



Certified Public Accountants, A.C.

**VILLAGE OF GEORGETOWN
BROWN COUNTY
Regular Audit
For the Years Ended December 31, 2017 and 2016**

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Dave Yost • Auditor of State

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

We have reviewed the *Independent Auditors' Report* of the Village of Georgetown, Brown County, prepared by Perry & Associates, Certified Public Accountants, A.C., for the audit period January 1, 2016 through December 31, 2017. 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

July 11, 2018

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VILLAGE OF GEORGETOWN
BROWN COUNTY

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INDEPENDENT AUDITOR'S REPORT

June 14, 2018

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 **Village of Georgetown**, Brown County, (the Village) as of and for the years ended December 31, 2017 and 2016.

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 2 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, 2017 and 2016, 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 cash balances, receipts and disbursements by fund type, and related notes of the Village of Georgetown, Brown County as of December 31, 2017 and 2016, 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 2.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 14, 2018, 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 & Associates
Certified Public Accountants, A.C.
Marietta, Ohio

**VILLAGE OF GEORGETOWN
BROWN COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2017**

	General	Special Revenue	Debt Service	Permanent	Totals (Memorandum Only)
Cash Receipts					
Property and Other Local Taxes	\$ 244,161	\$ 148,462	\$ -	\$ -	\$ 392,623
Municipal Income Tax	774,284	266,287	-	-	1,040,571
Intergovernmental	40,077	250,837	-	-	290,914
Charges for Services	50,005	429,358	-	-	479,363
Fines, Licenses and Permits	115,375	11,991	-	-	127,366
Earnings on Investments	53,614	1,971	-	4,223	59,808
Miscellaneous	16,237	174,850	-	-	191,087
<i>Total Cash Receipts</i>	<u>1,293,753</u>	<u>1,283,756</u>	<u>-</u>	<u>4,223</u>	<u>2,581,732</u>
Cash Disbursements					
Current:					
Security of Persons and Property	651,963	356,616	-	-	1,008,579
Public Health Services	10,092	16,043	-	53,668	79,803
Leisure Time Activities	-	2,854	-	-	2,854
Community Environment	-	17,818	-	-	17,818
Transportation	-	95,548	-	-	95,548
General Government	228,182	41,589	-	-	269,771
Capital Outlay	400,057	217,681	-	-	617,738
Debt Service:					
Principal Retirement	-	51,840	-	-	51,840
Interest and Fiscal Charges	-	3,926	-	-	3,926
<i>Total Cash Disbursements</i>	<u>1,290,294</u>	<u>803,915</u>	<u>-</u>	<u>53,668</u>	<u>2,147,877</u>
<i>Excess of Receipts Over Disbursements</i>	<u>3,459</u>	<u>479,841</u>	<u>-</u>	<u>(49,445)</u>	<u>433,855</u>
Other Financing Receipts (Disbursements)					
Transfers In	-	156,550	-	-	156,550
Transfers Out	(156,550)	-	-	-	(156,550)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(156,550)</u>	<u>156,550</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net Change in Fund Cash Balances</i>	<u>(153,091)</u>	<u>636,391</u>	<u>-</u>	<u>(49,445)</u>	<u>433,855</u>
<i>Fund Cash Balances, January 1</i>	<u>1,735,081</u>	<u>2,183,082</u>	<u>26,722</u>	<u>265,885</u>	<u>4,210,770</u>
Fund Cash Balances, December 31					
Nonspendable	8,825	-	-	200,000	208,825
Restricted	-	2,769,496	26,722	16,440	2,812,658
Committed	-	49,977	-	-	49,977
Assigned	157,533	-	-	-	157,533
Unassigned	1,415,632	-	-	-	1,415,632
<i>Fund Cash Balances, December 31</i>	<u>\$ 1,581,990</u>	<u>\$ 2,819,473</u>	<u>\$ 26,722</u>	<u>\$ 216,440</u>	<u>\$ 4,644,625</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 (REGULATORY CASH BASIS)
ALL PROPRIETARY AND FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2017**

	Proprietary Fund Type	Fiduciary Fund Types		Totals
	Enterprise	Agency	Private Purpose Trust	(Memorandum Only)
Operating Cash Receipts				
Charges for Services	\$ 6,253,485	\$ -	\$ -	\$ 6,253,485
Earnings on Investments (trust funds only)	-	-	38	38
<i>Total Operating Cash Receipts</i>	<u>6,253,485</u>	<u>-</u>	<u>38</u>	<u>6,253,523</u>
Operating Cash Disbursements				
Personal Services	849,540	-	-	849,540
Travel Transportation	356,261	-	-	356,261
Contractual Services	3,680,002	-	-	3,680,002
Supplies and Materials	362,828	-	-	362,828
Other	236,950	-	3,623	240,573
<i>Total Operating Cash Disbursements</i>	<u>5,485,581</u>	<u>-</u>	<u>3,623</u>	<u>5,489,204</u>
<i>Operating Income (Loss)</i>	<u>767,904</u>	<u>-</u>	<u>(3,585)</u>	<u>764,319</u>
Non-Operating Receipts (Disbursements)				
Other Debt Proceeds	1,054,615	-	-	1,054,615
Miscellaneous Receipts	21,454	-	-	21,454
Capital Outlay	(1,218,524)	-	-	(1,218,524)
Principal Retirement	(520,853)	-	-	(520,853)
Interest and Other Fiscal Charges	(96,484)	-	-	(96,484)
Non-Operating Receipts	-	131,434	-	131,434
Non-Operating Disbursements	-	(131,434)	-	(131,434)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(759,792)</u>	<u>-</u>	<u>-</u>	<u>(759,792)</u>
<i>Income (Loss) before Transfers</i>	8,112	-	(3,585)	4,527
Transfers In	86,000	-	-	86,000
Transfers Out	(86,000)	-	-	(86,000)
<i>Net Change in Fund Cash Balances</i>	8,112	-	(3,585)	4,527
<i>Fund Cash Balances, January 1</i>	<u>7,897,967</u>	<u>-</u>	<u>11,464</u>	<u>7,909,431</u>
<i>Fund Cash Balances, December 31</i>	<u>\$ 7,906,079</u>	<u>\$ -</u>	<u>\$ 7,879</u>	<u>\$ 7,913,958</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 YEAR ENDED DECEMBER 31, 2017**

Note 1 - Reporting Entity

The Village of Georgetown, Brown County, (the Village) as a body politic and corporate established to exercise rights and privileges conveyed to it by the constitution and laws of the State of Ohio. A publicly-elected six-member Council directs the Village. The Village provides water, sewer and electric utilities, refuse pickup, cemetery and park operations and police, fire, and emergency medical services.

Public Entity Risk Pools

The Village participates in a public entity risk pool. Note 6 to the financial statements provides additional information for this entity.

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

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

The Village's financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types, and a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all proprietary and fiduciary fund types which are organized on a fund type basis.

Fund Accounting

The Village uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Village are presented below:

General Fund The general fund accounts for and reports all financial resources not accounted for and reported in another fund. The general fund balance is available to the Village for any purpose provided it is expended or transferred according to the general laws of Ohio.

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 – The street construction maintenance and repair fund accounts for and reports that portion of the State gasoline tax and motor vehicle tax money for constructing, maintaining, and repairing streets within the Village. This fund also accounts for a percentage of monies collected from the municipal income tax for constructing and maintenance of roads, streets and alleys.

Municipal Income Tax Fund – This fund receives income tax receipts allocated for the cost of collection set by the annual appropriations. Municipal income tax distributions are set by Ordinance to the General, Street, Fire, Fire Capital and Park Funds; with any remaining monies in the income tax fund to be used for construction 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.

**VILLAGE OF GEORGETOWN
BROWN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2017
(Continued)**

Note 2 – Summary of Significant Accounting Policies (Continued)

Fund Accounting (Continued)

Debt Service Funds These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

OWDA Fund – This fund was derived from a debt service restricted for a water/sewer project from a previous fiscal year and carries the remaining balance; but has had no activity.

Permanent Funds These funds account for and report resources that are restricted to the extent that only earnings, and not principal, may be used for purposes that support the reporting government's programs (for the benefit of the government or its citizenry). The Village had the following significant Permanent Fund:

Robinson Cemetery Trust Fund – This 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.

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.

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. 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.

**VILLAGE OF GEORGETOWN
BROWN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2017
(Continued)**

Note 2 – Summary of Significant Accounting Policies (Continued)

Basis of Accounting

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.

Budgetary Process

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

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. Unencumbered appropriations lapse at year end.

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 approve estimated resources.

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.

A summary of 2017 budgetary activity appears in Note 3.

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.

Capital Assets

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

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
FOR THE YEARS ENDED DECEMBER 31, 2017
(Continued)**

Note 2 – Summary of Significant Accounting Policies (Continued)

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:

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

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.

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.

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.

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.

Note 3 – Budgetary Activity

Budgetary activity for the years ending December 31, 2017 follows:

2017 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 1,360,125	\$ 1,293,753	\$ (66,372)
Special Revenue	1,089,770	1,440,306	350,536
Permanent	4,300	4,223	(77)
Enterprise	11,589,500	7,415,554	(4,173,946)
Private Purpose Trust	2,500	38	(2,462)
Total	\$ 14,046,195	\$ 10,153,874	\$ (3,892,321)

**VILLAGE OF GEORGETOWN
BROWN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2017
(Continued)**

Note 3 – Budgetary Activity (Continued)

2017 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 1,993,481	\$ 1,604,378	\$ 389,103
Special Revenue	1,574,650	963,324	611,326
Debt Service	26,772	-	26,772
Permanent	58,515	53,668	4,847
Enterprise	10,245,097	7,820,230	2,424,867
Private Purpose Trust	4,008	3,623	385
Total	\$ 13,902,523	\$ 10,445,223	\$ 3,457,300

Note 4 – Deposits

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

	2017
Demand Deposits	\$ 10,229,692
Certificates of Deposit	1,003,508
Other time deposits (savings and NOW accounts)	1,325,383
Total Deposits	\$ 12,558,583

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

Note 5 – Taxes

Property Taxes

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.

Income Taxes

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.

**VILLAGE OF GEORGETOWN
BROWN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2017
(Continued)**

Note 5 – Taxes (Continued)

Income Taxes (Continued)

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.

Note 6 - Risk Management

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

The Village insures against injuries to employees through the Ohio Bureau of Worker's Compensation.

Beginning with fiscal year 2016, the Village obtained commercial insurance for the below risks through Public Entity Pool of Ohio:

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

Casualty and Property Coverage

APEEP provides PEP with an excess risk-sharing program. Under this arrangement, PEP retains insured risks up to an amount specified in the contracts. At December 31, 2017, PEP retained \$350,000 for casualty claims and \$100,000 for property claims.

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

**VILLAGE OF GEORGETOWN
BROWN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2017
(Continued)**

Note 6 - Risk Management (Continued)

Financial Position

PEP's financial statements (audited by other auditor's) conform with generally accepted accounting principles, and reported the following assets, liabilities and net position at December 31, 2017.

	<u>2017</u>
Assets	\$44,452,326
Liabilities	(13,004,011)
Net Position	\$31,448,315

At December 31, 2017 the liabilities above include approximately \$11.8 million of estimated incurred claims payable. The assets above also include approximately \$11.2 million of unpaid claims to be billed. The Pool's membership increased to 527 members in 2017. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2017, the Village's share of these unpaid claims collectible in future years is approximately \$20,000.

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

<u>2017 Contributions to PEP</u>
\$32,143

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

Note 7 - Transfers

During 2017, the following 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:

	<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, 2017
(Continued)**

Note 7 – Transfers (Continued)

A transfer was also made from the General Fund to the Fire Fund and EMS Fund equally in accordance with the Village’s Ordinance #1187.

	<u>Transfers - In</u>	<u>Transfers - Out</u>
General Fund	\$ -	\$ (156,500)
Fire Fund	78,275	-
EMS Fund	78,275	-
	<u>\$ 156,550</u>	<u>\$ (156,500)</u>

Note 8 - Defined Benefit Pension Plans

Ohio Public Employees Retirement System

All full-time and part-time employees that are not a full-time Police Officer, Firefighter, or EMT belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan’s benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10%, of their gross salaries and the Village contributed an amount equaling 14%, of participants’ gross salaries. The Village has paid all contributions required through December 31, 2017.

Ohio Police and Fire Retirement System

Village’s full-time Police Officers belong to the Police and Fire Pension Fund (OP&F). OP&F is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan’s benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OP&F participants contributed 12.25% of their wages. The Village contributed to OP&F an amount equal to 19.5% of full-time police members’ wages. The Village has paid all contributions required through December 31, 2017.

Social Security

Volunteer Fire Fighters and Emergency Medical Services Village employees contributed to social Security. Elected Officials choosing to opt out of contributing to OPERS also contribute to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2 percent of their gross salaries. The Village contributed an amount equal to 6.2 percent of participants’ gross salaries. The Village has paid all contributions required through December 31, 2017.

Note 9 - Postemployment Benefits

Both OPERS and OP&F offer cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. OPERS contributes 2 percent of the employer contribution to fund these benefits, and OP&F contributes 0.5 percent to fund these benefits.

**VILLAGE OF GEORGETOWN
BROWN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2017
(Continued)**

Note 10 - Debt

Debt outstanding at December 31, 2017 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Water Mortgage Revenue Bonds	\$ 425,718	5.88%
OPWC - CT81M	41,854	0.00%
OPWC - CO07O	458,334	0.00%
OWDA #6086	445,000	1.00%
OWDA #6379	130,400	1.50%
OWDA #6384	6,102,761	1.00%
Fire Truck Acquisition Bond	107,600	2.50%
OWDA #7488	100,422	2.51%
OWDA #7661	930,016	1.83%
Total	<u>\$ 8,742,105</u>	

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.

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 original loan amount was for \$7,273,126 with an interest rate of 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.

**VILLAGE OF GEORGETOWN
BROWN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2017
(Continued)**

Note 10 – 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 Ohio Water Development Association (OWDA) Loan #7472 relates to the design for waterline replacement. The OWDA has approved financing for \$118,100 with an interest rate of 2.51%. Water receipts collateralize the loan. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements. This loan was rolled into OWDA Loan #7661 during 2017.

The Ohio Water Development Association (OWDA) Loan #7488 relates to the design for water tower. The OWDA has approved financing for \$117,000 with an interest rate of 2.51%. Water receipts collateralize the loan. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements. As of December 31, 2017, the loan has not been fully drawn down; 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 #7661 relates to the design for waterline replacement. The OWDA has approved financing for \$117,000 with an interest rate of 2.51%. Water receipts collateralize the loan. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements. As of December 31, 2017, the loan has not been fully drawn down; therefore the future funding requirements for the retirement of this loan have not been included in the amortization schedule below.

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

Year ending December 31:	Water Mortgage Revenue Bonds	OPWC CT81M	OPWC CO07O	OWDA #6086	OWDA #6379	OWDA #6384	Fire Truck Acquisition Bonds
2018	\$ 47,611	\$ 3,219	\$ 16,667	\$ 31,052	\$ 5,982	\$ 402,139	\$ 55,826
2019	47,683	3,219	16,667	31,052	5,982	402,139	55,826
2020	47,673	3,219	16,667	31,052	5,982	402,139	-
2021	47,781	3,219	16,667	31,052	5,982	402,139	-
2022	47,795	3,219	16,667	31,052	5,982	402,139	-
2023-2027	239,377	25,759	83,335	155,260	29,910	2,010,695	-
2028-2032	142,589	-	83,335	155,260	29,910	2,010,695	-
2033-2037	-	-	83,335	15,526	29,910	402,139	-
2038-2042	-	-	83,335	-	29,910	-	-
2043-2047	-	-	41,659	-	8,973	-	-
Total	<u>\$ 620,509</u>	<u>\$ 41,854</u>	<u>\$ 458,334</u>	<u>\$ 481,306</u>	<u>\$ 158,523</u>	<u>\$ 6,434,224</u>	<u>\$ 111,652</u>

**VILLAGE OF GEORGETOWN
BROWN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2017
(Continued)**

Note 11 – Construction and Contractual Commitments

The Village began the designs through Brandstetter Carroll for a waterline and water tower project in fiscal year 2016 that could be considered outstanding construction or other contractual commitments as of December 31, 2017. This is related to the Ohio Water Development Association (OWDA) Loan #7472, #7488 and #7661 mentioned in Note 10. No construction commitments for the water tower project are expected to take place until fiscal year 2019. Construction commitments for the waterline project are expected to be finished in fiscal year 2018.

Note 12 – 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.

VILLAGE OF GEORGETOWN
BROWN COUNTY

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2016**

	General	Special Revenue	Debt Service	Permanent	Totals (Memorandum Only)
Cash Receipts					
Property and Other Local Taxes	\$ 233,585	\$ 114,704	\$ -	\$ -	\$ 348,289
Municipal Income Tax	753,510	256,751	-	-	1,010,261
Intergovernmental	38,498	196,250	-	-	234,748
Charges for Services	54,446	437,796	-	-	492,242
Fines, Licenses and Permits	97,186	11,438	-	-	108,624
Earnings on Investments	28,723	823	-	4,151	33,697
Miscellaneous	11,058	54,708	-	-	65,766
<i>Total Cash Receipts</i>	<u>1,217,006</u>	<u>1,072,470</u>	<u>-</u>	<u>4,151</u>	<u>2,293,627</u>
Cash Disbursements					
Current:					
Security of Persons and Property	625,524	333,788	-	-	959,312
Public Health Services	6,175	43,357	-	-	49,532
Leisure Time Activities	-	1,823	-	-	1,823
Community Environment	-	7,891	-	-	7,891
Transportation	-	109,324	-	-	109,324
General Government	268,135	38,385	-	-	306,520
Capital Outlay	209,234	329,297	-	-	538,531
Debt Service:					
Principal Retirement	-	50,561	-	-	50,561
Interest and Fiscal Charges	-	5,264	-	-	5,264
<i>Total Cash Disbursements</i>	<u>1,109,068</u>	<u>919,690</u>	<u>-</u>	<u>-</u>	<u>2,028,758</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>107,938</u>	<u>152,780</u>	<u>-</u>	<u>4,151</u>	<u>264,869</u>
Other Financing Receipts					
Sale of Capital Assets	1,800	-	-	-	1,800
Other Financing Uses	(24)	-	-	-	(24)
<i>Total Other Financing Receipts</i>	<u>1,776</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,776</u>
<i>Net Change in Fund Cash Balances</i>	109,714	152,780	-	4,151	266,645
<i>Fund Cash Balances, January 1 (Restated, See Note 13)</i>	<u>1,625,367</u>	<u>2,030,302</u>	<u>26,722</u>	<u>261,734</u>	<u>3,944,125</u>
Fund Cash Balances, December 31					
Nonspendable	8,790	-	-	200,000	208,790
Restricted	-	2,097,240	26,722	65,885	2,189,847
Committed	-	85,842	-	-	85,842
Assigned	219,561	-	-	-	219,561
Unassigned	1,506,730	-	-	-	1,506,730
<i>Fund Cash Balances, December 31</i>	<u>\$ 1,735,081</u>	<u>\$ 2,183,082</u>	<u>\$ 26,722</u>	<u>\$ 265,885</u>	<u>\$ 4,210,770</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 (REGULATORY CASH BASIS)
ALL PROPRIETARY AND FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2016**

	Proprietary Fund Type	Fiduciary Fund Types		Totals
	Enterprise	Agency	Private Purpose Trust	(Memorandum Only)
Operating Cash Receipts				
Charges for Services	\$ 6,260,062	\$ -	\$ -	\$ 6,260,062
Earnings on Investments (trust funds only)	-	-	25	25
<i>Total Operating Cash Receipts</i>	<u>6,260,062</u>	<u>-</u>	<u>25</u>	<u>6,260,087</u>
Operating Cash Disbursements				
Personal Services	824,427	-	-	824,427
Travel Transportation	383,600	-	-	383,600
Contractual Services	3,524,358	-	-	3,524,358
Supplies and Materials	335,638	-	-	335,638
Other	277,859	-	-	277,859
<i>Total Operating Cash Disbursements</i>	<u>5,345,882</u>	<u>-</u>	<u>-</u>	<u>5,345,882</u>
<i>Operating Income</i>	<u>914,180</u>	<u>-</u>	<u>25</u>	<u>914,205</u>
Non-Operating Receipts (Disbursements)				
Intergovernmental	72,277	-	-	72,277
Other Debt Proceeds	86,600	-	-	86,600
Miscellaneous Receipts	8,035	-	-	8,035
Capital Outlay	(640,364)	-	-	(640,364)
Principal Retirement	(389,510)	-	-	(389,510)
Interest and Other Fiscal Charges	(97,018)	-	-	(97,018)
Non-Operating Receipts	-	114,802	-	114,802
Non-Operating Disbursements	-	(114,802)	-	(114,802)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(959,980)</u>	<u>-</u>	<u>-</u>	<u>(959,980)</u>
<i>Income before Transfers</i>	<u>(45,800)</u>	<u>-</u>	<u>25</u>	<u>(45,775)</u>
Transfers In	86,000	-	-	86,000
Transfers Out	(86,000)	-	-	(86,000)
<i>Net Change in Fund Cash Balances</i>	<u>(45,800)</u>	<u>-</u>	<u>25</u>	<u>(45,775)</u>
<i>Fund Cash Balances, January 1 (Restated, See Note 13)</i>	<u>7,943,767</u>	<u>-</u>	<u>11,439</u>	<u>7,955,206</u>
<i>Fund Cash Balances, December 31</i>	<u>\$ 7,897,967</u>	<u>\$ -</u>	<u>\$ 11,464</u>	<u>\$ 7,909,431</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 YEAR ENDED DECEMBER 31, 2016**

Note 1 - Reporting Entity

The Village of Georgetown, Brown County, (the Village) as a body politic and corporate established to exercise rights and privileges conveyed to it by the constitution and laws of the State of Ohio. A publicly-elected six-member Council directs the Village. The Village provides water, sewer and electric utilities, refuse pickup, cemetery and park operations and police, fire, and emergency medical services.

Public Entity Risk Pools

The Village participates in a public entity risk pool. Note 6 to the financial statements provides additional information for this entity.

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

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

The Village's financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types, and a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all proprietary and fiduciary fund types which are organized on a fund type basis.

Fund Accounting

The Village uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Village are presented below:

General Fund The general fund accounts for and reports all financial resources not accounted for and reported in another fund. The general fund balance is available to the Village for any purpose provided it is expended or transferred according to the general laws of Ohio.

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 – The street construction maintenance and repair fund accounts for and reports that portion of the State gasoline tax and motor vehicle tax money for constructing, maintaining, and repairing streets within the Village.

Municipal Income Tax Fund – This fund receives the remaining income tax receipts, allocated after cost of collection and distributions set by Ordinance #1174 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.

**VILLAGE OF GEORGETOWN
BROWN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2016
(Continued)**

Note 2 – Summary of Significant Accounting Policies (Continued)

Fund Accounting (Continued)

Debt Service Funds These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

Permanent Funds These funds account for and report resources that are restricted to the extent that only earnings, and not principal, may be used for purposes that support the reporting government's programs (for the benefit of the government or its citizenry). The Village had the following significant Permanent Fund:

Robinson Cemetery Trust Fund – This 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.

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.

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. 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.

**VILLAGE OF GEORGETOWN
BROWN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2016
(Continued)**

Note 2 – Summary of Significant Accounting Policies (Continued)

Basis of Accounting

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.

Budgetary Process

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

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. Unencumbered appropriations lapse at year end.

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 approve estimated resources.

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.

A summary of 2016 budgetary activity appears in Note 3.

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.

Capital Assets

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

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
FOR THE YEARS ENDED DECEMBER 31, 2016
(Continued)**

Note 2 – Summary of Significant Accounting Policies (Continued)

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:

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

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.

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.

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.

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.

Note 3 – Budgetary Activity

Budgetary activity for the years ending December 31, 2016 follows:

2016 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 1,542,575	\$ 1,218,806	\$ (323,769)
Special Revenue	978,867	1,072,470	93,603
Permanent	4,500	4,151	(349)
Enterprise	7,117,666	6,512,974	(604,692)
Private Purpose Trust	-	25	25
Total	\$ 9,643,608	\$ 8,808,426	\$ (835,182)

**VILLAGE OF GEORGETOWN
BROWN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2016
(Continued)**

Note 3 – Budgetary Activity (Continued)

2016 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 1,506,271	\$ 1,116,902	\$ 389,369
Special Revenue	1,605,859	922,125	683,734
Debt Service	26,722	-	26,722
Permanent	4,500	-	4,500
Enterprise	8,194,422	6,578,071	1,616,351
Private Purpose Trust	500	-	500
Total	<u>\$ 11,338,274</u>	<u>\$ 8,617,098</u>	<u>\$ 2,721,176</u>

Note 4 – Deposits

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

	2016
Demand Deposits	\$ 9,791,971
Certificates of Deposit	1,003,508
Other time deposits (savings and NOW accounts)	<u>1,324,722</u>
Total Deposits	<u>\$ 12,120,201</u>

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

Note 5 – Taxes

Property Taxes

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.

Income Taxes

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.

**VILLAGE OF GEORGETOWN
BROWN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2016
(Continued)**

Note 5 – Taxes (Continued)

Income Taxes (Continued)

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.

Note 6 - Risk Management

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

The Village insures against injuries to employees through the Ohio Bureau of Worker's Compensation.

Beginning with fiscal year 2016, the Village obtained commercial insurance for the below risks through Public Entity Pool of Ohio:

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

Casualty and Property Coverage

APEEP provides PEP with an excess risk-sharing program. Under this arrangement, PEP retains insured risks up to an amount specified in the contracts. At December 31, 2016, PEP retained \$350,000 for casualty claims and \$100,000 for property claims.

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

**VILLAGE OF GEORGETOWN
BROWN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2016
(Continued)**

Note 6 - Risk Management (Continued)

Financial Position

PEP's financial statements (audited by other auditor's) conform with generally accepted accounting principles, and reported the following assets, liabilities and net position at December 31, 2016.

	<u>2016</u>
Assets	\$42,182,281
Liabilities	<u>(13,396,700)</u>
Net Position	<u>\$28,785,581</u>

At December 31, 2016 the liabilities above include approximately 12.0 million of estimated incurred claims payable. The assets above also include approximately \$11.5 million of unpaid claims to be billed. The Pool's membership increased to 520 members in 2016. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2016, the Village's share of these unpaid claims collectible in future years is approximately \$20,000.

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

<u>2016 Contributions to PEP</u>	
\$	31,881

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

Note 7 - Transfers

During 2016, the following 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:

	<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, 2016
(Continued)**

Note 8 - Defined Benefit Pension Plans

Ohio Public Employees Retirement System

All full-time and part-time employees that are not a full-time Police Officer, Firefighter, or EMT belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10%, of their gross salaries and the Village contributed an amount equaling 14%, of participants' gross salaries. The Village has paid all contributions required through December 31, 2016.

Ohio Police and Fire Retirement System

Village's full-time Police Officers belong to the Police and Fire Pension Fund (OP&F). OP&F is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OP&F participants contributed 12.25% of their wages. The Village contributed to OP&F an amount equal to 19.5% of full-time police members' wages. The Village has paid all contributions required through December 31, 2016.

Social Security

Volunteer Fire Fighters and Emergency Medical Services Village employees contributed to social Security. Elected Officials choosing to opt out of contributing to OPERS also contribute to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2 percent of their gross salaries. The Village contributed an amount equal to 6.2 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2016.

Note 9 - Postemployment Benefits

Both OPERS and OP&F offer cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. OPERS contributes 2 percent of the employer contribution to fund these benefits, and OP&F contributes 0.5 percent to fund these benefits.

**VILLAGE OF GEORGETOWN
BROWN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2016
(Continued)**

Note 10 - Debt

Debt outstanding at December 31, 2016 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Water Mortgage Revenue Bonds	\$ 447,117	5.88%
OPWC - CT81M	45,073	0.00%
OPWC - CO07O	475,000	0.00%
OWDA #6086	471,242	1.00%
OWDA #6379	134,381	1.50%
OWDA #6384	6,441,331	1.00%
Fire Truck Acquisition Bond	159,439	2.50%
OWDA #7472	86,191	2.51%
OWDA #7488	409	2.51%
Total	<u>\$ 8,260,183</u>	

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.

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 original loan amount was for \$7,273,126 with an interest rate of 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.

**VILLAGE OF GEORGETOWN
BROWN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2016
(Continued)**

Note 10 – 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 Ohio Water Development Association (OWDA) Loan #7472 relates to the design for waterline replacement. The OWDA has approved financing for \$118,100 with an interest rate of 2.51%. Water receipts collateralize the loan. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements. As of December 31, 2016, the loan has not been fully drawn down; 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 #7488 relates to the design for water tower. The OWDA has approved financing for \$117,000 with an interest rate of 2.51%. Water receipts collateralize the loan. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements. As of December 31, 2016, the loan has not been fully drawn down; therefore the future funding requirements for the retirement of this loan have not been included in the amortization schedule below.

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 #6086	OWDA #6379	OWDA #6384	Fire Truck Acquisition Bonds
2017	\$ 47,668	\$ 3,219	\$ 16,667	\$ 31,052	\$ 5,982	\$ 402,139	\$ 55,826
2018	47,611	3,219	16,667	31,052	5,982	402,139	55,826
2019	47,683	3,219	16,667	31,052	5,982	402,139	55,826
2020	47,673	3,219	16,667	31,052	5,982	402,139	-
2021	47,781	3,219	16,667	31,052	5,982	402,139	-
2022-2026	239,242	28,978	83,335	155,260	29,910	2,010,695	-
2027-2031	190,519	-	83,335	155,260	29,910	2,010,695	-
2032-2036	-	-	83,335	46,578	29,910	804,278	-
2037-2041	-	-	83,335	-	29,910	-	-
2042-2046	-	-	58,325	-	14,955	-	-
Total	<u>\$ 668,177</u>	<u>\$ 45,073</u>	<u>\$ 475,000</u>	<u>\$ 512,358</u>	<u>\$ 164,505</u>	<u>\$ 6,836,363</u>	<u>\$ 167,478</u>

**VILLAGE OF GEORGETOWN
BROWN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2016
(Continued)**

Note 11 – Construction and Contractual Commitments

The Village began the designs through Brandstetter Carroll for a waterline and water tower project in fiscal year 2016 that could be considered outstanding construction or other contractual commitments as of December 31, 2016. This is related to the Ohio Water Development Association (OWDA) Loan #7472 and #7488 mentioned in Note 9. No construction commitments for the projects will take place until fiscal year 2017.

Note 12 – 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.

Note 13 – Restatement

The restatement is due to the Village including the Unclaimed Monies Fund within the General Fund in 2016. This fund was previously reported as an Agency Fund.

	General Fund	Agency Fund
Fund Balance at December 31, 2015	\$ 1,617,588	\$ 7,779
Change in Fund Balance	7,779	(7,779)
Adjusted Fund Balance at January 1, 2016	\$ 1,625,367	\$ -



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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**

June 14, 2018

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, 2017 and 2016, and the related notes to the financial statements and have issued our report thereon dated June 14, 2018, 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 finding 2017-001 to be a material weakness.

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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 no instances of noncompliance or other matters that we must report under *Government Auditing Standards*.

We also noted certain matters not requiring inclusion in this report that we reported to the Village's management in a separate letter dated June 14, 2018.

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, 2017 AND 2016**

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

FINDING NUMBER 2017-001

Material Weakness

Financial Reporting

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*. Footnote disclosures should be accurate based on underlying source documentation and governmental accounting standards.

During 2016 and 2017, receipts, disbursements, and fund balances were not always posted or classified correctly and footnote disclosures were not always up to date. The following errors were noted:

- Debt proceeds were improperly classified as Special Assessments in 2017;
- The rollover of an OWDA loan was not recorded in 2017;
- A grant was recorded as revenue, however the disbursement was recorded as a negative receipt, thus understating revenues and expenses in 2017;
- Appropriations exceeding estimated receipts in the General Fund was improperly classified as Unassigned instead of Assigned in 2016;
- Outstanding encumbrances for various Special Revenue Funds were improperly classified as Assigned and were reclassified per the fund activity in 2017;
- Mayor's Court activity was not recorded on the financial statements for 2017 and 2016; and
- Various footnote disclosures were updated to agree to the audited financial statements and comply with auditing standards.

Not posting receipts and disbursement or classifying fund balances accurately resulted in the financial statements requiring several reclassifications. The financial statements reflect all reclassifications.

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 PRIOR AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2015-001	Posting Receipts, Disbursements and Fund Balances	No	Repeated as Finding 2017-001
2015-002	Billing Service Reconciliations	Yes	N/A
2015-003	ORC 5705.14	Yes	N/A



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
JULY 24, 2018**