



**VILLAGE OF GEORGETOWN
BROWN COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 1999-1998



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

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REPORT OF INDEPENDENT ACCOUNTANTS

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

To the Village Council:

We have audited the accompanying financial statements of the Village of Georgetown, Brown County, Ohio (the Village), as of and for the years ended December 31, 1999 and 1998. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1, the Village prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of the Village as of December 31, 1999 and 1998, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 6, 2000, 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 grants.

This report is intended solely for the information and use of management and the Village Council and other officials authorized to receive this report under § 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

Jim Petro
Auditor of State

October 6, 2000

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**VILLAGE OF GEORGETOWN
 COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
 CHANGES IN FUND CASH BALANCES
 ALL GOVERNMENTAL AND EXPENDABLE TRUST FUND
 FOR THE YEAR ENDED DECEMBER 31, 1999**

	Governmental Fund Types			Fiduciary Fund Type	Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Expendable Trust	
Cash Receipts:					
Property Tax and Other Local Taxes	\$177,798	\$175,799	\$0	\$0	\$353,597
Intergovernmental Receipts	257,785	242,572			500,357
Charges for Services	1,800	78,924			80,724
Fines, Licenses, and Permits	62,719	1,416			64,135
Earnings on Investments	247,629	32,655		335	280,619
Miscellaneous	12,780	48,709			61,489
Total Cash Receipts	760,511	580,075	0	335	1,340,921
Cash Disbursements:					
Current:					
Security of Persons and Property	314,828	35,816			350,644
Public Health Services	6,695	51,346		397	58,438
Leisure Time Activities	18,519				18,519
Community Environment	6,592	2,064			8,656
Basic Utility Services		108,733			108,733
General Government	113,594	21,332			134,926
Debt Service:					
Principal Payments		45,196	1,707		46,903
Interest Payments		5,454	2,051		7,505
Capital Outlay	50,205	252,721			302,926
Total Disbursements	510,433	522,662	3,758	397	1,037,250
Total Receipts Over/(Under) Disbursements	250,078	57,413	(3,758)	(62)	303,671
Other Financing Receipts/(Disbursements):					
Proceeds From the Sale of Notes		21,000			21,000
Transfers-In			7,515		7,515
Total Other Financing Receipts/(Disbursements)	0	21,000	7,515	0	28,515
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	250,078	78,413	3,757	(62)	332,186
Fund Cash Balances, January 1	837,517	582,324	22,966	6,946	1,449,753
Fund Cash Balances, December 31	\$1,087,595	\$660,737	\$26,723	\$6,884	\$1,781,939
Reserves for Encumbrances, December 31	\$37,835	\$3,476	\$0	\$0	\$41,024

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

**VILLAGE OF GEORGETOWN
 COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
 CHANGES IN FUND CASH BALANCES
 ALL PROPRIETARY AND SIMILAR FIDUCIARY FUND TYPES
 FOR THE YEAR ENDED DECEMBER 31, 1999**

	Proprietary Fund Types	Fiduciary Fund Types		Totals (Memorandum Only)
	Enterprise	Nonexpendable Trust	Agency	
Operating Cash Receipts:				
Charges for Services	\$3,821,691	\$2,430		\$3,824,121
Miscellaneous	122			122
Total Operating Cash Receipts	<u>3,821,813</u>	<u>2,430</u>		<u>3,824,243</u>
Operating Cash Disbursements:				
Personal Services	508,510			508,510
Fringe Benefits	153,680			153,680
Contractual Services	2,308,728			2,308,728
Supplies and Materials	232,430			232,430
Capital Outlay	281,797			281,797
Miscellaneous	75,864			75,864
Total Operating Cash Disbursements	<u>3,561,009</u>			<u>3,561,009</u>
Operating Income/(Loss)	<u>260,804</u>	<u>2,430</u>		<u>263,234</u>
Non-Operating Cash Receipts:				
Proceeds From Notes and Bonds	9,000			9,000
Proceeds from Sale of Assets	49,883			49,883
Other Non-Operating Receipts			75,031	75,031
Total Non-Operating Cash Receipts	<u>58,883</u>		<u>75,031</u>	<u>133,914</u>
Non-Operating Cash Disbursements:				
Debt Service	192,161			192,161
Other Non-Operating Cash Disbursements			75,031	75,031
Total Non-Operating Cash Disbursements	<u>192,161</u>		<u>75,031</u>	<u>267,192</u>
Excess of Receipts Over/(Under) Disbursements Before Interfund Transfers and Advances	<u>127,526</u>	<u>2,430</u>		<u>129,956</u>
Transfers-In	86,004			86,004
Transfers-Out	(93,519)			(93,519)
Net Receipts Over/(Under) Disbursements	120,011	2,430		122,441
Fund Cash Balances, January 1	<u>2,692,841</u>	<u>234,452</u>		<u>2,927,293</u>
Fund Cash Balances, December 31	<u>\$2,812,852</u>	<u>\$236,882</u>	<u>\$0</u>	<u>\$3,049,734</u>
Reserve for Encumbrances, December 31	<u>\$53,938</u>			<u>\$53,938</u>

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

**VILLAGE OF GEORGETOWN
 COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
 CHANGES IN FUND CASH BALANCES
 ALL GOVERNMENTAL AND EXPENDABLE TRUST FUND
 FOR THE YEAR ENDED DECEMBER 31, 1998**

	Governmental Fund Types				Fiduciary Fund Type	Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust	
Cash Receipts:						
Property Tax and Other Local Taxes	\$165,481	\$175,456	\$0	\$0	\$0	\$340,937
Intergovernmental Receipts	182,916	200,346		248,800		632,062
Charges for Services	1,264	71,088				72,352
Fines, Licenses, and Permits	67,154					67,154
Earnings on Investments	169,716	16,391				186,107
Miscellaneous	30,807	21,621			300	52,728
Total Cash Receipts	617,338	484,902	0	248,800	300	1,351,340
Cash Disbursements:						
Current:						
Security of Persons and Property	287,245	34,549				321,794
Public Health Services		48,973			97	49,070
Community Environment		4,969				4,969
Transportation		112,270		248,800		361,070
General Government	92,545	13,916				106,461
Debt Service:						
Principal Payments		50,877	3,213			54,090
Interest Payments		7,955	4,302			12,257
Capital Outlay	49,581	159,551				209,132
Total Disbursements	429,371	433,060	7,515	248,800	97	1,118,843
Total Receipts Over/(Under) Disbursements	187,967	51,842	(7,515)	0	203	232,497
Other Financing Receipts/(Disbursements):						
Sale of Fixed Assets	965					965
Proceeds from the Sale of Notes		28,000				28,000
Transfers-In			7,515			7,515
Other Financing Sources	3,010	4,494				7,504
Other Financing Uses	(5,356)	(832)				(6,188)
Total Other Financing Receipts/(Disbursements)	(1,381)	31,662	7,515	0	0	37,796
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	186,586	83,504	0	0	203	270,293
Fund Cash Balances, January 1 as restateded (Note 8)	650,931	498,820	22,966	0	6,743	1,179,460
Fund Cash Balances, December 31	\$837,517	\$582,324	\$22,966	\$0	\$6,946	\$1,449,753

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

**VILLAGE OF GEORGETOWN
 COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
 CHANGES IN FUND CASH BALANCES
 ALL PROPRIETARY AND SIMILAR FIDUCIARY FUND TYPES
 FOR THE YEAR ENDED DECEMBER 31, 1998**

	Proprietary Fund Types	Fiduciary Fund Types		Totals (Memorandum Only)
	Enterprise	Nonexpendable Trust	Agency	
Operating Cash Receipts:				
Charges for Services	\$3,593,686	\$6,180	\$0	\$3,599,866
Miscellaneous	170			170
Total Operating Cash Receipts	<u>3,593,856</u>	<u>6,180</u>	<u>0</u>	<u>3,600,036</u>
Operating Cash Disbursements:				
Personal Services	611,858			611,858
Contractual Services	2,201,379			2,201,379
Supplies and Materials	328,286			328,286
Capital Outlay	190,737			190,737
Total Operating Cash Disbursements	<u>3,332,260</u>	<u>0</u>	<u>0</u>	<u>3,332,260</u>
Operating Income/(Loss)	<u>261,596</u>	<u>6,180</u>	<u>0</u>	<u>267,776</u>
Non-Operating Cash Receipts:				
Proceeds from Notes	12,000			12,000
Other Non-Operating Receipts		200,000	85,317	285,317
Total Non-Operating Cash Receipts	<u>12,000</u>	<u>200,000</u>	<u>85,317</u>	<u>297,317</u>
Non-Operating Cash Disbursements:				
Debt Service	303,325			303,325
Other Non-Operating Cash Disbursements	33,528		85,317	118,845
Total Non-Operating Cash Disbursements	<u>336,853</u>	<u>0</u>	<u>85,317</u>	<u>422,170</u>
Excess of Receipts Over/(Under) Disbursements Before Interfund Transfers and Advances	(63,257)	206,180	0	142,923
Transfers-In	98,004			98,004
Transfers-Out	(105,519)			(105,519)
Net Receipts Over/(Under) Disbursements	(70,772)	206,180	0	135,408
Fund cash balances, January 1 as restated (Note 8)	<u>2,763,613</u>	<u>28,272</u>		<u>2,791,885</u>
Fund Cash Balances, December 31	<u>\$2,692,841</u>	<u>\$234,452</u>	<u>\$0</u>	<u>\$2,927,293</u>

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

**VILLAGE OF GEORGETOWN
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Village of Georgetown, Brown County, Ohio (the Village), is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Village is directed by a publicly-elected six-member Council. The Village provides general governmental services, including electric, water and sewer utilities, and police services.

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

B. Basis of Accounting

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized 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 statement include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

C. Cash and Investments

Certificates of deposit, and Public Sweep Account which is invested in U.S. Securities are valued at cost.

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or disbursements, respectively.

D. Fund Accounting

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

1. General Fund

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

2. Special Revenue Fund

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

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

VILLAGE OF GEORGETOWN
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

State Grant Fund - This fund receives grant funds for various construction projects.

Fire Levy Fund - This fund receives local taxes and revenues from contracts with other political subdivisions to provide fire protection.

Income Tax Fund - This fund receives local taxes used for paving Village streets.

3. Debt Service Fund

These funds are used to accumulate resources for the payment of bonds and note indebtedness. The Village had the following significant Debt Service Funds:

Ohio Water Development Authority Fund (OWDA) - This fund was setup to repay debt from an OWDA loan.

4. Capital Project Funds

These funds are used to account for receipts that are restricted for the acquisition or construction of major capital projects (except those financed through enterprise or trust funds). The Village had the following significant Capital Project Funds:

Issue II Fund - This 1998 fund accounts for Issue II activity.

5. Enterprise Funds

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

Water Fund - This fund receives charges for services from residents to cover the cost of providing this utility.

Sewer Fund - This fund receives charges for services from residents to cover the cost of providing this utility.

Electric Fund - This fund receives charges for services from residents to cover the cost of providing this utility.

Waste Fund - This fund receives charges for services from residents to cover the cost of providing this utility.

6. Fiduciary Funds (Trust and Agency Funds)

Trust funds are used to account for resources restricted by legally binding trust agreements. If the agreement requires the Village to maintain the corpus of the trust, the fund is classified as a nonexpendable trust fund. Other trust funds are classified as expendable. Funds for which the Village is acting in an agency capacity are classified as agency funds. The Village had the following significant fiduciary funds:

**VILLAGE OF GEORGETOWN
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Nonexpendable Trust Fund:

Perpetual Trust Fund - This fund receives donations used for the care and maintenance of the cemetery.

Expendable Trust Fund:

Wolf Fund - This fund receives interest used for the care and maintenance of the cemetery.

Agency Fund:

Mayor's Court - This fund accounts for activity in the Mayor's Court Fund.

E. Budgetary Process

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

1. Appropriations

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

2. Estimated Resources

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

3. Encumbrances

The Ohio Revised Code requires the Village to reserve (encumber) appropriations when commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated. Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year.

A summary of 1999 and 1998 budgetary activity appears in Note 3.

F. Property, Plant and Equipment

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

G. Unpaid Vacation and Sick Leave

Employees are entitled to cash payments for unused vacation and sick leave in certain circumstances, such as upon leaving employment. Unpaid vacation and sick leave are not reflected as liabilities under the cash basis of accounting used by the Village.

**VILLAGE OF GEORGETOWN
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)**

2. EQUITY IN POOLED CASH AND INVESTMENTS

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

	<u>1999</u>	<u>1998</u>
Demand deposit	(\$65,759)	(\$106,212)
Certificates of deposit	<u>3,406,123</u>	<u>3,406,122</u>
 Total deposits	 3,340,364	 3,299,910
Sweep account	<u>1,491,309</u>	<u>1,077,136</u>
 Total deposits and investments	 <u><u>\$ 4,831,673</u></u>	 <u><u>\$ 4,377,046</u></u>

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

Investments: Sweep Account funds are invested in overnight repurchase agreements which are backed by Federal Agency Mortgaged backed securities, and are not evidenced by securities that exist in physical or book-entry form.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 1999 and 1998 follows:

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 545,785	\$ 760,511	\$ 214,726
Special Revenue	809,500	601,075	(208,425)
Debt Service	7,515	7,515	0
Enterprise	3,751,850	3,966,700	214,850
Nonexpendable Trust	2,200	2,430	230
Expendable Trust	<u>300</u>	<u>335</u>	<u>35</u>
Total	<u><u>\$ 5,117,150</u></u>	<u><u>\$ 5,338,566</u></u>	<u><u>\$ 221,416</u></u>

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 624,986	\$ 548,268	\$ 76,718
Special Revenue	881,200	526,138	355,062
Debt Service	7,540	3,758	3,782
Enterprise	4,744,569	3,900,627	843,942
Expendable Trust	<u>1,000</u>	<u>397</u>	<u>603</u>
Total	<u><u>\$ 6,259,295</u></u>	<u><u>\$ 4,979,188</u></u>	<u><u>\$ 1,280,107</u></u>

VILLAGE OF GEORGETOWN
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)

3. BUDGETARY ACTIVITY (Continued)

1998 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 722,000	\$ 621,313	\$ (100,687)
Special Revenue	1,003,364	517,396	(485,968)
Debt Service	7,520	7,515	(5)
Capital Projects	0	248,800	248,800
Enterprise	3,618,700	3,703,860	85,160
Nonexpendable Trust	3,500	206,180	202,680
Expendable Trust	300	300	0
Total	<u>\$ 5,355,384</u>	<u>\$ 5,305,364</u>	<u>\$ (50,020)</u>

1998 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 580,441	\$ 434,727	\$ 145,714
Special Revenue	1,132,600	433,892	698,708
Debt Service	7,525	7,515	10
Capital Projects	0	248,800	(248,800)
Enterprise	4,350,204	3,774,632	575,572
Expendable	2,999	97	2,902
Total	<u>\$ 6,073,769</u>	<u>\$ 4,899,663</u>	<u>\$ 1,174,106</u>

The Village received on-behalf assistance from the Ohio Public Works Commission for street paving in the amount of \$248,800. These funds were subject to budgetary requirements, but the Village did not budget them as required. Appropriations exceeded estimated revenue in two funds and expenditures exceeded appropriations in two funds in 1999 and three funds in 1998.

4. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by Village Council. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. Homestead and rollback amounts are then paid by the State, and are reflected in the accompanying financial statements as Intergovernmental Receipts.

Payments are due to the County by December 31. If the property owner elects to make semiannual payment, the first half is due December 31. The second half payment is due the following June 20.

Public utilities are also taxed on personal and real property located within the Village.

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

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

**VILLAGE OF GEORGETOWN
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)**

5. DEBT

Debt outstanding at December 31, 1999 was as follows:

	Principal	Interest Rate
Ohio Water Development Authority Loan #1	\$ 62,213	6.25%
Ohio Water Development Authority Loan #2	1,685,496	2.00%
General Obligation Bonds	53,998	5.33%
General Obligation Note	30,077	5.36%
Mortgage Revenue Bonds	670,500	5.88%
Total	\$ 2,502,284	

The Ohio Water Development Authority (OWDA) loans relate to a water and sewer lines and plant expansion projects. The OWDA has approved up to \$2,602,532 in loans to the Village for this project. The loans will be repaid in semiannual installments of \$3,413 (loan #1) and \$ 123,128 (loan #2), including interest, over 20 years. The scheduled payment amount below assumes that \$2,602,532 will be borrowed. The scheduled payment will be adjusted to reflect any revisions in amounts actually borrowed. The loan is collateralized by water and sewer receipts. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

The mortgage revenue bonds were used to expand water lines in 1992. The original bonds were for \$765,000. Annual payments vary according to the loan repayment schedule.

The general obligation bond was for a fire truck that the Village purchased in 1993. The original bond was for \$150,000 with annual payments of \$21,115.

The general obligation note was for a fire department tank and a water department pickup truck that the Village purchased in 1997.

Amortization of the above bonds and loans, including interest, is scheduled as follows:

Year ending December 31:	OWDA Loans #1& #2	General Obligation Bonds	Mortgage Revenue Bonds
2000	\$ 166,204	\$ 21,115	\$ 199,587
2001	166,204	21,115	199,587
2002	166,204	21,115	199,587
2003	166,204		166,204
2004	166,204		166,204
Subsequent	1,163,424		1,163,424
Total	\$ 1,994,444	\$ 63,345	\$ 2,094,593

**VILLAGE OF GEORGETOWN
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)**

6. RETIREMENT SYSTEMS

The Village's law enforcement officers belong to the Police and Firemen's Disability and Pension Funds (PFDPF). Other full-time employees belong to the Public Employees Retirement System (PERS) of Ohio. PFDPF and PERS are cost-sharing, multiple-employer plans. These plans provide retirement benefits, including post-retirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 1999 and 1998, members of PFDPF contributed 10% of their wages to the PFDPF. The Village contributed an amount equal to 19.5% of their wages. PERS members contributed 8.5% of their gross salaries. The Village contributed an amount equal to 13.55% of participants' gross salaries. The Village has paid all contributions required through December 31, 1999.

7. RISK MANAGEMENT

The Village has obtained commercial insurance for the following risks:

- Comprehensive property and general liability
- Commercial Auto, Property and Inland Marine Coverage

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

8. CHANGE IN FUND CLASSIFICATION

The Income Tax Fund was classified and presented as an Expendable Trust Fund in the prior year audit. This fund was reclassified and presented as a Special Revenue Fund in the current year audit.

The Perpetual Care Fund was classified and presented as an Expendable Trust Fund in the prior year audit. This fund was reclassified and presented as a Nonexpendable Trust Fund in the current year audit.

<u>Fund Type</u>	<u>Balance December 31, 1997</u>	<u>Adjustment</u>	<u>Balance January 1, 1998</u>
Special Revenue	\$351,113	\$147,707	\$498,820
Expendable Trust	182,722	(175,979)	6,743
Nonexpendable Trust	0	28,272	28,272

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STATE OF OHIO
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**REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE AND ON
INTERNAL CONTROL REQUIRED BY *GOVERNMENT AUDITING STANDARDS***

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

To the Village Council:

We have audited the accompanying financial statements of the Village of Georgetown, Brown County, Ohio (the Village), as of and for the years ended December 31, 1999 and 1998, and have issued our report thereon dated October 6, 2000. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Village's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 1999-30408-001 through 1999-30408-003. We also noted immaterial instances of noncompliance that we have reported to management of the Village in a separate letter dated October 6, 2000.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Village's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Village in a separate letter dated October 6, 2000.

Village of Georgetown
Brown County
Report of Independent Accountants on Compliance and on
Internal Control Required by *Government Auditing Standards*
Page 2

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

Jim Petro
Auditor of State

October 6, 2000

**VILLAGE OF GEORGETOWN
SCHEDULE OF FINDINGS
DECEMBER 31, 1999 AND 1998**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 1999-30408-001

Noncompliance Citations:

Ohio Revised Code, Section 5705.42, states when the United States Government or the state or any department, division, agency, authority, or unit thereof makes a grant loan of money to any political subdivision of this state to aid in paying the cost of any program, activity, or function of such subdivision, or enters into any agreement with the subdivision for making of any such grant or loan of money, the amount thereof is deemed appropriated for such purpose by the taxing authority of the subdivision, and is deemed in the process of collection within the meaning of Section 5705.41 of the Revised Code.

The fiscal officer shall record the appropriations in accordance with the terms and conditions of the grant or project agreement. In addition, prior to recording the appropriations, Ohio Rev. Code, Section 5705.40, requires the legislative authority to pass a resolution amending its appropriation measure.

The fiscal officer did not record the Issue II money granted to the Village in the amount of \$248,800, nor was the grant money included in the appropriations for the fiscal year 1998. However, they have been recorded on the financial statements for the year ended December 31, 1998.

We recommend the Village review Auditor of State Bulletin # 2000-8 as to the proper treatment of this type of funding.

FINDING NUMBER 1999-30408-002

Ohio Rev. Code, Section 57041(B), prohibits a subdivision from making an expenditure unless it has been properly appropriated. The Village expenditures exceeded appropriations as of December 31 in the following funds:

Fund	1999	1998
Fire	\$11,453	\$15,425
Water	62,702	6,302
Sewer		45,858

FINDING NUMBER 1999-30408-003

Ohio Rev. Code, Section 5705.39, states that total appropriations from each fund should not exceed the total estimated revenue. The Village's appropriations exceeded the estimated resources at December 31, 1998, in the State Highway Fund by \$18,636 and the Water Meter Fund by \$20,265.



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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 14, 2000**