



Mary Taylor, CPA
Auditor of State

VILLAGE OF GEORGETOWN
BROWN COUNTY

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Mary Taylor, CPA

Auditor of State

Village of Georgetown
Brown County
301 South Main Street
Georgetown, Ohio 45121

To the Village Council:

As you are aware, the Auditor of State's Office (AOS) must modify the *Independent Accountants' Report* we provide on your financial statements due to an interpretation from the American Institute of Certified Public Accountants (AICPA). While AOS does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. Our Report includes an adverse opinion relating to GAAP presentation and measurement requirements, but does not imply the amounts the statements present are misstated under the non-GAAP basis you follow. The AOS report also includes an opinion on the financial statements you prepared using the cash basis and financial statement format the AOS permits.

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

Mary Taylor, CPA
Auditor of State

August 21, 2008

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Village of Georgetown
Brown County
301 South Main Street
Georgetown, Ohio 45121

To the Village Council:

We have audited the accompanying financial statements of the Village of Georgetown, Brown County, Ohio (the Village), as of and for the years ended December 31, 2007 and 2006. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

As described more fully in Note 1, the Village has prepared these financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

Instead of the combined funds the accompanying financial statements present, GAAP require presenting entity wide statements and also presenting the Village's larger (i.e. major) funds separately. While the Village does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to GAAP presentation requirements. The Auditor of State permits, but does not require Villages to reformat their statements. The Village has elected not to follow GAAP statement formatting requirements. The following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2007 and 2006, do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2007 and 2006, or its changes in financial position for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of Village of Georgetown, Brown County, Ohio, as of December 31, 2007 and 2006, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The Village has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 21, 2008, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.



Mary Taylor, CPA
Auditor of State

August 21, 2008

**VILLAGE OF GEORGETOWN
BROWN COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2007**

	<u>Governmental Fund Types</u>				Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Permanent</u>	
Cash Receipts:					
Property and Local Taxes	\$257,452	\$108,965	\$0	\$0	\$366,417
Municipal Income Tax	240,130	196,470	0	0	436,600
Intergovernmental	124,963	206,522	0	0	331,485
Special Assessments	0	2,026	0	0	2,026
Charges for Services	13,550	113,824	0	0	127,374
Fines, Licenses and Permits	90,064	11,882	0	0	101,946
Earnings on Investments	343,812	20,599	0	8,864	373,275
Miscellaneous	25,677	6,050	0	0	31,727
Total Cash Receipts	<u>1,095,648</u>	<u>666,338</u>	<u>0</u>	<u>8,864</u>	<u>1,770,850</u>
Cash Disbursements:					
Current:					
Security of Persons and Property	591,780	97,685	0	0	689,465
Public Health Services	0	33,656	0	0	33,656
Leisure Time Activities	0	13,428	0	0	13,428
Community Environment	11,735	1,903	0	0	13,638
Transportation	0	179,778	0	0	179,778
General Government	199,338	21,393	0	0	220,731
Debt Service:					
Redemption of Principal	21,173	69,740	5,545	0	96,458
Interest and Fiscal Charges	1,302	12,205	1,971	0	15,478
Capital Outlay	101,947	276,233	0	0	378,180
Total Cash Disbursements	<u>927,275</u>	<u>706,021</u>	<u>7,516</u>	<u>0</u>	<u>1,640,812</u>
Total Receipts Over/(Under) Disbursements	<u>168,373</u>	<u>(39,683)</u>	<u>(7,516)</u>	<u>8,864</u>	<u>130,038</u>
Other Financing Receipts:					
Proceeds from Lease	21,021	0	0	0	21,021
Sale of Fixed Assets	10,111	0	0	0	10,111
Transfers-In	0	0	7,516	0	7,516
Total Other Financing Receipts	<u>31,132</u>	<u>0</u>	<u>7,516</u>	<u>0</u>	<u>38,648</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements	199,505	(39,683)	0	8,864	168,686
Fund Cash Balances, January 1	<u>1,458,412</u>	<u>1,473,684</u>	<u>26,722</u>	<u>228,781</u>	<u>3,187,599</u>
Fund Cash Balances, December 31	<u>\$1,657,917</u>	<u>\$1,434,001</u>	<u>\$26,722</u>	<u>\$237,645</u>	<u>\$3,356,285</u>
Reserve for Encumbrances, December 31	<u>\$2,125</u>	<u>\$31,649</u>	<u>\$0</u>	<u>\$0</u>	<u>\$33,774</u>

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

**VILLAGE OF GEORGETOWN
BROWN COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - ALL PROPRIETARY AND FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2007**

	Proprietary Fund Types	Fiduciary Fund Types		Totals (Memorandum Only)
	Enterprise	Private Purpose Trust	Agency	
Operating Cash Receipts:				
Charges for Services	\$5,034,937	\$0	\$0	\$5,034,937
Fines, Licenses and Permits	0	0	0	0
Total Operating Cash Receipts	<u>5,034,937</u>	<u>0</u>	<u>0</u>	<u>5,034,937</u>
Operating Cash Disbursements:				
Personal Services	633,419	0	0	633,419
Employee Fringe Benefits	322,087	0	0	322,087
Contractual Services	3,099,319	0	0	3,099,319
Supplies and Materials	311,277	0	0	311,277
Other	182,368	188	0	182,556
Total Operating Cash Disbursements	<u>4,548,470</u>	<u>188</u>	<u>0</u>	<u>4,548,658</u>
Operating Income/(Loss)	<u>486,467</u>	<u>(188)</u>	<u>0</u>	<u>486,279</u>
Non-Operating Cash Receipts:				
Earnings on Investments	0	300	0	300
Miscellaneous Receipts	896	0	0	896
Other Non-Operating Cash Receipts	0	0	98,760	98,760
Total Non-Operating Cash Receipts	<u>896</u>	<u>300</u>	<u>98,760</u>	<u>99,956</u>
Non-Operating Cash Disbursements:				
Capital Outlay	183,270	0	0	183,270
Redemption of Principal	155,821	0	0	155,821
Interest and Other Fiscal Charges	49,764	0	0	49,764
Other Non-Operating Cash Disbursements	0	0	99,687	99,687
Total Non-Operating Cash Disbursements	<u>388,855</u>	<u>0</u>	<u>99,687</u>	<u>488,542</u>
Excess of Receipts Over/(Under) Disbursements Before Interfund Transfers	98,508	112	(927)	97,693
Transfers-In	86,000	0	0	86,000
Transfers Out	(93,515)	0	0	(93,515)
Net Receipts Over/(Under) Disbursements	90,993	112	(927)	90,178
Fund Cash Balances, January 1	<u>4,292,336</u>	<u>7,932</u>	<u>3,248</u>	<u>4,303,516</u>
Fund Cash Balances, December 31	<u>\$4,383,329</u>	<u>\$8,044</u>	<u>\$2,321</u>	<u>\$4,393,694</u>
Reserve for Encumbrances, December 31	<u>\$43,006</u>	<u>\$0</u>	<u>\$0</u>	<u>\$43,006</u>

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

**VILLAGE OF GEORGETOWN
BROWN COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2006**

	<u>Governmental Fund Types</u>				Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Permanent</u>	
Cash Receipts:					
Property and Local Taxes	\$249,036	\$114,494	\$0	\$0	\$363,530
Municipal Income Tax	241,563	197,642	0	0	439,205
Intergovernmental	270,175	207,857	0	0	478,032
Charges for Services	20,200	133,027	0	0	153,227
Fines, Licenses and Permits	73,846	11,554	0	0	85,400
Earnings on Investments	271,552	37,390	0	5,223	314,165
Miscellaneous	8,076	2,845	0	0	10,921
Total Cash Receipts	<u>1,134,448</u>	<u>704,809</u>	<u>0</u>	<u>5,223</u>	<u>1,844,480</u>
Cash Disbursements:					
Current:					
Security of Persons and Property	547,012	74,150	0	0	621,162
Public Health Services	0	30,150	0	0	30,150
Leisure Time Activities	0	12,991	0	0	12,991
Community Environment	11,995	631	0	0	12,626
Transportation	0	96,496	0	0	96,496
General Government	152,235	94,244	0	0	246,479
Debt Service:					
Redemption of Principal	14,235	67,401	5,219	0	86,855
Interest and Fiscal Charges	767	15,277	2,297	0	18,341
Capital Outlay	50,137	102,801	0	0	152,938
Total Cash Disbursements	<u>776,381</u>	<u>494,141</u>	<u>7,516</u>	<u>0</u>	<u>1,278,038</u>
Total Receipts Over/(Under) Disbursements	<u>358,067</u>	<u>210,668</u>	<u>(7,516)</u>	<u>5,223</u>	<u>566,442</u>
Other Financing Receipts:					
Proceeds from Lease	21,333	0	0	0	21,333
Sale of Fixed Assets	6,711	0	0	0	6,711
Transfers-In	0	0	7,515	0	7,515
Other Financing Sources	0	1,919	0	0	1,919
Total Other Financing Receipts	<u>28,044</u>	<u>1,919</u>	<u>7,515</u>	<u>0</u>	<u>37,478</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements	<u>386,111</u>	<u>212,587</u>	<u>(1)</u>	<u>5,223</u>	<u>603,920</u>
Fund Cash Balances, January 1, restated	<u>1,072,301</u>	<u>1,261,097</u>	<u>26,723</u>	<u>223,558</u>	<u>2,583,679</u>
Fund Cash Balances, December 31	<u>\$1,458,412</u>	<u>\$1,473,684</u>	<u>\$26,722</u>	<u>\$228,781</u>	<u>\$3,187,599</u>
Reserve for Encumbrances, December 31	<u>\$1,298</u>	<u>\$10,581</u>	<u>\$0</u>	<u>\$0</u>	<u>\$11,879</u>

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

**VILLAGE OF GEORGETOWN
BROWN COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - ALL PROPRIETARY AND FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2006**

	Proprietary Fund Types	Fiduciary Fund Types		Totals (Memorandum Only)
	Enterprise	Private Purpose Trust	Agency	
Operating Cash Receipts:				
Charges for Services	\$4,465,879	\$0	\$0	\$4,465,879
Fines, Licenses and Permits	0	0	0	0
Total Operating Cash Receipts	<u>4,465,879</u>	<u>0</u>	<u>0</u>	<u>4,465,879</u>
Operating Cash Disbursements:				
Personal Services	597,426	0	0	597,426
Employee Fringe Benefits	252,743	0	0	252,743
Contractual Services	2,827,924	0	0	2,827,924
Supplies and Materials	308,650	0	0	308,650
Other	101,913	0	0	101,913
Total Operating Cash Disbursements	<u>4,088,656</u>	<u>0</u>	<u>0</u>	<u>4,088,656</u>
Operating Income	<u>377,223</u>	<u>0</u>	<u>0</u>	<u>377,223</u>
Non-Operating Cash Receipts:				
Miscellaneous Receipts	469	0	65	534
Other Non-Operating Cash Receipts	75	0	83,253	83,328
Total Non-Operating Cash Receipts	<u>544</u>	<u>0</u>	<u>83,318</u>	<u>83,862</u>
Non-Operating Cash Disbursements:				
Capital Outlay	26,912	0	0	26,912
Redemption of Principal	161,268	0	0	161,268
Interest and Other Fiscal Charges	54,017	0	0	54,017
Other Non-Operating Cash Disbursements	0	0	81,806	81,806
Total Non-Operating Cash Disbursements	<u>242,197</u>	<u>0</u>	<u>81,806</u>	<u>324,003</u>
Excess of Receipts Over Disbursements Before Interfund Transfers	135,570	0	1,512	137,082
Transfers-In	86,000	0	0	86,000
Transfers Out	(93,515)	0	0	(93,515)
Net Receipts Over Disbursements	128,055	0	1,512	129,567
Fund Cash Balances, January 1, restated	<u>4,164,281</u>	<u>7,932</u>	<u>1,736</u>	<u>4,173,949</u>
Fund Cash Balances, December 31	<u>\$4,292,336</u>	<u>\$7,932</u>	<u>\$3,248</u>	<u>\$4,303,516</u>
Reserve for Encumbrances, December 31	<u>\$156,376</u>	<u>\$0</u>	<u>\$0</u>	<u>\$156,376</u>

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

**VILLAGE OF GEORGETOWN
BROWN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006**

1. Summary of Significant Accounting Policies

A. Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Village of Georgetown, Brown County, Ohio (the Village), as a body corporate and politic. A publicly-elected six-member Council directs the Village. The Village provides water, electric, and sewer utilities, refuse pickup, and fire and police services.

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

B. Accounting Basis

These financial statements follow the accounting basis the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. The Village recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the Auditor of State prescribes or permits.

C. Cash and Investments

The Village funds are deposited in a checking account and certificates of deposit. All deposits are valued at cost.

The Village also has investments in a money market mutual fund and STAR Ohio, which are recorded at share values the mutual funds report. The Village's accounting basis includes investments as assets.

D. Fund Accounting

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

1. General Fund

The General Fund reports all financial resources except those required to be accounted for in another fund.

2. Special Revenue Funds

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

Street Construction, Maintenance and Repair Fund - This fund receives gasoline tax and motor vehicle tax money for constructing, maintaining, and repairing Village streets.

**VILLAGE OF GEORGETOWN
BROWN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

Municipal Income Tax – This fund receives the remaining income tax receipts after cost of collection and distributions of amounts set by Ordinance #999 to the General, Fire, Fire Capital, and Park Funds.

Fire Fund – This fund is used to account for receipts from the Village income tax ordinance, property taxes, and fire contracts. Disbursements are for the purpose of providing fire protection.

3. Debt Service Funds

This fund is used to account for resources the Village accumulates to pay debt.

4. Permanent Funds

Accounts for trust arrangements under which the earnings may be used for the care of a certain lot located at Confidence Cemetery, Georgetown, Ohio. Any remaining monies may be used for the beautification and care of the grounds only and shall not be used for the tombstones or monuments for non-family members. The monies are invested in a certificate of deposit.

5. Enterprise Funds

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

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

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

Electric Fund - This fund receives charges for services from residents to cover electric service costs.

Trash Fund – This fund receives charges for services from residents to cover trash service costs.

6. Fiduciary Funds

Fiduciary funds include private purpose trust funds and agency funds. Trust funds account for assets held under a trust agreement for individuals, private organizations, or other governments which are not available to support the Village's own programs.

The Village's private purpose trust fund accounts for programs that are designed to help the poor.

**VILLAGE OF GEORGETOWN
BROWN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

Agency funds are purely custodial in nature and are used to hold resources for individuals, organizations or other governments. The Village disburses these funds as directed by the individual, organization or other government. The Village's agency funds account for Mayor's Court and unclaimed monies. Mayor's Court monies received for collections on fines imposed from tickets issued by the Village's police protection force. The funds collected, are in part, on behalf of the State of Ohio.

E. Budgetary Process

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

1. Appropriations

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

2. Estimated Resources

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

3. Encumbrances

The Ohio Revised Code requires the Village to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated. The Village did not encumber all commitments required by Ohio law. Management has included audit adjustments in the accompanying budgetary presentations for material items that should have been encumbered.

A summary of 2007 and 2006 budgetary activity appears in Note 3.

F. Property, Plant, and Equipment

The Village records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

G. Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

**VILLAGE OF GEORGETOWN
BROWN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006
(Continued)**

2. Restatement of Fund Cash Balance

A prior period adjustment was made to create a Cemetery Perpetual Care Fund (Special Revenue fund type) and move monies recorded in the Permanent Fund that were collected for cemetery perpetual care. This reclassification had the following effects on fund balance of the Special Revenue and Permanent fund types of the Village as they were previously reported.

	Special Revenue	Permanent
Fund Balances December 31, 2005	\$ 1,181,440	\$ 303,215
Reclassification of Funds	79,657	(79,657)
Adjusted Fund Balance December 31, 2005	\$ 1,261,097	\$ 223,558

3. Equity in Pooled Cash and Investments

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

	<u>2007</u>	<u>2006</u>
Demand deposits	\$80,626	\$14,445
Certificates of deposit	2,021,424	2,021,424
Total deposits	2,102,050	2,035,869
STAR Ohio	700,000	700,000
Goldman Sachs Financial Square Money Market Mutual Fund	4,947,929	4,755,246
Total investments	5,647,929	5,455,246
Total deposits and investments	\$7,749,979	\$7,491,115

Deposits: Deposits are insured by the Federal Depository Insurance Corporation; or collateralized by securities specifically pledged by the financial institution to the Village; or collateralized by the financial institution's public entity deposit pool.

Investments: Investments in STAR Ohio and money market mutual fund are not evidenced by securities that exist in physical or book-entry form. The Village's investment in the Goldman Sachs Financial Square Money Market Mutual Fund is exposed to custodial credit risk in that this investment is uninsured, unregistered and held by the financial institution that is the counterparty that purchases the mutual fund. The mutual funds are not held in the Village's name.

**VILLAGE OF GEORGETOWN
BROWN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006
(Continued)**

4. Budgetary Activity

Budgetary activity for the years ending December 31, 2007 and 2006, follows:

2007 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,096,408	\$1,126,780	\$30,372
Special Revenue	596,496	666,338	69,842
Debt Service	7,520	7,516	(4)
Capital Projects	235,000	0	(235,000)
Enterprise	4,823,303	5,121,833	298,530
Permanent	13,919	8,864	(5,055)
Trust	300	300	0
Total	\$6,772,946	\$6,931,631	\$158,685

2007 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$992,818	\$929,400	\$63,418
Special Revenue	856,533	737,670	118,863
Debt Service	7,520	7,516	4
Capital Projects	235,000	0	235,000
Enterprise	5,320,396	5,073,846	246,550
Permanent	1,000	0	1,000
Trust	10,000	188	9,812
Total	\$7,423,267	\$6,748,620	\$674,647

2006 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$884,664	\$1,162,492	\$277,828
Special Revenue	583,594	706,728	123,134
Debt Service	7,516	7,515	(1)
Enterprise	4,593,900	4,552,423	(41,477)
Permanent	11,919	5,223	(6,696)
Trust	300	0	(300)
Total	\$6,081,893	\$6,434,381	\$352,488

**VILLAGE OF GEORGETOWN
BROWN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006
(Continued)**

4. Budgetary Activity (Continued)

2006 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$908,142	\$777,679	\$130,463
Special Revenue	687,304	504,722	182,582
Debt Service	7,520	7,516	4
Enterprise	5,016,338	4,580,744	435,594
Permanent	10,000	0	10,000
Trust	1,000	0	1,000
Total	\$6,630,304	\$5,870,661	\$759,643

Contrary to Ohio Revised Code Section 5705.41(D), the Village did not obtain prior certification of the Fiscal Officer for all purchases.

5. Property Tax

Real property taxes become a lien on January 1 preceding the October 1 date for which the Council adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. The financial statements include homestead and rollback amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

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

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

6. Local Income Tax

The Village levies a municipal income tax of one-half percent on substantially all earned income arising from employment, residency, or business activities within the Village as well as certain income of residents earned outside of the Village.

Employers within the Village withhold income tax on employee compensation and remit the tax to the Village either monthly or quarterly, as required. Corporations and other individual taxpayers pay estimated taxes quarterly and file a declaration annually.

**VILLAGE OF GEORGETOWN
BROWN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006
(Continued)**

7. Debt

Debt outstanding at December 31, 2007 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Ohio Water Development Authority Loan #1	\$25,990	6.250%
Ohio Water Development Authority Loan #2	605,197	2.000%
Water Mortgage Revenue Bonds	592,100	5.875%
Fire Equipment Bonds	64,630	5.625%
Fire Truck Bond	126,832	3.900%
Firehouse Building Bond	20,000	3.420%
Total	<u>\$1,434,749</u>	

The Ohio Water Development Authority (OWDA) loans relate to a water and sewer lines and plant expansion project that was mandated by the Ohio Environmental Protection Agency. OWDA Loan #1 was originally borrowed in 1970 for a total of \$109,620 for a term of 40 years. OWDA Loan #2 was originally borrowed in 1990 for a total of \$2,597,008 for a term of 20 years. The loans will be repaid in semiannual installments of \$3,758 and \$79,344, respectively. The loans are collateralized by water and sewer receipts. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements. OWDA Loan #1 will be retired from the OWDA Debt Service Fund and OWDA Loan #2 will be retired from the Sewer Fund.

The mortgage revenue bonds were used to expand water lines in 1992. The original bonds were for \$765,000 and were for a water hook up with Brown County Rural Water lines. The bonds are payable over 20 years and are collateralized by future earnings afforded by the system. The bonds will be retired from the Water Fund.

In 2000 the Village issued \$179,906 of Fire Equipment Bonds. The Village issued these bonds to purchase a fire truck for the Fire Department. These bonds are payable over 20 years with semiannual payments that vary as set forth in the amortization schedule. These are general obligations of the Village and are collateralized by tax revenues. The bonds will be retired from the Fire Fund.

In 2003 the Village issued \$196,580 in Fire Truck Bonds. The Village issued these bonds to purchase a fire truck. These bonds are payable over 10 years with semiannual payments that vary as set forth in the amortization schedule. These are general obligations of the Village and are collateralized by the full faith, credit, and revenue of the Village. The bonds will be retired from the Fire Fund.

In 2003 the Village issued \$100,000 in Fire House Building Bonds. The Village issued these bonds to acquire and construct an addition to the Village's existing fire house. These bonds are payable over 5 years with semiannual payments that vary as set forth in the amortization schedule. These are general obligations of the Village. The bonds will be retired from the Fire Fund.

**VILLAGE OF GEORGETOWN
BROWN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006
(Continued)**

7. Debt (Continued)

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

Year ending December 31:	OWDA Loan #1	OWDA Loan #2	Water Mortgage Revenue Bonds	Fire Equipment Bonds	Fire Truck Bonds	Firehouse Building Bonds
2008	\$7,515	\$158,187	\$47,415	\$23,438	\$24,116	\$20,684
2009	7,515	158,187	47,475	23,406	24,116	
2010	7,515	158,187	47,486	23,372	24,116	
2011	7,515	158,187	47,552		24,116	
2012			47,564		24,116	
2013 - 2017			237,867		24,116	
2018 - 2022			238,573			
2023 - 2027			239,372			
2028 - 2030			142,347			
Total	<u>\$30,060</u>	<u>\$632,748</u>	<u>\$1,095,651</u>	<u>\$70,216</u>	<u>\$144,696</u>	<u>\$20,684</u>

8. Master Equipment Lease Purchase Agreements

In the prior audit the Village entered into capital lease for a 2005 Ford F450 Crew Cab with a dump body for the street department. The payments are made from the Income Tax Fund.

During 2006 and 2007, the Village entered into capital leases with Ford Motor Credit Company for a 2006 Ford Crown Victoria Sedan police cruiser and a 2007 Ford Crown Victoria Sedan police cruiser, respectively. Each lease is for three years and payments are made from the General Fund.

Future lease payments are as follows:

Year ending December 31:	2005 Ford F450 with Dump Bed	2006 Ford Crown Victoria Sedan	2007 Ford Crown Victoria Sedan
2008	\$13,343	\$7,570	\$7,473
2009			7,472
Total	<u>\$13,343</u>	<u>\$7,570</u>	<u>\$14,945</u>

9. Lease/Option to Purchase

In 2004, the Village approved to enter into a lease with an option to purchase with Cahall Bros., Inc. for the use of real estate. The lease is for 10 years, with 120 monthly payments of \$3,000, totaling \$360,000. At the end of the 10 year period, the Village has the option to purchase the real estate for an additional \$40,000. Cahall Bros., Inc. agreed to pay for all real estate taxes. The real estate leased is to be used for operation of the various Village departments. Payments are made from the Electric Fund.

**VILLAGE OF GEORGETOWN
BROWN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006
(Continued)**

10. Retirement Systems

The Village's full-time Police Officers belong to the Police and Fire Pension Fund (OP&F). Other employees belong to the Ohio Public Employees Retirement System (OPERS). OP&F and OPERS are cost-sharing, multiple-employer plans. The Ohio Revised Code prescribes these plans' benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2007 and 2006, OP&F participants contributed 10% of their wages. For 2007 and 2006, the Village contributed to OP&F an amount equal to 19.5% of full-time police members' wages. For 2007 and 2006, OPERS members contributed 9.5 and 9%, respectively, of their gross salaries and the Village contributed an amount equaling 13.85 and 13.7%, respectively, of participants' gross salaries. The Village has paid all contributions required through December 31, 2007.

11. Risk Management

The Village has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles and equipment;
- Inland Marine;
- Errors and omissions;
- Umbrella for liability;
- Property and casualty; and
- Public employee dishonesty

The Village also provides health insurance and vision coverage to full-time employees through a private carrier.

12. Related Party Transactions

A Village Council member is the owner of a company from which the Village acquired office supplies during the audit period. The Village paid \$3,186 and \$2,341 in 2007 and 2006, respectively, for the acquisitions. Additionally, another Village Council member is the owner of a company from which the Village had acquired maintenance services from during 2007. The Village paid \$193 for the maintenance services.

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Mary Taylor, CPA

Auditor of State

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

Village of Georgetown
Brown County
301 South Main Street
Georgetown, Ohio 45121

To the Village Council:

We have audited the financial statements of the Village of Georgetown, Brown County, Ohio (the Village), as of and for the years ended December 31, 2007 and 2006, and have issued our report thereon dated August 21, 2008, wherein we noted the Village followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. We also noted the Village uses the Auditor of State's Uniform Accounting Network (UAN) to process its financial transactions. *Government Auditing Standards* considers this service to impair the Auditor of State's independence to audit the Village because the Auditor of State designed, developed, implemented, and, as requested, operates UAN. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control over Financial Reporting

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider significant deficiencies.

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

We consider the following deficiencies described in the accompanying schedule of findings to be significant deficiencies in internal control over financial reporting: 2007-001, 2007-002, and 2007-003.

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

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and accordingly, would not necessarily disclose all significant deficiencies that are also material weaknesses. We believe none of the significant deficiencies described above are material weaknesses.

We also noted certain internal control matters that we reported to the Village's management in a separate letter dated August 21, 2008.

Compliance and Other Matters

As part of reasonably assuring whether the Government's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed instances of noncompliance or other matters that we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2007-001, 2007-002 and 2007-003.

We also noted certain noncompliance or other matters not requiring inclusion in this report that we reported to the Village's management in a separate letter dated August 21, 2008.

The Village's response to the findings identified in our audit are described in the accompanying schedule of findings. We did not audit the Village's response and, accordingly, we express no opinion on it.

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



Mary Taylor, CPA
Auditor of State

August 21, 2008

**VILLAGE OF GEORGETOWN
BROWN COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2007 AND 2006**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2007-001

Finding for Recovery – Repaid Under Audit

Ohio Rev. Code, Section 2949.091(A)(1), states that the court, in which any person is convicted of or pleads guilty to any offense that is not a moving violation, shall impose the sum of fifteen dollars as costs in the case in addition to any other court costs that the court is required by law to impose upon the offender. All such moneys collected during a month shall be transmitted on or before the twentieth day of the following month by the clerk of the court to the treasurer of state and deposited by the treasurer of state into the general revenue fund. The court shall not waive the payment of the additional fifteen dollars court costs, unless the court determines that the offender is indigent and waives the payment of all court costs imposed upon the indigent offender.

Prior to September 26, 2003, the court costs noted above were \$11; however, they were raised to \$15 as a result of House Bill 95. The Mayor's Court was not aware the court costs had increased and did not raise the court fees.

From January 1, 2006 to December 31, 2007, the Mayor's Court had 1026 cases in which it collected and paid to the Treasurer of State of Ohio the \$11 fee. Based on the change House Bill 95 made to Ohio Rev. Code Section 2949.091 (A)(1), the Mayor's Court should have collected an additional \$3,732 that is due to the State of Ohio to be deposited by the Treasurer of State into the General Revenue Fund.

In accordance with the foregoing facts and pursuant to Ohio Rev. Code Section 117.28, a Finding for Recovery for public money due but not collected is hereby issued again the General Fund in the amount of \$3,732 and in favor of the State of Ohio, General Revenue Fund

The finding was paid by the Village of Georgetown from its General Fund on August 19, 2008 by check number 16167 for \$3,732.

FINDING NUMBER 2007-002

Significant Deficiency/ Material Noncompliance

Ohio Admin. Code Section 117-2-02(A) requires public offices to maintain an accounting system and accounting records sufficient to enable the public office to identify, assemble, analyze, classify, record and report its transactions, maintain accountability for the related assets, document compliance with finance-related legal and contractual requirements and prepare financial statements.

The Village ledgers were not maintained accurately with several instances where receipts and disbursements were not posted or classified properly as follows:

- In 2006 tax settlement postings were incorrectly posted between the general and fire fund resulting in a net adjustment of \$35,637;
- In 2006 and 2007 the \$10,000 personal property exemptions received were improperly posted to the wrong line item resulting in a reclassification from taxes to intergovernmental in both the general and fire fund, and for 2007 a net adjustment of \$196 was made between the general and fire fund;

**FINDING NUMBER 2007-002
(Continued)**

- In 2006 and 2007 the Homestead/Rollback monies were posted incorrectly at a net amount and also were not posted to the proper fund per County Auditor settlement sheets. This resulted in fund adjustments between the general and fire fund, in the amount of \$9,907 for 2006 and \$9,898 in 2007;
- In 2007 the personal property replacement was incorrectly posted as taxes as opposed to intergovernmental revenue resulting in reclassification totaling \$2,801 in the general fund and \$7,079 in the fire fund;
- In 2006 and 2007 the Kilowatt Hour Tax was recorded incorrectly as special assessments rather than property and other taxes in the general fund in the amount of \$204,065 and \$210,780, respectively;
- In 2006 and 2007 a transfer of \$7,515, from the sewer operating fund to the OWDA debt service fund was coded as an advance which resulted in a reclassification to a transfer;
- In 2006 and 2007 debt payments (loans and leases) were not correctly classified as to principal payments, interest payments, and capital outlay in the general, fire, income tax, sewer operating, electric operating, and water operating funds resulting in reclassification;
- In 2006 and 2007 Mayor's court fines monies were not recorded into the proper funds (i.e. Enforcement and Education, Indigent Alcohol Treatment, Court Computerization, and Drug Law Enforcement Fund, resulting in fund adjustments;
- In 2006 and 2007 unrecorded liabilities were noted during audit tested and thus posted to reserve for encumbrances in the trash (\$5,105) and electric operating (\$235,467) funds, respectively; and
- In 2006 a month of trash receipts were posted incorrectly to the electric operating fund totaling \$17,073, resulting in a fund adjustment.

As a result of these mispostings, receipts and disbursements for certain line items and fund balances were incorrectly reported on the Annual Report. Significant reclassifications and adjustments were made to individual line items and fund balances on the financial statements. We recommend due care be exercised when posting entries to prevent errors and assist in proper reflection of the Village's financial activity in the annual report.

FINDING NUMBER 2007-003

Significant Deficiency/ Material Noncompliance

Ohio Rev. Code, Section 5705.41(D)(1), prohibits a subdivision or taxing entity from making any contract or ordering any expenditure of money unless a certificate signed by the fiscal officer is attached thereto. The fiscal officer must certify that the amount required to meet any such contract or expenditure has been lawfully appropriated and is in the treasury, or is in the process of collection to the credit of an appropriate fund free from any previous encumbrance.

There are several exceptions to the standard requirement stated above that a fiscal officer's certificate must be obtained prior to a subdivision or taxing authority entering into a contract or order involving the expenditure of money. The main exceptions are: "then and now" certificates, blanket certificates, and super blanket certificates, which are provided for in sections 5705.41(D)(1) and 5705.41(D)(3), respectively, of the Ohio Revised Code.

**FINDING NUMBER 2007-003
(Continued)**

1. "Then and Now" Certificate - If the fiscal officer can certify that both at the time that the contract or order was made ("then"), and at the time that the fiscal officer is completing the certification ("now"), that sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the Village can authorize the drawing of a warrant for the payment of the amount due. The Village has thirty days from the receipt of the "then and now" certificate to approve payment by ordinance or resolution.

Amounts of less than three thousand dollars (\$3,000) may be paid by the fiscal officer without a resolution or ordinance upon completion of the "then and now" certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the Village.

2. Blanket Certificate – Fiscal officers may prepare "blanket" certificates for a certain sum of money not in excess of an amount established by resolution or ordinance adopted by a majority of the members of the legislative authority against any specific line item account over a period not running beyond the end of the current fiscal year. The blanket certificates may, but need not, be limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time for any one particular line item appropriation.
3. Super Blanket Certificate – The Village may also make expenditures and contracts for any amount from a specific line-item appropriation account in a specified fund upon certification of the fiscal officer for most professional services, fuel, oil, food items, and any other specific recurring and reasonably predictable operating expense. This certification is not to extend beyond the current year. More than one super blanket certificate may be outstanding at a particular time for any line item appropriation.

The availability of funds was not certified in 22% of the transactions tested. This represents 21% in 2006 and 22% in 2007 of expenditures tested.

Unless the exceptions noted above are used, prior certification is not only required by statute but is a key control in the disbursement process to assure that purchase commitments receive prior approval. To improve controls over disbursements and to help reduce the possibility of the Village's funds exceeding budgetary spending limitations, we recommend that the Fiscal Officer certify that the funds are or will be available prior to obligation by the Village. When prior certification is not possible, "then and now" certification should be used.

We recommend the Village certify purchases to which section 5705.41(D) applies. The most convenient certification method is to use purchase orders that include the certification language 5705.41(D) requires to authorize disbursements. The Fiscal Officer should sign the certification at the time the Village incurs a commitment, and only when the requirements of 5705.41(D) are satisfied. The Fiscal Officer should post approved purchase commitments to the proper appropriation code, to reduce the available appropriation.

Officials' Response:

The Village has addressed these issues and they have been corrected during 2008.



Mary Taylor, CPA
Auditor of State

VILLAGE OF GEORGETOWN

BROWN 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
SEPTEMBER 16, 2008**