



Dave Yost • Auditor of State

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

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GALLIA COUNTY

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

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

To the Village Commission:

Report on the Financial Statements

We have audited the accompanying cash basis 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, 2015 and 2014, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of the City of Gallipolis, Gallia County, Ohio, as of December 31, 2015 and 2014, and the respective changes in cash financial position and where applicable cash flows, and the respective budgetary comparison for the General and Court Mediation Funds, thereof for the years then ended in accordance with the accounting basis described in Note 2.

Accounting Basis

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

Other Matters

Other Information

We applied no procedures to Management's Discussion & Analysis as listed in the Table of Contents. Accordingly, we express no opinion or any other assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 21, 2016, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.



Dave Yost
Auditor of State
Columbus, Ohio

June 21, 2016

Village of the City of Gallipolis, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2015 & 2014
Unaudited

The discussion and analysis of the Village of the City of Gallipolis' (the Village) financial performance provides an overall review of the Village's financial activities for the years ended December 31, 2015 and 2014, within the limitations of the Village's cash basis accounting. Readers should also review the basic financial statements and notes to the financial statements to enhance their understanding of the Village's financial performance.

FINANCIAL HIGHLIGHTS

Key financial highlights for 2015 are as follows:

- For 2015, total net position increased \$367,162, with governmental activities decreasing \$227,124 and business-type activities increasing \$594,286.
- For 2015, the Village had three governmental major funds: the General Fund; the Court Mediation Program Special Revenue Fund; and the Court Capital Improvement Capital Projects Funds. The fund balance of the General and Court Capital Improvement Funds decreased \$161,737 and \$31,956, respectively, while the Court Mediation Program Fund increased \$15,524.
- The Village has two business-type activities: the Water and Sewer Funds. For 2015, the Water Fund's net position increased \$382,134 and the Sewer Fund's increased \$217,840.

Key financial highlights for 2014 are as follows:

- For 2014, total net position decreased \$396,944, with governmental activities decreasing \$209,093 and business-type activities decreasing \$187,851.
- For 2014, the Village had three governmental major funds: the General Fund; the Court Mediation Program Special Revenue Fund; and the Court Capital Improvement Capital Projects Funds. The fund balance of the General, Court Mediation Program, and Court Capital Improvement Funds increased \$67,187, \$22,914 and \$10,820, respectively.
- The Village has two business-type activities: the Water and Sewer Funds. For 2014, the Water Fund's net position decreased \$210,076 and the Sewer Fund's increased \$48,556.

USING THE BASIC FINANCIAL STATEMENTS

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

Report Components

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

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

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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 Position and Statement of Activities

The statement of net position and the statement of activities reflect how the Village did financially during 2015 and 2014, within the limitations of the cash basis of accounting. The statement of net position presents the cash balances of the governmental and business-type activities of the Village at year end. The statement of activities compares cash disbursements with program receipts for each governmental program and business-type activity. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function or business-type activity draws from the Village's general receipts.

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

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

- **Governmental Activities** – Most of the Village's basic services are reported here, including police, fire, streets, and parks. Charges for services, state and federal grants, and income and property taxes finance most of these activities. Benefits provided through governmental activities are not necessarily paid for by the people receiving them.

Village of the City of Gallipolis, Ohio
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- 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' 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 three categories: governmental, proprietary, and fiduciary.

- Governmental Funds - Most of the Village's activities are reported in governmental funds. The governmental fund financial statements provide a detailed view of the Village's governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the Village's programs. The Village's significant governmental funds are presented on the financial statements in separate columns. The information for non-major funds (funds whose activity or balances are not large enough to warrant separate reporting) is combined and presented in total in a single column. The Village's major governmental funds are the General Fund, the Court Mediation Program Special Revenue Fund, 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.
- Fiduciary Funds - Fiduciary funds are used to account for resources held for the benefit of parties outside the Village. They are not reflected on the government-wide financial statements because the resources from those funds are not available to support the Village's programs.

Village of the City of Gallipolis, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2015 & 2014
Unaudited

THE VILLAGE OF THE CITY OF GALLIPOLIS AS A WHOLE

Table 1 provides a summary of the Village's net position for 2015 compared to 2014 and 2014 compared to 2013 on a cash basis:

(Table 1)
Net Position

	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
Assets						
Cash and Cash Equivalents	\$983,757	\$1,199,297	\$1,398,213	\$841,571	\$2,381,970	\$2,040,868
Cash in Segregated Accounts	7,197	24,469	0	0	7,197	24,469
Investments	0	0	43,332	0	43,332	0
Internal Balances	(4,048)	(9,736)	4,048	9,736	0	0
<i>Total Assets</i>	<u>\$986,906</u>	<u>\$1,214,030</u>	<u>\$1,445,593</u>	<u>\$851,307</u>	<u>\$2,432,499</u>	<u>\$2,065,337</u>
Net Position						
Restricted for:						
Street	\$53,054	\$54,042	\$0	\$0	\$53,054	\$54,042
Police	45,354	37,686	0	0	45,354	37,686
Fire	69,904	98,051	0	0	69,904	98,051
Cemeteries	27,851	24,854	0	0	27,851	24,854
Recreation	47,803	41,877	0	0	47,803	41,877
Court	516,119	536,947	0	0	516,119	536,947
Unclaimed Monies	8,379	7,269	0	0	8,379	7,269
Perpetual Care - Nonexpendable	27,442	27,442	0	0	27,442	27,442
Other Purposes	5,136	19,085	0	0	5,136	19,085
Unrestricted	185,864	366,777	1,445,593	851,307	1,631,457	1,218,084
<i>Total Net Position</i>	<u>\$986,906</u>	<u>\$1,214,030</u>	<u>\$1,445,593</u>	<u>\$851,307</u>	<u>\$2,432,499</u>	<u>\$2,065,337</u>

Village of the City of Gallipolis, Ohio
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(Table 1)
Net Position

	Governmental Activities		Business-Type Activities		Total	
	2014	2013	2014	2013	2014	2013
Assets						
Cash and Cash Equivalents	\$1,199,297	\$1,362,454	\$841,571	\$1,003,091	\$2,040,868	\$2,365,545
Cash in Segregated Accounts	24,469	96,736	0	0	24,469	96,736
Internal Balances	(9,736)	(36,067)	9,736	36,067	0	0
<i>Total Assets</i>	<u>1,214,030</u>	<u>1,423,123</u>	<u>851,307</u>	<u>1,039,158</u>	<u>2,065,337</u>	<u>2,462,281</u>
Net Position						
Restricted for:						
Street	54,042	318,034	0	0	54,042	318,034
Police	37,686	37,747	0	0	37,686	37,747
Fire	98,051	63,045	0	0	98,051	63,045
Cemeteries	24,854	29,939	0	0	24,854	29,939
Recreation	41,877	28,442	0	0	41,877	28,442
Court	536,947	528,699	0	0	536,947	528,699
Unclaimed Monies	7,269	4,445	0	0	7,269	4,445
Perpetual Care - Nonexpendable	27,442	27,442	0	0	27,442	27,442
Other Purposes	19,085	20,024	0	0	19,085	20,024
Unrestricted	<u>366,777</u>	<u>365,306</u>	<u>851,307</u>	<u>1,039,158</u>	<u>1,218,084</u>	<u>1,404,464</u>
<i>Total Net Position</i>	<u>\$1,214,030</u>	<u>\$1,423,123</u>	<u>\$851,307</u>	<u>\$1,039,158</u>	<u>\$2,065,337</u>	<u>\$2,462,281</u>

As mentioned previously, net position of governmental activities decreased \$227,124 and the business-type activities net position increased \$594,286 during 2015. The primary reason contributing to the decrease in governmental activities is the reduction in proceeds from bond anticipation notes. The Village received \$100,000 in proceeds from bond anticipation notes in 2015, a decrease of \$345,000 from 2014. Net position of governmental activities decreased \$209,093 and the business-type activities net position decreased \$187,851 during 2014. The primary reasons contributing to the decrease in governmental activities are a decline in Charges for Services revenue and a decline in Income Tax Revenue. Revenue resulting from fees, fines, licenses, permits, and other services provided decreased \$163,296 from 2013 while the economy has negatively impacted local wages, resulting in a decrease in income tax receipts compared to 2013.

Table 2 reflects the changes in net position on a cash basis in 2015 compared to 2014 and 2014 compared to 2013 for governmental activities, business-type activities, and total primary government.

Village of the City of Gallipolis, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2015 & 2014
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(Table 2)
Changes in Net Position

	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
Receipts						
Program Receipts:						
Charges for Services	\$1,589,111	\$1,569,509	\$3,187,189	\$3,131,468	\$4,776,300	\$4,700,977
Operating Grants, Contributions and Interest	345,971	449,710	0	0	345,971	449,710
Capital Grants and Contributions and Interest	114,551	0	573,784	8,014	688,335	8,014
<i>Total Program Receipts</i>	<u>2,049,633</u>	<u>2,019,219</u>	<u>3,760,973</u>	<u>3,139,482</u>	<u>5,810,606</u>	<u>5,158,701</u>
General Receipts:						
Property Taxes	365,213	351,492	0	0	365,213	351,492
Income Taxes	1,654,716	1,545,007	0	0	1,654,716	1,545,007
Payments in Lieu of Taxes	0	99,358	0	0	0	99,358
Franchise Fees	63,769	72,025	0	0	63,769	72,025
Grants and Entitlements	78,317	82,099	0	0	78,317	82,099
Investment Earnings	6,823	8,169	0	0	6,823	8,169
Inception of Capital Lease	0	87,852	0	0	0	87,852
Proceeds from Sale of Capital Assets	27,000	0	0	0	27,000	0
Proceeds of Interfund Activity	43,332	0	0	0	43,332	0
Proceeds from Sale of BAN	100,000	445,000	0	0	100,000	445,000
Donations and Contributions	2,200	3,269	0	0	2,200	3,269
Loan Proceeds	0	0	2,236,369	1,675,676	2,236,369	1,675,676
Miscellaneous	76,568	126,554	35,649	23,661	112,217	150,215
<i>Total General Receipts</i>	<u>2,417,938</u>	<u>2,820,825</u>	<u>2,272,018</u>	<u>1,699,337</u>	<u>4,689,956</u>	<u>4,520,162</u>
Total Receipts	<u>4,467,571</u>	<u>4,840,044</u>	<u>6,032,991</u>	<u>4,838,819</u>	<u>10,500,562</u>	<u>9,678,863</u>
Disbursements						
General Government	1,169,726	1,258,457	0	0	1,169,726	1,258,457
General Government - Court	527,702	582,438	0	0	527,702	582,438
Security of Persons and Property:						
Police	1,200,375	1,176,246	0	0	1,200,375	1,176,246
Fire	242,027	654,389	0	0	242,027	654,389
Public Health Services	111,240	124,127	0	0	111,240	124,127
Community Environment	101,212	89,585	0	0	101,212	89,585
Transportation	327,968	327,085	0	0	327,968	327,085
Leisure Time Activities	231,037	334,767	0	0	231,037	334,767
Capital Outlay	415,052	135,149	0	0	415,052	135,149
Debt Service:						
Principal Retirement	235,013	279,821	0	0	235,013	279,821
Interest and Fiscal Charges	133,343	137,073	0	0	133,343	137,073
Water	0	0	1,487,159	1,885,685	1,487,159	1,885,685
Sewer	0	0	3,951,546	3,090,985	3,951,546	3,090,985
<i>Total Disbursements</i>	<u>4,694,695</u>	<u>5,099,137</u>	<u>5,438,705</u>	<u>4,976,670</u>	<u>10,133,400</u>	<u>10,075,807</u>
<i>Increase (Decrease) before Transfers and Advances</i>	(227,124)	(259,093)	594,286	(137,851)	367,162	(396,944)
<i>Advances</i>	0	50,000	0	(50,000)	0	0
Change in Net Position	(227,124)	(209,093)	594,286	(187,851)	367,162	(396,944)
<i>Net Position Beginning of Year</i>	<u>1,214,030</u>	<u>1,423,123</u>	<u>851,307</u>	<u>1,039,158</u>	<u>2,065,337</u>	<u>2,462,281</u>
<i>Net Position End of Year</i>	<u>\$986,906</u>	<u>\$1,214,030</u>	<u>\$1,445,593</u>	<u>\$851,307</u>	<u>\$2,432,499</u>	<u>\$2,065,337</u>

Village of the City of Gallipolis, Ohio
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Unaudited

(Table 2)
Changes in Net Position

	Governmental Activities		Business-Type Activities		Total	
	2014	2013	2014	2013	2014	2013
Receipts						
Program Receipts:						
Charges for Services	\$1,569,509	\$1,732,805	\$3,131,468	\$3,018,840	\$4,700,977	\$4,751,645
Operating Grants, Contributions and Interest	449,710	314,295	0	0	449,710	314,295
Capital Grants and Contributions and Interest	0	896,770	8,014	0	8,014	896,770
<i>Total Program Receipts</i>	<u>2,019,219</u>	<u>2,943,870</u>	<u>3,139,482</u>	<u>3,018,840</u>	<u>5,158,701</u>	<u>5,962,710</u>
General Receipts:						
Property Taxes	351,492	343,697	0	0	351,492	343,697
Income Taxes	1,545,007	1,660,582	0	0	1,545,007	1,660,582
Payments in Lieu of Taxes	99,358	99,183	0	0	99,358	99,183
Franchise Fees	72,025	52,758	0	0	72,025	52,758
Grants and Entitlements	82,099	216,227	0	0	82,099	216,227
Investment Earnings	8,169	37,732	0	0	8,169	37,732
Inception of Capital Lease	87,852	0	0	0	87,852	0
Proceeds from Sale of BAN	445,000	0	0	0	445,000	0
Proceeds from Sale of Bonds	0	353,175	0	0	0	353,175
Donations and Contributions	3,269	1,950	0	0	3,269	1,950
Loan Proceeds	0	0	1,675,676	150,273	1,675,676	150,273
Miscellaneous	126,554	56,607	23,661	17,459	150,215	74,066
<i>Total General Receipts</i>	<u>2,820,825</u>	<u>2,821,911</u>	<u>1,699,337</u>	<u>167,732</u>	<u>4,520,162</u>	<u>2,989,643</u>
Total Receipts	<u>4,840,044</u>	<u>5,765,781</u>	<u>4,838,819</u>	<u>3,186,572</u>	<u>9,678,863</u>	<u>8,952,353</u>
Disbursements						
General Government	1,258,457	1,292,410	0	0	1,258,457	1,292,410
General Government - Court	582,438	590,778	0	0	582,438	590,778
Security of Persons and Property:						
Police	1,176,246	1,090,756	0	0	1,176,246	1,090,756
Fire	654,389	217,646	0	0	654,389	217,646
Public Health Services	124,127	251,108	0	0	124,127	251,108
Community Environment	89,585	86,255	0	0	89,585	86,255
Transportation	327,085	1,285,670	0	0	327,085	1,285,670
Leisure Time Activities	334,767	294,066	0	0	334,767	294,066
Capital Outlay	135,149	577,353	0	0	135,149	577,353
Debt Service:						
Principal Retirement	279,821	636,706	0	0	279,821	636,706
Interest and Fiscal Charges	137,073	140,109	0	0	137,073	140,109
Water	0	0	1,885,685	1,644,940	1,885,685	1,644,940
Sewer	0	0	3,090,985	1,517,302	3,090,985	1,517,302
<i>Total Disbursements</i>	<u>5,099,137</u>	<u>6,462,857</u>	<u>4,976,670</u>	<u>3,162,242</u>	<u>10,075,807</u>	<u>9,625,099</u>
<i>Increase (Decrease) before Transfers and Advances</i>	(259,093)	(697,076)	(137,851)	24,330	(396,944)	(672,746)
<i>Transfers</i>	0	(99,893)	0	99,893	0	0
<i>Advances</i>	50,000	50,000	(50,000)	(50,000)	0	0
Change in Net Position	<u>(209,093)</u>	<u>(746,969)</u>	<u>(187,851)</u>	<u>74,223</u>	<u>(396,944)</u>	<u>(672,746)</u>
<i>Net Position Beginning of Year</i>	<u>1,423,123</u>	<u>2,170,092</u>	<u>1,039,158</u>	<u>964,935</u>	<u>2,462,281</u>	<u>3,135,027</u>
<i>Net Position End of Year</i>	<u>\$1,214,030</u>	<u>\$1,423,123</u>	<u>\$851,307</u>	<u>\$1,039,158</u>	<u>\$2,065,337</u>	<u>\$2,462,281</u>

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Governmental Activities

For 2015:

Program receipts represent \$2,049,633 or 45.9 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.

General receipts represent \$2,417,938, or 54.1 percent of the Village's total receipts, and of this amount, \$2,019,929, or 83.5 percent are derived from local taxes. The Village's total general revenue receipts decreased \$402,887 from 2014.

General government and security of persons and property are the major activities of the Village, representing 55.6 percent of the governmental disbursements in 2015, a decrease in percentage from the prior year. During 2015, expenses for these operations amounted to \$1,169,726 and \$1,442,402, 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 and fire departments through grant funding to enable the departments to widen the scope of their activities. The police and fire departments and their employees continue to work hand-in-hand with the Village to help reduce the costs to the taxpayer.

Capital outlay activities of the Village accounted for 8.8 percent of governmental disbursements. Capital outlay increased \$279,903 from the prior year. The primary cause of this increase is due to the purchase and development of a parking lot, electrical improvements in the City Park, and road repairs.

Court operations, public health services, park operations, community environment, transportation, and debt service account for the remaining 35.6 percent of governmental disbursements in 2015.

For 2014:

Program receipts represent \$2,019,219 or 41.7 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.

General receipts represent \$2,820,825, or 58.3 percent of the Village's total receipts, and of this amount, \$1,896,499, or 67.2 percent are derived from local taxes. The Village's total general revenue receipts remained about the same as 2013.

General government and security of persons and property are the major activities of the Village, representing 60.6 percent of the governmental disbursements in 2014, an increase in percentage from the prior year. During 2014, expenses for these operations amounted to \$1,258,457 and \$1,830,635, 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 and fire departments through grant funding to enable the departments to widen the scope of their activities. The police and fire departments and their employees continue to work hand-in-hand with the Village to help reduce the costs to the taxpayer.

Capital outlay activities of the Village accounted for 2.65 percent of governmental disbursements. Capital outlay decreased \$442,204 from the prior year. The primary cause of this decrease is the completion of a local road construction project.

Court operations, public health services, park operations, community environment, transportation, and debt service account for the remaining 36.75 percent of governmental disbursements in 2014.

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

Business-Type Activities

The Village's water and sewer operations account for the disbursements for the Village's business-type activities and are funded almost entirely from charges for services. During 2015, program disbursements exceeded program receipts by \$1,677,732 for all business-type activities. During 2014, program disbursements exceeded program receipts by \$1,837,188 for all business-type activities.

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 two columns of the Statement entitled Program Receipts identify amounts paid by people who are directly charged for the service and grants received by the Village that must be used to provide a specific service. The net Disbursements (Receipts) 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
	2015	2015	2014	2014
General Government	\$1,169,726	\$594,607	\$1,258,457	\$687,138
General Government - Court	527,702	(213,319)	582,438	(189,080)
Security of Persons and Property:				
Police	1,200,375	1,142,743	1,176,246	1,157,725
Fire	242,027	108,718	654,389	494,209
Public Health Services	111,240	72,644	124,127	89,753
Community Environment	101,212	56,076	89,585	(26,316)
Transportation	327,968	(23,280)	327,085	71,331
Leisure Time Activities	231,037	123,465	334,767	243,115
Capital Outlay	415,052	415,052	135,149	135,149
Debt Service:				
Principal Retirement	235,013	235,013	279,821	279,821
Interest and Fiscal Charges	133,343	133,343	137,073	137,073
<i>Total</i>	<u>\$4,694,695</u>	<u>\$2,645,062</u>	<u>\$5,099,137</u>	<u>\$3,079,918</u>

For 2015, the dependence upon property and income tax receipts is apparent as approximately 56 percent of governmental activities are supported through these and other general receipts.

Village of the City of Gallipolis, Ohio
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(Table 3)
Governmental Activities

	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
	2014	2014	2013	2013
General Government	\$1,258,457	\$687,138	\$1,292,410	\$785,753
General Government - Court	582,438	(189,080)	590,778	(361,824)
Security of Persons and Property:				
Police	1,176,246	1,157,725	1,090,756	1,066,098
Fire	654,389	494,209	217,646	83,234
Public Health Services	124,127	89,753	251,108	199,911
Community Environment	89,585	(26,316)	86,255	71,257
Transportation	327,085	71,331	1,285,670	122,557
Leisure Time Activities	334,767	243,115	294,066	197,833
Capital Outlay	135,149	135,149	577,353	577,353
Debt Service:				
Principal Retirement	279,821	279,821	636,706	636,706
Interest and Fiscal Charges	137,073	137,073	140,109	140,109
<i>Total</i>	<u>\$5,099,137</u>	<u>\$3,079,918</u>	<u>\$6,462,857</u>	<u>\$3,518,987</u>

For 2014, the dependence upon property and income tax receipts is apparent as approximately 60 percent of governmental activities are supported through these and other general receipts.

THE VILLAGE'S FUNDS

The Village's governmental funds are accounted for using the cash basis of accounting. In 2015, Governmental funds had total receipts of \$4,297,239 and disbursements of \$4,683,111. In 2014, Governmental funds had total receipts of \$4,307,192 and disbursements of \$5,053,201.

The General Fund is the primary operating fund of the Village. At the end of 2015, the unassigned fund balance was \$9,114, while total fund balance was \$152,611. At the end of 2014, the unassigned fund balance was \$11,774, while total fund balance was \$314,348. As a measure of the General Fund's liquidity, it may be useful to compare both the unassigned fund balance and total fund balance to total fund disbursements. In 2015, unassigned fund balance represents 0.3 percent to total General Fund disbursements, while total fund balance represents 5.4 percent of that same amount. In 2014, unassigned fund balance represents 0.4 percent to total General Fund disbursements, while total fund balance represents 11.3 percent of that same amount. The Village's General Fund balance decreased \$161,737 during 2015. The Village's General Fund balance increased \$67,187 during 2014.

At the end of 2015, the Court Mediation Program Special Revenue Fund had a fund balance of \$179,401. This is an increase of \$15,524 in the fund balance of \$163,877 at the end of 2014. At the end of 2014, the Court Mediation Program Special Revenue Fund had a fund balance of \$163,877. This is an increase of \$22,914 in the fund balance of \$140,963 at the end of 2013.

At the end of 2015, the Court Capital Improvement Capital Projects Fund had a fund balance of \$177,299, a decrease of \$31,956 from 2014. At the end of 2014, the Court Capital Improvement Capital Projects Fund had a fund balance of \$209,255, an increase of \$10,820 from 2013.

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The net position of the Water Enterprise Fund increased \$382,134 in 2015, largely due to increases in other operating receipts and decreases in capital outlay expenses. Debt service payments related to the Ameresco Energy Savings Project decreased substantially in 2015 as payments for the project were completed. The Water Enterprise Fund also received \$182,812 in reimbursements from the Ohio EMA for costs which were incurred in 2014. The net position of the Water Enterprise Fund decreased \$210,076 in 2014 largely due to increases in capital expenses. Debt service payments related to the Ameresco Energy Savings Project continued to have a negative impact, although this was partially mitigated by utility savings.

The net position of the Sewer Enterprise Fund increased \$217,840 in 2015 due to debt service payments related to the Ameresco Energy Savings Project decreasing substantially, as well as receiving an annual 3% increase in sewer rates. The net position of the Sewer Enterprise Fund increased \$48,556 in 2014 due to a slight increase in operating revenues.

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 2015, the Village amended the General Fund budget several times. Budget basis receipts were \$2,853,879, \$3,470 above final estimates of \$2,850,409. Final estimated receipts were increased \$42,729 from the original of \$2,807,680. Disbursements of \$2,845,341 were lower than final appropriations of \$2,953,997. Final appropriations were decreased \$17,439 from originals.

During 2014, the Village amended the General Fund budget several times. Budget basis receipts were \$2,824,399, \$590 above final estimates of \$2,823,809. Final estimated receipts were decreased \$124,697 from the original of \$2,948,506. Disbursements of \$2,802,803 were lower than final appropriations of \$2,990,663. Final appropriations were increased \$58,185 from originals.

All recommendations for budget changes came from the Village Manager and Village Auditor to the Commission for review and Ordinance enactment on the change. The allocation of appropriations within the departments and objects within a fund, with the exception of employee salaries, may be modified during the year, as requested by the department supervisors and approved by the Village Manager, by the Village Auditor without an ordinance of Commission. With the General Fund supporting many of the major activities such as police and fire departments, as well as most legislative and executive activities, the General Fund is monitored closely, looking for possible revenue shortfalls or overspending by individual departments.

DEBT ADMINISTRATION

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

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(Table 4)

Outstanding Debt at December 31, 2015 and 2014

	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
Bond Anticipation Notes:						
2014 Fire Equipment	\$410,585	\$433,736	\$0	\$0	\$410,585	\$433,736
2002 Pumper/Tanker Truck	32,994	52,514	0	0	32,994	52,514
2015 Parking Lot	100,000	0	0	0	100,000	0
<i>Total Bond Anticipation Notes</i>	<u>543,579</u>	<u>486,250</u>	<u>0</u>	<u>0</u>	<u>543,579</u>	<u>486,250</u>
Loans:						
2010 OPWC	0	0	101,306	105,358	101,306	105,358
2005 Ameresco	0	67,268	0	383,986	0	451,254
2013 OWDA - Waste Water Treatment Plant	0	0	1,293,776	1,321,957	1,293,776	1,321,957
2013 OWDA - Water Pollution Control Facility	0	0	2,705,344	483,031	2,705,344	483,031
<i>Total Loans</i>	<u>0</u>	<u>67,268</u>	<u>4,100,426</u>	<u>2,294,332</u>	<u>4,100,426</u>	<u>2,361,600</u>
General Obligation Bonds:						
2002 Fire Station	422,831	440,564	0	0	422,831	440,564
2011 Various Purpose	2,019,522	2,108,911	0	0	2,019,522	2,108,911
2013 Street Improvement	301,159	319,111	0	0	301,159	319,111
<i>Total General Obligation Bonds</i>	<u>2,743,512</u>	<u>2,868,586</u>	<u>0</u>	<u>0</u>	<u>2,743,512</u>	<u>2,868,586</u>
Capital Leases	198,142	267,866	69,193	87,008	267,335	354,874
<i>Totals</i>	<u>\$3,485,233</u>	<u>\$3,689,970</u>	<u>\$4,169,619</u>	<u>\$2,381,340</u>	<u>\$7,654,852</u>	<u>\$6,071,310</u>

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Management's Discussion and Analysis
For the Year Ended December 31, 2015 & 2014
Unaudited

(Table 4)

Outstanding Debt at December 31, 2014 and 2013

	Governmental Activities		Business-Type Activities		Total	
	2014	2013	2014	2013	2014	2013
Bond Anticipation Notes:						
2014 Fire Equipment	\$433,736	\$0	\$0	\$0	\$433,736	\$0
2002 Pumper/Tanker Truck	52,514	71,181	0	0	52,514	71,181
<i>Total Bond Anticipation Notes</i>	<u>486,250</u>	<u>71,181</u>	<u>0</u>	<u>0</u>	<u>486,250</u>	<u>71,181</u>
Loans:						
2010 OPWC	0	0	105,358	109,410	105,358	109,410
2005 Ameresco	67,268	196,952	383,986	1,124,241	451,254	1,321,193
2013 OWDA - Waste Water Treatment Plant	0	0	1,321,957	150,273	1,321,957	150,273
2013 OWDA - Water Pollution Control Facility	0	0	483,031	0	483,031	0
<i>Total Loans</i>	<u>67,268</u>	<u>196,952</u>	<u>2,294,332</u>	<u>1,383,924</u>	<u>2,361,600</u>	<u>1,580,876</u>
General Obligation Bonds:						
2002 Fire Station	440,564	457,444	0	0	440,564	457,444
2011 Various Purpose	2,108,911	2,194,905	0	0	2,108,911	2,194,905
2013 Street Improvement	319,111	336,443	0	0	319,111	336,443
<i>Total General Obligation Bonds</i>	<u>2,868,586</u>	<u>2,988,792</u>	<u>0</u>	<u>0</u>	<u>2,868,586</u>	<u>2,988,792</u>
Capital Leases	267,866	235,700	87,008	108,956	354,874	344,656
<i>Totals</i>	<u>\$3,689,970</u>	<u>\$3,492,625</u>	<u>\$2,381,340</u>	<u>\$1,492,880</u>	<u>\$6,071,310</u>	<u>\$4,985,505</u>

For additional information on the Village's debt, see Notes 13 and 14 to the basic financial statements.

CURRENT ISSUES

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

CONTACTING THE VILLAGE AUDITOR'S DEPARTMENT

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

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Village of the City of Gallipolis, Ohio
Statement of Net Position - Cash Basis
December 31, 2015

	Governmental Activities	Business-Type Activities	Total
Assets			
Equity in Pooled Cash and Cash Equivalents	\$983,757	\$1,398,213	\$2,381,970
Cash in Segregated Accounts	7,197	0	7,197
Investments	0	43,332	43,332
Internal Balances	(4,048)	4,048	0
<i>Total Assets</i>	<u>\$986,906</u>	<u>\$1,445,593</u>	<u>\$2,432,499</u>
Net Position			
Restricted for:			
Street	\$53,054	\$0	\$53,054
Police	45,354	0	45,354
Fire	69,904	0	69,904
Cemeteries	27,851	0	27,851
Recreation	47,803	0	47,803
Court	516,119	0	516,119
Unclaimed Monies	8,379	0	8,379
Perpetual Care - Nonexpendable	27,442	0	27,442
Other Purposes	5,136	0	5,136
Unrestricted	<u>185,864</u>	<u>1,445,593</u>	<u>1,631,457</u>
<i>Total Net Position</i>	<u>\$986,906</u>	<u>\$1,445,593</u>	<u>\$2,432,499</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, 2015

	Program Receipts				Net (Disbursements) Receipts and Changes in Net Position		
	Disbursements	Charges for Services	Operating Grants, Contributions and Interest	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities							
General Government	\$1,169,726	\$520,608	\$54,511	\$0	(\$594,607)	\$0	(\$594,607)
General Government - Court	527,702	677,975	63,046	0	213,319	0	213,319
Security of Persons and Property:							
Police	1,200,375	57,112	520	0	(1,142,743)	0	(1,142,743)
Fire	242,027	121,577	11,732	0	(108,718)	0	(108,718)
Public Health Services	111,240	38,596	0	0	(72,644)	0	(72,644)
Community Environment	101,212	9,475	15,658	20,003	(56,076)	0	(56,076)
Transportation	327,968	90,355	166,345	94,548	23,280	0	23,280
Leisure Time Activities	231,037	73,413	34,159	0	(123,465)	0	(123,465)
Capital Outlay	415,052	0	0	0	(415,052)	0	(415,052)
Debt Service:							
Principal Retirement	235,013	0	0	0	(235,013)	0	(235,013)
Interest and Fiscal Charges	133,343	0	0	0	(133,343)	0	(133,343)
<i>Total Governmental Activities</i>	<u>4,694,695</u>	<u>1,589,111</u>	<u>345,971</u>	<u>114,551</u>	<u>(2,645,062)</u>	<u>0</u>	<u>(2,645,062)</u>
Business-Type Activities							
Water	1,487,159	1,665,416	0	182,812	0	361,069	361,069
Sewer	3,951,546	1,521,773	0	390,972	0	(2,038,801)	(2,038,801)
<i>Total Business-Type Activities</i>	<u>5,438,705</u>	<u>3,187,189</u>	<u>0</u>	<u>573,784</u>	<u>0</u>	<u>(1,677,732)</u>	<u>(1,677,732)</u>
<i>Total</i>	<u>\$10,133,400</u>	<u>\$4,776,300</u>	<u>\$345,971</u>	<u>\$688,335</u>	<u>(2,645,062)</u>	<u>(1,677,732)</u>	<u>(4,322,794)</u>
General Receipts							
Property Taxes Levied for:							
General Purposes					245,414	0	245,414
Fire					119,799	0	119,799
Income Taxes Levied for General Purposes					1,654,716	0	1,654,716
Franchise Fees					63,769	0	63,769
Grants and Entitlements not Restricted to Specific Programs					78,317	0	78,317
Investment Earnings					6,823	0	6,823
Proceeds from Sale of Capital Assets					27,000	0	27,000
Proceeds of Interfund Activity					43,332	0	43,332
Proceeds from Sale of Bond Anticipation Notes					100,000	0	100,000
Donations and Contributions					2,200	0	2,200
Loan Proceeds					0	2,236,369	2,236,369
Miscellaneous					76,568	35,649	112,217
<i>Total General Receipts</i>					<u>2,417,938</u>	<u>2,272,018</u>	<u>4,689,956</u>
Change in Net Position					(227,124)	594,286	367,162
<i>Net Position Beginning of Year</i>					<u>1,214,030</u>	<u>851,307</u>	<u>2,065,337</u>
<i>Net Position End of Year</i>					<u>\$986,906</u>	<u>\$1,445,593</u>	<u>\$2,432,499</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, 2015

	General	Court Mediation Program	Court Capital Improvement	Other Governmental Funds	Total Governmental Funds
Assets					
Equity in Pooled Cash and Cash Equivalents	\$144,232	\$179,401	\$177,299	\$474,446	\$975,378
Restricted Assets:					
Equity in Pooled Cash and Cash Equivalents	8,379	0	0	0	8,379
<i>Total Assets</i>	\$152,611	\$179,401	\$177,299	\$474,446	\$983,757
Fund Balances					
Nonspendable	\$8,379	\$0	\$0	\$27,442	\$35,821
Restricted	0	179,401	177,299	408,521	765,221
Committed	0	0	0	38,483	38,483
Assigned	135,118	0	0	0	135,118
Unassigned	9,114	0	0	0	9,114
<i>Total Fund Balances</i>	\$152,611	\$179,401	\$177,299	\$474,446	983,757

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

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

3,149

Net Position of Governmental Activities

\$986,906

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, 2015

	General	Court Mediation Program	Court Capital Improvement	Other Governmental Funds	Total Governmental Funds
Receipts					
Property and Other Local Taxes	\$245,414	\$0	\$0	\$119,799	\$365,213
Municipal Income Taxes	1,654,716	0	0	0	1,654,716
Permissive Motor Vehicle License Taxes	0	0	0	62,074	62,074
Charges for Services	365,344	0	0	426,516	791,860
Fines, Licenses, and Permits	372,714	54,251	160,299	147,823	735,087
Franchise Fees	63,769	0	0	0	63,769
Intergovernmental	78,317	0	0	410,007	488,324
Investment Earnings	6,823	0	0	269	7,092
Donations	2,200	0	0	50,336	52,536
Miscellaneous	64,675	0	0	11,893	76,568
<i>Total Receipts</i>	<u>2,853,972</u>	<u>54,251</u>	<u>160,299</u>	<u>1,228,717</u>	<u>4,297,239</u>
Disbursements					
Current:					
General Government	815,227	0	0	350,801	1,166,028
General Government - Court	319,884	38,727	0	166,377	524,988
Security of Persons and Property:					
Police	1,154,897	0	0	41,740	1,196,637
Fire	189,839	0	0	51,941	241,780
Public Health Services	5,296	0	0	105,599	110,895
Community Environment	84,640	0	0	16,017	100,657
Transportation	64,436	0	0	263,305	327,741
Leisure Time Activities	79,674	0	0	151,303	230,977
Capital Outlay	109,208	0	142,255	163,589	415,052
Debt Service:					
Principal Retirement	0	0	0	235,013	235,013
Interest and Fiscal Charges	0	0	0	133,343	133,343
<i>Total Disbursements</i>	<u>2,823,101</u>	<u>38,727</u>	<u>142,255</u>	<u>1,679,028</u>	<u>4,683,111</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>30,871</u>	<u>15,524</u>	<u>18,044</u>	<u>(450,311)</u>	<u>(385,872)</u>
Other Financing Sources (Uses)					
Proceeds from Sale of Capital Asssts	27,000	0	0	0	27,000
Proceeds from Interfund Activity	0	0	0	43,332	43,332
Proceeds from Sale of Bond Anticipation Notes	100,000	0	0	0	100,000
Advances In	20,003	0	0	20,003	40,006
Advances Out	(20,003)	0	0	(20,003)	(40,006)
Transfers In	0	0	0	501,173	501,173
Transfers Out	(319,608)	0	(50,000)	(131,565)	(501,173)
<i>Total Other Financing Sources (Uses)</i>	<u>(192,608)</u>	<u>0</u>	<u>(50,000)</u>	<u>412,940</u>	<u>170,332</u>
<i>Net Change in Fund Balances</i>	(161,737)	15,524	(31,956)	(37,371)	(215,540)
<i>Fund Balances Beginning of Year</i>	<u>314,348</u>	<u>163,877</u>	<u>209,255</u>	<u>511,817</u>	<u>1,199,297</u>
<i>Fund Balances End of Year</i>	<u>\$152,611</u>	<u>\$179,401</u>	<u>\$177,299</u>	<u>\$474,446</u>	<u>983,757</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.

(11,584)

Change in Net Position of Governmental Activities

(\$227,124)

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, 2015*

	Budgeted Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		
Receipts				
Property and Other Taxes	\$242,460	\$245,414	\$245,414	\$0
Municipal Income Taxes	1,545,000	1,651,246	1,654,716	3,470
Charges for Services	362,176	365,344	365,344	0
Fines, Licenses, and Permits	406,650	372,714	372,714	0
Franchise Fees	60,700	63,769	63,769	0
Intergovernmental	81,652	78,317	78,317	0
Investment Earnings	7,500	6,730	6,730	0
Donations	2,000	2,200	2,200	0
Miscellaneous	99,542	64,675	64,675	0
<i>Total Receipts</i>	<u>2,807,680</u>	<u>2,850,409</u>	<u>2,853,879</u>	<u>3,470</u>
Disbursements				
Current:				
General Government	872,726	860,578	826,657	33,921
General Government - Court	358,895	328,337	319,884	8,453
Security of Persons and Property:				
Police	1,145,369	1,185,087	1,159,271	25,816
Fire	220,857	212,492	196,216	16,276
Public Health Services	4,750	5,981	5,296	685
Community Environment	83,571	85,962	84,669	1,293
Transportation	66,700	66,700	64,436	2,264
Leisure Time Activities	109,552	99,574	79,704	19,870
Capital Outlay	109,016	109,286	109,208	78
<i>Total Disbursements</i>	<u>2,971,436</u>	<u>2,953,997</u>	<u>2,845,341</u>	<u>108,656</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(163,756)</u>	<u>(103,588)</u>	<u>8,538</u>	<u>112,126</u>
Other Financing Sources (Uses)				
Proceeds from Sale of Capital Assets	80,000	27,000	27,000	0
Proceeds from Sale of Bond Anticipation Notes	100,000	100,000	100,000	0
Advances In	40,003	20,003	20,003	0
Advances Out	0	(20,003)	(20,003)	0
Transfers Out	(354,172)	(319,608)	(319,608)	0
<i>Total Other Financing Sources (Uses)</i>	<u>(134,169)</u>	<u>(192,608)</u>	<u>(192,608)</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	(297,925)	(296,196)	(184,070)	112,126
<i>Fund Balance Beginning of Year</i>	293,417	293,417	293,417	0
Prior Year Encumbrances Appropriated	20,400	20,400	20,400	0
<i>Fund Balance End of Year</i>	<u>\$15,892</u>	<u>\$17,621</u>	<u>\$129,747</u>	<u>\$112,126</u>

See accompanying notes to the basic financial statements

Village of the City of Gallipolis, Ohio
*Statement of Receipts, Disbursements, and Changes
in Fund Balance - Budget and Actual (Budget Basis)*
Court Mediation Program Special Revenue Fund
For the Year Ended December 31, 2015

	Budgeted Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		
Receipts				
Fines, Licenses and Permits	\$65,000	\$54,251	\$54,251	\$0
Disbursements				
Current:				
General Government - Court	47,162	46,172	38,727	7,445
<i>Net Change in Fund Balance</i>	17,838	8,079	15,524	7,445
<i>Fund Balance Beginning of Year</i>	162,699	162,699	162,699	0
<i>Prior Year Encumbrances Appropriated</i>	1,178	1,178	1,178	0
<i>Fund Balance End of Year</i>	\$181,715	\$171,956	\$179,401	\$7,445

See accompanying notes to the basic financial statements

Village of the City of Gallipolis, Ohio
Statement of Fund Net Position - Cash Basis
Proprietary Funds
December 31, 2015

	Business-Type Activities			Governmental Activities
	Water Fund	Sewer Fund	Total Enterprise Funds	Internal Service Fund
Assets				
Current Assets:				
Equity in Pooled Cash and Cash Equivalents	\$556,225	\$841,988	\$1,398,213	\$0
Cash in Segregated Accounts	0	0	0	7,197
Investments	43,332	0	43,332	0
<i>Total Assets</i>	<u>\$599,557</u>	<u>\$841,988</u>	<u>\$1,441,545</u>	<u>\$7,197</u>
Net Position				
Unrestricted	<u>\$599,557</u>	<u>\$841,988</u>	<u>1,441,545</u>	<u>\$7,197</u>

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

Net position of business-type activities	<u>4,048</u>
	<u>\$1,445,593</u>

See accompanying notes to the basic financial statements

Village of the City of Gallipolis, Ohio
*Statement of Cash Receipts, Disbursements,
and Changes in Fund Net Position*
Proprietary Funds
For the Year Ended December 31, 2015

	Business-Type Activities			Governmental
	Water Fund	Sewer Fund	Total Enterprise Funds	Internal Service Fund
Operating Receipts				
Charges for Services	\$1,655,428	\$1,521,773	\$3,177,201	\$159,944
Other Operating Receipts	18,386	17,263	35,649	0
<i>Total Operating Receipts</i>	<u>1,673,814</u>	<u>1,539,036</u>	<u>3,212,850</u>	<u>159,944</u>
Operating Disbursements				
Salaries and Benefits	698,279	633,027	1,331,306	0
Contractual Services	388,467	612,475	1,000,942	177,216
Materials and Supplies	105,835	74,335	180,170	0
<i>Total Operating Disbursements</i>	<u>1,192,581</u>	<u>1,319,837</u>	<u>2,512,418</u>	<u>177,216</u>
<i>Operating Income (Loss)</i>	<u>481,233</u>	<u>219,199</u>	<u>700,432</u>	<u>(17,272)</u>
Non-Operating Receipts (Disbursements)				
Capital Outlay	(68,113)	(2,402,291)	(2,470,404)	0
Loan Proceeds	0	2,236,369	2,236,369	0
Capital Grants	182,812	390,972	573,784	0
Customer Deposits Received	9,988	0	9,988	0
Debt Service Principal	(219,830)	(210,445)	(430,275)	0
Interest and Fiscal Charges	(3,956)	(15,964)	(19,920)	0
<i>Total Non Operating Receipts (Disbursements)</i>	<u>(99,099)</u>	<u>(1,359)</u>	<u>(100,458)</u>	<u>0</u>
<i>Change in Net Position</i>	382,134	217,840	599,974	(17,272)
<i>Net Position Beginning of Year</i>	<u>217,423</u>	<u>624,148</u>		<u>24,469</u>
<i>Net Position End of Year</i>	<u>\$599,557</u>	<u>\$841,988</u>		<u>\$7,197</u>

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

Change in net position of business-type activities	<u>(5,688)</u>
	<u>\$594,286</u>

See accompanying notes to the basic financial statements

Village of the City of Gallipolis, Ohio

Statement of Cash Flows - Cash Basis

Proprietary Funds

For the Year Ended December 31, 2015

	Business-Type Activities			Governmental
	Water Fund	Sewer Fund	Total Enterprise Funds	Internal Service Fund
<i>Increase (Decrease) in Cash and Cash Equivalents</i>				
Cash Flows from Operating Activities:				
Cash Received from Customers	\$1,655,428	\$1,521,773	\$3,177,201	\$159,944
Cash Payments for Employee Services and Benefits	(698,279)	(633,027)	(1,331,306)	(177,216)
Cash Payments to Suppliers for Goods and Services	(494,302)	(686,810)	(1,181,112)	0
Other Operating Receipts	18,386	17,263	35,649	0
Customer Deposits Received	9,988	0	9,988	0
<i>Net Cash Provided by (Used for) Operating Activities</i>	<u>491,221</u>	<u>219,199</u>	<u>710,420</u>	<u>(17,272)</u>
Cash Flows from Capital and Related Financing Activities:				
Acquisition of Capital Assets	(68,113)	(2,402,291)	(2,470,404)	0
Loan Proceeds	0	2,236,369	2,236,369	0
Capital Grants	182,812	390,972	573,784	0
Principal Paid on Debt	(219,830)	(210,445)	(430,275)	0
Interest and Fiscal Charges Paid on Debt	(3,956)	(15,964)	(19,920)	0
<i>Net Cash Provided by (Used for) Capital and Related Financing Activities</i>	<u>(109,087)</u>	<u>(1,359)</u>	<u>(110,446)</u>	<u>0</u>
<i>Net Increase (Decrease) in Cash and Cash Equivalents</i>	382,134	217,840	599,974	(17,272)
<i>Cash and Cash Equivalents Beginning of Year</i>	<u>217,423</u>	<u>624,148</u>	<u>841,571</u>	<u>24,469</u>
<i>Cash and Cash Equivalents End of Year</i>	<u><u>\$599,557</u></u>	<u><u>\$841,988</u></u>	<u><u>\$1,441,545</u></u>	<u><u>\$7,197</u></u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:				
<i>Operating Income (Loss)</i>	\$481,233	\$219,199	\$700,432	(\$17,272)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:				
Deposits Received	9,988	0	9,988	0
<i>Net Cash Provided by (Used for) Operating Activities</i>	<u><u>\$491,221</u></u>	<u><u>\$219,199</u></u>	<u><u>\$710,420</u></u>	<u><u>(\$17,272)</u></u>

See accompanying notes to the basic financial statements

Village of the City of Gallipolis, Ohio
Statement of Net Position - Cash Basis
Municipal Court Agency Fund
December 31, 2015

Assets

Cash and Cash Equivalents in Segregated Accounts	<u><u>\$287,622</u></u>
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Net Position

Restricted for Others	<u><u>\$287,622</u></u>
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See accompanying notes to the basic financial statements

Village of the City of Gallipolis, Ohio
Statement of Net Position - Cash Basis
December 31, 2014

	Governmental Activities	Business-Type Activities	Total
Assets			
Equity in Pooled Cash and Cash Equivalents	\$1,199,297	\$841,571	\$2,040,868
Cash in Segregated Accounts	24,469	0	24,469
Internal Balances	(9,736)	9,736	0
<i>Total Assets</i>	<u>\$1,214,030</u>	<u>\$851,307</u>	<u>\$2,065,337</u>
Net Position			
Restricted for:			
Street	\$54,042	\$0	\$54,042
Police	37,686	0	37,686
Fire	98,051	0	98,051
Cemeteries	24,854	0	24,854
Recreation	41,877	0	41,877
Court	536,947	0	536,947
Unclaimed Monies	7,269	0	7,269
Perpetual Care - Nonexpendable	27,442	0	27,442
Other Purposes	19,085	0	19,085
Unrestricted	<u>366,777</u>	<u>851,307</u>	<u>1,218,084</u>
<i>Total Net Position</i>	<u>\$1,214,030</u>	<u>\$851,307</u>	<u>\$2,065,337</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, 2014

	Program Receipts				Net (Disbursements) Receipts and Changes in Net Position		
	Disbursements	Charges for Services	Operating Grants, Contributions and Interest	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities							
General Government	\$1,258,457	\$535,833	\$35,486	\$0	(\$687,138)	\$0	(\$687,138)
General Government - Court	582,438	708,473	63,045	0	189,080	0	189,080
Security of Persons and Property:							
Police	1,176,246	14,308	4,213	0	(1,157,725)	0	(1,157,725)
Fire	654,389	124,889	35,291	0	(494,209)	0	(494,209)
Public Health Services	124,127	34,374	0	0	(89,753)	0	(89,753)
Community Environment	89,585	10,549	105,352	0	26,316	0	26,316
Transportation	327,085	83,538	172,216	0	(71,331)	0	(71,331)
Leisure Time Activities	334,767	57,545	34,107	0	(243,115)	0	(243,115)
Capital Outlay	135,149	0	0	0	(135,149)	0	(135,149)
Debt Service:							
Principal Retirement	279,821	0	0	0	(279,821)	0	(279,821)
Interest and Fiscal Charges	137,073	0	0	0	(137,073)	0	(137,073)
<i>Total Governmental Activities</i>	<u>5,099,137</u>	<u>1,569,509</u>	<u>449,710</u>	<u>0</u>	<u>(3,079,918)</u>	<u>0</u>	<u>(3,079,918)</u>
Business-Type Activities							
Water	1,885,685	1,652,503	0	0	0	(233,182)	(233,182)
Sewer	3,090,985	1,478,965	0	8,014	0	(1,604,006)	(1,604,006)
<i>Total Business-Type Activities</i>	<u>4,976,670</u>	<u>3,131,468</u>	<u>0</u>	<u>8,014</u>	<u>0</u>	<u>(1,837,188)</u>	<u>(1,837,188)</u>
<i>Total</i>	<u>\$10,075,807</u>	<u>\$4,700,977</u>	<u>\$449,710</u>	<u>\$8,014</u>	<u>(3,079,918)</u>	<u>(1,837,188)</u>	<u>(4,917,106)</u>
General Receipts							
Property Taxes Levied for:							
General Purposes					232,831	0	232,831
Fire					118,661	0	118,661
Income Taxes Levied for General Purposes					1,545,007	0	1,545,007
Payments in Lieu of Taxes					99,358	0	99,358
Franchise Fees					72,025	0	72,025
Grants and Entitlements not Restricted to Specific Programs					82,099	0	82,099
Investment Earnings					8,169	0	8,169
Inception of Capital Lease					87,852	0	87,852
Proceeds from Sale of Bond Anticipation Notes					445,000	0	445,000
Donations and Contributions					3,269	0	3,269
Loan Proceeds					0	1,675,676	1,675,676
Miscellaneous					126,554	23,661	150,215
<i>Total General Receipts</i>					<u>2,820,825</u>	<u>1,699,337</u>	<u>4,520,162</u>
Advances					50,000	(50,000)	0
<i>Total General Receipts and Advances</i>					<u>2,870,825</u>	<u>1,649,337</u>	<u>4,520,162</u>
Change in Net Position					(209,093)	(187,851)	(396,944)
<i>Net Position Beginning of Year</i>					<u>1,423,123</u>	<u>1,039,158</u>	<u>2,462,281</u>
<i>Net Position End of Year</i>					<u>\$1,214,030</u>	<u>\$851,307</u>	<u>\$2,065,337</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, 2014

	General	Court Mediation Program	Court Capital Improvement	Other Governmental Funds	Total Governmental Funds
Assets					
Equity in Pooled Cash and Cash Equivalents	\$307,079	\$163,877	\$209,255	\$511,817	\$1,192,028
Restricted Assets:					
Equity in Pooled Cash and Cash Equivalents	7,269	0	0	0	7,269
<i>Total Assets</i>	\$314,348	\$163,877	\$209,255	\$511,817	\$1,199,297
Fund Balances					
Nonspendable	\$7,269	\$0	\$0	\$27,442	\$34,711
Restricted	0	163,877	209,255	439,410	812,542
Committed	0	0	0	44,965	44,965
Assigned	295,305	0	0	0	295,305
Unassigned	11,774	0	0	0	11,774
<i>Total Fund Balances</i>	\$314,348	\$163,877	\$209,255	\$511,817	1,199,297

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

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

14,733

Net Position of Governmental Activities

\$1,214,030

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, 2014

	General	Court Mediation Program	Court Capital Improvement	Other Governmental Funds	Total Governmental Funds
Receipts					
Property and Other Local Taxes	\$232,831	\$0	\$0	\$118,661	\$351,492
Municipal Income Taxes	1,545,007	0	0	0	1,545,007
Permissive Motor Vehicle License Taxes	0	0	0	61,320	61,320
Payment in Lieu of Taxes	0	0	0	99,358	99,358
Charges for Services	400,159	0	0	385,249	785,408
Fines, Licenses, and Permits	378,018	62,463	178,655	103,645	722,781
Franchise Fees	72,025	0	0	0	72,025
Intergovernmental	82,099	0	0	402,669	484,768
Investment Earnings	8,169	0	0	241	8,410
Donations	3,269	0	0	46,800	50,069
Miscellaneous	103,353	681	448	22,072	126,554
<i>Total Receipts</i>	<u>2,824,930</u>	<u>63,144</u>	<u>179,103</u>	<u>1,240,015</u>	<u>4,307,192</u>
Disbursements					
Current:					
General Government	924,404	0	0	319,914	1,244,318
General Government - Court Security of Persons and Property:	344,001	40,230	0	189,828	574,059
Police	1,061,467	0	0	96,818	1,158,285
Fire	206,257	0	0	447,085	653,342
Public Health Services	4,324	0	0	118,756	123,080
Community Environment	79,928	0	0	7,300	87,228
Transportation	64,614	0	0	261,685	326,299
Leisure Time Activities	88,392	0	0	246,155	334,547
Capital Outlay	9,016	0	118,283	7,850	135,149
Debt Service:					
Principal Retirement	0	0	0	279,821	279,821
Interest and Fiscal Charges	0	0	0	137,073	137,073
<i>Total Disbursements</i>	<u>2,782,403</u>	<u>40,230</u>	<u>118,283</u>	<u>2,112,285</u>	<u>5,053,201</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>42,527</u>	<u>22,914</u>	<u>60,820</u>	<u>(872,270)</u>	<u>(746,009)</u>
Other Financing Sources (Uses)					
Inception of Capital Lease	0	0	0	87,852	87,852
Proceeds from Sale of Bond Anticipation Notes	0	0	0	445,000	445,000
Advances In	73,189	0	0	20,000	93,189
Advances Out	(20,000)	0	0	(23,189)	(43,189)
Transfers In	371,088	0	0	552,471	923,559
Transfers Out	(399,617)	0	(50,000)	(473,942)	(923,559)
<i>Total Other Financing Sources (Uses)</i>	<u>24,660</u>	<u>0</u>	<u>(50,000)</u>	<u>608,192</u>	<u>582,852</u>
<i>Net Change in Fund Balances</i>	67,187	22,914	10,820	(264,078)	(163,157)
<i>Fund Balances Beginning of Year</i>	<u>247,161</u>	<u>140,963</u>	<u>198,435</u>	<u>775,895</u>	<u>1,362,454</u>
<i>Fund Balances End of Year</i>	<u>\$314,348</u>	<u>\$163,877</u>	<u>\$209,255</u>	<u>\$511,817</u>	<u>\$1,199,297</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.

(45,936)

Change in Net Position of Governmental Activities

(\$209,093)

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, 2014*

	Budgeted Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		(Under)
Receipts				
Property and Other Taxes	\$234,256	\$233,543	\$232,831	(\$712)
Municipal Income Taxes	1,630,000	1,530,170	1,545,007	14,837
Charges for Services	373,267	401,442	400,159	(1,283)
Fines, Licenses, and Permits	457,750	381,265	378,018	(3,247)
Franchise Fees	70,193	71,693	72,025	332
Intergovernmental	83,390	82,079	82,099	20
Investment Earnings	15,000	8,000	7,638	(362)
Donations	1,950	269	3,269	3,000
Miscellaneous	82,700	115,348	103,353	(11,995)
<i>Total Receipts</i>	<u>2,948,506</u>	<u>2,823,809</u>	<u>2,824,399</u>	<u>590</u>
Disbursements				
Current:				
General Government	917,645	978,701	932,753	45,948
General Government - Court	384,586	379,828	344,106	35,722
Security of Persons and Property:				
Police	1,110,507	1,130,748	1,067,856	62,892
Fire	227,964	233,339	211,550	21,789
Public Health Services	35,104	5,669	4,324	1,345
Community Environment	80,725	83,312	79,957	3,355
Transportation	58,200	64,700	64,614	86
Leisure Time Activities	108,765	105,249	88,627	16,622
Capital Outlay	8,982	9,117	9,016	101
<i>Total Disbursements</i>	<u>2,932,478</u>	<u>2,990,663</u>	<u>2,802,803</u>	<u>187,860</u>
<i>Excess of Receipts Over (Under)</i>				
Disbursements	<u>16,028</u>	<u>(166,854)</u>	<u>21,596</u>	<u>188,450</u>
Other Financing Sources (Uses)				
Proceeds from Sale of Bonds	80,000	0	0	0
Advances In	50,000	73,189	73,189	0
Advances Out	0	(20,000)	(20,000)	0
Transfers In	2,278	371,088	371,088	0
Transfers Out	(390,617)	(399,617)	(399,617)	0
<i>Total Other Financing Sources (Uses)</i>	<u>(258,339)</u>	<u>24,660</u>	<u>24,660</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	<u>(242,311)</u>	<u>(142,194)</u>	<u>46,256</u>	<u>188,450</u>
<i>Fund Balance Beginning of Year</i>	198,152	198,152	198,152	0
Prior Year Encumbrances Appropriated	49,009	49,009	49,009	0
<i>Fund Balance End of Year</i>	<u>\$4,850</u>	<u>\$104,967</u>	<u>\$293,417</u>	<u>\$188,450</u>

See accompanying notes to the basic financial statements

Village of the City of Gallipolis, Ohio
*Statement of Receipts, Disbursements, and Changes
in Fund Balance - Budget and Actual (Budget Basis)*
Court Mediation Program Special Revenue Fund
For the Year Ended December 31, 2014

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget
				Over (Under)
Receipts				
Fines, Licenses and Permits	\$75,000	\$63,265	\$62,463	(\$802)
Miscellaneous	<u>0</u>	<u>681</u>	<u>681</u>	<u>0</u>
<i>Total Receipts</i>	75,000	63,946	63,144	(802)
Disbursements				
Current:				
General Government - Court	<u>47,966</u>	<u>51,175</u>	<u>41,408</u>	<u>9,767</u>
<i>Net Change in Fund Balance</i>	27,034	12,771	21,736	8,965
<i>Fund Balance Beginning of Year</i>	<u>140,963</u>	<u>140,963</u>	<u>140,963</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$167,997</u></u>	<u><u>\$153,734</u></u>	<u><u>\$162,699</u></u>	<u><u>\$8,965</u></u>

See accompanying notes to the basic financial statements

Village of the City of Gallipolis, Ohio
Statement of Fund Net Position - Cash Basis
Proprietary Funds
December 31, 2014

	Business-Type Activities			Governmental Activities
	Water Fund	Sewer Fund	Total Enterprise Funds	Internal Service Fund
Assets				
Current Assets:				
Equity in Pooled Cash and Cash Equivalents	\$217,423	\$624,148	\$841,571	\$0
Cash in Segregated Accounts	<u>0</u>	<u>0</u>	<u>0</u>	<u>24,469</u>
<i>Total Assets</i>	<u><u>\$217,423</u></u>	<u><u>\$624,148</u></u>	<u><u>\$841,571</u></u>	<u><u>\$24,469</u></u>
Net Position				
Unrestricted	<u><u>\$217,423</u></u>	<u><u>\$624,148</u></u>	841,571	<u><u>\$24,469</u></u>

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

Net position of business-type activities	<u>9,736</u>
	<u><u>\$851,307</u></u>

See accompanying notes to the basic financial statements

Village of the City of Gallipolis, Ohio
*Statement of Cash Receipts, Disbursements,
and Changes in Fund Net Position*
Proprietary Funds
For the Year Ended December 31, 2014

	Business-Type Activities			Governmental Activities
	Water Fund	Sewer Fund	Total Enterprise Funds	Internal Service Fund
Operating Receipts				
Charges for Services	\$1,634,711	\$1,478,965	\$3,113,676	\$13,800
Other Operating Receipts	9,883	13,778	23,661	0
<i>Total Operating Receipts</i>	<u>1,644,594</u>	<u>1,492,743</u>	<u>3,137,337</u>	<u>13,800</u>
Operating Disbursements				
Salaries and Benefits	679,081	613,160	1,292,241	0
Contractual Services	332,382	318,212	650,594	86,067
Materials and Supplies	148,988	115,119	264,107	0
<i>Total Operating Disbursements</i>	<u>1,160,451</u>	<u>1,046,491</u>	<u>2,206,942</u>	<u>86,067</u>
<i>Operating Income (Loss)</i>	<u>484,143</u>	<u>446,252</u>	<u>930,395</u>	<u>(72,267)</u>
Non-Operating Receipts (Disbursements)				
Capital Outlay	(265,942)	(1,667,001)	(1,932,943)	0
Loan Proceeds	0	1,675,676	1,675,676	0
Capital Grants	0	8,014	8,014	0
Customer Deposits Received	17,792	0	17,792	0
Customer Deposits Returned	(4,824)	0	(4,824)	0
Debt Service Principal	(422,449)	(342,819)	(765,268)	0
Interest and Fiscal Charges	(18,796)	(21,566)	(40,362)	0
<i>Total Non Operating Receipts (Disbursements)</i>	<u>(694,219)</u>	<u>(347,696)</u>	<u>(1,041,915)</u>	<u>0</u>
<i>Income (Loss) Before Transfers and Advances</i>	<u>(210,076)</u>	<u>98,556</u>	<u>(111,520)</u>	<u>(72,267)</u>
Advances Out	<u>0</u>	<u>(50,000)</u>	<u>(50,000)</u>	<u>0</u>
<i>Change in Net Position</i>	<u>(210,076)</u>	<u>48,556</u>	<u>(161,520)</u>	<u>(72,267)</u>
<i>Net Position Beginning of Year</i>	<u>427,499</u>	<u>575,592</u>		<u>96,736</u>
<i>Net Position End of Year</i>	<u>\$217,423</u>	<u>\$624,148</u>		<u>\$24,469</u>

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

Change in net position of business-type activities	<u>(26,331)</u>
	<u>(\$187,851)</u>

See accompanying notes to the basic financial statements

Village of the City of Gallipolis, Ohio

Statement of Cash Flows - Cash Basis

Proprietary Funds

For the Year Ended December 31, 2014

	Business-Type Activities			Governmental
	Water Fund	Sewer Fund	Total Enterprise Funds	Internal Service Fund
<i>Increase (Decrease) in Cash and Cash Equivalents</i>				
Cash Flows from Operating Activities:				
Cash Received from Customers	\$1,634,711	\$1,478,965	\$3,113,676	\$13,800
Cash Payments for Employee Services and Benefits	(679,081)	(613,160)	(1,292,241)	(86,067)
Cash Payments to Suppliers for Goods and Services	(481,370)	(433,331)	(914,701)	0
Other Operating Receipts	9,883	13,778	23,661	0
Customer Deposits Received	17,792	0	17,792	0
Customer Deposits Returned	(4,824)	0	(4,824)	0
<i>Net Cash Provided by (Used for) Operating Activities</i>	<u>497,111</u>	<u>446,252</u>	<u>943,363</u>	<u>(72,267)</u>
Cash Flows from Noncapital Financing Activities:				
Advances To Other Funds	0	(50,000)	(50,000)	0
<i>Net Cash Used for Noncapital Activities</i>	<u>0</u>	<u>(50,000)</u>	<u>(50,000)</u>	<u>0</u>
Cash Flows from Capital and Related Financing Activities:				
Acquisition of Capital Assets	(265,942)	(1,667,001)	(1,932,943)	0
Loan Proceeds	0	1,675,676	1,675,676	0
Capital Grants	0	8,014	8,014	0
Principal Paid on Debt	(422,449)	(342,819)	(765,268)	0
Interest and Fiscal Charges Paid on Debt	(18,796)	(21,566)	(40,362)	0
<i>Net Cash Provided by (Used for) Capital and Related Financing Activities</i>	<u>(707,187)</u>	<u>(347,696)</u>	<u>(1,054,883)</u>	<u>0</u>
<i>Net Increase (Decrease) in Cash and Cash Equivalents</i>	(210,076)	48,556	(161,520)	(72,267)
<i>Cash and Cash Equivalents Beginning of Year</i>	<u>427,499</u>	<u>575,592</u>	<u>1,003,091</u>	<u>96,736</u>
<i>Cash and Cash Equivalents End of Year</i>	<u>\$217,423</u>	<u>\$624,148</u>	<u>\$841,571</u>	<u>\$24,469</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:				
<i>Operating Income (Loss)</i>	\$484,143	\$446,252	\$930,395	(\$72,267)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:				
Deposits Received	17,792	0	17,792	0
Deposits Returned	(4,824)	0	(4,824)	0
<i>Net Cash Provided by (Used for) Operating Activities</i>	<u>\$497,111</u>	<u>\$446,252</u>	<u>\$943,363</u>	<u>(\$72,267)</u>

See accompanying notes to the basic financial statements

Village of the City of Gallipolis, Ohio
Statement of Net Position - Cash Basis
Municipal Court Agency Fund
December 31, 2014

Assets

Cash and Cash Equivalents in Segregated Accounts	<u><u>\$291,249</u></u>
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Net Position

Restricted for Others	<u><u>\$291,249</u></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 Year Ended December 31, 2015 and 2014

Note 1 - Description of the Village and the Reporting Entity

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

Reporting Entity

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

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

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

Note 2 - Summary of Significant Accounting Policies

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

A. Basis of Presentation

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

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

Village of the City of Gallipolis, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2015 and 2014

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

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

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

B. Fund Accounting

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

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

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

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

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

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

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

Village of the City of Gallipolis, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2015 and 2014

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

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

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

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

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

C. Basis of Accounting

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

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

D. Budgetary Process

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

Village of the City of Gallipolis, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2015 and 2014

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

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

E. Cash and Cash Equivalents

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

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

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

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 2015 amounted to \$6,823, which includes \$6,395 assigned from other Village funds. Interest receipts credited to the General Fund during 2014 amounted to \$8,169, which includes \$6,913 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.

Village of the City of Gallipolis, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2015 and 2014

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 10 and 11, the employer contributions include portions for pension benefits and for postretirement health care benefits.

L. Long-Term Obligations

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

M. Net Position

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

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

N. Fund Balance

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

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

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

Committed The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by a formal action (resolution) of the Village Commissioners.

Village of the City of Gallipolis, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2015 and 2014

Those committed amounts cannot be used for any other purpose unless the Commission removes or changes the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

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

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

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

O. Interfund Transactions

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

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 as follows:

1. Outstanding year end encumbrances are treated as expenditures (budgetary basis) rather than restricted, committed, or assigned fund balance (cash basis).
2. Unreported interest is reported on the statement of modified receipts, disbursements, and changes in fund balances (cash basis), but not on the budgetary basis.

Village of the City of Gallipolis, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2015 and 2014

Adjustments necessary to convert the results of operations at the end of the year 2015 on the budget basis to the cash basis are as follows:

	General	Court Mediation Program
Cash Basis	(\$161,737)	\$15,524
Beginning of Year:		
Unreported Interest	531	0
End of Year:		
Unreported Interest	(624)	0
Encumbrances	(22,240)	0
Budget Basis	(\$184,070)	\$15,524

Adjustments necessary to convert the results of operations at the end of the year 2014 on the budget basis to the cash basis are as follows:

	General	Court Mediation Program
Cash Basis	\$67,187	\$22,914
Unreported Interest	(531)	0
Encumbrances	(20,400)	(1,178)
Budget Basis	\$46,256	\$21,736

Note 4 - Fund Balances

Fund balance is classified as nonspendable, restricted, committed, assigned, and/or unassigned based primarily on the extent to which the Village is bound to observe constraints imposed upon the use of the resources in the government funds.

The constraints placed on fund balance for the major governmental funds and all other governmental funds for 2015 are presented below:

Village of the City of Gallipolis, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2015 and 2014

Fund Balances	General	Court Mediation Program	Court Capital Improvement	Other Governmental	Total
Nonspendable:					
Unclaimed Monies	\$8,379	\$0	\$0	\$0	\$8,379
Cemetery Endowments	0	0	0	27,442	27,442
<i>Total Nonspendable</i>	<u>8,379</u>	<u>0</u>	<u>0</u>	<u>27,442</u>	<u>35,821</u>
Restricted for:					
Street Improvements	0	0	0	53,054	53,054
Fire Protection	0	0	0	69,904	69,904
Law Enforcement	0	0	0	45,354	45,354
Cemeteries	0	0	0	27,851	27,851
Recreation	0	0	0	47,803	47,803
Court Operations	0	179,401	0	159,419	338,820
Court Improvements	0	0	177,299	0	177,299
Other Purposes	0	0	0	5,136	5,136
<i>Total Restricted</i>	<u>0</u>	<u>179,401</u>	<u>177,299</u>	<u>408,521</u>	<u>765,221</u>
Committed for:					
Recreation	0	0	0	3,702	3,702
Sanitation	0	0	0	24,595	24,595
Community Environment	0	0	0	10,186	10,186
<i>Total Committed</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>38,483</u>	<u>38,483</u>
Assigned to:					
Year 2016 Appropriations	112,878	0	0	0	112,878
Purchases on Order	22,240	0	0	0	22,240
<i>Total Assigned</i>	<u>135,118</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>135,118</u>
Unassigned:	9,114	0	0	0	9,114
<i>Total Fund Balances</i>	<u>\$152,611</u>	<u>\$179,401</u>	<u>\$177,299</u>	<u>\$474,446</u>	<u>\$983,757</u>

The constraints placed on fund balance for the major governmental funds and all other governmental funds for 2014 are presented below:

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Fund Balances	General	Court Mediation Program	Court Capital Improvement	Other Governmental	Total
Nonspendable:					
Unclaimed Monies	\$7,269	\$0	\$0	\$0	\$7,269
Cemetery Endowments	0	0	0	27,442	27,442
<i>Total Nonspendable</i>	<u>7,269</u>	<u>0</u>	<u>0</u>	<u>27,442</u>	<u>34,711</u>
Restricted for:					
Street Improvements	0	0	0	54,042	54,042
Fire Protection	0	0	0	98,051	98,051
Law Enforcement	0	0	0	37,686	37,686
Cemeteries	0	0	0	24,854	24,854
Recreation	0	0	0	41,877	41,877
Court Operations	0	163,877	0	163,815	327,692
Court Improvements	0	0	209,255	0	209,255
Other Purposes	0	0	0	19,085	19,085
<i>Total Restricted</i>	<u>0</u>	<u>163,877</u>	<u>209,255</u>	<u>439,410</u>	<u>812,542</u>
Committed for:					
Recreation	0	0	0	8,131	8,131
Sanitation	0	0	0	26,289	26,289
Community Environment	0	0	0	10,545	10,545
<i>Total Committed</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>44,965</u>	<u>44,965</u>
Assigned to:					
Year 2015 Appropriations	274,905	0	0	0	274,905
Purchases on Order	20,400	0	0	0	20,400
<i>Total Assigned</i>	<u>295,305</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>295,305</u>
Unassigned:	11,774	0	0	0	11,774
<i>Total Fund Balances</i>	<u>\$314,348</u>	<u>\$163,877</u>	<u>\$209,255</u>	<u>\$511,817</u>	<u>\$1,199,297</u>

Note 5 - 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.

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

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

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

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

Deposits Custodial credit risk for deposits is the risk that in the event of bank failure, the Village will not be able to recover deposits or collateral securities that are in the possession of an outside party. At December 31, 2015, \$2,320,013 of the Village's bank balance of \$2,820,019 was exposed to custodial credit risk because it was uninsured and uncollateralized. At December 31, 2014, \$1,972,026 of the Village's bank balance of \$2,472,032 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.

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

Note 6 - 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 7 - Property Taxes

Property taxes include amounts levied against all real and public utility property located in the Village. Property tax revenue received during 2015 for real and public utility property taxes represents collections of 2014 taxes. Likewise, property tax revenue received during 2014 for real and public utility property taxes represents collections of 2013 taxes.

2015 real property taxes were levied after October 1, 2015, on the assessed value as of January 1, 2015, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2015 real property taxes are collected in and intended to finance 2016. 2014 real property taxes were assessed and levied in like manner.

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

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2015 public utility property taxes which became a lien December 31, 2014, are levied after October 1, 2015, and are collected in 2016 with real property taxes. 2014 public utility property taxes were treated in like manner.

The full tax rate for all Village operations for the year ended December 31, 2015, was \$3.90 per \$1,000 of assessed value. The assessed values of real property and public utility tangible property upon which 2015 property tax receipts were based are as follows:

Real Property:	
Residential and Agricultural	\$41,276,420
Commercial/Industrial/Mineral	32,539,750
Public Utility Personal Property	3,658,300
Other	223,817
Total Assessed Value	<u><u>\$77,698,287</u></u>

Village of the City of Gallipolis, Ohio
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The full tax rate for all Village operations for the year ended December 31, 2014, was \$3.90 per \$1,000 of assessed value. The assessed values of real property and public utility tangible property upon which 2014 property tax receipts were based are as follows:

Real Property:	
Residential and Agricultural	\$40,938,870
Commercial/Industrial/Mineral	31,220,560
Public Utility Personal Property	3,581,670
Other	209,827
Total Assessed Value	\$75,950,927

Note 8 - Interfund Receivables/Payables

A. Transfers

During 2015, the following transfers were made:

Transfer to	Transfer from			Total
	Major Funds			
	General	Court Capital Improvement	Other Nonmajor Governmental	
Other Nonmajor Governmental Funds	\$319,608	\$50,000	\$131,565	\$501,173

During 2014, the following transfers were made:

Transfer to	Transfer from			Total
	Major Funds			
	General	Court Capital Improvement	Other Nonmajor Governmental	
Major Funds:				
General Fund	\$0	\$0	\$371,088	\$371,088
Other Nonmajor Governmental Funds	399,617	50,000	102,854	552,471
Total all Funds	\$399,617	\$50,000	\$473,942	\$923,559

The above mentioned Transfers From/To were used to move receipts from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them; and to use unrestricted receipts collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. Nonroutine transfers from the Court Capital Improvements and other nonmajor governmental funds were in compliance with Ohio Revised Code to either make debt payments or for designated capital projects.

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B. Interfund Balances

For governmental activities, interfund balances at December 31, 2015 and 2014, arise from the provision of cash flow resources from the General Fund, Cemeteries Fund, Court Probation Services Fund, and Court Capital Improvement Fund until the receipt of charges and grant monies by the General and other nonmajor governmental funds. For 2015 and 2014 these were:

	Interfund Receivables	Interfund Payables
Major Funds:		
General Fund	\$20,000	\$8,800
Court Capital Improvement Fund	12,000	0
Other Nonmajor Governmental Funds:		
Court Grant Funds	0	21,191
ODNR Capital Improvement Grant	0	20,000
Court Probation Services Fund	9,191	0
Cemeteries Fund	8,800	0
Total all Funds	\$49,991	\$49,991

Certain interfund receivable/payables of a longer term repayment schedule also exist. The Water Enterprise Fund provided an interfund loan to the CDBG Paving Special Revenue Fund in the amount of \$43,332 in 2015 to provide funding until grant revenue is received. The CDBG Paving Special Revenue Fund will make repayments on the loan and the General Fund will make interest payments.

Note 9 - 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	\$25,983,228	\$1,000
Liability		
Commercial General	\$6,000,000	\$0
Employee Benefits	1,000,000	1,000
Law Enforcement	6,000,000	5,000
Public Entity Management	6,000,000	5,000
Auto		
Liability	\$6,000,000	\$1,000
Medical Payments	5,000	0
Uninsured Motorist	100,000	0

The Real and Personal Property Limit in 2014 was \$25,196,603. All other limits and deductibles were the same. There were no significant reductions in coverage from prior years. Settlements have not exceeded coverage in any of the last three years.

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

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Note 10 - Defined Benefit Pension Plans

A. Ohio Public Employees Retirement System

Plan Description - Village employees, other than full-time police and firefighters, participate in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional pension plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan and the combined plan is a cost-sharing, multiple-employer defined benefit pension plan with defined contribution features. While members (e.g. Village employees) may elect the member-directed plan and the combined plan, substantially all employee members are in OPERS' traditional plan; therefore, the following disclosure focuses on the traditional pension plan.

OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of the traditional plan. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about OPERS' fiduciary net position that may be obtained by visiting <https://www.opers.org/financial/reports.shtml>, by writing to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 800-222-7377.

Senate Bill (SB) 343 was enacted into law with an effective date of January 7, 2013. In the legislation, members were categorized into three groups with varying provisions of the law applicable to each group. The following table provides age and service requirements for retirement and the retirement formula applied to final average salary (FAS) for the three member groups under the traditional plan as per the reduced benefits adopted by SB 343 (see OPERS CAFR referenced above for additional information):

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Group A	Group B	Group C
Eligible to retire prior to January 7, 2013 or five years after January 7, 2013	20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013	Members not in other Groups and members hired on or after January 7, 2013
State and Local	State and Local	State and Local
Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	Formula: 2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35
Public Safety	Public Safety	Public Safety
Age and Service Requirements: Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	Age and Service Requirements: Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	Age and Service Requirements: Age 52 with 25 years of service credit or Age 56 with 15 years of service credit
Law Enforcement	Law Enforcement	Law Enforcement
Age and Service Requirements: Age 52 with 15 years of service credit	Age and Service Requirements: Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	Age and Service Requirements: Age 48 with 25 years of service credit or Age 56 with 15 years of service credit
Public Safety and Law Enforcement	Public Safety and Law Enforcement	Public Safety and Law Enforcement
Formula: 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25	Formula: 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25	Formula: 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25

Final average Salary (FAS) represents the average of the three highest years of earnings over a member's career for Groups A and B. Group C is based on the average of the five highest years of earnings over a member's career.

Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount.

When a benefit recipient has received benefits for 12 months, an annual cost of living adjustment (COLA) is provided. This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. For those retiring prior to January 7, 2013, the COLA will continue to be a 3 percent simple annual COLA. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, the COLA will be based on the average percentage increase in the Consumer Price Index, capped at 3 percent.

Funding Policy - The Ohio Revised Code (ORC) provides statutory authority for member and employer contributions as follows:

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	<u>State and Local</u>	<u>Public Safety</u>	<u>Law Enforcement</u>
2015 Statutory Maximum Contribution Rates			
Employer	14.0%	18.1%	18.1%
Employee	10.0%	*	**
2015 Actual Contribution Rates			
Employer:			
Pension	12.0%	16.1%	16.1%
Post-employment Health Care Benefits	<u>2.0</u>	<u>2.0</u>	<u>2.0</u>
Total Employer	<u>14.0%</u>	<u>18.1%</u>	<u>18.1%</u>
Employee	<u>10.0%</u>	<u>12.0%</u>	<u>13.0%</u>

* This rate is determined by OPERS' Board and has no maximum rate established by ORC.

** This rate is also determined by OPERS' Board, but is limited by ORC to not more than 2 percent greater than the Public Safety rate.

2015 employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The Village's 2014 contribution rate was 12.00 percent, except for those plan members in law enforcement or public safety, for whom the Village's contribution was 18.10 percent of covered payroll. The portion of employer contributions used to fund pension benefits is net of post-employment health care benefits. For 2014, the portion of employer contribution allocated to health care was 2.00 percent for members in the Traditional Plan and the Combined Plan. Employer contribution rates are actuarially determined.

The Village's contractually required contribution was \$234,275 for year 2015. The Village's required contributions for pension obligations to the Traditional Pension and Combined Plans for the year 2014 was \$233,133. The full amount has been contributed for 2014. Contributions to the Member-Directed Plan for 2014 were \$276 made by the Village and \$197 made by the plan members.

Plan Description – Ohio Police & Fire Pension Fund (OPF)

Plan Description - Village full-time police and firefighters participate in Ohio Police and Fire Pension Fund (OPF), a cost-sharing, multiple-employer defined benefit pension plan administered by OPF. OPF 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. OPF issues a publicly available financial report that includes financial information and required supplementary information and detailed information about OPF fiduciary net position. The report that may be obtained by visiting the OPF website at www.op-f.org or by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

Upon attaining a qualifying age with sufficient years of service, a member of OPF may retire and receive a lifetime monthly pension. OPF offers four types of service retirement: normal, service commuted, age/service commuted and actuarially reduced. Each type has different eligibility guidelines and is calculated using the member's average annual salary. The following discussion of the pension formula relates to normal service retirement.

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For members hired after July 1, 2013, the minimum retirement age is 52 for normal service retirement with at least 25 years of service credit. For members hired on or before after July 1, 2013, the minimum retirement age is 48 for normal service retirement with at least 25 years of service credit.

The annual pension benefit for normal service retirement is equal to a percentage of the allowable average annual salary. The percentage equals 2.5 percent for each of the first 20 years of service credit, 2.0 percent for each of the next five years of service credit and 1.5 percent for each year of service credit in excess of 25 years. The maximum pension of 72 percent of the allowable average annual salary is paid after 33 years of service credit.

Under normal service retirement, retired members who are at least 55 years old and have been receiving OPF benefits for at least one year may be eligible for a cost-of-living allowance adjustment. The age 55 provision for receiving a COLA does not apply to those who are receiving a permanent and total disability benefit and statutory survivors.

Members retiring under normal service retirement, with less than 15 years of service credit on July 1, 2013, will receive a COLA equal to either three percent or the percent increase, if any, in the consumer price index (CPI) over the 12-month period ending on September 30 of the immediately preceding year, whichever is less. The COLA amount for members with at least 15 years of service credit as of July 1, 2013 is equal to three percent of their base pension or disability benefit.

Funding Policy - The Ohio Revised Code (ORC) provides statutory authority for member and employer contributions as follows:

	Police	Firefighters
2015 Statutory Maximum Contribution Rates		
Employer	19.50%	24.00%
Employee:		
January 1, 2015 through July 1, 2015	11.50%	11.50%
July 2, 2015 through December 31, 2015	12.25%	12.25%
2015 Actual Contribution Rates		
Employer:		
Pension	19.00%	23.50%
Post-employment Health Care Benefits	0.50	0.50
Total Employer	19.50%	24.00%
Employee:		
January 1, 2015 through July 1, 2015	11.50%	11.50%
July 2, 2015 through December 31, 2015	12.25%	12.25%

From January 1, 2014, thru July 1, 2014, plan members were required to contribute 10.75 percent of their annual covered salary. From July 2, 2014, thru December 31, 2014, plan members were required to contribute 11.50 percent of their annual covered salary. Throughout 2014, employers were required to contribute 19.50 percent and 24.00 percent respectively for police officers and firefighters.

Village of the City of Gallipolis, Ohio
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Employer contribution rates are expressed as a percentage of covered payroll. The Village's contractually required contribution to OPF for police and firefighters pension were \$87,619 and \$7,708 for 2015. The Village's contributions to OP&F for police and firefighters pension were \$88,283 and \$7,502 for the year ended December 31, 2014.

Note 11 - Postemployment Benefits

A. Ohio Public Employees Retirement System

Plan Description - The Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: the traditional plan, a cost-sharing, multiple-employer defined benefit pension plan; the member-directed plan, a defined contribution plan; and the combined plan, a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

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

In order to qualify for postemployment 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 mandate, OPERS to provide health care benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

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

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

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2015 and 2014, state and local employers contributed 14.00 percent of covered payroll. This is the maximum employer contribution rate permitted by the Ohio Revised Code.

Each year, the OPERS retirement board determines the portion of the employer contribution rate that will be set aside for funding postemployment health care benefits. The portion of the employer contribution allocated to health care for members in both the traditional and combined plans was 2.00 percent for 2015 and 2014.

The OPERS retirement board is also authorized to establish rules for the payment of a portion of the health care benefits provided by the retiree or 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 postemployment health care plan.

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The Village's contribution allocated to fund postemployment health care benefits for the years ended December 31, 2015, 2014, and 2013, was \$39,046, \$38,856, and \$19,284 respectively. The full amount has been contributed for 2014 and 2013.

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

B. Police and Fire Pension Fund

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

OPF provides access to postretirement health care coverage for any person who receives or is eligible to receive a monthly service, disability, or statutory survivor benefit, or is a spouse or eligible dependent child of such person. The health care coverage provided by OPF meets the definition of an Other Postemployment Benefit (OPEB) as described in Government Accounting Standards Board (GASB) Statement No. 45.

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

OPF issues a publicly available financial report that includes financial information and required supplementary information for the plan. The report may be obtained by visiting the OPF website at www.op-f.org or by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

Funding Policy - The Ohio Revised Code provides for contribution requirements of the participating employers and of plan members to the OPF defined benefit pension plan. Participating employers are required by the Ohio Revised Code to contribute to the pension plan at rates expressed as a percentage of payroll of active pension plan members, currently 19.5 percent and 24 percent of covered payroll for police and firefighters, respectively. Active members do not make contributions to the OPEB Plan.

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

The Board of Trustees is authorized to allocate a portion of the total employer contribution made to the pension plan to the Section 115 trust and the Section 401(h) account as the employer contribution for retiree health care benefits. For 2015, the employer contribution allocated to the health care plan was .5 percent of covered payroll. The amount of employer contribution allocated to the health care plan each year is subject to the Trustees' primary responsibility to ensure that pension benefits are adequately funded and is limited by the provisions of Sections 115 and 401(h).

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

The Village's contribution to OPF which was allocated to fund postemployment health care benefits for police and firefighters was \$2,306 and \$164 for the year ended December 31, 2015, \$2,323 and \$160 for the year ended December 31, 2014, \$21,220 and \$1,471 for the year ended December 31, 2013. The full amount has been contributed for 2014 and 2013.

Note 12 - Significant Commitments

A. Contractual Commitments

As of December 31, 2015, the Village had contractual purchase commitments in the Sewer Enterprise Fund as follows:

Project	Purchase Commitments	Paid as of 12/31/2015	Remaining on Contract
Waste Water Treatment Plant Upgrades:	\$1,462,805	\$1,357,335	\$105,470
Water Pollution Control Facility Improvements:	7,451,369	3,182,604	4,268,765
	<u>\$8,914,174</u>	<u>\$4,539,939</u>	<u>\$4,374,235</u>

As of December 31, 2014, the Village had contractual purchase commitments in the Sewer Enterprise Fund as follows:

Project	Purchase Commitments	Paid as of 12/31/2014	Remaining on Contract
Waste Water Treatment Plant Upgrades:	\$1,462,805	\$1,343,279	\$119,526
Water Pollution Control Facility Improvements:	7,426,612	984,766	6,441,846
	<u>\$8,889,417</u>	<u>\$2,328,045</u>	<u>\$6,561,372</u>

B. Encumbrances

Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At 2015 year end, the amount of encumbrances expected to be honored upon performance by the vendor in the next year were as follows:

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Governmental Activities:	
General Fund	\$22,240
Court Capital Improvement Fund	3,581
Nonmajor Governmental Funds	19,070
Total Governmental Activities	44,891
Business-Type Activities:	
Water Fund	6,857
Sewer Fund	65,849
Total Business-Type Activities	72,706
Total	\$117,597

At 2014 year end, the amount of encumbrances expected to be honored upon performance by the vendor in the next year were as follows:

Governmental Activities:	
General Fund	\$20,400
Court Mediation Program Fund	1,178
Court Capital Improvement Fund	3,621
Nonmajor Governmental Funds	25,239
Total Governmental Activities	50,438
Business-Type Activities:	
Water Fund	22,116
Sewer Fund	50,036
Total Business-Type Activities	72,152
Total	\$122,590

Note 13 - Capital Leases

In the current and prior years, the Village entered into agreements to lease equipment and vehicles. Such agreements are, in substance, lease purchases and are reflected as capital lease obligations. Principal payments for all capital leases during 2015 totaled \$95,075. Principal payments for all capital leases during 2014 totaled \$77,634.

Future minimum lease payments through 2020 are as follows:

Year	Governmental Activities		Business-Type Activities		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2016	\$75,555	\$5,941	\$24,678	\$2,139	\$100,233	\$8,080
2017	53,553	2,978	16,068	1,150	69,621	4,128
2018	31,298	1,619	14,635	656	45,933	2,275
2019	30,380	724	13,812	210	44,192	934
2020	7,356	116	0	0	7,356	116
	\$198,142	\$11,378	\$69,193	\$4,155	\$267,335	\$15,533

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Note 14 - Long-Term Obligations

Changes in long-term obligations of the Village during 2015 were as follows:

	Principal Outstanding 12/31/14	Additions	Deductions	Principal Outstanding 12/31/15	Amounts Due in One Year
Governmental Activities:					
Loans:					
2005 Ameresco Energy Conservation Improvements Loan - 3.89%	\$67,268	0	\$67,268	\$0	\$0
Bond Anticipation Notes:					
2014 Fire Equipment - 6.00%	433,736	0	23,151	410,585	24,006
2002 Pumper/Tanker - 4.48%	52,514	0	19,520	32,994	20,413
2015 Parking Lot - 2.15%	0	100,000	0	100,000	100,000
Total Bond Anticipation Notes	486,250	100,000	42,671	543,579	144,419
General Obligation Bonds:					
2002 Fire Station - 4.99%	440,564	0	17,733	422,831	18,629
2011 Various Purpose - 3.91%	2,108,911	0	89,389	2,019,522	92,919
2013 Street Improvement - 3.55%	319,111	0	17,952	301,159	18,595
Total General Obligation Bonds	2,868,586	0	125,074	2,743,512	130,143
Capital Leases	267,866	2,512	72,236	198,142	75,555
Total Governmental Activities	\$3,689,970	\$102,512	\$307,249	\$3,485,233	\$350,117
Business-Type Activities:					
2010 OPWC Spruce Street Water and Sewer Improvements - 0%	\$105,358	\$0	\$4,052	\$101,306	\$4,052
2013 OWDA - Waste Water Treatment Plant - 1.00%	1,321,957	14,056	42,237	1,293,776	35,026
2013 OWDA - Water Pollution Control Facility - 1.00%	483,031	2,222,313	0	2,705,344	0
2005 Ameresco Energy Conservation Improvements Loan - 3.89%	383,986	0	383,986	0	0
Total Loans	2,294,332	2,236,369	430,275	4,100,426	39,078
Capital Leases	87,008	5,024	22,839	69,193	24,678
Total Business-Type Activities	\$2,381,340	\$2,241,393	\$453,114	\$4,169,619	\$63,756

Village of the City of Gallipolis, Ohio
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Changes in long-term obligations of the Village during 2014 were as follows:

	Principal Outstanding 12/31/13	Additions	Deductions	Principal Outstanding 12/31/14	Amounts Due in One Year
Governmental Activities:					
Loans:					
2005 Ameresco Energy Conservation Improvements Loan - 3.89%	\$196,952	0	\$129,684	\$67,268	\$67,268
Bond Anticipation Notes:					
2014 Fire Equipment - 6.00%	0	445,000	11,264	433,736	23,151
2002 Pumper/Tanker - 4.48%	71,181	0	18,667	52,514	19,520
Total Bond Anticipation Notes	71,181	445,000	29,931	486,250	42,671
General Obligation Bonds:					
2002 Fire Station - 4.99%	457,444	0	16,880	440,564	17,733
2011 Various Purpose - 3.91%	2,194,905	0	85,994	2,108,911	89,389
2013 Street Improvement - 3.55%	336,443	0	17,332	319,111	17,952
Total General Obligation Bonds	2,988,792	0	120,206	2,868,586	125,074
Capital Leases	235,700	87,852	55,686	267,866	72,236
Total Governmental Activities	\$3,492,625	\$532,852	\$335,507	\$3,689,970	\$307,249
Business-Type Activities:					
2010 OPWC Spruce Street Water and Sewer Improvements - 0%	\$109,410	\$0	\$4,052	\$105,358	\$4,052
2013 OWDA - Waste Water Treatment Plant - 1.00%	150,273	1,192,645	20,961	1,321,957	42,237
2013 OWDA - Water Pollution Control Facility - 1.00%	0	483,031	0	483,031	0
2005 Ameresco Energy Conservation Improvements Loan - 3.89%	1,124,241	0	740,255	383,986	383,986
Total Loans	1,383,924	1,675,676	765,268	2,294,332	430,275
Capital Leases	108,956	0	21,948	87,008	22,839
Total Business-Type Activities	\$1,492,880	\$1,675,676	\$787,216	\$2,381,340	\$453,114

The Ameresco Energy Conservation Improvements Loan, originally obtained on September 22, 2005, was used for a Village-wide energy conservation improvement project. The project included the replacement or improvement of the Village's street lights, swimming pool, sewer plant, water plant, parks, and riverbank. The loan activity is reflected in the General Fund, the Fire Levy Special Revenue Fund, and the Water and Sewer Enterprise Funds. This loan was paid off in 2015.

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. The bond anticipation notes will be retired from property tax receipts in the Fire Levy Special Revenue Fund.

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Principal and interest requirements to retire the bond anticipation note outstanding at December 31, 2015, are as follows:

Year Ended December 31,	Principal	Interest	Total
2016	\$20,413	\$1,271	\$21,684
2017	12,581	283	12,864
	<u>\$32,994</u>	<u>\$1,554</u>	<u>\$34,548</u>

The Fire Equipment Bond Anticipation Notes, originally issued on March 15, 2014, in the amount of \$445,000, represents amounts borrowed for the purchase of fire equipment and specifically, a pumper truck and a brush truck. The notes will be retired from property tax receipts in the Fire Levy Special Revenue Fund.

Principal and interest requirements to retire the Fire Equipment Bond Anticipation Notes outstanding at December 31, 2015, are as follows:

Year Ended December 31,	Principal	Interest	Total
2016	\$24,006	\$14,810	\$38,816
2017	24,892	13,923	38,816
2018	25,812	13,004	38,816
2019	26,765	12,050	38,815
2020	27,754	11,062	38,816
2021 - 2025	154,924	39,155	194,079
2026 - 2029	126,432	9,423	135,855
	<u>\$410,585</u>	<u>\$113,427</u>	<u>\$524,013</u>

The Parking Lot Bond Anticipation Notes, originally issued on March 30, 2015, in the amount of \$100,000, represents amounts borrowed for the purchase of property and the improvements to the property for the use as a parking lot. The notes are due in full on March 31, 2016.

Riverfront Access Improvement Bond Anticipations Notes, in the amount of \$200,000, are available to the Village. The Village has not received any funds from these notes; however, the funds can be made available at the Village's discretion.

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, 2015, are as follows:

Village of the City of Gallipolis, Ohio
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For the Year Ended December 31, 2015 and 2014

Year Ended December 31,	Principal	Interest	Total
2016	\$18,629	\$20,870	\$39,499
2017	19,570	19,929	39,499
2018	20,558	18,940	39,498
2019	21,597	17,901	39,498
2020	22,688	16,810	39,498
2021 - 2025	131,839	65,654	197,493
2026 - 2030	168,682	28,810	197,492
2031	19,268	481	19,749
	<u>\$422,831</u>	<u>\$189,395</u>	<u>\$612,226</u>

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

Principal and interest requirements to retire the Various Purpose Bonds outstanding at December 31, 2015, are as follows:

Year Ended December 31,	Principal	Interest	Total
2016	\$92,919	\$78,064	\$170,983
2017	96,587	74,395	170,982
2018	100,401	70,582	170,983
2019	104,365	66,618	170,983
2020	108,486	62,497	170,983
2021 - 2025	610,161	244,751	854,912
2026 - 2030	740,507	114,405	854,912
2031	166,096	4,886	170,982
	<u>\$2,019,522</u>	<u>\$716,198</u>	<u>\$2,735,720</u>

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

Principal and interest requirements to retire the Street Improvement Bonds outstanding at December 31, 2015, are as follows:

Village of the City of Gallipolis, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2015 and 2014

Year Ended December 31,	Principal	Interest	Total
2016	\$18,595	\$10,528	\$29,123
2017	19,261	9,862	29,123
2018	19,951	9,172	29,123
2019	20,666	8,457	29,123
2020	21,406	7,717	29,123
2021 - 2025	119,093	26,521	145,614
2026 - 2028	82,187	5,181	87,368
	<u>\$301,159</u>	<u>\$77,438</u>	<u>\$378,597</u>

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

Principal requirements to retire the OPWC Spruce Street Water and Sewer Improvement Loan outstanding at December 31, 2015, are as follows:

Year Ended December 31,	Principal
2016	\$4,052
2017	4,053
2018	4,052
2019	4,053
2020	4,052
2021 - 2025	20,261
2026 - 2030	20,261
2031 - 2035	20,261
2036 - 2040	20,261
	<u>\$101,306</u>

The 2013 Ohio Water Development Authority (OWDA) Wastewater Treatment Plant Headworks Loan relates to the engineering and design of improvements to the headworks at the wastewater treatment plant. As of December 31, 2015, this loan has not been fully drawn down and no amortization schedule exists. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

The 2013 Ohio Water Development Authority (OWDA) Water Pollution Control Facility Improvement Loan relates to the planning, design, and construction of upgrades to existing wastewater facilities. As of December 31, 2015, this loan has not been fully drawn down and no amortization schedule exists. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

The Village's overall legal debt margin was \$4,871,229, with an unvoted debt margin of \$986,315 at December 31, 2015. At December 31, 2014, the overall legal debt margin was \$4,620,011, with an unvoted debt margin of \$822,465.

Village of the City of Gallipolis, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2015 and 2014

Note 15 - 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, 2015, will not have a material adverse effect on the Village.

B. Litigation

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

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Dave Yost • Auditor of State

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

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

To the Village Commission:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States *Government Auditing Standards*, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of the City of Gallipolis, Gallia County, Ohio (the Village), as of and for the years ended December 31, 2015 and 2014, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements and have issued our report thereon dated June 21, 2016.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

Compliance and Other Matters

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

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Village's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Village's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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

Dave Yost
Auditor of State
Columbus, Ohio

June 21, 2016



Dave Yost • Auditor of State

VILLAGE OF CITY OF GALLIPOLIS

GALLIA COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
JULY 5, 2016