0	4,723	41,532
Restricted Assets:					
Equity in Pooled Cash and Cash Equivalents	27,363	0	0	0	27,363
<i>Total Assets</i>	<u>\$1,199,557</u>	<u>\$307,944</u>	<u>\$315,697</u>	<u>\$869,038</u>	<u>\$2,692,236</u>
Fund Balances					
Reserved for Encumbrances	\$40,068	\$3,750	\$1,147	\$59,358	\$104,323
Reserved for Endowments	0	0	0	25,442	25,442
Reserved for Unclaimed Monies	27,363	0	0	0	27,363
Unreserved:					
Undesignated, Reported in:					
General Fund	1,132,126	0	0	0	1,132,126
Special Revenue Funds	0	304,194	0	781,425	1,085,619
Capital Projects Funds	0	0	314,550	2,813	317,363
<i>Total Fund Balances</i>	<u>\$1,199,557</u>	<u>\$307,944</u>	<u>\$315,697</u>	<u>\$869,038</u>	<u>2,692,236</u>

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

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

12,307

Net Assets of Governmental Activities

\$2,704,543

See accompanying notes to the basic financial statements

Village of the City of Gallipolis, Ohio
Statement of Cash Receipts, Disbursements, and Changes in Fund Balances
 Governmental Funds
 For the Year Ended December 31, 2007

	General	Court Computerization	Court Capital Improvement	Other Governmental Funds	Total Governmental Funds
Receipts					
Property and Other Local Taxes	\$184,467	\$0	\$0	\$121,211	\$305,678
Municipal Income Taxes	1,617,079	0	0	0	1,617,079
Permissive Motor Vehicle License Taxes	0	0	0	18,317	18,317
Payment in Lieu of Taxes	0	0	0	122,598	122,598
Charges for Services	367,927	0	0	334,911	702,838
Fines, Licenses, and Permits	366,506	22,647	137,009	109,676	635,838
Franchise Fees	54,743	0	0	0	54,743
Intergovernmental	427,733	0	0	699,819	1,127,552
Investment Earnings	86,104	15,699	14,797	36,280	152,880
Donations and Contributions	2,125	0	0	24,697	26,822
Miscellaneous	30,207	290	290	10,982	41,769
Total Receipts	3,136,891	38,636	152,096	1,478,491	4,806,114
Disbursements					
Current:					
General Government	1,040,695	0	0	175,314	1,216,009
General Government - Court	293,759	44,223	72,623	149,265	559,870
Security of Persons and Property:					
Police	857,277	0	0	81,440	938,717
Fire	191,576	0	0	139,218	330,794
Public Health Services	21,743	0	0	120,828	142,571
Community Environment	98,403	0	0	25,280	123,683
Transportation	38,627	0	0	576,896	615,523
Leisure Time Activities	118,540	0	0	162,572	281,112
Capital Outlay	940	0	0	0	940
Debt Service:					
Principal Retirement	0	0	0	330,015	330,015
Interest and Fiscal Charges	2,891	0	0	117,839	120,730
Total Disbursements	2,664,451	44,223	72,623	1,878,667	4,659,964
<i>Excess of Receipts Over (Under) Disbursements</i>	472,440	(5,587)	79,473	(400,176)	146,150
Other Financing Sources (Uses)					
Bond Anticipation Note Proceeds	0	0	0	115,000	115,000
Advances In	180,006	0	10,000	119,391	309,397
Advances Out	(97,391)	0	(22,000)	(190,006)	(309,397)
Transfers In	1,028	0	0	681,723	682,751
Transfers Out	(489,527)	0	0	(193,224)	(682,751)
Total Other Financing Sources (Uses)	(405,884)	0	(12,000)	532,884	115,000
<i>Net Change in Fund Balances</i>	66,556	(5,587)	67,473	132,708	261,150
<i>Fund Balances Beginning of Year</i>	1,133,001	313,531	248,224	736,330	2,431,086
<i>Fund Balances End of Year</i>	<u>\$1,199,557</u>	<u>\$307,944</u>	<u>\$315,697</u>	<u>\$869,038</u>	<u>\$2,692,236</u>

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

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

12,307

Change in Net Assets of Governmental Activities

\$273,457

See accompanying notes to the basic financial statements

Village of the City of Gallipolis, Ohio
*Statement of Receipts, Disbursement, 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 Over (Under)
	Original	Final		
Receipts				
Property and Other Taxes	\$162,778	\$180,845	\$184,467	\$3,622
Municipal Income Taxes	1,426,957	1,585,324	1,617,079	31,755
Charges for Services	324,670	360,702	367,927	7,225
Fines, Licenses, and Permits	323,416	359,309	366,506	7,197
Franchise Fees	48,307	53,668	54,743	1,075
Intergovernmental	377,444	419,333	427,733	8,400
Investment Earnings	75,981	84,413	86,104	1,691
Donations	1,875	2,083	2,125	42
Miscellaneous	26,656	29,614	30,207	593
<i>Total Receipts</i>	2,768,084	3,075,291	3,136,891	61,600
Disbursements				
Current:				
General Government	1,083,398	1,245,445	1,058,271	187,174
General Government - Court	300,918	345,927	293,939	51,988
Security of Persons and Property:				
Police	897,212	1,031,409	876,403	155,006
Fire	196,125	225,459	191,576	33,883
Public Health Services	22,259	25,589	21,743	3,846
Community Environment	100,739	115,807	98,403	17,404
Transportation	40,020	46,006	39,092	6,914
Leisure Time Activities	124,140	142,708	121,261	21,447
Capital Outlay	962	1,106	940	166
Debt Service:				
Interest and Fiscal Charges	2,960	3,402	2,891	511
<i>Total Disbursements</i>	2,768,733	3,182,858	2,704,519	478,339
<i>Excess of Receipts Over (Under) Disbursements</i>	(649)	(107,567)	432,372	539,939
Other Financing Sources (Uses)				
Advances In	180,006	180,006	180,006	0
Advances Out	(97,391)	(97,391)	(97,391)	0
Transfers In	1,028	1,028	1,028	0
Transfers Out	(489,527)	(489,527)	(489,527)	0
<i>Total Other Financing Sources (Uses)</i>	(405,884)	(405,884)	(405,884)	0
<i>Net Change in Fund Balance</i>	(406,533)	(513,451)	26,488	539,939
<i>Fund Balance Beginning of Year</i>	1,075,316	1,075,316	1,075,316	0
Prior Year Encumbrances Appropriated	57,685	57,685	57,685	0
<i>Fund Balance End of Year</i>	\$726,468	\$619,550	\$1,159,489	\$539,939

See accompanying notes to the basic financial statements

Village of the City of Gallipolis, Ohio
*Statement of Receipts, Disbursement, and Changes
in Fund Balance - Budget and Actual (Budget Basis)*
Court Computerization Special Revenue Fund
For the Year Ended December 31, 2007

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
Receipts				
Fines, Licenses, and Permits	\$57,000	\$24,000	\$22,647	(\$1,353)
Investment Earnings	11,000	15,800	15,699	
Miscellaneous	0	290	290	0
<i>Total Receipts</i>	68,000	40,090	38,636	(1,353)
Disbursements				
Current:				
General Government - Court	77,462	77,462	47,973	29,489
<i>Excess of Receipts Under Disbursements</i>	(9,462)	(37,372)	(9,337)	28,035
<i>Fund Balance Beginning of Year</i>	304,153	304,153	304,153	
Prior Year Encumbrances Appropriated	9,378	9,378	9,378	0
<i>Fund Balance End of Year</i>	<u>\$304,069</u>	<u>\$276,159</u>	<u>\$304,194</u>	<u>\$28,035</u>

See accompanying notes to the basic financial statements

Village of the City of Gallipolis, Ohio

Statement of Fund Net Assets - Cash Basis

Proprietary Funds

December 31, 2007

	<u>Business-Type Activities</u>			<u>Governmental</u>
	<u>Water</u>	<u>Sewer</u>	<u>Total</u>	<u>Internal</u>
	<u>Fund</u>	<u>Fund</u>	<u>Enterprise</u>	<u>Service</u>
			<u>Funds</u>	<u>Fund</u>
Assets				
Current Assets:				
Equity in Pooled Cash and Cash Equivalents	\$926,819	\$540,439	\$1,467,258	\$0
Cash in Segregated Accounts	0	0	0	20,479
Cash with Escrow Agents	519,838	545,477	1,065,315	0
Internal Balance	4,316	3,856	8,172	0
<i>Total Assets</i>	<u>\$1,450,973</u>	<u>\$1,089,772</u>	<u>\$2,540,745</u>	<u>\$20,479</u>
Net Assets				
Unrestricted	<u>\$1,450,973</u>	<u>\$1,089,772</u>	<u>\$2,540,745</u>	<u>\$20,479</u>

See accompanying notes to the basic financial statements

Village of the City of Gallipolis, Ohio
*Statement of Receipts, Disbursements,
and Changes in Fund Net Assets - Cash Basis*
Proprietary Funds
For the Year Ended December 31, 2007

	Business-Type Activities			Governmental Activities
	Water Fund	Sewer Fund	Total Enterprise Funds	Internal Service Fund
Operating Receipts				
Charges for Services	\$1,589,746	\$1,251,252	\$2,840,998	\$25,286
Other Operating Receipts	14,208	27,610	41,818	0
<i>Total Operating Receipts</i>	<u>1,603,954</u>	<u>1,278,862</u>	<u>2,882,816</u>	<u>25,286</u>
Operating Disbursements				
Salaries and Benefits	649,852	539,388	1,189,240	0
Contractual Services	275,575	337,185	612,760	4,828
Materials and Supplies	143,737	92,284	236,021	0
Capital Outlay	298,842	275,729	574,571	0
<i>Total Operating Disbursements</i>	<u>1,368,006</u>	<u>1,244,586</u>	<u>2,612,592</u>	<u>4,828</u>
<i>Operating Income</i>	<u>235,948</u>	<u>34,276</u>	<u>270,224</u>	<u>20,458</u>
Non-Operating Receipts (Disbursements)				
Investment Earnings	68,551	59,565	128,116	21
Customer Deposits Received	9,737	0	9,737	0
Customer Deposits Returned	(5,455)	0	(5,455)	0
Debt Service Principal	(234,680)	(300,792)	(535,472)	0
Interest and Fiscal Charges	(125,402)	(91,263)	(216,665)	0
<i>Total Non Operating Receipts (Disbursements)</i>	<u>(287,249)</u>	<u>(332,490)</u>	<u>(619,739)</u>	<u>21</u>
<i>Change in Net Assets</i>	(51,301)	(298,214)	(349,515)	20,479
<i>Net Assets Beginning of Year</i>	<u>1,502,274</u>	<u>1,387,986</u>	<u>2,890,260</u>	<u>0</u>
<i>Net Assets End of Year</i>	<u>\$1,450,973</u>	<u>\$1,089,772</u>	<u>\$2,540,745</u>	<u>\$20,479</u>

See accompanying notes to the basic financial statements

Village of the City of Gallipolis, Ohio
Statement of Fiduciary Net Assets - Cash Basis
Municipal Court Agency Fund
December 31, 2007

Assets

Cash and Cash Equivalents in Segregated Accounts	<u>\$154,800</u>
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Net Assets

Restricted for Others	<u>\$154,800</u>
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See accompanying notes to the basic financial statements

Village of the City of Gallipolis, Ohio
Notes to the Basic Financial Statements
For the Years Ended December 31, 2007 and 2008

Note 1 - Description of the Village and the Reporting Entity

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

Reporting Entity

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

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

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

Note 2 - Summary of Significant Accounting Policies

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

Village of the City of Gallipolis, Ohio
Notes to the Basic Financial Statements
For the Years Ended December 31, 2007 and 2008

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

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

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

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

B. Fund Accounting

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

Governmental Funds Governmental funds are those through which most governmental functions typically are financed. The following are the Village's major governmental funds:

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

Tax Increment Financing This fund accounts funds received due to the TIF agreement with various agencies collected by the County. The City receives its settlement with the property taxes.

Court Computerization This fund is used to account for the accumulation of monies from court fees that may be used for municipal court computerization per ORC Chapter 133.

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

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

Village of the City of Gallipolis, Ohio
Notes to the Basic Financial Statements
For the Years Ended December 31, 2007 and 2008

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

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

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

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

C. Basis of Accounting

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

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

D. Budgetary Process

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

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

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

Village of the City of Gallipolis, Ohio
Notes to the Basic Financial Statements
For the Years Ended December 31, 2007 and 2008

E. Cash and Cash Equivalents

To improve cash management, cash received by the Village is pooled. Individual fund integrity is maintained through Village records. Interest in the pool is presented as "equity in pooled cash and cash equivalents".

The Village has a segregated bank account for monies held by the Village for capital improvement projects undertaken by the Village and is presented as "cash with escrow agents" since they are kept separate from the Village treasury.

The Village has a segregated bank account for monies held for the self-insurance internal service fund. This interest bearing depository account is presented in the financial statements as "cash in segregated accounts" and represents deposits.

Interest earnings are allocated to Village funds according to State statutes, grants requirements, or debt related restrictions. Interest receipts credited to the General Fund during 2008 amounted to \$134,473, which includes \$99,861 assigned from other Village funds.

F. Restricted Assets

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

G. Inventory and Prepaid Items

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

H. Capital Assets

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

I. Interfund Receivables/Payables

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

J. Accumulated Leave

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

K. Employer Contributions to Cost-Sharing Pension Plans

The Village recognizes the disbursement for employer contributions to cost-sharing pension plans when they are paid. As described in Notes 9 and 10, the employer contributions include portions for pension benefits and for postretirement health care benefits.

Village of the City of Gallipolis, Ohio
Notes to the Basic Financial Statements
For the Years Ended December 31, 2007 and 2008

L. Long-Term Obligations

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

M. Net 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 primarily include activities involving street and state highway maintenance and repairs, police and fire protection, activities of the Village's court, cemetery operations, and the Village's parks and pool. The Village's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted resources are available.

N. Fund Balance Reserves

The Village reserves any portion of fund balances which is not available for appropriation or which is legally segregated for specific future use. Unreserved fund balance indicates that portion of fund balance which is available for appropriation in future periods. Fund balance reserves have been established for unclaimed monies and encumbrances. By law, the Village may not appropriate unclaimed monies until the money has remained unclaimed for five years.

O. Interfund Transactions

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

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

Note 3 - Budgetary Basis of Accounting

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements, and Changes in Fund Balance – Budget and Actual – Budgetary Basis presented for the General Fund and each major special revenue fund is prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference between the budgetary basis and the cash basis are outstanding year end encumbrances.

These are treated as expenditures (budgetary basis) rather than as a reservation of fund balance (cash basis). The encumbrances outstanding at year end (budgetary basis) amounted to \$14,268 for the General Fund.

Village of the City of Gallipolis, Ohio
Notes to the Basic Financial Statements
For the Years Ended December 31, 2007 and 2008

Note 4 - Deposits and Investments

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

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

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

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

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

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2 percent and be marked to market daily, and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio or Ohio local governments;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) 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); and,
8. Commercial paper and bankers acceptances if training requirements have been met.

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. Investments may only be made through specified dealers and institutions. 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.

Village of the City of Gallipolis, Ohio
Notes to the Basic Financial Statements
For the Years Ended December 31, 2007 and 2008

Deposits Custodial credit risk for deposits is the risk that in the event of bank failure, the Village will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year end, \$1,688,334 of the Village's bank balance of \$4,262,966 was exposed to custodial credit risk because it was uninsured and uncollateralized. Although all statutory requirements for the deposit of money had been followed, non-compliance with federal requirements could potentially subject the Village to a successful claim by the FDIC.

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

Note 5 – Income Taxes

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

Note 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 received in 2008 were levied after October 1, 2008, on the assessed values as of January 1, 2008, the lien date. Assessed values for real property taxes were established at thirty-five percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder paid by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax receipts received in 2008 represent the collection of 2007 taxes. Public utility real and tangible personal property taxes received in 2008 became a lien December 31, 2007, were levied after October 1, 2007, and are collected in 2008 with real property taxes. Public utility real property is assessed at thirty-five percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

Tangible personal property tax receipts received in 2008 (other than public utility property) represents the collection of 2008 taxes. Tangible personal property taxes received in 2008 were levied after October 1, 2007, on the true value as of December 31, 2007. In prior years, tangible personal property was assessed at twenty-five percent of true value for capital assets and twenty-three percent of true value for inventory. The tangible personal property tax is being phased out – the assessment percentage for all property including inventory for 2008 is 6.25 percent. This will be reduced to zero for 2009. Payments by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable by September 20.

The full tax rate for all Village operations for the year ended December 31, 2008, was \$3.90 per \$1,000 of assessed value. The assessed values of real property, public utility property, and tangible personal property upon which 2008 property tax receipts were based are as follows:

Village of the City of Gallipolis, Ohio
Notes to the Basic Financial Statements
For the Years Ended December 31, 2007 and 2008

Real Property:	
Residential	\$38,661,770
Agricultural	125,690
Commercial/Industrial/Mineral	30,441,500
Tangible Personal Property:	
Business	4,082,917
Public Utility	<u>2,600,010</u>
Total Assessed Value	<u><u>\$75,911,887</u></u>

Note 7 – Interfund Receivables/Payables

A. Transfers

During 2008, the following transfers were made:

<u>Transfer to</u>	<u>Transfer from</u> <u>Major Funds</u>			<u>Total</u>
	General Fund	Tax Increment Financing	Other Nonmajor Governmental	
Other Nonmajor Governmental	\$332,304	\$51,465	\$140,808	\$524,577

The above mentioned Transfers From/To were used to move receipts from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them; and to use unrestricted receipts collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

B. Interfund Balances

Interfund Balances at December 31, 2008, arise from the provision of cash flow resources from the General Fund and Court Capital Improvement Fund until the receipt of grant monies by the other governmental funds.

	<u>Interfund</u> <u>Receivables</u>	<u>Interfund</u> <u>Payables</u>
General Fund	\$3,600	\$0
Other Governmental Funds:		
Community Corrections	0	12,000
Ohio Department of Development	0	3,600
Court Capital Improvement Fund	<u>12,000</u>	<u>0</u>
Total all Funds	<u><u>\$15,600</u></u>	<u><u>\$15,600</u></u>

Village of the City of Gallipolis, Ohio
Notes to the Basic Financial Statements
For the Years Ended December 31, 2007 and 2008

Note 8 - Risk Management

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

Property	Limit	Deductible	
Real and Personal Property	\$21,691,395	\$2,500	
Liability	Limit (Per Occurrence)	Aggregate	Deductible
Commercial General	\$3,000,000	\$3,000,000	\$10,000
Employee Benefits	1,000,000	1,000,000	10,000
Employer Liability	2,000,000	2,000,000	0
Law Enforcement	3,000,000	3,000,000	10,000
Employee Theft	50,000	50,000	1,000
Public Entity Management	3,000,000	3,000,000	10,000
Employment Practices	5,000,000	5,000,000	10,000
Umbrella	3,000,000	3,000,000	10,000
Auto	Limit	Deductible	
Liability	\$3,000,000	\$2,500	
Medical Payments	5,000	0	
Uninsured Motorist	25,000	0	
Comprehensive		1,000	
Collision		1,000	

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

Note 9 - Defined Benefit Pension Plans

A. Ohio Public Employees Retirement System

Plan Description – The Village participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the member directed plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings. The combined plan is a cost-sharing, multiple-employer defined benefit pension plan 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. While members in the State and local divisions may participate in all three plans, law enforcement (generally sheriffs, deputy sheriffs and township police) and public safety divisions exist only within the traditional pension plan.

Village of the City of Gallipolis, Ohio
Notes to the Basic Financial Statements
For the Years Ended December 31, 2007 and 2008

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. 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.

Funding Policy – The Ohio Revised Code provides statutory authority for member and employer contributions. For the year ended December 31, 2008, members contributed 10.1% of covered payroll.

The Village's contribution rate for 2008 was 14 percent, except for those plan members in law enforcement or public safety, for whom the Village's contribution was 17.40 percent of covered payroll. A portion of the Village's contribution equal to 7 percent of covered payroll was allocated to fund the post-employment health care plan. Employer contribution rates are actuarially determined. State statute sets a maximum contribution rate for the Village of 14 percent, except for public safety and law enforcement, where the maximum employer contribution rate is 18.1 percent.

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 \$130,143, \$174,013 and \$256,692 respectively; 100 percent has been contributed for 2008, 2007, and 2006.

B. Ohio Police and Fire Pension Fund

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

Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary to fund pension obligations. The Village's contribution was 19.5 percent for police officers. Contribution rates are established by State statute. For 2008, a portion of the Village's contribution equal to 6.75 percent of covered payroll was allocated to fund the post-employment health care plan. The Village's pension contributions to OP&F for police for the years ended December 31, 2008, 2007, and 2006 were \$59,859, \$57,626, and \$85,675 respectively. The full amount has been contributed for 2008, 2007, and 2006.

Note 10 - Defined Benefit Pension Plans

A. Ohio Public Employees Retirement System

Plan Description – OPERS maintains a cost sharing multiple employer defined benefit post-employment health care plan for qualifying members of both the traditional and combined pension plans. Members of the member directed plan do not qualify for ancillary benefits, including post-employment health care. The plan includes a medical plan, a prescription drug program and Medicare Part b premium reimbursement.

Village of the City of Gallipolis, Ohio
Notes to the Basic Financial Statements
For the Years Ended December 31, 2007 and 2008

To qualify for post-employment health care coverage, age and service retirees under the traditional and combined plans must have ten or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The Ohio Revised Code permits, but does not require, OPERS to provide health care benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

Disclosures for the health care plan are presented separately in the OPERS financial report which may be obtained by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642 4642 or by calling (614) 222-5601 or 800-222-7377.

Funding Policy – The post-employment health care plan was established under, and is administered in accordance with, Internal Revenue Code 401 (h). State statute requires that public employers fund post-employment health care through contributions to OPERS. A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of post-employment health care.

Employer contribution rates are expressed as a percentage of the covered payroll of active employees. In 2008, local government employers contributed 14 percent of covered payroll (17.40 percent for public safety and law enforcement). Each year, the OPERS retirement board determines the portion of the employer contribution rate that will be set aside for funding post-employment health care benefits. The amount of the employer contributions which was allocated to fund post-employment health care was 7 percent of covered payroll.

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

The Village's contributions allocated to fund post-employment health care benefits for the years ended December 31, 2008, 2007, and 2006 were \$130,143, \$98,312 and \$58,009 respectively; 100 percent has been contributed for 2008, 2007, and 2006.

On September 9, 2004 the OPERS Retirement Board adopted a Health Care Preservation Plan which was effective January 1, 2007. 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. Police and Firemen's Disability and 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.

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

Village of the City of Gallipolis, Ohio
Notes to the Basic Financial Statements
For the Years Ended December 31, 2007 and 2008

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 and 24.00 percent of covered payroll for police and fire employers, respectively.

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% 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, 2007, and 2006 were \$30,849, \$29,685, and \$33,480 respectively. The full amount has been contributed for 2007, 2007, and 2006.

Village of the City of Gallipolis, Ohio
Notes to the Basic Financial Statements
For the Years Ended December 31, 2007 and 2008

Note 11 - Long – Term Obligations

Changes in long-term obligations of the Village during 2008 were as follows:

	Principal Outstanding 12/31/07	Additions	Deductions	Principal Outstanding 12/31/08	Amounts Due in One Year
Business-Type Activities:					
1993 OPWC Lift Station Loan - 0%	\$23,147	\$0	\$9,259	\$13,888	\$9,259
2005 Ameresco Energy Conservation Improvements Loan - 3.89%	4,876,206	0	553,506	4,322,700	578,095
Total Business-Type Activities	\$4,899,353	\$0	\$562,765	\$4,336,588	\$587,354
Governmental Activities:					
2000 Evans Road State Infrastructure Bank Loan - 3.00%	\$739,027	\$0	\$27,670	\$711,357	\$28,576
2005 Ameresco Energy Conservation Improvements Loan - 3.89%	824,481	0	73,266	751,215	95,205
Total Loans	1,563,508	0	100,936	1,462,572	123,781
Bond Anticipation Notes:					
2002 Fire Truck - 4.68%	254,960	0	37,646	217,314	39,487
2002 Pumper/Tanker - 4.48%	167,190	0	14,231	152,959	14,906
2007 Municipal Building - 4.15%	115,000	0	27,004	87,996	28,135
Total Bond Anticipation Notes	537,150	0	78,881	458,269	82,528
General Obligation Bonds:					
2002 Vehicles - 4.10%	88,816	0	28,424	60,392	29,589
2002 Fire Station - 4.99	542,978	0	12,558	530,420	13,193
Total General Obligation Bonds	631,794	0	40,982	590,812	42,782
Total Governmental Activities	\$2,732,452	\$0	\$220,799	\$2,511,653	\$249,091

The OPWC Lift Station Loan, originally issued January 15, 1993, in the amount of \$138,884, was used to finance the construction of the Spruce Street Lift Station project. The loan activity is reflected in the Sewer Enterprise Fund which received the proceeds and will repay the debt from Sewer Enterprise Fund revenue.

Principal and interest requirements to retire the OPWC Lift Station Loan outstanding at December 31, 2008, are as follows:

Year Ended December 31,	Principal
2009	\$9,259
2010	4,629
	\$13,888

Village of the City of Gallipolis, Ohio
Notes to the Basic Financial Statements
For the Years Ended December 31, 2007 and 2008

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

Principal and interest requirements to retire the Ameresco Energy Conservation Improvement Loan outstanding at December 31, 2008, are as follows:

Year Ended December 31,	Governmental		Business-Type		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2009	\$95,205	\$27,935	\$578,095	\$159,796	\$673,300	\$389,407
2010	106,340	23,985	607,002	136,907	713,342	160,892
2011	111,786	19,769	638,091	112,846	749,877	132,615
2012	117,485	15,338	670,620	87,554	788,105	102,892
2013	123,446	10,682	704,652	60,975	828,098	71,657
2014 & 2015	196,953	6,772	1,124,240	38,660	1,321,193	45,432
	<u>\$751,215</u>	<u>\$104,481</u>	<u>\$4,322,700</u>	<u>\$596,738</u>	<u>\$5,073,915</u>	<u>\$902,895</u>

The Fire Truck Bond Anticipation Note, originally issued on August 26, 2002, in the amount of \$419,000 and the Pumper/Tanker Truck Bond Anticipation Note, originally issued on April 24, 2002, in the amount of \$235,000, represent amounts borrowed for the purchase of new fire trucks. Both bond anticipation notes will be retired from property tax receipts in the Fire Levy Special Revenue Fund. The Municipal Building bond anticipation notes were issued on November 9, 2007, for \$115,000 which mature on November 9, 2011. These bond anticipation notes were issued for the purpose of financing the acquisition of the Davis Hall building. The notes will be retired through municipal income tax receipts.

Principal and interest requirements to retire the bond anticipation notes outstanding at December 31, 2008, are as follows:

Year Ended December 31,	Principal	Interest	Total
2009	\$82,528	\$19,984	\$102,512
2010	86,290	16,225	102,515
2011	90,222	12,293	102,515
2012	62,483	8,533	71,016
2013	65,473	5,543	71,016
2014-2017	71,273	6,807	78,080
	<u>\$458,269</u>	<u>\$69,385</u>	<u>\$527,654</u>

The Vehicle General Obligation Bonds, originally issued on August 27, 2002, in the amount of \$215,000, represents amounts issued for the purchase of a brush truck and a street sweeper, will be retired from income tax receipts in the General Fund and property tax receipts in the Fire Levy Special Revenue Fund.

Principal and interest requirements to retire the Vehicle General Obligation Bonds outstanding at December 31, 2008, are as follows:

Village of the City of Gallipolis, Ohio
Notes to the Basic Financial Statements
For the Years Ended December 31, 2007 and 2008

Year Ended December 31,	Principal	Interest	Total
2009	\$29,589	\$2,477	\$32,066
2010	30,803	1,263	32,066
	<u>\$60,392</u>	<u>\$3,740</u>	<u>\$64,132</u>

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

Principal and interest requirements to retire the Fire Station General Obligation Bonds outstanding at December 31, 2008, are as follows:

Year Ended December 31,	Principal	Interest	Total
2009	\$13,193	\$26,306	\$39,499
2010	13,859	25,639	39,498
2011	14,560	24,939	39,499
2012	15,295	24,203	39,498
2013	16,068	23,430	39,498
2014 - 2018	93,370	104,123	197,493
2019 - 2023	119,463	78,030	197,493
2024 - 2028	152,848	44,645	197,493
2029 - 2031	91,764	6,981	98,745
	<u>\$530,420</u>	<u>\$358,296</u>	<u>\$888,716</u>

The State Infrastructure Bank Loan, originally issued on June 26, 2000, in the amount of \$802,835, represents amounts borrowed for the construction of Evans Road and will be retired from payments in lieu of tax receipts in the Tax Incremental Financing Special Revenue Fund.

Village of the City of Gallipolis, Ohio
Notes to the Basic Financial Statements
For the Years Ended December 31, 2007 and 2008

Principal and interest requirements to retire the State Infrastructure Bank Loan outstanding at December 31, 2008, are as follows:

Year Ended December 31,	Principal	Interest	Total
2009	\$28,576	\$21,128	\$49,704
2010	29,512	20,264	49,776
2011	30,480	19,371	49,851
2012	31,478	18,450	49,928
2013	32,510	17,498	50,008
2014-2018	179,240	72,077	251,317
2019-2023	210,593	43,140	253,733
2024-2027	168,968	10,302	179,270
	<u>\$711,357</u>	<u>\$222,230</u>	<u>\$933,587</u>

The Village's overall legal debt margin was \$5,459,095, with an unvoted debt margin of \$1,663,501 at December 31, 2008.

Note 13 - Contingencies

A. Grants

The Village receives financial assistance from federal and State agencies in the form of grants. Disbursing grant funds generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit. Any disallowed claims resulting from such audits could become a liability. However, in the opinion of management, any such disallowed claims through December 31, 2008, will not have a material adverse effect on the Village.

B. Litigation

The Village is currently not a party to any legal proceedings.

Perry & Associates
Certified Public Accountants, A.C.

PARKERSBURG
1035 Murdoch Avenue
Parkersburg, WV 26101
(304) 422-2203

MARIETTA
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Marietta, OH 45750
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**INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
REQUIRED BY GOVERNMENT AUDITING STANDARDS**

June 22, 2009

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

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the **Village of the City of Gallipolis, Gallia County, Ohio** (the Village) as of and for the year ended December 31, 2008 and 2007, which collectively comprise the Village's basic financial statements and have issued our report thereon dated June 22, 2009, wherein we noted the Village uses a comprehensive accounting basis other than generally accepted accounting principles. 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 opinions 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 preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting we consider material weaknesses, as defined above.

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 that we must report under *Government Auditing Standards*.

This report is intended solely for the information and use of management and Village Commissioners and is not intended to be, and should not be used by anyone other than these specified parties.

Respectfully Submitted,



Perry and Associates
Certified Public Accountants, A.C.



Mary Taylor, CPA
Auditor of State

VILLAGE OF THE CITY OF GALLIPOLIS
GALLIA COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
AUGUST 11, 2009