

Georgetown Exempted Village School District

Brown County

Single Audit

July 1, 2007 through June 30, 2008

Fiscal Year Audited Under GAGAS: 2008



Balestra, Harr & Scherer, CPAs, Inc.

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Mary Taylor, CPA
Auditor of State

Members of the Board
Georgetown Exempted Village School District
1043 Mt. Orab Pike
Georgetown, Ohio 45121

We have reviewed the *Independent Auditor's Report* of the Georgetown Exempted Village School District, Brown County, prepared by Balestra, Harr & Scherer, CPAs, Inc., for the audit period July 1, 2007 through June 30, 2008. 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 Georgetown Exempted Village School District is responsible for compliance with these laws and regulations.

Mary Taylor

Mary Taylor, CPA
Auditor of State

December 29, 2008

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GEORGETOWN EXEMPTED VILLAGE SCHOOL DISTRICT
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Ohio Society of Certified Public Accountants

Independent Auditor's Report

Members of the Board
Georgetown Exempted Village School District
1043 Mt. Orab Pike
Georgetown, Ohio 45121

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Georgetown Exempted Village School District (the District), Brown County, as of and for the year ended June 30, 2008, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions 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 Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure 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 opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2008, and the respective changes in financial position and the respective budgetary comparison for the general fund, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

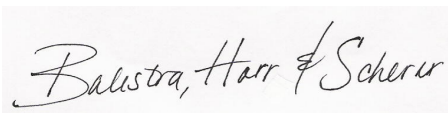
In accordance with *Government Auditing Standards*, we have also issued our report dated November 14, 2008 on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

The Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information accounting principles generally accepted in the United States of America requires. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.

Georgetown Exempted Village School District
Independent Auditor's Report
Page 2

We conducted our audit to opine on the financial statements that collectively comprise the District's basic financial statements. The accompanying Schedule of Federal Awards Expenditures is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

As described in Note 21, the District has implemented Governmental Accounting Standards Board (GASB) Statement No. 50, *Pension Disclosures – an amendment of GASB Statements No. 25 and No. 27*, and GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*.

A handwritten signature in cursive script that reads "Balestra, Harr & Scherer". The signature is written in black ink on a light-colored background.

Balestra, Harr & Scherer, CPAs, Inc.
November 14, 2008

Georgetown Exempted Village School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2008
Unaudited

The discussion and analysis of the Georgetown Exempted Village School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2008. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the School District's financial performance.

FINANCIAL HIGHLIGHTS

Key financial highlights for the fiscal year 2008 are as follows:

- Net assets of governmental activities decreased \$3,262,726, which is primarily due to the special item as described in Note 2.
- General revenues accounted for \$6,815,414 in revenue or 74% of all revenues. Program specific revenues in the form of charges for services, grants, and contributions, accounted for \$2,367,454 or 26% of total revenues of \$9,182,868.
- The School District had \$12,445,594 in expenses and special items related to governmental activities; \$2,367,454, of these expenses were offset by program specific charges for services, and grants and contributions.

USING THIS ANNUAL FINANCIAL REPORT

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand the Georgetown Exempted Village School District as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities and conditions.

The Statement of Net Assets and Statement of Activities provide information about the activities of the whole School District, presenting both an aggregate view of the School District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look as the School District's most significant funds with all other non-major funds presented in total in one column.

Reporting the School District as a Whole

Statement of Net Assets and Statement of Activities

While this document contains information about the large number of funds used by the School District to provide programs and activities for students, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during fiscal year 2008?" The Statement of Net Assets and the Statement of Activities answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the School District's net assets and changes in those assets. This change in net assets is important because it tells the reader that, for the School District as a whole, the financial position of the School District has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Non-financial factors include the School District's property tax base, current property tax laws in Ohio restricting revenue growth, facility conditions, required educational programs, and other factors.

Georgetown Exempted Village School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2008
Unaudited

In the Statement of Net Assets and the Statement of Activities, all of the School District's programs and services are reported as governmental activities including instruction, support services, operation of non instructional services, and extracurricular activities.

Reporting the School District's Most Significant Funds

Fund Financial Statements

The analysis of the School District's major funds begins on page 7. Fund financial statements provide detailed information about the School District's major funds. The School District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the School District's most significant funds. The School District's major governmental funds are the General Fund and the Bond Retirement Fund.

Governmental Funds Most of the School District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at fiscal year end available for spending in future periods. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the School District's general governmental operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds is reconciled in the financial statements.

Fiduciary Funds Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private purpose trust funds, and agency funds. The School District's fiduciary funds are agency funds which are used to maintain financial activity of the School District's Student Managed Activities, and private purpose trust funds which are used to maintain the financial activity of the School District's Scholarship Funds. Trust funds are used to account for assets held by the School District under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the School District's own programs. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. In accordance with GASB 34, fiduciary funds are not included in the government-wide financial statements.

Georgetown Exempted Village School District

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2008

Unaudited

THE SCHOOL DISTRICT AS A WHOLE

Recall that the Statement of Net Assets provides the perspective of the School District as a whole. Table 1 provides a summary of the School District's net assets for 2008 compared to 2007.

Table 1
Net Assets

	Governmental Activities	
	2008	2007
Assets		
Current and Other Assets	\$4,626,274	\$5,357,549
Capital Assets	25,621,205	28,085,955
Total Assets	<u>30,247,479</u>	<u>33,443,504</u>
Liabilities		
Long-term Liabilities	5,572,373	5,766,067
Current and Other Liabilities	3,070,785	2,810,390
Total Liabilities	<u>8,643,158</u>	<u>8,576,457</u>
Net Assets		
Invested in Capital Assets, Net of Debt	20,683,575	22,861,885
Restricted	1,188,083	1,616,037
Unrestricted (Deficit)	(267,337)	389,125
Total Net Assets	<u>\$21,604,321</u>	<u>\$24,867,047</u>

Current and Other Assets decreased primarily due to a decrease to taxes receivable due to the collection of a significant amount of delinquencies in fiscal year 2008, however this decrease was partially offset by an increase to intergovernmental receivables. Total net assets of the District, as a whole decreased \$878,938 before a special item of \$2,383,788, which is more fully described in Note 2 on page 24.

Georgetown Exempted Village School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2008
Unaudited

Table 2 shows the changes in net assets for the fiscal year ended June 30, 2008 as compared to 2007.

Table 2
Changes in Net Assets

	Governmental Activities	
	2008	2007
Revenues		
Program Revenues		
Charges for Services	\$ 672,156	\$ 655,920
Operating Grants and Contributions	1,381,754	1,639,101
Capital Grants and Contributions	313,544	-
Total Program Revenues	<u>2,367,454</u>	<u>2,295,021</u>
General Revenues		
Property Taxes	1,765,727	2,960,988
Grants and Entitlements not Restricted to Specific Programs	4,888,005	4,964,993
Gifts and Donations not Restricted to Specific Programs	-	5,084
Investment Earnings	92,891	199,951
Miscellaneous	68,791	303,595
Total General Revenues	<u>6,815,414</u>	<u>8,434,611</u>
Total Revenues	<u>9,182,868</u>	<u>10,729,632</u>
Program Expenses		
Instruction:		
Regular	5,104,024	5,065,862
Special	809,787	1,136,408
Vocational	161,390	148,857
Adult/Continuing	7,539	-
Other	517	-
Support Services:		
Pupil	253,032	195,213
Instructional Staff	407,540	342,357
Board of Education	41,016	349,813
Administration	742,550	666,570
Fiscal	368,278	294,708
Business	45,607	-
Operation and Maintenance of Plant	750,166	817,788
Pupil Transportation	504,579	405,899
Central	60,361	9,662
Operation of Non-Instructional Services	382,809	331,781
Extracurricular Activities	181,990	121,360
Interest and Fiscal Charges	240,621	263,445
Total Expenses	<u>10,061,806</u>	<u>10,149,723</u>
Increase (Decrease) in Net Assets Before Special Items	<u>(878,938)</u>	<u>579,909</u>
Special Item - Loss on Disposal of Capital Assets	<u>(2,383,788)</u>	<u>(1,581,725)</u>
Increase (Decrease) in Net Assets	<u>(3,262,726)</u>	<u>(1,001,816)</u>
Net Assets, Beginning of Year	<u>24,867,047</u>	<u>25,868,863</u>
Net Assets, End of Year	<u>\$ 21,604,321</u>	<u>\$ 24,867,047</u>

Georgetown Exempted Village School District

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2008

Unaudited

Grants and entitlements not restricted to specific programs made up 53% of total revenues while property taxes made up 19% of total revenues. General revenues made up 74% of total revenues. Program revenues made up 26% of total revenues. Property tax revenues declined from 2007 due to a phase out of tangible personal property tax revenue.

Regular instruction made up 51% of total expenses, while special instruction and operation of maintenance and plant made up 8% and 7% of total expenses respectively. The only slight increase to regular instruction is due to a conscience effort by the District to budget their resources toward instruction. The decrease to Board of Education expense is due to one time purchases made in the previous fiscal year. Total expenses remained consistent with the prior fiscal year.

The Statement of Activities shows the cost of program services and the charges for services, grants and contributions offsetting those services. Table 3 shows the total cost of services and the net cost of services. That is, it identifies the cost of those services supported by tax revenue and unrestricted state entitlements.

Table 3
Governmental Activities

	<u>Total Cost of Services</u>	<u>Net Cost of Services</u>	<u>Total Cost of Services</u>	<u>Net Cost of Services</u>
	2008		2007	
Program Expenses				
Instruction:				
Regular	\$ 5,104,024	\$ 4,748,649	\$ 5,065,862	\$ 4,781,371
Special	809,787	267,608	1,136,408	533,261
Vocational	161,390	152,728	148,857	133,478
Adult/Continuing	7,539	7,106	-	-
Other	517	517	-	-
Support Services:				
Pupil	253,032	223,066	195,213	183,362
Instructional Staff	407,540	337,441	342,357	274,975
Board of Education	41,016	38,851	349,813	327,630
Administration	742,550	702,274	666,570	635,440
Fiscal	368,278	336,806	294,708	278,650
Business	45,607	43,009	-	-
Operation and Maintenance of Plant	750,166	659,558	817,788	715,502
Pupil Transportation	504,579	102,752	405,899	215,489
Central	60,361	47,523	9,662	(2,546)
Operation of Non-Instructional Services	382,809	(133,950)	331,781	(278,314)
Extracurricular Activities	181,990	49,890	121,360	(167,432)
Interest and Fiscal Charges	240,621	110,524	263,445	223,836
Total	<u>\$ 10,061,806</u>	<u>\$ 7,694,352</u>	<u>\$ 10,149,723</u>	<u>\$ 7,854,702</u>

THE SCHOOL DISTRICT FUNDS

The School District's governmental funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues and other financing sources of \$9,619,927 and expenditures and other financing uses of \$10,184,538.

The School District has two major funds; the General Fund and the Bond Retirement Fund. The General Fund had \$7,823,129 in revenues and \$7,923,736 in expenditures. The General fund balance decreased \$110,607. The Bond Retirement Fund had \$373,943 in revenues and \$349,575 in expenditures. The Bond Retirement Fund balance

Georgetown Exempted Village School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2008
Unaudited

increased \$24,368.

General Fund Budgeting Highlights

The School District's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund. During the course of fiscal year 2008, the School District amended its General Fund budget.

For the General Fund, final budget basis revenue was \$8,046,411, which increased from the original estimates of \$7,854,924. For the General Fund, final budget basis expenditures were \$8,057,256, which decreased from the original estimates of \$8,076,502. The School District's ending unobligated General Fund balance was \$737,648.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal year 2008, the School District had \$25,621,205 invested in land, land improvements, buildings and improvements, furniture and equipment, vehicles, and library and textbooks. For additional information on capital assets, see Note 11 to the basic financial statements. Table 4 shows fiscal year 2008 balances compared to 2007.

Table 4
 Capital Assets
 (Net of Depreciation)

	Governmental Activities	
	2008	2007
Land	\$ 224,937	\$ 224,937
Land Improvements	166,544	232,549
Buildings and Improvements	23,730,042	24,347,222
Furniture and Equipment	1,148,281	2,393,234
Vehicles	214,922	385,222
Library and Textbooks	136,479	502,791
Totals	\$ 25,621,205	\$ 28,085,955

Changes in capital assets from the prior year resulted from additions, disposals from a change in capital asset threshold, and current year depreciation.

Debt

At June 30, 2008, the School District had general obligation bonds outstanding of \$4,396,630 and certificates of participation outstanding of \$541,000. For additional information on debt, see Note 12 to the basic financial statements.

CONTACTING THE SCHOOL DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, and investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact Eric Toole, Treasurer at Georgetown Exempted Village School District, 1043 Mt. Orab Pike, Georgetown, Ohio 45121.

Georgetown Exempted Village School District

Statement of Net Assets

June 30, 2008

	<u>Governmental Activities</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	\$1,882,403
Intergovernmental Receivable	219,685
Property Taxes Receivable	2,513,231
Restricted Assets:	
Cash and Cash Equivalents	10,955
Nondepreciable Capital Assets	224,937
Depreciable Capital Assets, Net	<u>25,396,268</u>
<i>Total Assets</i>	<u>30,247,479</u>
Liabilities	
Accounts Payable	53,485
Accrued Wages and Benefits Payable	694,697
Intergovernmental Payable	207,112
Retainage Payable	10,955
Deferred Revenue	2,076,936
Matured Compensated Absences Payable	27,600
Long-Term Liabilities:	
Due Within One Year	182,305
Due In More Than One Year	<u>5,390,068</u>
<i>Total Liabilities</i>	<u>8,643,158</u>
Net Assets	
Invested in Capital Assets, Net of Related Debt	20,683,575
Restricted for:	
Capital Outlay	217,255
Debt Service	322,990
Other Purposes	647,838
Unrestricted	<u>(267,337)</u>
<i>Total Net Assets</i>	<u><u>\$21,604,321</u></u>

See accompanying notes to the basic financial statements.

Georgetown Exempted Village School District
Statement of Activities
For the Fiscal Year Ended June 30, 2008

	Program Revenues				Net (Expense) Revenue and Changes in Net Assets
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental Activities					
Instruction:					
Regular	\$5,104,024	\$238,669	\$32,215	\$84,491	(\$4,748,649)
Special	809,787	17,756	524,423	0	(267,608)
Vocational	161,390	8,662	0	0	(152,728)
Adult/Continuing	7,539	433	0	0	(7,106)
Other	517	0	0	0	(517)
Support Services:					
Pupil	253,032	12,559	17,407	0	(223,066)
Instructional Staff	407,540	18,189	51,910	0	(337,441)
Board of Education	41,016	2,165	0	0	(38,851)
Administration	742,550	40,276	0	0	(702,274)
Fiscal	368,278	19,055	3,704	8,713	(336,806)
Business	45,607	2,598	0	0	(43,009)
Operation and Maintenance of Plant	750,166	39,410	51,198	0	(659,558)
Pupil Transportation	504,579	26,418	234,249	141,160	(102,752)
Central	60,361	2,598	10,240	0	(47,523)
Operation of Non-Instructional Services					
	382,809	181,922	334,837	0	133,950
Extracurricular Activities					
	181,990	61,446	70,654	0	(49,890)
Debt Service:					
Interest and Fiscal Charges	240,621	0	50,917	79,180	(110,524)
Totals	<u>\$10,061,806</u>	<u>\$672,156</u>	<u>\$1,381,754</u>	<u>\$313,544</u>	<u>(7,694,352)</u>
General Revenues					
Property Taxes Levied for:					
General Purposes					1,396,126
Classroom Facilities					31,212
Debt Service					232,485
Permanent Improvements					105,904
Grants and Entitlements not Restricted to Specific Programs					4,888,005
Investment Earnings					92,891
Miscellaneous					68,791
Total General Revenues					<u>6,815,414</u>
Change in Net Assets Before Special Items					(878,938)
Special Item					
Change in Threshold of Capital Assets					<u>(2,383,788)</u>
Change in Net Assets					(3,262,726)
Net Assets Beginning of Year					<u>24,867,047</u>
Net Assets End of Year					<u>\$21,604,321</u>

See accompanying notes to the basic financial statements.

Georgetown Exempted Village School District

*Balance Sheet
Governmental Funds*

June 30, 2008

	General	Bond Retirement	Other Governmental Funds	Total Governmental Funds
Assets				
Equity in Pooled Cash and Cash Equivalents	\$819,975	\$263,084	\$799,344	\$1,882,403
Receivables:				
Property Taxes	2,009,372	322,619	181,240	2,513,231
Intergovernmental	10,229	0	209,456	219,685
Restricted Assets:				
Cash and Cash Equivalents	0	0	10,955	10,955
<i>Total Assets</i>	<u>\$2,839,576</u>	<u>\$585,703</u>	<u>\$1,200,995</u>	<u>\$4,626,274</u>
Liabilities and Fund Balances				
Liabilities				
Accounts Payable	\$36,232	\$0	\$17,253	\$53,485
Accrued Wages and Benefits Payable	607,894	0	86,803	694,697
Retainage Payable	0	0	10,955	10,955
Intergovernmental Payable	178,962	0	28,150	207,112
Deferred Revenue	1,720,078	271,734	308,765	2,300,577
Matured Compensated Absences Payable	27,600	0	0	27,600
<i>Total Liabilities</i>	<u>2,570,766</u>	<u>271,734</u>	<u>451,926</u>	<u>3,294,426</u>
Fund Balances				
Reserved for Encumbrances	65,375	0	55,677	121,052
Reserved for Property Taxes	299,523	50,885	26,689	377,097
Unreserved, Undesignated, Reported in:				
General Fund	(96,088)	0	0	(96,088)
Special Revenue Funds	0	0	482,796	482,796
Debt Service Funds	0	263,084	0	263,084
Capital Projects Funds	0	0	183,907	183,907
<i>Total Fund Balances</i>	<u>268,810</u>	<u>313,969</u>	<u>749,069</u>	<u>1,331,848</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$2,839,576</u>	<u>\$585,703</u>	<u>\$1,200,995</u>	<u>\$4,626,274</u>

See accompanying notes to the basic financial statements.

Georgetown Exempted Village School District
*Reconciliation of Total Governmental Fund Balances to
 Net Assets of Governmental Activities
 June 30, 2008*

Total Governmental Fund Balances \$ 1,331,848

Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. 25,621,205

Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds.

Taxes	59,198
Intergovernmental	164,443
	223,641

Total 223,641

Long-Term Liabilities, including bonds, certificates of participation, and the long-term portion of compensated absences are not due and payable in the current period and therefore are not reported in the funds.

Compensated Absences	(634,743)
Classroom Facilities Bonds	(4,396,630)
Certificates of Participation	(541,000)
	(5,572,373)

Total (5,572,373)

Net Assets of Governmental Activities \$ 21,604,321

See accompanying notes to the basic financial statements.

Georgetown Exempted Village School District
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2008

	General	Bond Retirement	Other Governmental Funds	Total Governmental Funds
Revenues				
Taxes	\$1,873,010	\$311,714	\$167,134	\$2,351,858
Intergovernmental	5,367,183	41,544	1,002,246	6,410,973
Investment Earnings	92,577	0	314	92,891
Charges for Services	0	0	181,922	181,922
Tuition and Fees	433,077	0	908	433,985
Extracurricular Activities	0	0	56,249	56,249
Gifts and Donations	0	12,053	1,205	13,258
Miscellaneous	57,282	8,632	2,877	68,791
<i>Total Revenues</i>	<u>7,823,129</u>	<u>373,943</u>	<u>1,412,855</u>	<u>9,609,927</u>
Expenditures				
Current:				
Instruction:				
Regular	4,345,675	0	114,662	4,460,337
Special	327,880	0	473,535	801,415
Vocational	163,384	0	0	163,384
Adult/Continuing	7,539	0	0	7,539
Other	517	0	0	517
Support Services:				
Pupil	226,656	0	20,031	246,687
Instructional Staff	325,165	0	60,667	385,832
Board of Education	37,073	0	0	37,073
Administration	724,658	0	10	724,668
Fiscal	345,874	10,578	5,450	361,902
Business	45,607	0	0	45,607
Operation and Maintenance of Plant	726,294	0	58,937	785,231
Pupil Transportation	479,630	0	70,017	549,647
Central	48,812	0	11,549	60,361
Operation of Non-Instructional Services	0	0	375,216	375,216
Extracurricular Activities	95,587	0	80,525	176,112
Capital Outlay	0	0	465,949	465,949
Debt Service:				
Principal	22,440	137,000	127,000	286,440
Interest and Fiscal Charges	945	201,997	37,679	240,621
<i>Total Expenditures</i>	<u>7,923,736</u>	<u>349,575</u>	<u>1,901,227</u>	<u>10,174,538</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(100,607)</u>	<u>24,368</u>	<u>(488,372)</u>	<u>(564,611)</u>
Other Financing Sources				
Transfers In	0	0	10,000	10,000
Transfers Out	(10,000)	0	0	(10,000)
<i>Total Other Financing Sources</i>	<u>(10,000)</u>	<u>0</u>	<u>10,000</u>	<u>0</u>
<i>Net Change in Fund Balances</i>	(110,607)	24,368	(478,372)	(564,611)
<i>Fund Balances Beginning of Year</i>	<u>379,417</u>	<u>289,601</u>	<u>1,227,441</u>	<u>1,896,459</u>
<i>Fund Balances End of Year</i>	<u>\$268,810</u>	<u>\$313,969</u>	<u>\$749,069</u>	<u>\$1,331,848</u>

See accompanying notes to the basic financial statements.

Georgetown Exempted Village School District
*Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the Fiscal Year Ended June 30, 2008*

Net Change in Fund Balances - Total Governmental Funds		\$	(564,611)
Amounts reported for governmental activities in the statement of activities are different because:			
Governmental funds report capital outlays as expenditures. However in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.			
Capital Asset Additions	610,050		
Current Year Depreciation	(691,012)		
Total	(80,962)		(80,962)
Governmental funds only report the disposal of capital assets to the extent proceeds are received from the sale. In the statement of activities a gain or loss is reported for each disposal. This is the amount of the loss on the disposal of capital assets below the District's capital asset threshold.			
Loss on Disposal of Capital Assets			(2,383,788)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.			
Taxes	(586,131)		
Intergovernmental	159,072		
Total	(427,059)		(427,059)
Repayment of debt principal are expenditures in the governmental funds, but the repayment reduces liabilities in the statement of net assets and does not result in an expense in the statement of activities.			
Bond, Note and Certificate of Participation Principal Payments	264,000		
Capital Lease Principal Payments	22,440		
Total	286,440		286,440
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.			
Increase in Compensated Absences	(92,746)		
Total	(92,746)		(92,746)
Net Change in Net Assets of Governmental Activities		\$	(3,262,726)

See accompanying notes to the basic financial statements.

Georgetown Exempted Village School District
Statement of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual
(Budgetary Basis)
General Fund
For the Fiscal Year Ended June 30, 2008

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Total Revenues and Other Sources	\$7,854,924	\$8,046,411	\$8,051,877	\$5,466
Total Expenditures and Other Uses	<u>8,076,502</u>	<u>8,057,256</u>	<u>8,057,256</u>	<u>0</u>
Net Change in Fund Balance	(221,578)	(10,845)	(5,379)	5,466
Fund Balance, July 1	681,856	681,856	681,856	0
Prior Year Encumbrances Appropriated	<u>61,171</u>	<u>61,171</u>	<u>61,171</u>	<u>0</u>
Fund Balance, June 30	<u>\$521,449</u>	<u>\$732,182</u>	<u>\$737,648</u>	<u>\$5,466</u>

See accompanying notes to the basic financial statements.

Georgetown Exempted Village School District
Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2008

	Private Purpose Trust Fund	Agency Fund
ASSETS:		
Equity in Pooled Cash and Cash Equivalents	<u>\$ 135,197</u>	<u>\$ 50,860</u>
LIABILITIES:		
Undistributed Monies	<u>\$ -</u>	<u>\$ 50,860</u>
NET ASSETS:		
Held in Trust for Scholarships	<u>\$ 135,197</u>	

See accompanying notes to the basic financial statements.

Georgetown Exempted Village School District
Statement of Changes in Fiduciary Net Assets
Fiduciary Funds
For the Fiscal Year Ended June 30, 2008

	<u>Private Purpose Trust Fund</u>
ADDITIONS:	
Gifts and Contributions	\$ 10,765
Interest	<u>10,250</u>
Total Additions	21,015
DEDUCTIONS:	
Payments in Accordance with Trust Agreements	<u>22,077</u>
Change in Net Assets	(1,062)
Net Assets Beginning of Year	<u>136,259</u>
Net Assets End of Year	<u><u>\$ 135,197</u></u>

See accompanying notes to the basic financial statements.

Georgetown Exempted Village School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008

NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

Georgetown Exempted Village School District (the "School District") is organized under Article VI, Sections 2 and 3 of the Constitution of the State of Ohio. The School District operates under a locally-elected Board form of government consisting of five members elected at-large for staggered four year terms. The School District provides educational services as authorized by State statute and/or federal guidelines.

The School District was established in 1968 through the consolidation of existing land areas and school districts. The School District serves an area of 60 square miles. It is located in Brown County and includes all of the Village of Georgetown, Ohio, and portions of surrounding townships. The Board of Education controls the School District's two instructional support facilities staffed by 44 non-certificated and 74 teaching personnel and administrative employees providing education to 1,095 students.

Reporting Entity:

A reporting entity is comprised of the primary government, component units, and other organizations that are included to ensure that the financial statements are not misleading. The primary government of the School District consists of all funds, departments, boards, and agencies that are not legally separate from the School District. For the Georgetown Exempted Village School District, this includes general operations, food service, and student related activities of the School District.

Component units are legally separate organizations for which the School District is financially accountable. The School District is financially accountable for an organization if the School District appoints a voting majority of the organization's governing board and (1) the School District is able to significantly influence the programs or services performed or provided by the organization; or (2) the School District is legally entitled to or can otherwise access the organization's resources; the School District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the School District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the School District in that the School District approves the budget, the issuance of debt, or the levying of taxes. The School District has no component units.

Entities which perform activities within the School District's boundaries for the benefit of its residents are excluded from the accompanying financial statements because the School District is not financially accountable for these entities nor are they fiscally dependent on the School District. These entities include the Boosters Club, Parent Teacher Organizations, and Alumni Associations.

The School District is associated with three organizations, one as a jointly governed organization, one as an insurance purchasing pool, and one as a public entity shared risk and insurance purchasing pool. These organizations are the South Central Ohio Computer Association, the Ohio Association of School Business Officials Workers' Compensation Group Rating Plan and the Brown County Schools Benefits Consortium. These organizations are presented in Notes 13, 14 and 15 to the basic financial statements.

Georgetown Exempted Village School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Georgetown Exempted Village School District have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the School District's accounting policies are described below.

A. Basis Of Presentation

The School District's basic financial statements consist of government-wide statements, including a statement of net assets and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

Government-wide Financial Statements The statement of net assets and the statement of activities display information about the School District as a whole. These statements include the financial activities of the primary government, except for the fiduciary funds.

The statement of net assets presents the financial condition of the governmental activities of the School District at fiscal year end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the School District's governmental activities. Direct expenses are those that are specifically associated with a service, program, or department, and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program; and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues which are not classified as program revenues are presented as general revenues of the School District. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the School District.

Fund Financial Statements During the fiscal year, the School District segregates transactions related to certain School District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the School District at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column. Non-Major funds are aggregated and presented in a single column. Fiduciary funds are reported by type.

B. Fund Accounting

The School District uses funds to maintain its financial records during the fiscal year. A fund is defined as a fiscal and accounting entity with a self balancing set of accounts. All funds of the School District fall within two categories: governmental and fiduciary.

Governmental Funds Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following are the School District's major governmental funds:

General Fund The General Fund is the operating fund of the School District and is used to account for all financial resources except those required to be accounted for in another fund.

Georgetown Exempted Village School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Bond Retirement Fund The Bond Retirement fund is a fund provided for the retirement of general obligation bonds and short term notes. All revenue derived from general or special levies, either within or exceeding the ten-mill limitation, which is levied for debt charges on bonds, shall be paid into this fund.

The other governmental funds of the School District account for grants and contributions, capital projects and other resources whose use is restricted to a particular purpose.

Fiduciary Fund Type Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds, and agency funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The School District's only fiduciary funds are agency funds which account for student managed activities and private purpose trust funds which are used to account for the financial activity of the School District's Scholarship Funds.

C. Measurement Focus

Government-wide Financial Statements The government-wide financial statements are prepared using the economic resources measurement focus. All assets and all liabilities associated with the operation of the School District are included on the statement of net assets. The statement of activities accounts for increases (i.e. revenues) and decreases (i.e. expenses) in total net assets.

Fund Financial Statements All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

D. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. The Fiduciary funds also use the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses versus expenditures.

Revenues - Exchange and Non-Exchange Transactions Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the School District, available means expected to be received within sixty days of fiscal year end.

Georgetown Exempted Village School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Non-exchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes and grants, entitlements, and donations. On the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied (See Note 6). Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the School District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year end: property taxes available as an advance, investment earnings, tuition, grants, and fees.

Deferred Revenue Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Property taxes for which there is an enforceable legal claim as of June 30, 2008, but which were levied to finance fiscal year 2009 operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

On governmental fund financial statements, receivables that will not be collected within the available period have also been reported as deferred revenue.

Expenses/Expenditures On the accrual basis of accounting, expenses are recognized at the time they are incurred.

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable, except for (1) principal and interest on general long-term debt, which is recorded when due, and (2) the costs of accumulated unpaid vacation and sick leave are reported as fund liabilities upon the occurrence of employee resignations and retirements. Allocations of cost, such as depreciation and amortization, are not recognized in governmental funds.

E. Budgetary Process

All funds, other than the agency fund, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the appropriation resolution, and the certificate of estimated resources, which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amounts that the Board of Education may appropriate. The appropriation resolution is the Board's authorization to spend resources and set annual limits on expenditures plus encumbrances at a level of control selected by the Board. The legal level of control has been established by the Board of Education at the fund level. The Treasurer maintains budgetary information at the fund and object level and has the authority to allocate appropriations at the function and object level without resolution by the Board.

The certificate of estimated resources may be amended during the fiscal year if projected increases or decreases in revenue are identified by the School District Treasurer. The amounts reported as the original budgeted amounts in the budgetary statement are based on estimates made when the first permanent appropriations were adopted. The amounts reported as the final budgeted amounts in the budgetary statement reflect the amounts in the amended certificate in effect when final appropriations for the fiscal year were passed.

The appropriation resolution is subject to amendment by the Board throughout the fiscal year with the restriction that appropriations may not exceed estimated revenues. The amounts reported as the original budgeted amounts reflect the first appropriation for that fund that covered the entire fiscal year, including amounts automatically carried over from prior fiscal years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Board during the fiscal year.

**Georgetown Exempted Village School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Cash and Cash Equivalents

To improve cash management, all cash received by the School District is pooled. Monies for all funds, are maintained in this pool. Individual fund integrity is maintained through School District records. Each fund's interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents" on the basic financial statements.

During fiscal year 2008, the School District's investments were limited to repurchase agreements, money market funds and funds invested in the State Treasury Assets Reserve of Ohio (STAR Ohio). STAR Ohio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price which is the price the investment could be sold for on June 30, 2008. Nonparticipating investment contracts such as repurchase agreements and nonnegotiable certificates of deposit are reported at cost.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the General fund during fiscal year 2008 amounted to \$92,577, while the Other Governmental Funds received \$314.

For purposes of presentation on the basic financial statements, investments of the cash management pool are considered to be cash equivalents.

G. Capital Assets and Depreciation

The School District's only capital assets are general assets. General capital assets are those assets specifically related to governmental activities. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net assets but are not reported in the fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the fiscal year. Donated capital assets are recorded at their fair market values as of the date received. The District raised their capitalization threshold during fiscal year 2008 from five hundred dollars to five thousand dollars. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

All reported capital assets, except land are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

Description	Estimated Lives
Land Improvements	5-15 years
Buildings and Improvements	10-35 years
Furniture and Equipment	5 – 20 years
Vehicles	3-25 years
Library and Textbooks	3-10 years

H. Interfund Transactions

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the basic financial statements. Interfund transfers are eliminated in the government-wide financial statements.

Georgetown Exempted Village School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. Compensated Absences

Vacation leave benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the School District will compensate the employees for the benefits through paid time off or some other means. Sick leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits and those the School District has identified as probable of receiving payment in the future. The amount is based on accumulated sick leave and employees' wage rates at fiscal year end, taking into consideration any limits specified in the School District's termination policy.

The entire compensated absences liability is reported on the government-wide financial statements.

On the governmental fund financial statements, compensated absences are recognized as liabilities and expenditures as payments come due each period upon the occurrence of employee resignations and retirements. These amounts are recorded in the account "matured compensated absences payable" in the fund from which the employee will be paid.

J. Accrued Liabilities and Long-term Obligations

All payables, accrued liabilities, and long-term obligations are reported in the government-wide financial statements.

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, claims and judgments and compensated absences that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current fiscal year. Bonds are recognized as a liability on the governmental fund financial statements when due.

K. Fund Balance Reserves

The School District records reservations for portions of fund balance which are legally segregated for specific future use or which do not represent available expendable resources and therefore are not available for appropriation or expenditure. Unreserved fund balance indicates that portion of fund balance which is available for appropriation in future periods. Fund balance reserves are established for encumbrances and property taxes. The reserve for property taxes represents taxes recognized as revenue under accounting principles generally accepted in the United States of America but not available for appropriations under State statute.

L. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

Georgetown Exempted Village School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

M. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net assets restricted for other purposes include activities for food service operations and federal and state grants restricted to expenditures for specified purposes.

The School District applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

The government-wide statement of net assets reports \$1,188,083 of restricted net assets, none of which are restricted by enabling legislation.

N. Restricted Assets

Assets are reported as restricted when limitations on their use change the nature or normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors, laws of other governments or imposed by enabling legislation. Restricted assets in the Classroom Facilities fund represent cash held as retainage for contractors.

O. Interfund Balances

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "Interfund Receivables/Payables." These amounts are eliminated in the Governmental Activities column of the Statement of Net Assets.

P. Special Items

Special items are transactions or events that are within the control of the Board of Education and that are either unusual in nature or infrequent in occurrence. During fiscal year 2008, the School District increased their capital asset threshold from \$500 to \$5,000. The net amount of capital assets below the new threshold was \$2,383,788 and was recorded as a special item on the government-wide statement of activities.

NOTE 3 – ACCOUNTABILITY

Fund balances at June 30, 2008, included the following individual fund deficit:

Special Revenue Funds

Food Service	\$23,469
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The deficit in the above listed fund does not exist on the cash basis and is the result of applying accounting principles generally accepted in the United States of America and the requirement to accrue liabilities when incurred. The General Fund is liable for any deficit in this fund and provides operating transfers when cash is required, not when accruals occur.

**Georgetown Exempted Village School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008**

NOTE 4 - BUDGETARY BASIS OF ACCOUNTING

While the School District is reporting financial position, results of operations and changes in fund balance on the basis of accounting principles generally accepted in the United States of America (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Budgetary Basis)-for the General Fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget.

The major differences between the budget basis and GAAP basis are that:

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures (budget basis) rather than as a reservation of fund balance (GAAP basis).

The following table summarizes the adjustments necessary to reconcile the GAAP and budgetary basis statements for the General Fund.

Net Change in Fund Balance	
	General
GAAP Basis	\$(110,607)
Adjustments:	
Revenue Accruals	238,748
Expenditure Accruals	(51,195)
Encumbrances	(82,325)
Budget Basis	\$(5,379)

NOTE 5 - DEPOSITS AND INVESTMENTS

State statutes classify monies held by the School District into three categories.

Active deposits are public deposits necessary to meet current demands on the treasury. Such monies must be maintained either as cash in the School District Treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that the Board of Education has identified as not required for use within the current five-year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories.

Georgetown Exempted Village School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008

NOTE 5 – DEPOSITS AND INVESTMENTS (Continued)

Interim monies may be deposited or invested in the following securities:

1. United States treasury notes, bills, bonds, or any other obligation or security issued by the United States treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by the federal government agency or instrumentality, including but not limited to, the federal national mortgage association, federal home loan bank, federal farm credit bank, federal home loan mortgage corporation, government national mortgage association, and student loan marketing association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio, its political subdivisions, or other units or agencies of this State or its political subdivisions;
5. Time certificates of deposit or savings or deposit accounts, including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio);
8. Securities lending agreements in which the District lends securities and the eligible institution agrees to exchange either securities described in division (1) or (2), or cash, or both securities and cash, equal value for equal value;
9. High grade commercial paper in an amount not to exceed five percent of the District's total average portfolio; and
10. Bankers acceptances for a period not to exceed 270 days and in an amount not to exceed ten percent of the District's total average portfolio.

Protection of the School District's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, by surety company bonds deposited with the Treasurer by the financial institution, or by a single collateral pool established by the financial institution to secure the repayment of all public monies deposited with the institution.

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of the purchase unless matched to a specific obligation or debt of the School District, and must be purchased with the expectation that it will be held to maturity.

Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the Treasurer or qualified trustee, or if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

**Georgetown Exempted Village School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008**

NOTE 5 – DEPOSITS AND INVESTMENTS (Continued)

Deposits

Custodial credit risk is the risk that, in the event of a bank failure, the District’s deposits may not be returned. According to state law, public depositories must give security for all public funds on deposits in excess of those funds that are insured by the federal deposit insurance corporation (FDIC) or by any other agency or instrumentality of the federal government. These institutions may either specifically collateralize individual accounts in lieu of amounts insured by the FDIC, or may pledge a pool of government securities valued at least 105% of the total value of public monies on deposit at the institution. The District’s policy is to deposit money with financial institutions that are able to abide by the laws governing insurance and collateral of public funds.

The District’s bank balance of \$478,162 is either covered by FDIC or collateralized by the financial institution’s public entity deposit pool in the manner as described above.

Investments

As of June 30, 2008, the School District had the following investments and maturities:

	Carrying/Fair Value	Maturities 6 months or less
STAR Ohio	\$ 1,228,726	\$ 1,228,726
Money Market	797	797
Repurchase Agreement	529,463	529,463
Total Investments	\$ 1,758,986	\$ 1,758,986

Interest rate risk – Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. In accordance with the investment policy, the District manages its exposure to declines in fair values by limiting the weighted average maturity of its investment portfolio.

Credit Risk – Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The District limits its investments to Repurchase Agreements and STAR Ohio. Investments in STAR Ohio were rated AAAM by Standard & Poor’s.

Concentration of credit risk – Concentration of credit risk is the risk of loss attributed to the magnitude of a government’s investment in a single issuer. The District’s investment policy allows investments as authorized in the Ohio Revised Code. The District has invested 30% of its investments in repurchase agreements and 70% in STAR Ohio.

Georgetown Exempted Village School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008

NOTE 5 – DEPOSITS AND INVESTMENTS (Continued)

Custodial credit risk is the risk that in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The investments in STAR Ohio are either insured and registered in the name of the District or at least registered in the name of the District. The investments in repurchase agreements are subject to custodial credit risk in that they are uninsured, unregistered, and held by the counterparty's trust department or agent but not in the District's name. The District has no investment policy dealing with investment custodial risk beyond the requirement in state statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the treasurer or qualified trustee.

NOTE 6 - PROPERTY TAXES

Property taxes are levied and assessed on a calendar year basis while the School District fiscal year runs from July through June. First half tax collections are received by the School District in the second half of the fiscal year. Second half tax distributions occur in the first half of the following fiscal year.

Property taxes include amounts levied against all real, public utility and tangible personal property located in the School District. Property tax revenue received during calendar year 2008 for real and public utility property taxes represents collections of calendar year 2007 taxes. Property tax payments received during calendar year 2008 for tangible personal property (other than public utility property) is for calendar year 2008 taxes.

2008 real property taxes are levied after April 1, 2007, on the assessed value as of January 1, 2007, the lien date. Assessed values are established by State law at thirty-five percent of appraised market value. First half 2008 real property taxes are collected in and intended to finance fiscal year 2009. Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at thirty-five percent of true value. 2008 public utility property taxes became a lien December 31, 2007, are levied after April 1, 2008 and are collected in 2009 with real property taxes.

2008 tangible personal property taxes are levied after April 1, 2008, on the value as of December 31, 2007. Collections are made in 2009. Tangible personal property assessments are twenty-five percent of true value.

Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Tangible personal property taxes paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20.

Ohio House Bill No. 66 was signed into law on June 30, 2005. House Bill No. 66 phases out the tax on tangible personal property of general businesses, telephone and telecommunications companies, and railroads. The tax on general business and railroad property will be eliminated by calendar year 2009, and the tax on telephone and telecommunications property will be eliminated by calendar year 2011. The tax is phased out by reducing the assessment rate on the property each year. The bill replaces revenue lost by the District due to the phasing out of the tax. In calendar years 2006-2010, the District will be fully reimbursed at the level of calendar year 2004 assessed values for the lost revenue. In calendar years 2011-2017, the reimbursements will be phased out.

Georgetown Exempted Village School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008

NOTE 6 - PROPERTY TAXES (Continued)

The assessed values upon which fiscal year 2008 taxes were collected are:

	2007 Second- Half Collections		2008 First- Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential and Other	\$97,471,440	91.96%	\$99,506,020	94.85%
Public Utility	4,682,656	4.42%	3,642,490	3.47%
Tangible Personal Property	3,839,680	3.62%	1,758,030	1.68%
Total Assessed Value	<u>\$105,993,776</u>	<u>100.00%</u>	<u>\$104,906,540</u>	<u>100.00%</u>
Tax rate per \$1,000 of assessed valuation	\$30.40		\$30.40	

Manufactured Home Tax, commonly referred to as House Trailer Tax, is based on the purchase price obtained from the title: (1) ninety-five percent unfurnished or (2) eighty percent furnished with a five percent drop each year.

The School District receives property taxes from Brown County. The county auditor periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the counties by June 30, 2008, are available to finance fiscal year 2008 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable represents delinquent taxes outstanding and real property, tangible personal property, and public utility taxes which became measurable as of June 30, 2008. Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance at June 30 is intended to finance current fiscal year operations. The receivable in the fund statements is therefore offset by a credit to deferred revenue for that portion not intended to finance current year operations. The amount available as an advance at June 30, 2008 was \$299,523 in the General Fund, \$50,885 in the Bond Retirement Fund, and \$26,689 in the other governmental funds.

NOTE 7 - RISK MANAGEMENT

A. Property and Liability

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. For the fiscal year 2008, the School District contracted with Ohio Casualty Insurance Company for property insurance. There is a \$1,000 deductible with a one hundred percent blanket, all risk policy. Ohio Casualty Insurance Company covers the boiler and machinery with a \$2,500 deductible and a \$29,783,434 limit.

Professional liability is protected by The Ohio Casualty Insurance Company with a \$1,000,000 single occurrence limit and a \$2,000,000 aggregate and no deductible. Vehicles are covered by the Ohio Casualty Insurance Company and hold a \$250 deductible for comprehensive and a \$500 deductible for collision. Automobile liability has a \$1,000,000 combined single limit of liability. Settled claims have not exceeded this commercial coverage in any of the past three years. There have been no significant reductions in insurance coverage from the last fiscal year.

Georgetown Exempted Village School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008

NOTE 7 - RISK MANAGEMENT (Continued)

B. Worker's Compensation

For fiscal year 2008, the School District participated in the Ohio Association of School Business Officials Group Rating Program (GRP), an insurance purchasing pool (Note 14). The intent of the GRP is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the GRP. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund". This "equity pooling" arrangement ensures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Sheakley Universe Inc. provides administrative, cost control and actuarial services to the GRP.

C. Employee Medical Benefits

The School District participates in the Brown County Schools Benefits Consortium (the Consortium), a public entity shared risk and insurance purchasing pool (Note 15) consisting of nine districts. The School District is responsible for providing a current listing of enrolled employees and for providing timely pro-rata payments of premiums to the Consortium for employee health coverage and benefits. The Consortium is responsible for the management and operations of the program. Upon termination from the Consortium, for any reason, the terminated member shall assume and be responsible for the payment of any delinquent contributions and all claims of its employees from the date of termination regardless of the date such claims were incurred.

NOTE 8 - DEFINED BENEFIT PENSION PLANS

A. School Employees Retirement System

The School District contributes to the School Employees Retirement System (SERS), a cost-sharing multiple employer defined benefit pension plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the School Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3476 or by calling toll free (800) 878-5853. It is also posted on SERS' website, www.ohsers.org, under *Forms and Publications*.

Plan members are required to contribute 10 percent of their annual covered salary and the School District is required to contribute at an actuarially determined rate. The current School District rate is 14 percent of annual covered payroll. A portion of the School District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for fiscal year 2008, 9.82 percent of annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to statutory maximum amounts, by the SERS Retirement Board. The School District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2008, 2007 and 2006 were \$133,735, \$150,020, and \$126,628, respectively; 57% has been contributed for fiscal year 2008 and 100% for the fiscal years 2007 and 2006. \$57,425 represents the unpaid contribution for fiscal year 2008.

Georgetown Exempted Village School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008

NOTE 8 - DEFINED BENEFIT PENSION PLANS (Continued)

B. State Teachers Retirement System

The School District participates in the State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing, multiple-employer public employee retirement system. STRS Ohio provides retirement and disability benefits, annual cost-of-living adjustments, and death and survivor benefits to plan members and beneficiaries. STRS Ohio issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to STRS Ohio, 275 E. Broad St., Columbus, OH 43215-3771 or by calling (888) 227-7877, or by visiting the STRS Ohio website at www.strsoh.org.

STRS Ohio is a statewide retirement plan for licensed teachers and other faculty members employed in the public schools of Ohio or any school, community school, college, university, institution or other agency controlled, managed and supported, in whole or in part, by the state or any political subdivision thereof.

New members have a choice of three retirement plan options. In addition to the Defined Benefit (DB) Plan, new members are offered a Defined Contribution (DC) Plan and a Combined Plan. The DC Plan allows members to allocate all their member contributions and employer contributions equal to 10.5 percent of earned compensation among various investment choices. The Combined Plan offers features of both the DC Plan and the DB Plan. In the Combined Plan, member contributions are allocated to investment choices by the member, and employer contributions are used to fund a defined benefit payment at a reduced level from the regular DB Plan. Contributions into the DC Plan and the Combined Plan are credited to member accounts as employers submit their payroll information to STRS Ohio, generally on a biweekly basis. DC and Combined Plan members will transfer to the Defined Benefit Plan during their fifth year of membership unless they permanently select the DC or Combined Plan.

DB Plan Benefits – Plan benefits are established under Chapter 3307 of the Revised Code. Any member may retire who has (i) five years of service credit and attained age 60; (ii) 25 years of service credit and attained age 55; or (iii) 30 years of service credit regardless of age. The annual retirement allowance, payable for life, is the greater of the “formula benefit” or the “money-purchase benefit” calculation. Under the “formula benefit,” the retirement allowance is based on years of credited service and final average salary, which is the average of the member’s three highest salary years. The annual allowance is calculated by using a base percentage of 2.2% multiplied by the total number of years of service credit (including Ohio-valued purchased credit) times the final average salary. The 31st year of earned Ohio service credit is calculated at 2.5%. An additional one-tenth of a percent is added to the calculation of every year of earned Ohio service over 31 years (2.6% for 32 years, 2.7% for 33 years and so on) until 100% of final average salary is reached. For members with 35 or more years of Ohio contributing service, the first 30 years will be calculated at 2.5% instead of 2.2%. Under the “money-purchase benefit” calculation, a member’s lifetime contributions plus interest at specified rates are matched by an equal amount from other STRS Ohio funds. This total is then divided by an actuarially determined annuity factor to determine the maximum annual retirement allowance.

DC Plan Benefits – Benefits are established under Sections 3307.80 to 3307.89 of the Revised Code. For members who select the DC Plan, all member contributions and employer contributions at a rate of 10.5% are placed in an investment account. The member determines how to allocate the member and employer money among various investment choices. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump-sum withdrawal. Employer contributions into members’ accounts are vested after the first anniversary of the first day of paid service. Members in the DC Plan who become disabled are entitled only to their account balance. If a member dies before retirement benefits begin, the member’s designated beneficiary is entitled to receive the member’s account balance.

Combined Plan Benefits – Member contributions are allocated by the member, and employer contributions are used to fund a defined benefit payment. A member’s defined benefit is determined by multiplying 1% of the member’s final average salary by the member’s years of service credit. The defined benefit portion of the Combined Plan payment is payable to a member on or after age 60. The defined contribution portion of the account may be taken as a lump sum or converted to a lifetime monthly annuity at age 50.

Georgetown Exempted Village School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008

NOTE 8 - DEFINED BENEFIT PENSION PLANS (Continued)

A retiree of STRS Ohio or another Ohio public retirement system is eligible for reemployment as a teacher following the elapse of two months from the date of retirement. Contributions are made by the reemployed member and employer during the reemployment. Upon termination of reemployment or age 65, whichever comes later, the retiree is eligible for an annuity benefit or equivalent lump-sum payment in addition to the original retirement allowance. Effective April 11, 2005, a reemployed retiree may alternatively receive a refund of only member contributions with interest before age 65, once employment is terminated.

Benefits are increased annually by 3% of the original base amount for Defined Benefit Plan participants.

The Defined Benefit and Combined Plans offer access to health care coverage to eligible retirees who participated in the plans and their eligible dependents. Coverage under the current program includes hospitalization, physicians' fees, prescription drugs and partial reimbursement of monthly Medicare Part B premiums. By Ohio law, health care benefits are not guaranteed.

A Defined Benefit or Combined Plan member with five or more years' credited service who becomes disabled may qualify for a disability benefit. Eligible spouses and dependents of these active members who die before retirement may qualify for survivor benefits. A death benefit of \$1,000 is payable to the beneficiary of each deceased retired member who participated in the Defined Benefit Plan. Death benefit coverage up to \$2,000 can be purchased by participants in the DB, DC or Combined Plans. Various other benefits are available to members' beneficiaries.

Chapter 3307 of the Revised Code provides statutory authority for member and employer contributions. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10% for members and 14% for employers.

For the fiscal year ended June 30, 2008, plan members were required to contribute 10 percent of their annual covered salaries. The School District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. Contribution rates are established by STRS Ohio, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10% for members and 14% for employers.

The School District's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2008, 2007, and 2006 were \$539,140, \$499,220, and \$495,365, respectively; 86% has been contributed for the fiscal year 2008 and 100% for the fiscal year 2007 and 2006. \$77,341 represents the unpaid contribution for fiscal year 2008 and is recorded as a liability within the respective funds.

C. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System have an option to choose Social Security or the School Employees Retirement System/State Teachers Retirement System. As of June 30, 2008, two members of the Board of Education have elected Social Security. The Board's liability is 6.2 percent of wages paid.

Georgetown Exempted Village School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008

NOTE 9 - POSTEMPLOYMENT BENEFITS

The School District provides access to health care coverage to retirees who participated in the Defined Benefit or Combined Plans and their dependents through the State Teachers Retirement System (STRS), and to retired non-certified employees and their dependents through the School Employees Retirement System (SERS). Benefit provisions and the obligations to contribute are established by the Systems based on authority granted by State statute. Both systems are funded on a pay-as-you-go basis.

Ohio law authorizes STRS to offer a cost-sharing, multiple-employer health care plan. STRS provides access to health care coverage to eligible retirees who participated in the defined benefit or combined plans. Coverage under the current program includes hospitalization, physicians' fees, prescription drugs and reimbursement of monthly Medicare Part B premiums. Pursuant to Section 3307 of the Ohio Revised Code, the Retirement Board has discretionary authority over how much, if any, of the associated health care costs will be absorbed by STRS. All benefit recipients, for the most recent year, pay a portion of the health care costs in the form of a monthly premium.

Under Ohio law, funding for post-employment health care may be deducted from employer contributions. The 14 percent employer contribution rate is the maximum rate established under Ohio law. Of the 14 percent employer contribution rate, 1 percent of covered payroll was allocated to post-employment health care for the years ended June 30, 2008, 2007 and 2006. For the School District, this amount equaled \$41,226 for fiscal year 2008.

STRS pays health care benefits from the Health Care Stabilization Fund. At June 30, 2007 (the latest information available), the balance in the Fund was \$4.1 billion. For the fiscal year ended June 30, 2007, net health care costs paid by STRS were \$265,558,000 and STRS had 122,934 eligible benefit recipients.

For SERS, coverage is made available to service retirees with ten or more fiscal years of qualifying service credit, and to disability and survivor benefit recipients. Effective January 1, 2004, all retirees and beneficiaries are required to pay a portion of their premium for health care. The portion is based on years of service, Medicare eligibility, and retirement status. SERS administers two post-employment benefit plans.

Medicare Part B Plan

The Medicare B plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries as set forth in Ohio Revised Code 3309.69. Qualified benefit recipients who pay Medicare Part B premiums may apply for and receive a monthly reimbursement from SERS. The reimbursement amount is limited by statute to the lesser of the January 1, 1999 Medicare Part B premium or the current premium. The Medicare Part B premium for calendar year 2008 was \$96.40; SERS' reimbursement to retirees was \$45.50.

The Retirement Board, acting with the advice of the actuary, allocates a portion of the current employer contribution rate to the Medicare B Fund. For fiscal year 2008, the actuarially required allocation was 0.66 percent. For the School District, contributions for the year ended June 30, 2008 were \$7,739, which equaled the required contributions for the year.

Health Care Plan

Ohio Revised Code 3309.375 and 3309.69 permit SERS to offer health care benefits to eligible retirees and beneficiaries. SERS' Retirement Board reserves the right to change or discontinue any health plan or program. SERS offers several types of health plans from various vendors, including HMO's, PPO's, and traditional indemnity plans. A prescription drug program is also available to those who elect health coverage. SERS employs two third-party administrators and a pharmacy benefit manager to manage the self-insurance and prescription drug plans, respectively.

The Ohio Revised Code provides the statutory authority to fund SERS' post-employment benefits through employer contributions. Active members do not make contributions to the post-employment benefit plans.

Georgetown Exempted Village School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008

NOTE 9 - POSTEMPLOYMENT BENEFITS (Continued)

The Health Care Fund was established under, and is administered in accordance with, Internal Revenue Code 401(h). Each year after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer 14 percent contribution to the Health Care Fund. At June 30, 2008, the health care allocation was 4.18 percent. The actuarially required contribution (ARC), as of the December 31, 2006 annual valuation (the latest available), was 11.50 percent of covered payroll. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities of the plan over a period not to exceed thirty years.

An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated according to service credit earned. Statutes provide that no employer shall pay a health care surcharge greater than 2 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2008, the minimum compensation level was established at \$35,800. For the School District, the amount contributed to fund health care benefits, including the surcharge, during the 2008 fiscal year equaled \$65,737.

The SERS Retirement Board establishes the rules for the premiums paid by the retirees for health care coverage for themselves and their dependents or for their surviving beneficiaries. Premiums vary depending upon the plan selected, qualified years of service, Medicare eligibility, and retirement status.

The financial reports of SERS' Health Care and Medicare B plans are included in its *Comprehensive Annual Financial Report*. The report can be obtained by contacting SERS, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746 or by calling toll free (800) 878-5853. It is also posted on SERS website at www.ohsers.org under *Forms and Publications*.

Net health care costs for the year ending June 30, 2007 (the latest information available) were \$127,615,614. The target level for the health care fund is 150 percent of the projected claims less premium contributions for the next fiscal year. As of June 30, 2007, the value of the health care fund was \$386.4 million. On the basis of actuarial projections, the allocated contributions will be insufficient, in the long term, to provide for a health care reserve equal to at least 150 percent of estimated annual net claims costs. The number of participants eligible to receive benefits was 55,818.

NOTE 10 - EMPLOYEE BENEFITS

A. Compensated Absences

The criteria for determining vacation and sick leave components are derived from negotiated agreements and State laws. Classified employees earn five to twenty-five days of vacation per fiscal year, depending upon length of service. Accumulated, unused vacation time is paid to classified employees and administrators upon termination of employment. Teachers do not earn vacation time.

Teachers, administrators, and classified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated up to a maximum of 210 days for certified and 183 days for non-certified employees. Upon retirement, payment is made for thirty percent of accrued, but unused sick leave credit to a maximum of 45 days for classified and certified employees.

Georgetown Exempted Village School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008

NOTE 10 - EMPLOYEE BENEFITS (Continued)

B. Insurance Benefits

The School District provides life insurance and accidental death and dismemberment insurance to most employees through Jefferson Pilot. The School District has elected to provide employee medical/surgical benefits through the Brown County Schools Benefits Consortium in which health insurance premiums were paid to Humana. Dental insurance is provided by the School District to all employees through Dental Care Plus.

C. Deferred Compensation

School District employees may participate in the Ohio Public Employees Deferred Compensation Plan. This plan was created in accordance with Internal Revenue Code Section 457. Participation is on a voluntary payroll deduction basis. The plan permits deferral of compensation until future years. According to the plan, the deferred compensation is not available until termination, retirement, death or an unforeseeable emergency.

NOTE 11 - CAPITAL ASSETS

A summary of the District's capital assets at June 30, 2008, follows:

	Balance 6/30/2007	Additions	Deductions	Balance 6/30/2008
Capital Assets:				
Capital Assets not being depreciated:				
Land	\$224,937	\$0	\$0	\$224,937
Total Capital Assets not being Depreciated	<u>224,937</u>	<u>0</u>	<u>0</u>	<u>224,937</u>
Depreciable Capital Assets:				
Land Improvements	680,698	18,490	(131,280)	567,908
Buildings and Improvements	28,286,408	434,002	(727,423)	27,992,987
Furniture and Equipment	3,511,663	37,785	(1,708,190)	1,841,258
Library and Textbooks	902,957	46,923	(413,070)	536,810
Vehicles	674,893	72,850	(228,154)	519,589
Total Capital Assets being Depreciated	<u>34,056,619</u>	<u>610,050</u>	<u>(3,208,117)</u>	<u>31,458,552</u>
Less Accumulated Depreciation				
Land Improvements	(448,149)	(8,978)	55,763	(401,364)
Buildings and Improvements	(3,939,186)	(469,259)	145,500	(4,262,945)
Furniture and Equipment	(1,118,429)	(166,533)	591,985	(692,977)
Library and Textbooks	(400,166)	(26,346)	26,181	(400,331)
Vehicles	(289,671)	(19,896)	4,900	(304,667)
Total Accumulated Depreciation	<u>(6,195,601)</u>	<u>(691,012) **</u>	<u>824,329</u>	<u>(6,062,284)</u>
Total Capital Assets being Depreciated, Net	<u>27,861,018</u>	<u>(80,962)</u>	<u>(2,383,788)</u>	<u>25,396,268</u>
Capital Assets, Net	<u>\$28,085,955</u>	<u>(\$80,962)</u>	<u>(\$2,383,788)</u>	<u>\$25,621,205</u>

The deductions are due to the change in capitalization threshold of the District as more fully described in Note 3 on page 24.

**Georgetown Exempted Village School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008**

NOTE 11 - CAPITAL ASSETS (Continued)

** Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$640,352
Support Services:	
Pupil	663
Instructional Staff	9,396
Board of Education	3,943
Administration	4,056
Operation and Maintenance of Plant	3,428
Pupil Transportation	20,431
Extracurricular Activities	8,168
Operation of Non-Instructional Services	<u>575</u>
Total Depreciation Expense	<u>\$691,012</u>

NOTE 12 – DEBT OBLIGATIONS

The changes in the School District’s long-term obligations during fiscal year 2008 were as follows:

	Principal Outstanding <u>06/30/07</u>	<u>Additions</u>	<u>Deductions</u>	Principal Outstanding <u>06/30/08</u>	<u>Due in One Year</u>
Certificate of Participation - 2007 4.92%	\$ 423,000	\$ -	\$ 14,000	\$ 409,000	\$ 15,000
Classroom Facilities Bonds - 2004 5.13%	4,521,630	-	125,000	4,396,630	125,000
Certificate of Participation - 2006 4.92%	257,000	-	125,000	132,000	7,000
Capital Leases	22,440	-	22,440	-	-
Compensated Absences	<u>541,997</u>	<u>634,743</u>	<u>541,997</u>	<u>634,743</u>	<u>35,305</u>
Total Long-Term Obligations	<u>\$ 5,766,067</u>	<u>\$ 634,743</u>	<u>\$ 828,437</u>	<u>\$ 5,572,373</u>	<u>\$ 182,305</u>

**Georgetown Exempted Village School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008**

NOTE 12 – DEBT OBLIGATIONS (Continued)

Certificates of Participation

On August 16, 2006, the School District entered into a Certificate of Participation Obligation for the purpose of financing the acquisition and construction of school improvements including a new elementary school. The School District is leasing the project from the Columbus Regional Port Authority. The Authority will retain title to the project during the certificate term. The certificate will be mature in July of 2026.

During fiscal year 2006, the School District entered into a Certificate of Participation Obligation for the purpose of financing the acquisition and construction of school improvements including roof improvements. The School District is leasing the project from the Columbus Regional Port Authority. The Authority will retain title to the project during the certificate term. The certificate will be mature in January of 2035.

Classroom Facilities Bond

On May 26, 2004, the Georgetown Exempted Village School District issued \$4,887,998 in unvoted general obligation bonds for the purpose of constructing a new elementary school to house grades PK through 6, renovations and additions to Georgetown Jr/Sr High School that houses grades 7 through 12 and to abandon Alverda Reed Elementary School. The bonds were issued for a 27 year period with a final maturity date of December 1, 2031. The bond will be repaid from the Bond Retirement Fund.

All general obligation debt is supported by the full faith and credit of the School District. Certificates of participation will be paid from the General Fund. Compensated absences will be paid from the fund from which the employees' salaries are paid, with the most significant being the General Fund. Capital lease obligations will be paid from the General Fund.

The School District's voted legal debt margin was \$5,044,958 with an unvoted debt margin of \$104,096 at June 30, 2008.

Principal and interest requirements to retire general obligation debt at June 30, 2008 are as follows:

Fiscal Year Ending	Total General Obligation Debt			Certificates of Participation		
	Principal	Interest	Total	Principal	Interest	Total
2009	\$125,000	\$200,069	\$325,069	\$22,000	\$23,584	\$45,584
2010	125,000	195,694	320,694	22,000	25,484	47,484
2011	125,000	191,006	316,006	23,000	24,412	47,412
2012	150,000	186,319	336,319	24,000	23,292	47,292
2013	208,602	271,717	480,319	25,000	22,118	47,118
2014-2018	433,028	1,082,848	1,515,876	137,000	91,558	228,558
2019-2023	950,000	715,057	1,665,057	173,000	27,656	200,656
2024-2028	1,140,000	471,633	1,611,633	115,000	11,170	126,170
2028-2033	1,140,000	149,907	1,289,907	0	0	0
	<u>\$4,396,630</u>	<u>\$3,464,250</u>	<u>\$7,860,880</u>	<u>\$541,000</u>	<u>\$249,274</u>	<u>\$790,274</u>

Georgetown Exempted Village School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008

NOTE 13 - JOINTLY GOVERNED ORGANIZATION

The School District is a participant in the South Central Ohio Computer Association (SCOCA), which is a computer consortium. SCOCA is an association of public school districts within the boundaries of Adams, Brown, Highland, Pike, Ross, Scioto, Vinton and Lawrence Counties. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member school districts. The governing board of SCOCA consists of two representatives from each of the eight participating counties, two representatives of the school treasurers, plus a representative of the fiscal agent. The School District paid SCOCA \$55,493 for services provided during the year. Financial information can be obtained from the fiscal agent, the Pike County Joint Vocational School, P.O. Box 577, 175 Beaver Creek Rd., Piketon, Ohio, 45661.

NOTE 14 - INSURANCE PURCHASING POOL

Ohio Association of School Business Officials Group Rating Plan - The School District participates in the Association of School Business Officials Group Rating Program (GRP), an insurance purchasing pool. The GRP's business and affairs are conducted by the chamber of commerce. Sheakley UniService, the third party administrator, determines eligibility for the program using company claims and risk records provided by the State. Each year, the participating school districts pay an enrollment fee to Sheakley to cover the costs of administering the program.

NOTE 15 - PUBLIC ENTITY SHARED RISK POOL

Brown County Schools Benefits Consortium - The Brown County Schools Benefits Consortium, a public entity shared risk and insurance purchasing pool, currently operates to provide health insurance (insurance purchasing pool) and dental coverage (public entity shared risk pool) to enrolled employees of the consortium members and to eligible dependents of those enrolled employees.

Eight Brown County school districts (Eastern Brown, Fayetteville-Perry, Georgetown, Ripley-Union-Lewis-Huntington, Southern Hills Joint Vocational, Western Brown Schools, Bright Local, and Lynchburg Clay) have entered into an agreement with the Brown County Educational Service Center to form the Brown County Schools Benefits Consortium. The overall objectives of the consortium are to formulate and administer a program of health and dental insurance for the benefit of the consortium members' employees and their dependents. The consortium contracts with Humana to provide medical insurance directly to consortium member employees. The School District pays premiums to the consortium based on employee membership. For dental coverage, the consortium acts as a public entity shared risk pool. Each member district pays dental premiums based on the consortium estimates of future claims. If the member district's dental claims exceed its premiums, there is no individual supplemental assessment; on the other hand, if the School District's claims are low, it will not receive a refund. Dental coverage is administered through a third party administrator, Dental Care Plus. Participating member districts pay an administrative fee to the fiscal agent to cover the costs associated with the administering of the Consortium. To obtain financial information write to Brown County Educational Service Center at 325 West State St., Georgetown, Ohio 45121.

**Georgetown Exempted Village School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008**

NOTE 16 - SET-ASIDE CALCULATIONS AND FUND RESERVES

The School District is required by State statute to annually set aside in the general fund an amount based on a statutory formula for the purchase of textbooks and other instructional materials and an equal amount for the acquisition or construction of capital improvements. Amounts not spent by year-end or offset by similarly restricted resources received during the year must be held in restricted cash at year-end and carried forward to be used for the same purposes in future years.

The following information describes the change in the year-end set-aside amounts for textbooks and capital acquisition. Disclosure of this information is required by State statute.

	Textbooks	Capital Acquisition
Set-aside Cash Balance as of June 30, 2007	\$0	\$0
Current year set-aside requirement	159,231	159,231
Prior Year Carryover	(16,798)	(130,475)
Current Year Offsets	0	(150,650)
Qualifying disbursements	(168,185)	(46,529)
Set-aside Balance Carried Forward to Future Years where allowable	(\$25,752)	(\$168,423)
Set-aside Reserve Balance as of June 30, 2008	\$0	\$0

The School District had offsets and qualifying disbursements during the year that reduced the set-aside amounts below zero in the Textbooks and Capital Acquisition Reserves. These extra amounts may be carried forward to reduce the set-aside requirements of future years.

NOTE 17 - CONTINGENCIES

Grants:

The School District received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies.

Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30, 2008.

Litigation:

There are currently no matters in litigation with the School District as a defendant.

**Georgetown Exempted Village School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008**

NOTE 18 - RECEIVABLES

Receivables at June 30, 2008 consisted of taxes, accounts, and intergovernmental grants and entitlements. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of federal funds. A summary of the items of intergovernmental receivables follows:

<u>Intergovernmental Receivables</u>	<u>Amounts</u>
<i>General Fund</i>	\$10,229
<i>Non-Major Special Revenue Funds:</i>	
Title VI-B	136,242
Title I	37,585
Title V	2,310
Safe and Drug Free Schools	1,214
Title II-A	26,689
Miscellaneous Federal Grant	<u>5,416</u>
Total Non-Major Special Revenue	<u>209,456</u>
Total All Funds	<u>\$219,685</u>

NOTE 19 – INTERFUND ACTIVITY

Transfers made during the year ended June 30, 2008, were as follows:

	<u>Transfer From</u>	<u>Transfer To</u>
Major Fund:		
General	\$10,000	\$0
Non Major Fund:		
Food Service	<u>0</u>	<u>10,000</u>
Total	<u>\$10,000</u>	<u>\$10,000</u>

Transfers were made to move unrestricted balances to support programs and projects accounted for in other funds.

NOTE 20 - CAPITALIZED LEASES - LESSEE DISCLOSURE

During a previous fiscal year, the School District entered into a capital lease for a copier. This lease meets the criteria of a capital lease as defined by Statement of Financial Accounting Standards No. 13, *Accounting for Leases*, which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. Capital lease payments have been reclassified and are reflected as debt service expenditures in the financial statements for the governmental funds.

Capital assets consisting of equipment have been capitalized in the statement of net assets in the amount of \$134,100. This amount represents the present value of the minimum lease payments at the time of acquisition. Principal payments in fiscal year 2008 totaled \$22,440 in the governmental funds. The lease was paid in full during the current fiscal year.

Georgetown Exempted Village School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008

NOTE 21 – CHANGE IN ACCOUNTING PRINCIPLES

For the fiscal year 2008, the School District implemented GASB Statement No. 50, *Pension Disclosures—an amendment of GASB Statements No. 25 and No. 27*, and GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. GASB Statement No. 50 more closely aligns the financial reporting requirements for pensions with those for other postemployment benefits (OPEB) and, in doing so, enhances information disclosed in notes to financial statements or presented as required supplementary information (RSI) by pension plans and by employers that provide pension benefits. GASB Statement No. 45 establishes standards for the measurement, recognition, and display of OPEB expense/expenditures and related liabilities (assets), note disclosures, and, if applicable, required supplementary information (RSI) in the financial reports of state and local governmental employers. The application of these new standards did not have a material effect on the basic financial statements, nor did their implementation require a restatement of prior year balances.

Georgetown Exempted Village School District
Brown County

Schedule of Federal Awards Expenditures
For the Year Ended June 30, 2008

Federal Grantor/ Pass Through Grantor/ Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Non-Cash Receipts	Disbursements	Non-Cash Disbursements
UNITED STATES DEPARTMENT OF AGRICULTURE						
<i>Passed through Ohio Department of Education:</i>						
Food Donation	NA	10.550	\$ -	\$ 32,495	\$ -	\$ 32,495
Nutrition Cluster						-
School Breakfast Program	05PU	10.553	\$ 32,568	-	32,568	-
National School Lunch Program	LLP4	10.555	169,681	-	169,681	-
Special Milk Program for Children	O2PU	10.556	2,534	-	2,534	-
Total Nutrition Cluster			<u>204,783</u>	<u>-</u>	<u>204,783</u>	<u>-</u>
Total United States Department of Agriculture			<u>204,783</u>	<u>32,495</u>	<u>204,783</u>	<u>32,495</u>
UNITED STATES DEPARTMENT OF EDUCATION						
<i>Passed through Ohio Department of Education</i>						
Title 1 Grants to Local Education Agencies	C1S1	84.010	219,750	-	274,356	-
Special Education Grants to States	6BSF	84.027	108,250	-	235,334	-
Safe and Drug Free Schools and Communities - State Grants	DRS1	84.186	4,016	-	4,708	-
State Grants for Innovative Programs	C2S1	84.298	153	-	0	-
Education Technology State Grants	TJS1	84.318	1,785	-	3,746	-
Improving Teacher Quality State Grants	TRS1	84.367	25,504	-	42,556	-
Total United States Department of Education			<u>359,458</u>	<u>-</u>	<u>560,700</u>	<u>-</u>
CORPORATION FOR NATIONAL AND COMMUNITY SERVICE						
<i>Passed through Ohio Department of Education</i>						
Learn and Serve America School and Community Based Programs	SVS1	94.004	10,410	-	9,138	-
Total Corporation for National and Community Service			<u>10,410</u>	<u>-</u>	<u>9,138</u>	<u>-</u>
Total Federal Financial Assistance			<u>\$ 574,651</u>	<u>\$ 32,495</u>	<u>\$ 774,621</u>	<u>\$ 32,495</u>

NA = Pass through entity number could not be located.
See Notes to the Schedule of Federal Awards Expenditures.

Georgetown Exempted Village School District
Notes to the Schedule of Federal Awards Expenditures
For the Fiscal Year Ended June 30, 2008

NOTE A – SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Federal Awards Expenditures (the Schedule) summarizes activity of the District's federal award programs. The Schedule has been prepared on the cash basis of accounting.

NOTE B – FOOD DONATION

Program regulations do not require the District to maintain separate inventory records for purchased food and food received from the U.S. Department of Agriculture. This nonmonetary assistance (expenditures) is reported in the Schedule at the fair market value of the commodities received.

NOTE C – SCHOOL BREAKFAST AND NATIONAL SCHOOL LUNCH PROGRAMS

Federal funds received from the School Breakfast and National School Lunch Programs were commingled with state subsidy and local revenue from the sale of meals. It is assumed that federal dollars are expended first.

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Ohio Society of Certified Public Accountants

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND
OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Members of the Board
Georgetown Exempted Village School District
1043 Mt. Orab Pike
Georgetown, Ohio 45121

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Georgetown Exempted Village School District (the School District) as of and for the year ended June 30, 2008, and have issued our report thereon dated November 14, 2008 in which we indicate that the District implemented GASB Statements No. 50 and No. 45. 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 the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the School District's internal control over financial reporting as a basis for designing our audit procedures for expressing our opinions on the financial statements, but not to opine on the effectiveness of the School District's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the School District's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the School District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the School District's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the School District's internal control will not prevent or detect a material financial statement misstatement.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Members of the Board

Georgetown Exempted Village School District

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Page 2

Compliance and Other Matters

As part of reasonably assuring whether the School District'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, providing an opinion 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 intend this report solely for the information and use of the management, members of the Board, and federal awarding agencies and pass-through entities. We intend it for no one other than these specified parties.

A handwritten signature in cursive script that reads "Balestra, Harr & Scherer". The signature is written in black ink on a light-colored background.

Balestra, Harr & Scherer, CPAs, Inc.
November 14, 2008

BALESTRA, HARR & SCHERER, CPAs, INC.

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Report on Compliance With Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133

Georgetown Exempted Village School District
Brown County
1043 Mt. Orab Pike
Georgetown, Ohio 45121

Compliance

We have audited the compliance of the Georgetown Exempted Village School District, Brown County (the School District), with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that apply to each of its major federal programs for the year ended June 30, 2008. The summary of auditor's results section of the accompanying schedule of findings identifies the School District's major federal programs. The School District's management is responsible for complying with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs. Our responsibility is to express an opinion on the School District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to reasonably assure whether noncompliance occurred with the types of compliance requirements referred to above that could directly and materially affect a major federal program. An audit includes examining, on a test basis, evidence about the School District's compliance with those requirements and performing other procedures we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the School District's compliance with those requirements.

In our opinion, the School District complied, in all material respects, with the requirements referred to above that apply to each of its major federal programs for the year ended June 30, 2008.

Internal Control Over Compliance

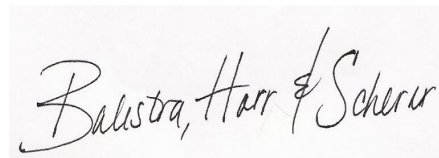
The School District's management is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the School District's internal control over compliance with requirements that could directly and materially affect a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the School District's internal control over compliance.

A control deficiency in internal control over compliance exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent or detect noncompliance with a federal program compliance requirement on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that the entity's internal control will not prevent or detect more-than-inconsequential noncompliance with a federal program compliance requirement.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that The School District's internal control will not prevent or detect material noncompliance with a federal program's compliance requirements.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

We intend this report solely for the information and use of management, Members of the Board, and federal awarding agencies and pass-through entities. It is not intended for anyone other than these specified parties.

A handwritten signature in cursive script that reads "Balestra, Harr & Scherer". The signature is written in black ink on a light-colored background.

Balestra, Harr & Scherer, CPAs, Inc.

November 14, 2008

GEORGETOWN EXEMPTED VILLAGE SCHOOL DISTRICT
 BROWN COUNTY
 JUNE 30, 2008

SCHEDULE OF FINDINGS
 OMB CIRCULAR A-133 SECTION .505

SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unqualified
(d)(1)(ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any other significant control deficiencies reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported noncompliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material internal control weakness conditions reported for major federal programs?	No
(d)(1)(iv)	Were there any other significant control deficiencies reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unqualified
(d)(1)(vi)	Are there any reportable findings under section .510?	No
(d)(1)(vii)	Major Programs (list):	Special Education Grants to States, CFDA#84.027 and Title I Grants to Local Education Agencies, CFDA#84.010
(d)(1)(viii)	Dollar Threshold: Type A\B Programs	Type A: > \$300,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	No

GEORGETOWN EXEMPTED VILLAGE SCHOOL DISTRICT
BROWN COUNTY
JUNE 30, 2008

SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 SECTION .505

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

None.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None.

**GEORGETOWN EXEMPTED VILLAGE SCHOOL DISTRICT
BROWN COUNTY
JUNE 30, 2008**

**SCHEDULE OF PRIOR AUDIT FINDINGS
OMB CIRCULAR A-133 SECTION .315(B)**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:
2007-01	Material Weakness – Bank Reconciliations were not performed in a timely manner.	Yes	
2007-02	Significant Deficiency – Misstatements in the Financial Statements.	Yes	
2007-03	Material Weakness – Posting Federal Expenditures Directly to Grant Funds.	Yes	
2007-04	Noncompliance Citation – Reporting of Project Cash Request	Yes	
2007-05	Noncompliance Citation – Cash Management	Yes	



Mary Taylor, CPA
Auditor of State

GEORGETOWN EXEMPTED VILLAGE SCHOOL DISTRICT

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
JANUARY 13, 2009**