



**Auditor of State  
Betty Montgomery**



VILLAGE OF GEORGETOWN  
BROWN COUNTY

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## Auditor of State Betty Montgomery

### INDEPENDENT ACCOUNTANTS' REPORT

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

To the Village Council:

We have audited the accompanying financial statements of the Village of Georgetown, Brown County, Ohio (the Village), as of and for the years ended December 31, 2003 and 2002. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *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.

The Village's financial transactions were processed using the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to conduct the audit of the Village because the Auditor of State designed, developed, implemented, and, as requested, operates UAN. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments.

We believe 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, 2003 and 2002, 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 August 19, 2004 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. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

This report is intended solely for the information and use of the Audit Committee, management, 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.

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

**Betty Montgomery**  
Auditor of State

October 14, 2004

**VILLAGE OF GEORGETOWN  
BROWN COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL AND SIMILAR FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2003**

	<u>Governmental Fund Types</u>			<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Expendable Trust</u>	
<b>Cash Receipts:</b>					
Property Tax and Other Local Taxes	\$239,383	\$267,081	\$0	\$0	\$506,464
Special Assessments	72,595				72,595
Intergovernmental Receipts	114,605	215,332			329,937
Charges for Services	6,800	98,183			104,983
Fines, Licenses, and Permits	69,233	1,539			70,772
Earnings on Investments	75,281	8,814		600	84,695
Miscellaneous	4,588	2,143			6,731
	<u>582,485</u>	<u>593,092</u>	<u>0</u>	<u>600</u>	<u>1,176,177</u>
<b>Total Cash Receipts</b>					
<b>Cash Disbursements:</b>					
Current:					
Security of Persons and Property	441,515	68,961			510,476
Public Health Services	1,186	42,398			43,584
Leisure Time Activities		2,907			2,907
Community Environment	7,623	5,641			13,264
Transportation		101,974			101,974
General Government	144,486	61,237			205,723
Debt Service:					
Principal Payments		15,498	4,351		19,849
Interest Payments		11,439	3,165		14,604
Capital Outlay	110,972	333,583			444,555
	<u>705,782</u>	<u>643,638</u>	<u>7,516</u>	<u>0</u>	<u>1,356,936</u>
<b>Total Cash Disbursements</b>					
<b>Total Receipts Over/(Under) Disbursements</b>	<u>(123,297)</u>	<u>(50,546)</u>	<u>(7,516)</u>	<u>600</u>	<u>(180,759)</u>
<b>Other Financing Receipts:</b>					
Sale of Bonds		296,580			296,580
Transfers-In			7,515		7,515
	<u>0</u>	<u>296,580</u>	<u>7,515</u>	<u>0</u>	<u>304,095</u>
<b>Total Other Financing Receipts</b>					
<b>Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements</b>	<u>(123,297)</u>	<u>246,034</u>	<u>(1)</u>	<u>600</u>	<u>123,336</u>
<b>Fund Cash Balances, January 1</b>	<u>872,051</u>	<u>969,585</u>	<u>26,723</u>	<u>7,092</u>	<u>1,875,451</u>
<b>Fund Cash Balances, December 31</b>	<u><u>\$748,754</u></u>	<u><u>\$1,215,619</u></u>	<u><u>\$26,722</u></u>	<u><u>\$7,692</u></u>	<u><u>\$1,998,787</u></u>
<b>Reserves for Encumbrances, December 31</b>	<u><u>\$0</u></u>	<u><u>\$196,998</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$196,998</u></u>

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

**VILLAGE OF GEORGETOWN  
BROWN COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES - ALL PROPRIETARY AND SIMILAR FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2003**

	Proprietary Fund Types	Fiduciary Fund Types		Totals (Memorandum Only)
	Enterprise	Nonexpendable Trust	Agency	
<b>Operating Cash Receipts:</b>				
Charges for Services	\$4,271,038	\$8,746	\$0	\$4,279,784
Earnings on Investments		\$7,493		\$7,493
<b>Total Operating Cash Receipts</b>	<b>4,271,038</b>	<b>16,239</b>	<b>0</b>	<b>4,287,277</b>
<b>Operating Cash Disbursements:</b>				
Personal Services	495,825			495,825
Fringe Benefits	200,319			200,319
Contractual Services	2,535,782			2,535,782
Supplies and Materials	180,837			180,837
Other	107,214			107,214
Capital Outlay	96,011			96,011
<b>Total Operating Cash Disbursements</b>	<b>3,615,988</b>	<b>0</b>	<b>0</b>	<b>3,615,988</b>
Operating Income	655,050	16,239	0	671,289
<b>Non-Operating Cash Receipts:</b>				
Proceeds from Notes and Bonds	67,498			67,498
Other Non-Operating Receipts	1,400		63,685	65,085
<b>Total Non-Operating Cash Receipts</b>	<b>68,898</b>	<b>0</b>	<b>63,685</b>	<b>132,583</b>
<b>Non-Operating Cash Disbursements:</b>				
Debt Service	301,508			301,508
Other Non-Operating Cash Disbursements			63,433	63,433
<b>Total Non-Operating Cash Disbursements</b>	<b>301,508</b>	<b>0</b>	<b>63,433</b>	<b>364,941</b>
Excess of Receipts Over/(Under) Disbursements Before Interfund Transfers	422,440	16,239	252	438,931
Transfers-In	86,000			86,000
Transfers-Out	(93,515)			(93,515)
<b>Net Receipts Over Disbursements</b>	<b>414,925</b>	<b>16,239</b>	<b>252</b>	<b>431,416</b>
Fund Cash Balances, January 1	3,211,617	258,312	1,584	3,471,513
<b>Fund Cash Balances, December 31</b>	<b>\$3,626,542</b>	<b>\$274,551</b>	<b>\$1,836</b>	<b>\$3,902,929</b>
Reserve for Encumbrances, December 31	\$16,218	\$0	\$0	\$16,218

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



**VILLAGE OF GEORGETOWN  
BROWN COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL AND SIMILAR FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2002**

	<u>Governmental Fund Types</u>				<u>Fiduciary Fund Type</u>	<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Expendable Trust</u>	
<b>Cash Receipts:</b>						
Property Tax and Other Local Taxes	\$208,630	\$271,875	\$0	\$0	\$0	\$480,505
Intergovernmental Receipts	149,577	138,628		57,306		345,511
Charges for Services	5,502	91,820				97,322
Fines, Licenses, and Permits	88,914	1,725				90,639
Earnings on Investments	106,875	12,350				119,225
Miscellaneous	5,816	9,906				15,722
<b>Total Cash Receipts</b>	<b>565,314</b>	<b>526,304</b>	<b>0</b>	<b>57,306</b>	<b>0</b>	<b>1,148,924</b>
<b>Cash Disbursements:</b>						
Current:						
Security of Persons and Property	435,753	55,769				491,522
Public Health Services	8,445	47,105			41	55,591
Leisure Time Activities	5,782	2,940				8,722
Community Environment	7,623	3,905				11,528
Transportation		106,300				106,300
General Government	178,101	9,984				188,085
Debt Service:						
Principal Payments		38,682	4,095			42,777
Interest Payments		9,796	3,421			13,217
Capital Outlay	146,750	82,202		57,306		286,258
<b>Total Cash Disbursements</b>	<b>782,454</b>	<b>356,683</b>	<b>7,516</b>	<b>57,306</b>	<b>41</b>	<b>1,204,000</b>
<b>Total Receipts Over/(Under) Disbursements</b>	<b>(217,140)</b>	<b>169,621</b>	<b>(7,516)</b>	<b>0</b>	<b>(41)</b>	<b>(55,076)</b>
<b>Other Financing Receipts and (Disbursements):</b>						
Transfers-In		5,011	7,516			12,527
Sale of Fixed Assets	9,512					9,512
Transfers-Out	(5,011)					(5,011)
<b>Total Other Financing Receipts/(Disbursements)</b>	<b>4,501</b>	<b>5,011</b>	<b>7,516</b>	<b>0</b>	<b>0</b>	<b>17,028</b>
<b>Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements</b>	<b>(212,639)</b>	<b>174,632</b>	<b>0</b>	<b>0</b>	<b>(41)</b>	<b>(38,048)</b>
<b>Fund Cash Balances, January 1</b>	<b>1,084,690</b>	<b>794,953</b>	<b>26,723</b>		<b>7,133</b>	<b>1,913,499</b>
<b>Fund Cash Balances, December 31</b>	<b>\$872,051</b>	<b>\$969,585</b>	<b>\$26,723</b>	<b>\$0</b>	<b>\$7,092</b>	<b>\$1,875,451</b>
<b>Reserves for Encumbrances, December 31</b>	<b>\$1,088</b>	<b>\$5,260</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$6,348</b>

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

**VILLAGE OF GEORGETOWN  
BROWN COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES - ALL PROPRIETARY AND SIMILAR FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2002**

	<u>Proprietary Fund Types</u>	<u>Fiduciary Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Nonexpendable Trust</u>	<u>Agency</u>	
<b>Operating Cash Receipts:</b>				
Charges for Services	\$4,111,747	\$9,891	\$0	\$4,121,638
Earnings on Investments		\$6,339		\$6,339
Miscellaneous	77,974			77,974
	<u>4,189,721</u>	<u>16,230</u>	<u>0</u>	<u>4,205,951</u>
<b>Operating Cash Disbursements:</b>				
Personal Services	493,715			493,715
Fringe Benefits	185,668			185,668
Contractual Services	2,492,146			2,492,146
Supplies and Materials	217,190			217,190
Other	151,994			151,994
Capital Outlay	89,353			89,353
	<u>3,630,066</u>	<u>0</u>	<u>0</u>	<u>3,630,066</u>
Operating Income/(Loss)	<u>559,655</u>	<u>16,230</u>	<u>0</u>	<u>575,885</u>
<b>Non-Operating Cash Receipts:</b>				
Proceeds from Notes and Bonds	91,340			91,340
Other Non-Operating Receipts			87,936	87,936
	<u>91,340</u>	<u>0</u>	<u>87,936</u>	<u>179,276</u>
<b>Non-Operating Cash Disbursements:</b>				
Debt Service	324,112			324,112
Other Non-Operating Cash Disbursements			88,550	88,550
	<u>324,112</u>	<u>0</u>	<u>88,550</u>	<u>412,662</u>
Excess of Receipts Over/(Under) Disbursements Before Interfund Transfers and Advances	326,883	16,230	(614)	342,499
Transfers-In	86,000			86,000
Transfers-Out	(93,516)			(93,516)
Net Receipts Over/(Under) Disbursements	319,367	16,230	(614)	334,983
Fund Cash Balances, January 1	2,892,250	242,082	2,198	3,136,530
<b>Fund Cash Balances, December 31</b>	<b><u>\$3,211,617</u></b>	<b><u>\$258,312</u></b>	<b><u>\$1,584</u></b>	<b><u>\$3,471,513</u></b>
Reserve for Encumbrances, December 31	<u>\$2,643</u>	<u>\$0</u>	<u>\$0</u>	<u>\$2,643</u>

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

**VILLAGE OF GEORGETOWN  
BROWN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2003 AND 2002**

**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 street maintenance, police and fire protection, and utilities.

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 statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

**C. Cash and Investments**

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.

Certificates of deposit are valued at cost. Funds with STAR Ohio are recorded at share values.

**D. Fund Accounting**

The Village uses fund accounting to segregate cash deposits 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.

Income Tax Fund – This fund receives local taxes used for street maintenance.

**VILLAGE OF GEORGETOWN  
BROWN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2003 AND 2002  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

**3. Debt Service Fund**

This fund is used to accumulate resources for the payment of an Ohio Water Development Authority loan:

Ohio Water Development Authority Fund (OWDA) - Used to retire debt issued from an Ohio Water Development Authority loan.

**4. Capital Project Fund**

This fund is 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 capital project fund during 2002:

Sewer Grant Construction Fund - Primary source of receipts from a state grant.

**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.

Trash 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. 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  
BROWN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2003 AND 2002  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Perpetual Trust Fund – A nonexpendable trust fund used to account for the principal amounts of monies left to the Village to be used for the upkeep of the Village cemetery.

Wolf Fund - An expendable trust fund that receives interest used to assist indigent people.

Mayor's Court Fund – An agency fund used to account for monies received, by the public, in the form of court costs, fines, bonds, and/or restitutions.

**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 re-appropriated.

A summary of 2003 and 2002 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  
BROWN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2003 AND 2002  
(Continued)**

**2. EQUITY IN POOLED CASH AND INVESTMENTS**

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

	2003	2002
Demand deposits	\$276,224	\$280,715
Certificate of deposit	2,029,623	2,029,623
Total deposits	2,305,847	2,310,338
Repurchase Agreement	2,895,869	3,036,626
Star Ohio	700,000	0
Total Investments	3,595,869	3,036,626
Total Deposits and Investments	\$5,901,716	\$5,346,964

**Deposits:** Deposits are either (1) insured by the Federal Depository Insurance Corporation, or (2) 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. The Village's financial institution transfers securities to the Village's agent to collateralize repurchase agreements. The securities are not in the Village's name. Investments in STAR Ohio are not evidenced by securities that exist in physical or book-entry form.

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ending December 31, 2003 and 2002 follows:

2003 Budgeted vs. Actual Receipts			
	Budgeted	Actual	
Fund Type	Receipts	Receipts	Variance
General	\$582,236	\$582,485	\$249
Special Revenue	937,927	889,672	(48,255)
Debt Service	7,515	7,515	0
Expendable Trust	300	600	300
NonExpendable Trust	5,000	16,239	11,239
Enterprise	4,296,500	4,425,936	129,436
Total	\$5,829,478	\$5,922,447	\$92,969

**VILLAGE OF GEORGETOWN  
BROWN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2003 AND 2002  
(Continued)**

**3. BUDGETARY ACTIVITY (Continued)**

2003 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Budgeted Expenditures	Actual Expenditures	Variance
General	\$783,504	\$705,782	\$77,722
Special Revenue	1,504,874	840,636	664,238
Debt Service	7,516	7,516	0
Expendable Trust	1,500	0	1,500
NonExpendable Trust	0	0	0
Enterprise	4,329,439	4,027,229	302,210
Total	<u>\$6,626,833</u>	<u>\$5,581,163</u>	<u>\$1,045,670</u>

2002 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$556,175	\$574,826	\$18,651
Special Revenue	522,002	531,315	9,313
Debt Service	7,515	7,516	1
Capital Projects	58,188	57,306	(882)
Expendable Trust	300	0	(300)
NonExpendable Trust	2,500	16,230	13,730
Enterprise	4,157,500	4,367,061	209,561
Total	<u>\$5,304,180</u>	<u>\$5,554,254</u>	<u>\$250,074</u>

2002 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Budgeted Expenditures	Actual Expenditures	Variance
General	\$934,991	\$788,553	\$146,438
Special Revenue	719,170	361,943	357,227
Debt Service	7,516	7,516	0
Capital Projects	72,735	57,306	15,429
Expendable Trust	1,702	41	1,661
NonExpendable Trust	0	0	0
Enterprise	4,452,671	4,050,337	402,334
Total	<u>\$6,188,785</u>	<u>\$5,265,696</u>	<u>\$923,089</u>

In 2003, appropriations exceeded estimated resources in the Fire Fund by \$22,040 and in the Federal Grant Fund by \$65,624.

In 2002, appropriations exceeded estimated resources in the State Grant Fund by \$58,370 and in the Grant Construction Fund by \$14,547.

**VILLAGE OF GEORGETOWN  
BROWN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2003 AND 2002  
(Continued)**

**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 payments, 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.

**5. LOCAL INCOME TAX**

The Village levies a municipal income tax of ½ percent on substantially all earned income arising from employment, residency, or business activities within the Village as well as certain income from residents earned outside 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.

**6. DEBT**

Debt outstanding at December 31, 2003 was as follows:

Ohio Water Development Authority Loan #1	\$46,287	6.25%
Ohio Water Development Authority Loan #2	1,167,732	2.00%
Water System Mortgage Revenue Bonds	636,117	5.78%
Fire Equipment Bonds	135,844	5.63%
Digger Derrick Truck Note	67,498	3.95%
Fire Truck Bond	196,580	3.90%
Fire House Building Bond	100,000	3.42%
Total	<u>\$2,350,058</u>	

The Ohio Water Development Authority (OWDA) loans relate to a water and sewer lines and plant expansion project that was mandated by the Ohio Environmental Protection Agency. The OWDA has approved loans in the amount of \$109,620 to the Village for 20 years for loan #1 and \$2,605,201 for 40 years for loan #2. The loans will be repaid in semiannual installments of \$3758 and \$79,344, respectively. The loans are collateralized by water and sewer receipts. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.



**VILLAGE OF GEORGETOWN  
BROWN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2003 AND 2002  
(Continued)**

**6. DEBT (Continued)**

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

In 2000 the Village issued \$179,906 of Fire Equipment Bonds. The Village issued these bonds to purchase a fire truck for the Fire Department. These bonds are payable over 20 years with semiannual payments that vary as set forth in the amortization schedule.

In 2001 the Village issued \$110,000 in Bond Anticipation Notes for one year. The notes were for the purpose of acquiring a new/demo digger truck for the electric department. The note was issued in anticipation of the issuance of a like principal amount of bonds for the purpose of acquiring a Digger Derrick Truck for the Village. The note may be renewed for a maximum of seven years. The note was renewed in 2002 for \$91,340 and in 2003 for \$67,498.

In 2003 the Village issued \$196,580 in Fire Truck Bonds. The Village issued these bonds to purchase a fire truck. These bonds are payable over 10 years with semiannual payments that vary as set forth in the amortization schedule.

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

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

Year Ending December 31:	OWDA Loans	Mortgage Revenue Bonds	General Obligation Bonds	Bond Anticipation Note
2004	\$166,204	\$47,359	\$71,084	\$70,145
2005	\$166,204	47,372	70,374	
2006	\$166,204	47,449	69,662	
2007	\$166,204	47,385	68,949	
2008	\$166,204	47,386	68,235	
Subsequent	\$498,559	1,097,831	167,342	
Total	<u>\$1,329,579</u>	<u>\$1,334,782</u>	<u>\$515,646</u>	<u>\$70,145</u>

**7. RETIREMENT SYSTEMS**

The Village's law enforcement officers belong to the Ohio Police and Fire Pension Funds (OP&F). Other full-time employees belong to the Public Employees Retirement System (PERS) of Ohio. OP&F and PERS are cost-sharing, multiple-employer plans. These plans provide retirement benefits, including postretirement 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 2003 and 2002, OP&F participants contributed 10% of their wages. The Village contributed an amount equal to 19.5% of police participants and 24% of fire participant wages. PERS members contributed 8.5% of their wages. The Village contributed an amount equal to 13.55% of participants' gross salaries. The Village has paid all contributions required through December 31, 2003.

**VILLAGE OF GEORGETOWN  
BROWN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2003 AND 2002  
(Continued)**

**8. RISK MANAGEMENT**

The Village has obtained commercial insurance for the following risks:

- Comprehensive property and general liability
- Vehicles
- Commercial Inland Marine

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

**9. PENDING LITIGATION**

The Village is currently disputing the water rates that Brown County Rural Water is charging the Village. The Village has consulted their legal counsel to resolve this issue.



## **Auditor of State Betty Montgomery**

### **INDEPENDENT ACCOUNTANTS' REPORT 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, 2003 and 2002, and have issued our report thereon dated October 14, 2004, wherein we noted the Village used the Auditor of State's UAN system to process accounting transactions. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *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 an instance of noncompliance that is required to be reported under *Government Auditing Standards* which are described in the accompanying schedule of findings as item 2003-001. We also noted immaterial instances of noncompliance that we have reported to management of the Village in a separate letter dated October 14, 2004.

#### **Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the 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. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Village's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. The reportable condition is described in the accompanying schedule of findings as item 2003-002.

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 misstatement 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. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we do not believe the reportable condition described above is a material weakness.

We also noted another matter involving the internal control structure over financial reporting that does not require inclusion in this report that we have reported to the management of the Village in a separate letter dated October 14, 2004.

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

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

**Betty Montgomery**  
Auditor of State

October 14, 2004

**VILLAGE OF GEORGETOWN  
BROWN COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2003 AND 2002**

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

**FINDING NUMBER 2003-001**

**Noncompliance**

Ohio Rev. Code, 5705.39, requires that the total appropriations from each fund not exceed the total estimated resources for that fund. Appropriations exceeded estimated resources in the following funds:

<b>2002 Fund</b>	<b>Appropriations</b>	<b>Estimated Resources</b>	<b>Variance</b>
State Grant	\$58,370	\$ 0	(\$58,370)
Grant Construction	72,735	58,188	( 14,547)
<b>2003 Fund</b>	<b>Appropriations</b>	<b>Estimated Resources</b>	<b>Variance</b>
Fire	\$648,146	\$626,106	(\$22,040)
Federal Grant	131,288	65,664	( 65,624)

**FINDING NUMBER 2003-02**

**Reportable Condition**

Village police officers did not always utilize the updated, approved bond schedule when determining fine amounts on offenders' tickets. Therefore, occasionally collections were received based on an outdated bond schedule. To ensure that the correct amounts are collected according to the effective bond schedule, the mayor should verify the police officers maintain and adhere to the most current approved bond schedule. The Mayor's Court should only collect fees and costs that have been approved by the Village Council.

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**VILLAGE OF GEORGETOWN  
BROWN COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2003 AND 2002**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain</i></b>
2001-30408-001	Failure to prior Certify Expenditures	No	Partially corrected. Reported as a citation in the 2003-2002 management letter.
2001-30408-002	Deficit Fund Balance	Yes	







**Auditor of State  
Betty Montgomery**

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**VILLAGE OF GEORGETOWN  
MAHONING 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 9, 2004**