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Certified Public Accountants, A.C.

**VILLAGE OF GEORGETOWN
BROWN COUNTY
Regular Audit
For the Years Ended December 31, 2015 and 2014**

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- Ohio Society of CPAs • West Virginia Society of CPAs • Association of Certified Fraud Examiners •
- Association of Certified Anti - Money Laundering Specialists •



Dave Yost • Auditor of State

Village Council
Village of Georgetown
301 South Main Street
Georgetown, Ohio 45121

We have reviewed the *Independent Auditor's Report* of the Village of Georgetown, Brown County, prepared by Perry & Associates, Certified Public Accountants, A.C., for the audit period January 1, 2014 through December 31, 2015. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost
Auditor of State

November 9, 2016

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VILLAGE OF GEORGETOWN
BROWN COUNTY

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INDEPENDENT AUDITOR'S REPORT

August 25, 2016

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

To the Village Council:

Report on the Financial Statements

We have audited the accompanying financial statements of the cash balances, receipts and disbursements by fund type, and related notes of the **Village of Georgetown**, Brown County, (the Village) as of and for the years ended December 31, 2015 and 2014.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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



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Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 1B of the financial statements, the Village prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements.

Although the effects on the financial statements of the variances between the regulatory accounting basis and GAAP are not reasonably determinable, we presume they are material.

Though the Village does not intend these statements to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. Our opinion on this accounting basis is in the *Opinion on Regulatory Basis of Accounting* paragraph below.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2015 and 2014, or changes in financial position or cash flows thereof for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash balances of the Village of Georgetown, Brown County, as of December 31, 2015 and 2014, and its combined cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 1B.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 25, 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.



Perry and Associates
Certified Public Accountants, A.C.
Marietta, Ohio

**VILLAGE OF GEORGETOWN
BROWN COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2015**

	General	Special Revenue	Debt Service	Permanent	Totals (Memorandum Only)
Cash Receipts					
Property and Other Local Taxes	\$ 245,640	\$ 117,809	\$ -	\$ -	\$ 363,449
Municipal Income Tax	720,066	209,052	-	-	929,118
Intergovernmental	51,814	177,313	-	-	229,127
Charges for Services	53,374	295,574	-	-	348,948
Fines, Licenses and Permits	80,943	8,666	-	-	89,609
Earnings on Investments	26,599	814	-	4,200	31,613
Miscellaneous	10,170	25,993	-	-	36,163
<i>Total Cash Receipts</i>	<u>1,188,606</u>	<u>835,221</u>	<u>-</u>	<u>4,200</u>	<u>2,028,027</u>
Cash Disbursements					
Current:					
Security of Persons and Property	586,138	316,341	-	-	902,479
Public Health Services	8,508	41,880	-	-	50,388
Leisure Time Activities	-	3,925	-	-	3,925
Community Environment	-	7,796	-	-	7,796
Transportation	-	118,367	-	-	118,367
General Government	173,861	52,872	-	-	226,733
Capital Outlay	124,660	633,807	-	-	758,467
Debt Service:					
Principal Retirement	5,297	-	-	-	5,297
Interest and Fiscal Charges	362	-	-	-	362
<i>Total Cash Disbursements</i>	<u>898,826</u>	<u>1,174,988</u>	<u>-</u>	<u>-</u>	<u>2,073,814</u>
<i>Excess of Receipts Over Disbursements</i>	<u>289,780</u>	<u>(339,767)</u>	<u>-</u>	<u>4,200</u>	<u>(45,787)</u>
Other Financing Receipts (Disbursements)					
Sale of Bonds	-	210,000	-	-	210,000
Sale of Capital Assets	261	-	-	-	261
Other Financing Uses	(237)	-	-	-	(237)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>24</u>	<u>210,000</u>	<u>-</u>	<u>-</u>	<u>210,024</u>
<i>Net Change in Fund Cash Balances</i>	<u>289,804</u>	<u>(129,767)</u>	<u>-</u>	<u>4,200</u>	<u>164,237</u>
<i>Fund Cash Balances, January 1</i>	<u>1,327,784</u>	<u>2,160,069</u>	<u>26,722</u>	<u>257,534</u>	<u>3,772,109</u>
Fund Cash Balances, December 31					
Nonspendable	-	-	-	200,000	200,000
Restricted	-	2,030,302	-	61,734	2,092,036
Assigned	-	-	26,722	-	26,722
Unassigned	1,617,588	-	-	-	1,617,588
<i>Fund Cash Balances, December 31</i>	<u>\$ 1,617,588</u>	<u>\$ 2,030,302</u>	<u>\$ 26,722</u>	<u>\$ 261,734</u>	<u>\$ 3,936,346</u>

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

**VILLAGE OF GEORGETOWN
BROWN COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL PROPRIETARY AND FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2015**

	Proprietary Fund Type	Fiduciary Fund Types		Totals
	Enterprise	Agency	Private Purpose Trust	(Memorandum Only)
Operating Cash Receipts				
Charges for Services	\$ 6,499,761	\$ -	\$ -	\$ 6,499,761
Earnings on Investments (trust funds only)	-	-	19	19
<i>Total Operating Cash Receipts</i>	<u>6,499,761</u>	<u>-</u>	<u>19</u>	<u>6,499,780</u>
Operating Cash Disbursements				
Personal Services	777,429	-	-	777,429
Travel Transportation	332,169	-	-	332,169
Contractual Services	3,923,844	-	-	3,923,844
Supplies and Materials	363,898	-	-	363,898
Other	184,929	-	45	184,974
<i>Total Operating Cash Disbursements</i>	<u>5,582,269</u>	<u>-</u>	<u>45</u>	<u>5,582,314</u>
<i>Operating Income (Loss)</i>	<u>917,492</u>	<u>-</u>	<u>(26)</u>	<u>917,466</u>
Non-Operating Receipts (Disbursements)				
Intergovernmental	250,000	-	-	250,000
Miscellaneous Receipts	9,027	5,802	-	14,829
Capital Outlay	(458,235)	-	-	(458,235)
Principal Retirement	(400,125)	-	-	(400,125)
Interest and Other Fiscal Charges	(108,833)	-	-	(108,833)
Non-Operating Receipts	-	72,038	-	72,038
Non-Operating Disbursements	-	(72,038)	-	(72,038)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(708,166)</u>	<u>5,802</u>	<u>-</u>	<u>(702,364)</u>
<i>Income (Loss) before Transfers</i>	209,326	5,802	(26)	215,102
Transfers In	86,000	-	-	86,000
Transfers Out	(86,000)	-	-	(86,000)
<i>Net Change in Fund Cash Balances</i>	209,326	5,802	(26)	215,102
<i>Fund Cash Balances, January 1</i>	<u>7,734,441</u>	<u>1,977</u>	<u>11,465</u>	<u>7,747,883</u>
<i>Fund Cash Balances, December 31</i>	<u>\$ 7,943,767</u>	<u>\$ 7,779</u>	<u>\$ 11,439</u>	<u>\$ 7,962,985</u>

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

VILLAGE OF GEORGETOWN
BROWN COUNTY

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2014**

	General	Special Revenue	Debt Service	Permanent	Totals (Memorandum Only)
Cash Receipts					
Property and Other Local Taxes	\$ 256,643	\$ 108,736	\$ -	\$ -	\$ 365,379
Municipal Income Tax	617,907	179,392	-	-	797,299
Intergovernmental	204,913	176,974	-	-	381,887
Charges for Services	50,000	361,799	-	-	411,799
Fines, Licenses and Permits	68,526	11,039	-	-	79,565
Earnings on Investments	16,574	542	-	4,116	21,232
Miscellaneous	23,000	46,288	-	-	69,288
<i>Total Cash Receipts</i>	<u>1,237,563</u>	<u>884,770</u>	<u>-</u>	<u>4,116</u>	<u>2,126,449</u>
Cash Disbursements					
Current:					
Security of Persons and Property	501,617	255,401	-	-	757,018
Public Health Services	6,776	45,368	-	-	52,144
Leisure Time Activities		2,319	-	-	2,319
Community Environment		3,954	-	-	3,954
Transportation		125,724	-	-	125,724
General Government	133,531	52,619	-	-	186,150
Capital Outlay	46,831	328,784	-	-	375,615
Debt Service:					
Principal Retirement	4,957	30,000	-	-	34,957
Interest and Fiscal Charges	702	1,031	-	-	1,733
<i>Total Cash Disbursements</i>	<u>694,414</u>	<u>845,200</u>	<u>-</u>	<u>-</u>	<u>1,539,614</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>543,149</u>	<u>39,570</u>	<u>-</u>	<u>4,116</u>	<u>586,835</u>
Other Financing Receipts					
Sale of Capital Assets	1,477	-	-	-	1,477
<i>Total Other Financing Receipts</i>	<u>1,477</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,477</u>
<i>Net Change in Fund Cash Balances</i>	544,626	39,570	-	4,116	588,312
<i>Fund Cash Balances, January 1 (Restated, See Note 12)</i>	<u>783,158</u>	<u>2,120,499</u>	<u>26,722</u>	<u>253,418</u>	<u>3,183,797</u>
Fund Cash Balances, December 31					
Nonspendable	-	-	-	200,000	200,000
Restricted	-	2,160,069	26,722	57,534	2,244,325
Unassigned	1,327,784	-	-	-	1,327,784
<i>Fund Cash Balances, December 31</i>	<u>\$ 1,327,784</u>	<u>\$ 2,160,069</u>	<u>\$ 26,722</u>	<u>\$ 257,534</u>	<u>\$ 3,772,109</u>

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

**VILLAGE OF GEORGETOWN
BROWN COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL PROPRIETARY AND FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2014**

	Proprietary Fund Type	Fiduciary Fund Types		Totals
	Enterprise	Agency	Private Purpose Trust	(Memorandum Only)
Operating Cash Receipts				
Charges for Services	\$ 6,422,217	\$ -	\$ -	\$ 6,422,217
Earnings on Investments (trust funds only)	-	-	13	13
<i>Total Operating Cash Receipts</i>	<u>6,422,217</u>	<u>-</u>	<u>13</u>	<u>6,422,230</u>
Operating Cash Disbursements				
Personal Services	810,452	-	-	810,452
Travel Transportation	338,801	-	-	338,801
Contractual Services	4,093,596	-	-	4,093,596
Supplies and Materials	333,185	-	-	333,185
Other	151,076	-	-	151,076
<i>Total Operating Cash Disbursements</i>	<u>5,727,110</u>	<u>-</u>	<u>-</u>	<u>5,727,110</u>
<i>Operating Income</i>	<u>695,107</u>	<u>-</u>	<u>13</u>	<u>695,120</u>
Non-Operating Receipts (Disbursements)				
Intergovernmental	500,000	-	-	500,000
Other Debt Proceeds	2,653,180	-	-	2,653,180
Miscellaneous Receipts	32,169	-	-	32,169
Capital Outlay	(3,238,910)	-	-	(3,238,910)
Principal Retirement	(219,543)	-	-	(219,543)
Interest and Other Fiscal Charges	(95,086)	-	-	(95,086)
Non-Operating Receipts	-	74,349	-	74,349
Non-Operating Disbursements	-	(74,349)	-	(74,349)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(368,190)</u>	<u>-</u>	<u>-</u>	<u>(368,190)</u>
<i>Income before Transfers</i>	326,917	-	13	326,930
Transfers In	86,000	-	-	86,000
Transfers Out	(86,000)	-	-	(86,000)
<i>Net Change in Fund Cash Balances</i>	326,917	-	13	326,930
<i>Fund Cash Balances, January 1 (Restated, See Note 12)</i>	<u>7,407,524</u>	<u>1,977</u>	<u>11,452</u>	<u>7,420,953</u>
<i>Fund Cash Balances, December 31</i>	<u>\$ 7,734,441</u>	<u>\$ 1,977</u>	<u>\$ 11,465</u>	<u>\$ 7,747,883</u>

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

**VILLAGE OF GEORGETOWN
BROWN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014**

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, (the Village) as a body corporate and politic. A publicly-elected six-member Council directs the Village. The Village provides water, sewer and electric utilities, refuse pickup, cemetery operations and police, fire, and emergency medical 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 permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D). This basis is similar to the cash receipts and disbursements accounting basis. The Board 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 financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

C. Deposits and Investments

The Village's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

The Village values certificates of deposit at cost.

D. Fund Accounting

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

1. General Fund

The General Fund accounts for and reports all financial resources not accounted for and recorded in another fund.

2. Special Revenue Funds

These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. 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
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

2. Special Revenue Funds

Municipal Income Tax Fund – This Fund receives the remaining income tax receipts, allocated after cost of collection and distributions set by Ordinance #1150 to the General, Fire, Fire Capital, and Park Funds for constructing and maintenance of roads, streets and alleys.

EMS Fund – This fund receives fees from ambulance runs for operation and upkeep of the Emergency Medical Services operation.

Fire Fund – This fund receives property tax money and contract money from various townships which the Village Fire Department covers for the operation and upkeep of the Fire Department.

3. Debt Service Funds

These funds account for resources the Village accumulates to pay bonded debt.

4. Permanent Funds

These fund accounts for a trust agreement under which the earnings may be used for the care of a certain family lot located in 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 the cost of providing electric service.

Trash Fund – This fund receives charges for services from residents to cover the cost of providing trash collection service.

**VILLAGE OF GEORGETOWN
BROWN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

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 funds account for programs that are designed to help the poor and to benefit a certain individual per the terms of her will.

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, the Village's HRA receipt and disbursement transactions and unclaimed monies. Mayor's Court receives monies from collections of 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 be budgeted annually.

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function, and object level of control and appropriations may not exceed estimated resources. The Village Council must annually approve appropriation measures and subsequent amendments. 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 re-appropriated.

A summary of 2015 and 2014 budgetary activity appears in Note 3.

F. Fund Balance

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

**VILLAGE OF GEORGETOWN
BROWN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Fund Balance (Continued)

1. Nonspendable

The Village classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

2. Restricted

Fund balance is *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.

3. Committed

Council can *commit* amounts via formal action (resolution). The Village must adhere to these commitments unless the Council amends the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

4. Assigned

Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by Village Council or a Village official delegated that authority by resolution, or by State Statute.

5. Unassigned

Unassigned fund balance is the residual classification for the general fund and includes amounts not included 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.

G. 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.

**VILLAGE OF GEORGETOWN
BROWN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. 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.

2. EQUITY IN POOLED DEPOSITS AND INVESTMENTS

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

	2015	2014
Demand Deposits	\$ 10,895,823	\$ 10,516,484
Certificates of Deposit	1,003,508	1,003,508
Total Deposits	\$ 11,899,331	\$ 11,519,992

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

3. BUDGETARY ACTIVITY

Budgetary activity for the years ended December 31, 2015 and 2014 follows:

2015 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 1,010,850	\$ 1,188,867	\$ 178,017
Special Revenue	837,320	1,045,221	207,901
Permanent	4,100	4,200	100
Enterprise	6,785,505	6,844,788	59,283
Fiduciary	-	19	19
Total	\$ 8,637,775	\$ 9,083,095	\$ 445,320

2015 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 1,051,666	\$ 907,306	\$ 144,360
Special Revenue	1,445,039	1,182,367	262,672
Debt Service	26,722	-	26,722
Permanent	57,635	-	57,635
Enterprise	8,435,927	6,693,475	1,742,452
Fiduciary	500	45	455
Total	\$ 11,017,489	\$ 8,783,193	\$ 2,234,296

**VILLAGE OF GEORGETOWN
BROWN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014
(Continued)**

3. BUDGETARY ACTIVITY (Continued)

2014 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 813,800	\$ 1,239,040	\$ 425,240
Special Revenue	1,029,270	884,770	(144,500)
Permanent	100	4,116	4,016
Enterprise	12,156,000	9,693,566	(2,462,434)
Fiduciary	2,500	13	(2,487)
Total	<u>\$ 14,001,670</u>	<u>\$ 11,821,505</u>	<u>\$ (2,180,165)</u>

2014 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 847,961	\$ 695,694	\$ 152,267
Special Revenue	1,171,536	855,945	315,591
Debt Service	475	-	475
Permanent	4,100	-	4,100
Enterprise	13,545,448	9,799,592	3,745,856
Fiduciary	500	-	500
Total	<u>\$ 15,570,020</u>	<u>\$ 11,351,231</u>	<u>\$ 4,218,789</u>

4. 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.

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

5. LOCAL INCOME TAX

The Village levies a municipal income tax of one 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
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014
(Continued)**

6. DEBT

Debt outstanding at December 31, 2015 was as follows:

	Principal	Interest Rate
Water Mortgage Revenue Bonds	\$ 467,217	5.88%
OPWC - CT81M	48,292	0.00%
OPWC - CO07O	491,667	0.00%
OWDA #6086	497,318	1.00%
OWDA #6379	139,083	1.50%
OWDA #6384	6,760,077	1.00%
Fire Truck Acquisition Bond	210,000	2.50%
Total	\$ 8,613,654	

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 38 years and are collateralized by future earnings afforded by the system. The bonds will be retired from the Water Fund.

The Ohio Public Works Commission (OPWC) Loan CT81M relates to WWTP High Flow Management Upgrades. The loan is for \$64,390, with zero percent interest. The Village will repay this loan in semiannual installments of \$1,609.74 over 20 years. Sewer receipts collateralize the loan. The Village has agreed to set utility rates sufficient to cover payment requirements. Payments are made from the Sewer Fund.

The Ohio Public Works Commission (OPWC) loan C0070 relating to the Town Run Pump Station SSO Elimination/WWTP Improvements for \$500,000. The Village will repay the loans in semiannual installments of \$8,333, with zero interest, over 30 years. Sewer receipts collateralize the loan. The Village has agreed to set utility rates sufficient to cover the OPWC loan requirements. Payments are made from the Sewer Fund.

The Ohio Water Development Association (OWDA) Loan #6086 relates to Possum Run Pump Station SSO Elimination. The original loan amount was for \$561,615 with an interest rate of 1.00% and is set to mature on January 1, 2033. Sewer receipts collateralize the loan. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements. As of December 31, 2015, the loan has not been amortized; therefore, the future funding requirements for the retirement of this loan have not been included in the amortization schedule below.

The Ohio Water Development Association (OWDA) Loan #6379 relates to Town Run Pump Station SSO Elimination/WWTP Improvement. Total financed amount is \$144,076. The interest rate on this loan is 1.50% and is set to mature January 1, 2044. Sewer receipts collateralize the loan. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

The Ohio Water Development Association (OWDA) Loan #6384 relates to Town Run WWTP Improvement. The OWDA approved up to \$7,500,431 to the Village for the project. The OWDA has not finalized this loan. The interest rate on this loan is 1.00% and is set to mature January 1, 2034. Sewer receipts collateralize the loan. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements. As of December 31, 2015, \$7,259,301 has been drawn down plus \$13,825 in capitalized interest for a total loan balance of \$7,273,126. As of December 31, 2015, the loan has not been amortized; therefore, the future funding requirements for the retirement of this loan have not been included in the amortization schedule below.

**VILLAGE OF GEORGETOWN
BROWN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014
(Continued)**

6. DEBT (Continued)

In 2015, the Village issued \$210,000 in Fire Truck Acquisition Bonds. The Village issued these bonds to purchase a fire truck for the Fire Department. These bonds are payable over 4 years with annual 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.

The Village paid off the 2010 Fire Tanker Truck Bonds in 2014.

Amortization of the Village's debt principal and interest is scheduled as follows:

Year ending December 31:	Water Mortgage Revenue Bonds	OPWC CT81M	OPWC CO070	OWDA #6379	Fire Truck Acquisition Bonds
2016	\$ 47,549	\$ 3,219	\$ 16,667	\$ 5,982	\$ 50,561
2017	47,668	3,219	16,667	5,982	51,840
2018	47,611	3,219	16,667	5,982	53,135
2019	47,683	3,219	16,667	5,982	54,464
2020	47,673	3,219	16,667	5,982	-
2021-2025	239,072	32,197	83,335	29,910	-
2026-2030	238,470	-	83,335	29,910	-
2031-2035	-	-	83,335	29,910	-
2036-2040	-	-	83,335	29,910	-
2041-2045	-	-	74,992	20,937	-
Total	<u>\$ 715,726</u>	<u>\$ 48,292</u>	<u>\$ 491,667</u>	<u>\$ 170,487</u>	<u>\$ 210,000</u>

7. 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 payment 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 used for operation and supplies storage of the Village's Electric Department. Payments are made from the Electric fund. In 2014, the Village utilized their option to purchase the real estate for \$40,000.

In 2013, the Village entered into a capital lease with Ally Bank for a police cruiser that was not disclosed in the prior audit report. At December 31, 2013, the amount outstanding was \$10,253. The Village made all required payments through 2015 and now owns the cruiser. Payments were made from the General Fund.

8. RETIREMENT SYSTEMS

The Village's certified full-time Police Officers belong to the Ohio 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 plan. The Ohio Revised Code prescribes these plan's benefits, which include postretirement healthcare and survivor and disability benefits.

**VILLAGE OF GEORGETOWN
BROWN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014
(Continued)**

8. RETIREMENT SYSTEMS (Continued)

The Ohio Revised Code also prescribes contribution rates. For January 1, 2014 – June 30, 2014, OP&F participants contributed 10.75% of their wages. For July 1, 2014 – June 30, 2015, OP&F participants contributed 11.5% of their wages. For July 1, 2015 – December 31, 2015, OP&F participants contributed 12.25% of their wages. For 2014 and 2015, the Village contributed to OP&F an amount equal to 19.5% of full time police members' wages. For 2015 and 2014, OPERS members contributed 10.0% of their gross salaries, and the Village contributed an amount equaling 14.0% of participants' gross salaries. The Village has paid all contributions required through December 31, 2015.

9. RISK MANAGEMENT

Commercial Insurance

The Village has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles and equipment;
- Law Enforcement;
- Inland Marine;
- Boiler;
- 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.

10. TRANSFERS

During 2015, the following transfers were made:

	<u>Transfers - In</u>	<u>Transfers - Out</u>
Water Fund	\$ -	\$ (12,000)
Water I & R	12,000	-
Sewer Fund	-	(26,000)
Sewer I & R	26,000	-
Electric Fund	-	(48,000)
Electric I & R	48,000	-
	<u>\$ 86,000</u>	<u>\$ (86,000)</u>

**VILLAGE OF GEORGETOWN
BROWN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014
(Continued)**

10. TRANSFERS (Continued)

During 2014, the following transfers were made:

	<u>Transfers - In</u>	<u>Transfers - Out</u>
Water Fund	\$ -	\$ (12,000)
Water I & R	12,000	-
Sewer Fund	-	(26,000)
Sewer I & R	26,000	-
Electric Fund	-	(48,000)
Electric I & R	48,000	-
	<u>\$ 86,000</u>	<u>\$ (86,000)</u>

During 2015 and 2014, transfers were made from the Water, Sewer and Electric Funds to their corresponding Improvement and Replacement Reserve Funds in accordance with the Village's ordinance #935, #744, and #822, respectively. All transfers were deemed allowable.

11. CONTINGENT LIABILITIES

The Village participates in several state assisted grants that are subject to financial and compliance audits by grantor agencies or their representatives. These audits could lead to a request for reimbursement to the grantor agency for expenditures disallowed under the terms of the grant. The Village believes that disallowed claims, if any, will not have a material adverse effect on the Village's financial condition.

12. RESTATEMENT NOTE

The restatement is due to the fund balance for a trust improperly recorded in the Permanent Fund at December 31, 2013 instead of as a Private Purpose Trust Fund. This activity was recorded as a Private Purpose Trust Fund in 2015 and 2014. The restatement of the Agency Fund was due to a correction of a prior period error. An account was incorrectly recorded as an Agency Fund as of December 31, 2013.

	<u>Permanent Fund</u>	<u>Private Purpose Trust Fund</u>	<u>Agency Fund</u>
Fund Balance at December 31, 2013	\$ 256,926	\$ 7,944	\$ 6,085
Change in Fund Balance	(3,508)	3,508	(4,108)
Adjusted Fund Balance at January 1, 2014	<u>\$ 253,418</u>	<u>\$ 11,452</u>	<u>\$ 1,977</u>



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740.373.0056

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Vienna, WV 26105
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St. Clairsville, OH 43950
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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
REQUIRED BY GOVERNMENT AUDITING STANDARDS**

August 25, 2016

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

To the Village Council:

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 cash balances, receipts and disbursements by fund type of the **Village of Georgetown**, Brown County, (the Village) as of and for the years ended December 31, 2015 and 2014, and the related notes to the financial statements and have issued our report thereon dated August 25, 2016, wherein we noted the Village followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

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 opinion 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. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify certain deficiencies in internal controls, described in the accompanying schedule of audit findings that we consider material weaknesses. We consider findings 2015-001 and 2015-002 to be material weaknesses.



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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 an instance of noncompliance or other matters that we must report under *Government Auditing Standards* as finding 2015-003.

We also noted certain matters not requiring inclusion in this report that we reported to the Village's management in a separate letter dated August 25, 2016.

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.



Perry and Associates
Certified Public Accountants, A.C.
Marietta, Ohio

**VILLAGE OF GEORGETOWN
BROWN COUNTY**

**SCHEDULE OF AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
--

FINDING NUMBER 2015-001

Material Weakness

Posting Receipts, Disbursements, and Fund Balances

Accurate financial reporting is the responsibility of the Fiscal Officer and is essential to ensure information provided to the readers of the financial statements is accurate. Fund balances should be properly classified based on Governmental Accounting Standards Board (GASB) Statement No. 54: *Fund Balance Reporting and Governmental Fund Type Definitions*.

During 2015 and 2014, receipts, disbursements, and fund balances were not always posted or classified correctly. The following errors were noted:

- A State and Local Highway Distribution receipt received from the State of Ohio was improperly recorded in the General Fund instead of the Street Construction, Maintenance and Repair Fund and State Highway Fund in 2014;
- An OPWC grant for \$500,000 was improperly recorded as Debt Proceeds instead of Intergovernmental in 2014;
- An OWDA grant for \$250,000 was improperly recorded as Debt Proceeds instead of Intergovernmental in 2015;
- Fund balance classification for the Parks and Recreation Fund was classified as Committed when it should be restricted;
- Fund balance classification for the Permanent Fund was incorrect in 2015 and 2014;
- Unallowable transfers in the amount of \$57,534 in 2015 and \$4,100 were made from the Robinson Trust Fund (Permanent Fund) to the Cemetery Fund (Special Revenue Fund);
- Funds were improperly held in the Robinson Trust Fund (Permanent Fund) in relation to the donor's wishes that were received by the Village in 1998; the fund balance was moved to a Private Purpose Trust Fund;
- EMS revenues were not recorded in the proper year and were not always recorded in the UAN system in 2015 and 2014; and
- Mayor's Court activity was not recorded in the UAN system in 2015 and 2014.

Not posting receipts and disbursement or classifying fund balances accurately resulted in the financial statements requiring several reclassifications and adjusting entries. The financial statements reflect all reclassifications and adjustments. The Village has made these adjustments to their accounting system

To help ensure accuracy and reliability in the financial reporting process, we recommend that management perform a detailed review of its draft financial statements. Such review should include procedures to ensure that all sources of revenues are properly identified and classified on the financial statements.

We also recommend the Fiscal Officer refer the Ohio Village Handbook or other Auditor of State resources for guidance to determine the proper establishment of receipt and disbursement accounts and posting of receipts and disbursements. The Fiscal Officer should refer to Auditor of State Technical Bulletin 2011-004 for assistance in properly classifying fund balances.

Management's Response – We did not receive a response from officials to this finding.

**VILLAGE OF GEORGETOWN
BROWN COUNTY**

**SCHEDULE OF AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
--

FINDING NUMBER 2015-002

Material Weakness

Billing Service Reconciliations

Starting in 2014, the Village took over the operations of the Georgetown Lifesquad. The EMS billing function is outsourced to a service organization (McKesson). The Village maintains a lockbox account that receives deposits from individuals, insurance companies and Medicare/Medicaid. McKesson receives notification that a payment has been made on the account and posts that to their system.

During the course of the audit, it was determined that McKesson's billing system reflected approximately \$35,000 in receipts that the Village's lockbox account did not reflect in deposits. After review by McKesson, it was discovered that there was an error with the Medicare/Medicaid postings due to bank and address changes when the Village took over the Georgetown Lifesquad. The Village has rectified the error and has received the amount due to them by Medicare/Medicaid.

We recommend the District establish a formal reconciliation for EMS charges for service transactions being billed and collected by the outside service organization. There was no evidence presented for audit that any type of reconciliation was being performed to the billings and receipts reported by the service organization. Due to the Village not reconciling the monthly lockbox account with a report from McKesson, several months of billings were not received in a timely manner by the Village.

Management's Response – We did not receive a response from officials to this finding.

FINDING NUMBER 2015-003

Noncompliance

Ohio Rev. Code § 5705.14 provides, in part, that other than exceptions (A) through (I) noted in the section, no transfer shall be made from one fund of a subdivision to any other fund, by order of the court or otherwise. Furthermore, except in the case of a transfer from the General Fund to any other fund of the subdivision as noted in § 5705.14(E), transfers authorized by this section shall only be made by resolution of the taxing authority passed with the affirmative vote of two-thirds of the members.

Furthermore, Ohio Rev. Code § 5705.15 provides that in addition to the transfers authorized in section 5705.14 of the Revised Code, the taxing authority of any political subdivision may, in the manner provided in this section and section 5705.16 of the Revised Code, transfer from one fund to another any public funds under its supervision, except the proceeds or balances of loans, bond issues, special levies for the payment of loans or bond issues, the proceeds or balances of funds derived from any excise tax levied by law for a specified purpose, and the proceeds or balances of any license fees imposed by law for a specified purpose.

VILLAGE OF GEORGETOWN
BROWN COUNTY

SCHEDULE OF AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)

FINDING NUMBER 2015-003 (Continued)

Noncompliance (Continued)

The Village transferred \$57,534 in 2015 and \$4,100 in 2014 from the Robinson Trust Fund (Permanent Fund) to the Cemetery Fund (Special Revenue Fund). These transfers did not meet any of the above noted exceptions and was not approved by the Village Council, resulting in an unallowable transfer. Adjustments to reverse the transfer are reflected in the financial statements. The Village has also posted an adjustment to their accounting system to reflect this adjustment.

We recommend the Village closely monitor transfers of monies to ensure they meet one of the exceptions noted in Rev. Code § 5705.14.

Management's Response – We did not receive a response from officials to this finding.

**VILLAGE OF GEORGETOWN
BROWN COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2013-001	Posting Receipts, Disbursements and Fund Balances	No	Repeated as Finding 2015-001

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Dave Yost • 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
NOVEMBER 22, 2016