



Dave Yost • Auditor of State



VILLAGE OF GEORGETOWN  
BROWN COUNTY

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# Dave Yost • Auditor of State

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

To the Village Council:

As you are aware, the Auditor of State's Office (AOS) must modify the *Independent Accountants' Report* we provide on your financial statements due to an interpretation from the American Institute of Certified Public Accountants (AICPA). While AOS does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. Our Report includes an adverse opinion relating to GAAP presentation and measurement requirements, but does not imply the amounts the statements present are misstated under the non-GAAP basis you follow. The AOS report also includes an opinion on the financial statements you prepared using the cash basis and financial statement format the AOS permits.

A handwritten signature in cursive script that reads "Dave Yost".

**Dave Yost**  
Auditor of State

December 5, 2012

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# Dave Yost • Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

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

To the Village Council:

We have audited the accompanying financial statements of the Village of Georgetown, Brown County, Ohio (the Village), as of and for the years ended December 31, 2011 and 2010. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the 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. The Village processes its financial transactions with the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to audit the Village because the Auditor of State designed, developed, implemented, and as requested, operates UAN. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code § 117.11(A) mandates the Auditor of State to audit Ohio governments. We believe our audit provides a reasonable basis for our opinion.

As described more fully in Note 1, the Village has prepared these financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

Instead of the combined funds the accompanying financial statements present, GAAP require presenting entity wide statements and also presenting the Village's larger (i.e. major) funds separately. While the Village does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to GAAP presentation requirements. The Auditor of State permits, but does not require Governments to reformat their statements. The Village has elected not to follow GAAP statement formatting requirements. The following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2011 and 2010 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2011 and 2010, or its changes in financial position for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and the reserves for encumbrances of the of the Village of Georgetown, Brown County, as of December 31, 2011 and 2010, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

As described in Note 1, during 2011 the Village adopted Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 5, 2012, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. 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.



**Dave Yost**  
Auditor of State

December 5, 2012



**VILLAGE OF GEORGETOWN  
BROWN COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS  
AND CHANGES IN CASH FUND BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2011**

	General	Special Revenue	Debt Service	Permanent	Totals (Memorandum Only)
<b>Cash Receipts</b>					
Property and Other Local Taxes	\$270,046	\$113,432	\$0	\$0	\$383,478
Municipal Income Tax	253,114	205,989	0	0	459,103
Intergovernmental	90,161	192,777	0	0	282,938
Special Assessments	2,806	0	0	0	2,806
Charges for Services	11,544	129,369	0	0	140,913
Fines, Licenses and Permits	108,440	9,415	0	0	117,855
Earnings on Investments	15,325	995	0	1,525	17,845
Miscellaneous	11,739	8,391	0	0	20,130
<i>Total Cash Receipts</i>	<u>763,175</u>	<u>660,368</u>	<u>0</u>	<u>1,525</u>	<u>1,425,068</u>
<b>Cash Disbursements</b>					
Current:					
Security of Persons and Property	674,561	97,442	0	0	772,003
Public Health Services	6,420	67,522	0	0	73,942
Leisure Time Activities	0	3,885	0	0	3,885
Community Environment	19,135	2,500	0	0	21,635
Transportation	0	167,423	0	0	167,423
General Government	223,455	52,850	0	0	276,305
Capital Outlay	53,079	142,928	0	0	196,007
Debt Service:					
Principal Retirement	19,017	36,501	7,189	0	62,707
Interest and Fiscal Charges	942	3,959	327	0	5,228
<i>Total Cash Disbursements</i>	<u>996,609</u>	<u>575,010</u>	<u>7,516</u>	<u>0</u>	<u>1,579,135</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(233,434)</u>	<u>85,358</u>	<u>(7,516)</u>	<u>1,525</u>	<u>(154,067)</u>
<b>Other Financing Receipts</b>					
Sale of Capital Assets	2,502	0	0	0	2,502
Transfers In	0	0	7,516	0	7,516
<i>Total Other Financing Receipts</i>	<u>2,502</u>	<u>0</u>	<u>7,516</u>	<u>0</u>	<u>10,018</u>
<i>Net Change in Fund Cash Balances</i>	<u>(230,932)</u>	<u>85,358</u>	<u>0</u>	<u>1,525</u>	<u>(144,049)</u>
<i>Fund Cash Balances (Revised), January 1</i>	<u>1,448,280</u>	<u>1,356,198</u>	<u>26,722</u>	<u>253,046</u>	<u>3,084,246</u>
<b>Fund Cash Balances, December 31</b>					
Nonspendable	0	0	0	254,571	254,571
Restricted	0	1,404,422	26,722	0	1,431,144
Committed	0	37,134	0	0	37,134
Unassigned (Deficit)	1,217,348	0	0	0	1,217,348
<i>Fund Cash Balances, December 31</i>	<u>\$1,217,348</u>	<u>\$1,441,556</u>	<u>\$26,722</u>	<u>\$254,571</u>	<u>\$2,940,197</u>

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

**VILLAGE OF GEORGETOWN  
BROWN COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS  
AND CHANGES IN CASH FUND BALANCES  
ALL PROPRIETARY AND FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2011**

	Fiduciary Fund Types			Totals (Memorandum Only)
	Proprietary Enterprise	Agency	Private Purpose Trust	
<b>Operating Cash Receipts</b>				
Charges for Services	\$5,458,621	\$0	\$0	\$5,458,621
Earnings on Investments (trust funds only)	0	0	40	40
<i>Total Operating Cash Receipts</i>	<u>5,458,621</u>	<u>0</u>	<u>40</u>	<u>5,458,661</u>
<b>Operating Cash Disbursements</b>				
Personal Services	648,280	0	0	648,280
Employee Fringe Benefits	323,585	0	0	323,585
Contractual Services	3,141,123	0	0	3,141,123
Supplies and Materials	359,126	0	0	359,126
Other	95,983	0	149	96,132
<i>Total Operating Cash Disbursements</i>	<u>4,568,097</u>	<u>0</u>	<u>149</u>	<u>4,568,246</u>
<i>Operating Income (Loss)</i>	<u>890,524</u>	<u>0</u>	<u>(109)</u>	<u>890,415</u>
<b>Non-Operating Receipts (Disbursements)</b>				
Other Debt Proceeds	37,160			37,160
Miscellaneous Receipts	52,474	0	0	52,474
Capital Outlay	(216,424)	0	0	(216,424)
Principal Retirement	(172,555)	0	0	(172,555)
Interest and Other Fiscal Charges	(70,779)	0	0	(70,779)
Other Non-Operating Receipts	0	127,404	0	127,404
Other Non-Operating Disbursements	0	(128,299)	0	(128,299)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(370,124)</u>	<u>(895)</u>	<u>0</u>	<u>(371,019)</u>
<i>Income (Loss) before Capital Contributions, Special Item, Extraordinary Item, Transfers and Advances</i>	520,400	(895)	(109)	519,396
Transfers In	86,000	0	0	86,000
Transfers Out	(93,516)	0	0	(93,516)
<i>Net Change in Fund Cash Balances</i>	512,884	(895)	(109)	511,880
<i>Fund Cash Balances, January 1</i>	<u>5,107,938</u>	<u>2,289</u>	<u>8,189</u>	<u>5,118,416</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$5,620,822</u></u>	<u><u>\$1,394</u></u>	<u><u>\$8,080</u></u>	<u><u>\$5,630,296</u></u>

**VILLAGE OF GEORGETOWN  
BROWN COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2010**

	General	Special Revenue	Debt Service	Permanent	Totals (Memorandum Only)
<b>Cash Receipts:</b>					
Property and Local Taxes	\$290,263	\$77,464	\$0	\$0	\$367,727
Municipal Income Tax	240,811	197,356	0	0	438,167
Intergovernmental	185,325	207,884	0	0	393,209
Charges for Services	11,400	131,290	0	0	142,690
Fines, Licenses and Permits	111,427	27,881	0	0	139,308
Earnings on Investments	47,582	5,406	0	3,006	55,994
Miscellaneous	19,961	7,800	0	0	27,761
Total Cash Receipts	<u>906,769</u>	<u>655,081</u>	<u>0</u>	<u>3,006</u>	<u>1,564,856</u>
<b>Cash Disbursements:</b>					
Current:					
Security of Persons and Property	627,263	106,637	0	0	733,900
Public Health Services	10,967	64,327	0	0	75,294
Leisure Time Activities	0	5,775	0	0	5,775
Community Environment	12,249	8,763	0	0	21,012
Transportation		172,694	0	0	172,694
General Government	251,859	48,670	0	0	300,529
Debt Service:					
Redemption of Principal	0	43,426	6,651	0	50,077
Interest and Fiscal Charges	0	3,658	865	0	4,523
Capital Outlay	53,928	411,253	0	0	465,181
Total Cash Disbursements	<u>956,266</u>	<u>865,203</u>	<u>7,516</u>	<u>0</u>	<u>1,828,985</u>
Total Receipts Over/(Under) Disbursements	<u>(49,497)</u>	<u>(210,122)</u>	<u>(7,516)</u>	<u>3,006</u>	<u>(264,129)</u>
<b>Other Financing Receipts:</b>					
Proceeds from Sale of Public Debt:					
Sale of Bonds	0	75,000	0	0	75,000
Sale of Fixed Assets	3,058	0	0	0	3,058
Transfers-In	0	0	7,516	0	7,516
Total Other Financing Receipts	<u>3,058</u>	<u>75,000</u>	<u>7,516</u>	<u>0</u>	<u>85,574</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements	(46,439)	(135,122)	0	3,006	(178,555)
Fund Cash Balances, January 1	<u>1,493,947</u>	<u>1,492,092</u>	<u>26,722</u>	<u>250,040</u>	<u>3,262,801</u>
<b>Fund Cash Balances, December 31</b>	<b><u>\$1,447,508</u></b>	<b><u>\$1,356,970</u></b>	<b><u>\$26,722</u></b>	<b><u>\$253,046</u></b>	<b><u>\$3,084,246</u></b>
Reserve for Encumbrances, December 31	<u>\$26,050</u>	<u>\$31,583</u>	<u>\$0</u>	<u>\$0</u>	<u>\$57,633</u>

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

**VILLAGE OF GEORGETOWN  
BROWN COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES - ALL PROPRIETARY AND FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2010**

	Proprietary Fund Types	Fiduciary Fund Types		Totals (Memorandum Only)
	Enterprise	Private Purpose Trust	Agency	
<b>Operating Cash Receipts:</b>				
Charges for Services	\$5,250,593	\$0	\$0	\$5,250,593
Total Operating Cash Receipts	5,250,593	0	0	5,250,593
	F			F
<b>Operating Cash Disbursements:</b>				
Personal Services	650,807	0	0	650,807
Employee Fringe Benefits	312,232	0	0	312,232
Contractual Services	3,183,233	0	0	3,183,233
Supplies and Materials	343,264	0	0	343,264
Other	152,305	20	0	152,325
Total Operating Cash Disbursements	4,641,841	20	0	4,641,861
Operating Income/(Loss)	608,752	(20)	0	608,732
<b>Non-Operating Cash Receipts:</b>				
Miscellaneous Receipts	50,669	0	0	50,669
Other Non-Operating Cash Receipts	0	0	151,528	151,528
Total Non-Operating Cash Receipts	50,669	0	151,528	202,197
<b>Non-Operating Cash Disbursements:</b>				
Capital Outlay	146,656	0	0	146,656
Redemption of Principal	166,975	0	0	166,975
Interest and Other Fiscal Charges	74,683	0	0	74,683
Other Non-Operating Cash Disbursements	0	0	153,073	153,073
Total Non-Operating Cash Disbursements	388,314	0	153,073	541,387
Excess of Receipts Over/(Under) Disbursements Before Interfund Transfers and Advances	271,107	(20)	(1,545)	269,542
Transfers-In	86,000	0	0	86,000
Transfers-Out	(93,515)	0	0	(93,515)
Net Receipts Over/(Under) Disbursements	263,592	(20)	(1,545)	262,027
Fund Cash Balances, January 1	4,844,346	8,209	3,834	4,856,389
<b>Fund Cash Balances, December 31</b>	<b>\$5,107,938</b>	<b>\$8,189</b>	<b>\$2,289</b>	<b>\$5,118,416</b>
Reserve for Encumbrances, December 31	\$49,022	\$0	\$0	\$49,022

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

**VILLAGE OF GEORGETOWN  
BROWN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2011 AND 2010**

**1. Summary of Significant Accounting Policies**

**A. Description of the Entity**

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

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

**B. Accounting Basis**

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

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

**C. Deposits and Investments**

The Village funds are deposited in a checking account and certificates of deposit. All deposits are valued at cost.

The Village also has investments in a money market mutual fund and STAR Ohio, which are recorded at share values.

**D. Fund Accounting**

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

**1. General Fund**

The General Fund reports all financial resources except those required to be accounted for in another fund.

**2. Special Revenue Funds**

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

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

**VILLAGE OF GEORGETOWN  
BROWN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2011 AND 2010  
(Continued)**

**1. Summary of Significant Accounting Policies (Continued)**

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

**3. Debt Service Funds**

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

**4. Permanent Funds**

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

**5. Enterprise Funds**

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

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

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

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

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

**6. Fiduciary Funds**

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

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

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

VILLAGE OF GEORGETOWN  
BROWN COUNTY

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2011 AND 2010  
(Continued)

1. Summary of Significant Accounting Policies (Continued)

E. Budgetary Process

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

1. Appropriations

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

2. Estimated Resources

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

3. Encumbrances

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

A summary of 2011 and 2010 budgetary activity appears in Note 3.

F. Fund Balance

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

1. Nonspendable

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

2. Restricted

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

**VILLAGE OF GEORGETOWN  
BROWN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2011 AND 2010  
(Continued)**

**1. Summary of Significant Accounting Policies (Continued)**

**3. Committed**

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

**4. Assigned**

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

**5. Unassigned**

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

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

**G. Property, Plant, and Equipment**

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

**H. Accumulated Leave**

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



**VILLAGE OF GEORGETOWN  
BROWN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2011 AND 2010  
(Continued)**

**2. Equity in Pooled Deposits and Investments**

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

	2011	2010
Demand deposits	\$88,195	\$37,721
Certificates of deposit	206,424	2,521,424
Other time deposits (savings and NOW accounts)	2,315,000	0
Total deposits	<u>2,609,619</u>	<u>2,559,145</u>
STAR Ohio	200,000	200,000
Goldman Sachs Money Market Mutual Fund	5,760,874	5,442,623
Total investments	<u>5,960,874</u>	<u>5,642,623</u>
Total deposits and investments	<u><u>\$8,570,493</u></u>	<u><u>\$8,201,768</u></u>

**Deposits:** Deposits are insured by the Federal Depository Insurance Corporation; or collateralized by securities specifically pledged by the financial institution to the Village; or collateralized by the financial institution's public entity deposit pool.

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

**3. Budgetary Activity**

Budgetary activity for the years ending December 31, 2011 and 2010 follows:

Fund Type	2011 Budgeted vs. Actual Receipts		
	Budgeted Receipts	Actual Receipts	Variance
General	\$867,100	\$765,677	(\$101,423)
Special Revenue	1,068,520	660,368	(408,152)
Debt Service	7,520	7,516	(4)
Capital Projects	0		0
Enterprise	5,317,000	5,634,255	317,255
Internal Service	0	0	0
Permanent	3,000	1,525	(1,475)
Fiduciary	600	40	(560)
Total	<u><u>\$7,263,740</u></u>	<u><u>\$7,069,381</u></u>	<u><u>(\$194,359)</u></u>

**VILLAGE OF GEORGETOWN  
BROWN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2011 AND 2010  
(Continued)**

**3. Budgetary Activity (Continued)**

2011 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,241,630	\$996,609	\$245,021
Special Revenue	1,206,290	575,010	631,280
Debt Service	7,520	7,516	4
Enterprise	5,923,875	5,121,371	802,504
Fiduciary	1,500	140	1,360
Total	<u>\$8,380,815</u>	<u>\$6,700,646</u>	<u>\$1,680,169</u>

2010 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$899,025	\$909,827	\$10,802
Special Revenue	675,800	730,081	54,281
Debt Service	7,517	7,516	(1)
Enterprise	5,269,600	5,387,262	117,662
Permanent	4,000	3,006	(994)
Fiduciary	600	0	(600)
Total	<u>\$6,856,542</u>	<u>\$7,037,692</u>	<u>\$181,150</u>

2010 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,111,500	\$982,316	\$129,184
Special Revenue	1,214,005	896,786	317,219
Debt Service	7,517	7,516	1
Enterprise	5,665,299	5,172,670	492,629
Fiduciary	1,500	20	1,480
Total	<u>\$7,999,821</u>	<u>\$7,059,308</u>	<u>\$940,513</u>

**4. Property Tax**

Real property taxes become a lien on January 1 preceding the October 1 date for which the Council adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. The financial statements include homestead and rollback amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

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

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

**VILLAGE OF GEORGETOWN  
BROWN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2011 AND 2010  
(Continued)**

**5. Local Income Tax**

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

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

**6. Debt**

Debt outstanding at December 31, 2011 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Water Mortgage Revenue Bonds	\$537,017	5.875%
Fire Truck Bond	\$45,550	3.900%
Fire Tanker Truck	\$60,000	3.000%
OPWC CT81M	\$61,170	0.000%
Police Cruiser - Dodge Charger	\$14,252	4.500%
Police Cruiser - SUV	\$22,480	6.500%
OWDA - Sewer (Pass Hollow) Loan 5673	90,454	4.330%
OWDA - Town Run/WWTP Design Loan 6018	52,043	1.000%
Total	<u>\$882,966</u>	

The Mortgage Revenue Bonds were used to expand water lines in 1992. The original bonds were for \$765,000 and were for a water hook up with Brown County Rural Water lines. The bonds are payable over 20 years and are collateralized by future earnings afforded by the system. The bonds will be retired from the Water Fund.

In 2003, the Village issued \$196,580 in Fire Truck Bonds. The Village issued these bonds to purchase a fire truck for the Fire Department. These bonds are payable over 10 years with semiannual payments that vary as set forth in the amortization schedule. These are general obligations of the Village and are collateralized by the full faith, credit, and revenue of the Village. The bonds will be retired from the Fire Fund.

In 2010, the Village issued \$75,000 in Fire Tanker Truck Bonds. The Village issued these bonds to purchase a fire tanker truck for the Fire Department. These bonds are payable over 5 years with annual payments that vary as set forth in the amortization schedule. These are general obligations of the Village and are collateralized by the full faith, credit, and revenue of the Village. The Bonds will be retired from the Fire Fund.

The Ohio Public Works Commission (OPWC) Loan CT81M relates to WWTP High Flow Management Upgrades. The loan is for \$64,390, with zero percent interest. The Village will repay this loan in semiannual installments of \$1,609.74 over 20 years. Water and sewer receipts collateralize the loan. The Village has agreed to set utility rates sufficient to cover payment requirements.

**VILLAGE OF GEORGETOWN  
BROWN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2011 AND 2010  
(Continued)**

**6. Debt (Continued)**

In 2010, the Village issued \$20,922 in Police Cruiser Acquisition Bond and were sold at Par to First State Bank. The Notes are payable annually over 5 years in varying amounts as set forth by First State Bank. The notes are general obligations of the Village and are collateralized by the full faith, credit, and revenue of the Village. The Notes will be paid from the General Fund.

In 2011, the Village entered into a Lease-Purchase Agreement with Ford Motor Company for \$34,827 to acquire a Ford Expedition. The Lease-Purchase Agreement requires annual in advance payments of \$12,347, including interest over three years. The Payments will be paid from the General Fund.

The Ohio Water Development Authority (OWDA) loan 5673 relates to wastewater design. The OWDA approved up to \$87,600, plus capitalized interest in loans to the Village for this project. The Interest Rate on this loan is 4.33%, and is set to mature on July 1, 2016. Water and sewer receipts collateralize the loan. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements. As of December 31, 2011, \$90,454 has been drawn down, including capitalized interest. As of December 31, 2011, the loan has not been amortized; therefore, the future funding requirements for the retirement of this loan have not been included in the amortization schedule below.

The Ohio Water Development Authority (OWDA) loan 6018 relates to the Town Run/WWTP Design. The OWDA approved up to \$407,505 plus capitalized interest in loans to the Village for this project. The OWDA has not finalized this loan, and to date, no amortization schedule is available. The interest rate on this loan is 1%, and is set to mature on July 1, 2017. Water and sewer receipts collateralize the loan. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements. As of December 31, 2011, \$52,010 has been drawn down plus \$33 in capitalized interest for a total loan balance of \$52,043. As of December 31, 2011, the loan has not been amortized; therefore, the future funding requirements for the retirement of this loan have not been included in the amortization schedule below.

As of December 31, 2011, the Village has also entered into a loan agreement with The Ohio Public Works Commission (OPWC) loan C0070 relating to the Town Run Pump Station SSO Elimination/WWTP Improvements. The OPWC approved up to \$500,000 in loans to the Village for this project. The Village will repay the loans in semiannual installments of \$8,333, with zero interest, over 30 years. The scheduled payment amount assumes that all \$500,000 will be borrowed. The OPWC will adjust the scheduled payment to reflect any revisions in the amounts the Village actually borrows. Water and Sewer receipts collateralize the loan. The Village has agreed to set utility rates sufficient to cover the OPWC loan requirements. At December 31, 2011, the Loan Balance is Zero. Therefore, the amortization table below does not include this loan and the Debt Outstanding at December 31, 2011 table above does not include this loan. .

**VILLAGE OF GEORGETOWN  
BROWN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2011 AND 2010  
(Continued)**

**6. Debt (Continued)**

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

Year ending December 31:	Water Mortgage Revenue Bonds	Fire Truck Bond	Police Cruiser - BAN	Fire Tanker Truck Bonds	OPWC Loans	Police Cruiser - SUV	Total
2012	\$47,550	\$24,115	\$7,612	\$16,800	\$3,219	\$12,347	\$111,643
2013	47,510	24,116	7,611	16,350	3,220	12,348	\$111,155
2014	47,517			15,900	3,220		\$66,637
2015	47,565			15,450	3,220		\$66,235
2016	47,549				3,220		\$50,769
2017-2021	238,416				16,097		\$254,513
2022-2026	239,242				16,097		\$255,339
2027-2031	190,519				12,878		\$203,397
2032-2036					0		\$0
2037-2041					0		\$0
					0		\$0
							\$0
Total	<u>\$905,868</u>	<u>\$48,231</u>	<u>\$15,223</u>	<u>\$64,500</u>	<u>\$61,171</u>	<u>\$24,695</u>	<u>\$1,119,688</u>

**7. Lease/Option to Purchase**

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

**8. Retirement Systems**

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

The Ohio Revised Code also prescribes contribution rates. For 2011 and 2010, OP&F participants contributed 10% of their wages. For 2011 and 2010, the Village contributed to OP&F an amount equal to 19.5% of full-time police members' wages. For 2011 and 2010, OPERS members contributed 10% of their gross salaries and the Village contributed an amount equaling 14% of participants' gross salaries. The Village has paid all contributions required through December 31, 2011.

**VILLAGE OF GEORGETOWN  
BROWN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2011 AND 2010  
(Continued)**

**9. Risk Management**

The Village has obtained commercial insurance for the following risks:

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

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



# Dave Yost • Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY GOVERNMENT AUDITING STANDARDS

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

To the Village Council:

We have audited the financial statements of the Village of Georgetown, Brown County, Ohio (the Village) as of and for the years ended December 31, 2011 and 2010, and have issued our report thereon dated December 5, 2012, wherein we noted the Village followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. We also noted the Village processes its financial transactions with the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State. We also noted that the Village implemented Government Accounting Standards Board Statement No. 54. 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 Village's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of opining on the effectiveness of the Village's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Village's internal control over financial reporting.

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and timely corrected. We consider finding 2011-001 described in the accompanying schedule of findings to be a material weakness.

**Village of Georgetown  
Brown County**

Independent Accountants' Report on Internal Control Over  
Financial Reporting and on Compliance and Other Matters  
Required by *Government Auditing Standards*  
Page 2

**Compliance and Other Matters**

As part of reasonably assuring whether the Village's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, 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 noted certain matters not requiring inclusion in this report that we reported to the Village's management in a separate letter dated December 5, 2012.

We intend this report solely for the information and use of management, Village Council, and others within the Village. We intend it for no one other than these specified parties.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

**Dave Yost**  
Auditor of State

December 5, 2012



**VILLAGE OF GEORGETOWN  
BROWN COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2011 AND 2010**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 2011-001**

**Material Weakness**

The management of the Village is responsible for the design and implementation of an internal control process that provides reasonable assurance of the integrity of its financial reporting, the safeguarding of assets, the efficiency and effectiveness of its operations, and its compliance with applicable laws, regulations, and contracts. Sound financial reporting is the responsibility of the Village officials and is essential to ensure the information provided to the readers of the financial statements is complete and accurate.

The Village did not post the following transactions to the proper account codes, and therefore, they were reported in an incorrect account classification by material amounts on the financial statements presented for audit:

- The Kilowatt Hour Tax was classified as Special Assessments rather than Taxes Receipts in the amount of \$220,922 in 2011 and \$220,240 in 2010 in the General Fund.
- During 2010, the Village classified bond proceeds in the Fire Fund as Miscellaneous Revenue rather than Sale of Bonds in the amount of \$75,000 issued for the purchase of a tanker truck.

Failure to properly post transactions to the accounting records could: 1) reduce the accountability over Village funds; 2) reduce the Village Council's ability to monitor financial activity and make informed financial decisions; 3) increase the likelihood that the Village's financial statements will be misstated. The Village agreed to the reclassifications and adjustments to correctly report the above items. The Village has posted the adjustments to the financial statements and accounting records.

We recommend due care be exercised when posting entries to the financial accounting records to prevent errors and assist in properly reflected financial activity in the annual report.

**Officials' Response:**

We did not receive a response from officials to the finding above.

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# Dave Yost • Auditor of State

VILLAGE OF GEORGETOWN

BROWN COUNTY

## CLERK'S CERTIFICATION

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

*Susan Babbitt*

CLERK OF THE BUREAU

CERTIFIED  
DECEMBER 20, 2012