

**VILLAGE OF GEORGETOWN
BROWN COUNTY
Regular Audit
For the Years Ended December 31, 2013 and 2012**

Perry & Associates
Certified Public Accountants, A.C.



Dave Yost • Auditor of State

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

We have reviewed the *Independent Auditor's Report* of the Village of Georgetown, Brown County, prepared by Perry & Associates, Certified Public Accountants, A.C., for the audit period January 1, 2012 through December 31, 2013. 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 cursive script that reads "Dave Yost".

Dave Yost
Auditor of State

December 2, 2014

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VILLAGE OF GEORGETOWN
BROWN COUNTY

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INDEPENDENT AUDITOR'S REPORT

October 24, 2014

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 and related notes of the **Village of Georgetown**, Brown County (the Village) as of and for the years ended December 31, 2013 and 2012.

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 opinion.

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

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

The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1B and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

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, 2013 and 2012, or changes in financial position or cash flows thereof for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash balances of the Village of Georgetown, Brown County as of December 31, 2013 and 2012, and its combined cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 1B.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 24, 2014, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.



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

**VILLAGE OF GEORGETOWN
BROWN COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2013**

	General	Special Revenue	Debt Service	Permanent	Totals (Memorandum Only)
Cash Receipts					
Property and Other Local Taxes	\$ 255,359	\$ 114,814	\$ -	\$ -	\$ 370,173
Municipal Income Tax	248,486	203,307	-	-	451,793
Intergovernmental	271,859	683,971	-	-	955,830
Charges for Services	11,400	124,632	-	-	136,032
Fines, Licenses and Permits	83,797	12,372	-	-	96,169
Earnings on Investments	6,944	272	-	1,131	8,347
Miscellaneous	19,855	200,217	-	-	220,072
<i>Total Cash Receipts</i>	<u>897,700</u>	<u>1,339,585</u>	<u>-</u>	<u>1,131</u>	<u>2,238,416</u>
Cash Disbursements					
Current:					
Security of Persons and Property	741,098	91,010	-	-	832,108
Public Health Services	10,900	36,842	-	-	47,742
Leisure Time Activities	-	1,512	-	-	1,512
Community Environment	-	3,418	-	-	3,418
Transportation	-	126,889	-	-	126,889
General Government	160,427	57,319	-	-	217,746
Capital Outlay	74,797	642,484	-	-	717,281
Debt Service:					
Principal Retirement	18,871	38,211	-	-	57,082
Interest and Fiscal Charges	1,089	1,803	-	-	2,892
<i>Total Cash Disbursements</i>	<u>1,007,182</u>	<u>999,488</u>	<u>-</u>	<u>-</u>	<u>2,006,670</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(109,482)</u>	<u>340,097</u>	<u>-</u>	<u>1,131</u>	<u>231,746</u>
Other Financing Receipts (Disbursements)					
Sale of Capital Assets	8,365	-	-	-	8,365
Other Financing Uses	(2,018)	-	-	-	(2,018)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>6,347</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,347</u>
<i>Net Change in Fund Cash Balances</i>	<u>(103,135)</u>	<u>340,097</u>	<u>-</u>	<u>1,131</u>	<u>238,093</u>
<i>Fund Cash Balances, January 1</i>	<u>886,293</u>	<u>1,780,402</u>	<u>26,722</u>	<u>255,795</u>	<u>2,949,212</u>
Fund Cash Balances, December 31					
Nonspendable	-	-	-	254,571	254,571
Restricted	-	2,058,563	26,722	2,355	2,087,640
Committed	-	61,936	-	-	61,936
Assigned	8,266	-	-	-	8,266
Unassigned	774,892	-	-	-	774,892
<i>Fund Cash Balances, December 31</i>	<u>\$ 783,158</u>	<u>\$ 2,120,499</u>	<u>\$ 26,722</u>	<u>\$ 256,926</u>	<u>\$ 3,187,305</u>

**VILLAGE OF GEORGETOWN
BROWN COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL PROPRIETARY AND FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2013**

	Proprietary Fund Type	Fiduciary Fund Types		Totals
	Enterprise	Agency	Private Purpose Trust	(Memorandum Only)
Operating Cash Receipts				
Charges for Services	\$ 6,137,152	\$ -	\$ -	\$ 6,137,152
Earnings on Investments (trust funds only)	-	-	6	6
<i>Total Operating Cash Receipts</i>	<u>6,137,152</u>	<u>-</u>	<u>6</u>	<u>6,137,158</u>
Operating Cash Disbursements				
Personal Services	749,961	-	-	749,961
Employee Fringe Benefits	324,042	-	-	324,042
Contractual Services	3,433,879	-	-	3,433,879
Supplies and Materials	370,285	-	-	370,285
Other	81,749	-	80	81,829
<i>Total Operating Cash Disbursements</i>	<u>4,959,916</u>	<u>-</u>	<u>80</u>	<u>4,959,996</u>
<i>Operating Income (Loss)</i>	<u>1,177,236</u>	<u>-</u>	<u>(74)</u>	<u>1,177,162</u>
Non-Operating Receipts (Disbursements)				
Intergovernmental	55,061	-	-	55,061
Other Debt Proceeds	5,432,224	-	-	5,432,224
Miscellaneous Receipts	15,754	-	-	15,754
Capital Outlay	(5,073,987)	-	-	(5,073,987)
Principal Retirement	(513,591)	-	-	(513,591)
Interest and Other Fiscal Charges	(53,321)	-	-	(53,321)
Direct Health Insurance Expense	-	(1,745)	-	(1,745)
Health Insurance Reimbursements	-	(17,874)	-	(17,874)
Other Non-Operating Receipts	-	109,630	-	109,630
Other Non-Operating Disbursements	-	(86,630)	-	(86,630)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(137,860)</u>	<u>3,381</u>	<u>-</u>	<u>(134,479)</u>
<i>Income (Loss) before Transfers</i>	<u>1,039,376</u>	<u>3,381</u>	<u>(74)</u>	<u>1,042,683</u>
Transfers In	86,000	-	-	86,000
Transfers Out	(86,000)	-	-	(86,000)
<i>Net Change in Fund Cash Balances</i>	<u>1,039,376</u>	<u>3,381</u>	<u>(74)</u>	<u>1,042,683</u>
<i>Fund Cash Balances, January 1</i>	<u>6,368,148</u>	<u>2,704</u>	<u>8,018</u>	<u>6,378,870</u>
<i>Fund Cash Balances, December 31</i>	<u>\$ 7,407,524</u>	<u>\$ 6,085</u>	<u>\$ 7,944</u>	<u>\$ 7,421,553</u>

**VILLAGE OF GEORGETOWN
BROWN COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2012**

	General	Special Revenue	Debt Service	Permanent	Totals (Memorandum Only)
Cash Receipts					
Property and Other Local Taxes	\$ 260,363	\$ 102,273	\$ -	\$ -	\$ 362,636
Municipal Income Tax	235,087	192,357	-	-	427,444
Intergovernmental	143,092	441,407	-	-	584,499
Charges for Services	11,400	125,470	-	-	136,870
Fines, Licenses and Permits	91,082	8,632	-	-	99,714
Earnings on Investments	11,301	921	-	1,224	13,446
Miscellaneous	20,680	162,206	-	-	182,886
<i>Total Cash Receipts</i>	<u>773,005</u>	<u>1,033,266</u>	<u>-</u>	<u>1,224</u>	<u>1,807,495</u>
Cash Disbursements					
Current:					
Security of Persons and Property	680,922	96,576	-	-	777,498
Public Health Services	10,963	38,886	-	-	49,849
Leisure Time Activities	-	2,434	-	-	2,434
Community Environment	24,564	7,544	-	-	32,108
Transportation	-	117,227	-	-	117,227
General Government	262,474	46,002	-	-	308,476
Capital Outlay	100,286	345,271	-	-	445,557
Debt Service:					
Principal Retirement	17,861	37,339	-	-	55,200
Interest and Fiscal Charges	2,098	3,141	-	-	5,239
<i>Total Cash Disbursements</i>	<u>1,099,168</u>	<u>694,420</u>	<u>-</u>	<u>-</u>	<u>1,793,588</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(326,163)</u>	<u>338,846</u>	<u>-</u>	<u>1,224</u>	<u>13,907</u>
Other Financing Receipts (Disbursements)					
Sale of Capital Assets	648	-	-	-	648
Other Financing Uses	(5,540)	-	-	-	(5,540)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(4,892)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(4,892)</u>
<i>Net Change in Fund Cash Balances</i>	<u>(331,055)</u>	<u>338,846</u>	<u>-</u>	<u>1,224</u>	<u>9,015</u>
<i>Fund Cash Balances, January 1</i>	<u>1,217,348</u>	<u>1,441,556</u>	<u>26,722</u>	<u>254,571</u>	<u>2,940,197</u>
Fund Cash Balances, December 31					
Nonspendable	-	-	-	254,571	254,571
Restricted	-	1,735,420	26,722	1,224	1,763,366
Committed	-	44,982	-	-	44,982
Assigned	8,938	-	-	-	8,938
Unassigned	877,355	-	-	-	877,355
<i>Fund Cash Balances, December 31</i>	<u>\$ 886,293</u>	<u>\$ 1,780,402</u>	<u>\$ 26,722</u>	<u>\$ 255,795</u>	<u>\$ 2,949,212</u>

**VILLAGE OF GEORGETOWN
BROWN COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL PROPRIETARY AND FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2012**

	Proprietary Fund Type	Fiduciary Fund Types		Totals
	Enterprise	Agency	Private Purpose Trust	(Memorandum Only)
Operating Cash Receipts				
Charges for Services	\$ 6,222,166	\$ -	\$ -	\$ 6,222,166
<i>Total Operating Cash Receipts</i>	<u>6,222,166</u>	<u>-</u>	<u>-</u>	<u>6,222,166</u>
Operating Cash Disbursements				
Personal Services	759,406	-	-	759,406
Employee Fringe Benefits	374,728	-	-	374,728
Contractual Services	3,598,428	-	-	3,598,428
Supplies and Materials	358,185	-	-	358,185
Other	221,297	-	62	221,359
<i>Total Operating Cash Disbursements</i>	<u>5,312,044</u>	<u>-</u>	<u>62</u>	<u>5,312,106</u>
<i>Operating Income (Loss)</i>	<u>910,122</u>	<u>-</u>	<u>(62)</u>	<u>910,060</u>
Non-Operating Receipts (Disbursements)				
Intergovernmental	561,277	-	-	561,277
Other Debt Proceeds	1,295,702	-	-	1,295,702
Miscellaneous Receipts	781	-	-	781
Capital Outlay	(1,398,864)	-	-	(1,398,864)
Principal Retirement	(584,876)	-	-	(584,876)
Interest and Other Fiscal Charges	(36,816)	-	-	(36,816)
Direct Health Insurance Expense	-	(1,680)	-	(1,680)
Health Insurance Reimbursements	-	(1,888)	-	(1,888)
Other Non-Operating Receipts	-	87,169	-	87,169
Other Non-Operating Disbursements	-	(83,586)	-	(83,586)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(162,796)</u>	<u>15</u>	<u>-</u>	<u>(162,781)</u>
<i>Income (Loss) before Transfers</i>	747,326	15	(62)	747,279
Transfers In	86,000	-	-	86,000
Transfers Out	(86,000)	-	-	(86,000)
<i>Net Change in Fund Cash Balances</i>	747,326	15	(62)	747,279
<i>Fund Cash Balances, January 1 (Restated - See Note 13)</i>	<u>5,620,822</u>	<u>2,689</u>	<u>8,080</u>	<u>5,631,591</u>
<i>Fund Cash Balances, December 31</i>	<u>\$ 6,368,148</u>	<u>\$ 2,704</u>	<u>\$ 8,018</u>	<u>\$ 6,378,870</u>

**VILLAGE OF GEORGETOWN
BROWN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

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

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

B. Accounting Basis

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

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

C. 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.

Money market mutual funds (including STAR Ohio) are recorded at share values the mutual funds report.

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 accounts for and reports all financial resources not accounted for and reported in another fund.

**VILLAGE OF GEORGETOWN
BROWN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

2. Special Revenue Funds

These funds account for and report the proceeds from specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Village had the following significant Special Revenue Funds:

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

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

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

State Grant Fund – This fund receives intergovernmental state grant revenues for community development.

3. Debt Service Funds

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

4. Permanent Funds

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

5. Enterprise Funds

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

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

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

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

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

**VILLAGE OF GEORGETOWN
BROWN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

6. Fiduciary Funds

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

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

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

E. Budgetary Process

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

1. Appropriations

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

2. Estimated Resources

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

3. Encumbrances

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

A summary of 2013 and 2012 budgetary activity appears in Note 3.

F. Fund Balance

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

**VILLAGE OF GEORGETOWN
BROWN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Fund Balance (Continued)

1. Nonspendable

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

2. Restricted

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

3. Committed

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

4. Assigned

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

5. Unassigned

Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

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

G. Property, Plant and Equipment

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

H. Accumulated Leave

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

**VILLAGE OF GEORGETOWN
BROWN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012
(Continued)**

2. EQUITY IN POOLED DEPOSITS AND INVESTMENTS

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

	2013	2012
Demand deposits	\$ (160,714)	\$ 806,674
Certificates of deposit	2,327,666	2,530,831
Total deposits	2,166,952	3,337,505
Goldman Sachs Money Market Mutual Fund	8,441,906	5,990,577
Total investments	8,441,906	5,990,577
Total deposits and investments	\$ 10,608,858	\$ 9,328,082

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

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

3. BUDGETARY ACTIVITY

Budgetary activity for the years ended December 31, 2013 and 2012 follows:

2013 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 779,500	\$ 906,065	\$ 126,565
Special Revenue	2,166,870	1,339,585	(827,285)
Debt Service	195,000	-	(195,000)
Permanent	1,500	1,131	(369)
Enterprise	16,475,500	11,726,191	(4,749,309)
Fiduciary	600	6	(594)
Total	\$ 19,618,970	\$ 13,972,978	\$ (5,645,992)

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 1,135,793	\$ 1,017,466	\$ 118,327
Special Revenue	2,539,616	1,107,193	1,432,423
Debt Service	195,000	-	195,000
Enterprise	14,960,470	10,973,906	3,986,564
Fiduciary	1,500	80	1,420
Total	\$ 18,832,379	\$ 13,098,645	\$ 5,733,734

**VILLAGE OF GEORGETOWN
BROWN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012
(Continued)**

3. BUDGETARY ACTIVITY (Continued)

2012 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 807,900	\$ 773,653	\$ (34,247)
Special Revenue	1,055,020	1,033,266	(21,754)
Permanent	2,000	1,224	(776)
Enterprise	8,069,555	8,165,926	96,371
Fiduciary	600	-	(600)
Total	\$ 9,935,075	\$ 9,974,069	\$ 38,994

2012 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 1,195,417	\$ 1,113,646	\$ 81,771
Special Revenue	1,064,317	695,376	368,941
Permanent	20,000	-	20,000
Enterprise	8,315,407	7,518,368	797,039
Fiduciary	1,500	62	1,438
Total	\$ 10,596,641	\$ 9,327,452	\$ 1,269,189

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. The financial statements include homestead and rollback amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

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

5. LOCAL INCOME TAX

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

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

**VILLAGE OF GEORGETOWN
BROWN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012
(Continued)**

6. DEBT

Debt outstanding at December 31, 2013 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Water Mortgage Revenue Bonds	\$ 504,117	5.875%
Fire Tanker Truck	30,000	3.9%
OPWC - CT81M	53,121	0%
OWDA #6086	548,884	1%
OWDA #6379	144,076	1.5%
OWDA #6384	5,119,945	1%
	<u>\$ 6,400,143</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.

In 2010, the Village issued \$75,000 in Fire Tanker Truck Bonds. The Village issued these bonds to purchase a fire tanker truck for the Fire Department. These bonds are payable over 5 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 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. Water and sewer receipts collateralize the loan. The Village has agreed to set utility rates sufficient to cover payment requirements.

The Ohio Water Development Association (OWDA) Loan #6086 relates to Possum Run Pump Station SSO Elimination. The OWDA approved up to \$562,206 to the Village for the project. The OWDA has not finalized this loan. The interest rate on this loan is 1.00% and is set to mature on January 1, 2033. Water and Sewer receipts collateralize the loan. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements. As of December 31, 2013, \$561,615 has been drawn down. As of December 31, 2013, the loan has not been amortized; therefore, the future funding requirements for the retirement of this loan have not been included in the amortization schedule below.

The Ohio Water Development Association (OWDA) Loan #6379 relates to Town Run Pump Station SSO Elimination/WWTP Improvement. The OWDA approved up to \$196,460 to the Village for the project. The OWDA has not finalized this loan. The interest rate on this loan is 1.50% and is set to mature January 1, 2044. Water and Sewer receipts collateralize the loan. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements. As of December 31, 2013, \$142,616 has been drawn down plus \$1,460 in capitalized interest for a total loan balance of \$144,076. As of December 31, 2013, the loan has not been amortized; therefore, the future funding requirements for the retirement of this loan have not been included in the amortization schedule below.

**VILLAGE OF GEORGETOWN
BROWN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012
(Continued)**

6. DEBT (Continued)

The Ohio Water Development Association (OWDA) Loan #6384 relates to Town Run WWTP Improvement. The OWDA approved up to \$7,500,431 to the Village for the project. The OWDA has not finalized this loan. The interest rate on this loan is 1.00% and is set to mature January 1, 2034. Water and Sewer receipts collateralize the loan. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements. As of December 31, 2013, \$5,106,120 has been drawn down plus \$13,825 in capitalized interest for a total loan balance of \$5,119,945. As of December 31, 2013, the loan has not been amortized; therefore, the future funding requirements for the retirement of this loan have not been included in the amortization schedule below.

As of December 31, 2013, the Village has also entered into a loan agreement with The Ohio Public Works Commission (OPWC) loan C0070 relating to the Town Run Pump Station SSO Elimination/WWTP Improvements. The OPWC approved up to \$500,000 in loans to the Village for this project. The Village will repay the loans in semiannual installments of \$8,333, with zero interest, over 30 years. The scheduled payment amount assumes that all \$500,000 will be borrowed. The OPWC will adjust the scheduled payment to reflect any revisions in the amounts the Village actually borrows. Water and Sewer receipts collateralize the loan. The Village has agreed to set utility rates sufficient to cover the OPWC loan requirements. At December 31, 2013, the Loan Balance is Zero. Therefore, the amortization table below does not include this loan and the Debt Outstanding at December 31, 2013 table above does not include this loan.

Year ending December 31:	Water Mortgage Revenue Bonds	Fire Tanker Truck	OPWC CT81M
2014	\$ 47,517	\$ 15,900	\$ 3,219
2015	47,565	15,450	3,219
2016	47,549	-	3,219
2017	47,683	-	3,219
2018	47,683	-	3,219
2019-2023	572,812	-	38,636
Total	<u>\$ 810,809</u>	<u>\$ 31,350</u>	<u>\$ 54,731</u>

7. LEASE/OPTION TO PURCHASE

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

8. RETIREMENT SYSTEMS

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

**VILLAGE OF GEORGETOWN
BROWN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012
(Continued)**

8. RETIREMENT SYSTEMS (Continued)

The Ohio Revised Code also prescribes contribution rates. For 2013 and 2012, OP&F participants contributed 10.75% and 10%, respectively of their wages. For 2013 and 2012, the Village contributed to OP&F an amount equal to 19.5% of full-time police members' wages. For 2013 and 2012, 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, 2013.

9. RISK MANAGEMENT

The Village has obtained commercial insurance for the following risks:

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

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

10. TRANSFERS

During 2013, the following transfers were made:

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

During 2012, the following transfers were made:

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

During 2013 and 2012, transfers were made from the Water, Sewer and Electric Funds to their corresponding Improvement and Replacement Reserve Funds in accordance with the Village's ordinance #935, #744, and #822, respectively. All transfers were deemed allowable.

**VILLAGE OF GEORGETOWN
BROWN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012
(Continued)**

11. CONTINGENT LIABILITIES

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

12. SUBSEQUENT EVENTS

Effective January 1, 2014, the Village increased their income tax rate from one half percent to one percent.

Effective January 1, 2014, the Village merged with the Georgetown Volunteer Life Squad.

13. PRIOR PERIOD RESTATEMENT

The Village did not record their Health Reimbursement Account (HRA) as of December 31, 2011.

	<u>Agency Fund</u>
Fund Balance as of December 31, 2011	\$ 1,394
HRA Account	1,295
Adjusted Fund Balance as of January 1, 2012	<u><u>\$ 2,689</u></u>

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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**

October 24, 2014

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 **Village of Georgetown**, Brown County (the Village) as of and for the years ended December 31, 2013 and 2012, and the related notes to the financial statements and have issued our report thereon dated October 24, 2014, 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 opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the Village's internal control. Accordingly, we have not opined on it.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. However, as described in the accompanying schedule of audit findings we identified a certain deficiency in internal control over financial reporting, that we consider a material weakness.

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 a 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. We consider finding 2013-001 described in the accompanying schedule of audit findings to be a material weakness.

Compliance and Other Matters

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

We noted certain matters not requiring inclusion in this report that we reported to the Village's management in a separate letter dated October 24, 2014.

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, 2013 AND 2012**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2013-001

Material Weakness

Posting Receipts, Disbursements and Fund Balances

Receipts and disbursements should be posted to the fund and line item accounts as established by Ohio Administrative Code. Fund balances should be properly classified based on Governmental Accounting Standards Statement No. 54.

During 2013 and 2012, receipts, disbursements and fund balances were not always posted or classified correctly. The following errors were noted:

- In 2013, Property Tax Rollback receipts were not recorded to the appropriate funds.
- A reimbursement for improvements was not receipted properly to the original fund the disbursements were spent from.
- A receipt was improperly recorded as an increase in fund balance instead of Intergovernmental in 2013.
- Administrative expenses for OWDA loans were improperly disbursed from the Debt Service Fund as Principal Retirement instead of the Sewer Fund for Contractual Services in 2013.
- In 2013, loan proceeds were improperly recorded as Transfers – In.
- Loan proceeds were improperly recorded as Special Assessments in 2013 and Miscellaneous in 2012.
- Principal forgiveness for OWDA loans was not recorded in 2013 and 2012.
- Kilowatt tax was improperly recorded as Special Assessments instead of Property and Other Local Taxes in 2012.
- A donation in the Cemetery Fund was recorded as Charges for Services instead of Miscellaneous in 2012.
- In 2013 and 2012, the fund balance classification for the Permanent Fund was misclassified as Nonspendable and Committed, respectively.
- In 2012, fund balance classifications for various Special Revenue Funds were misclassified as Committed and Assigned instead of Restricted.
- In 2013 and 2012, the fund balance for encumbrances in the General Fund was misclassified as Unassigned instead of Assigned.
- In 2013 and 2012, the Village did not record their HRA account activity.

Not posting receipts and disbursements or classifying fund balances accurately resulted in the financial statements requiring adjustments and reclassifications. The Village has made all adjustments to its accounting system. The financial statements reflect all adjustments and 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 to Ohio Administrative Code and/or the Ohio Village Handbook 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 Bulletin 2011-004 for assistance in properly classifying fund balances.

Officials' Response – Officials did not provide a response to this finding.

**VILLAGE OF GEORGETOWN
BROWN COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2011-001	Posting Receipts and Disbursements	No	Repeated as Finding 2013-001

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Dave Yost • Auditor of State

VILLAGE OF GEORGETOWN

BROWN COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
DECEMBER 16, 2014**