



**VILLAGE OF GEORGETOWN  
BROWN COUNTY**

**REGULAR AUDIT**

**FOR THE YEARS ENDED DECEMBER 31, 2001-2000**



**JIM PETRO**  
**AUDITOR OF STATE**  

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**STATE OF OHIO**



VILLAGE OF GEORGETOWN  
BROWN COUNTY

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## REPORT OF INDEPENDENT ACCOUNTANTS

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

To the Village Council:

We have audited the accompanying financial statements of the Village of Georgetown, Brown County, Ohio (the Village), as of and for the years ended December 31, 2001 and 2000. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of the Village as of December 31, 2001 and 2000, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 30, 2002, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of our audit performed in accordance with the *Governmental Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

A handwritten signature in black ink, appearing to read "Jim Petro". The signature is stylized with a large, sweeping loop at the end.

**Jim Petro**  
Auditor of State

August 30, 2002

**VILLAGE OF GEORGETOWN  
BROWN COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES - AND EXPENDABLE TRUST FUND  
FOR THE YEAR ENDED DECEMBER 31, 2001**

	General	Special Revenue	Debt Service	Fiduciary Expendable Trust	Totals (Memorandum Only)
<b>Cash Receipts:</b>					
Property Tax and Other Local Taxes	\$196,015	\$195,776			\$391,791
Intergovernmental Receipts	174,011	258,028			432,039
Special Assessments	24,149				24,149
Charges for Services	5,052	98,072			103,124
Fines, Licenses, and Permits	81,588	1,200			82,788
Earnings on Investments	213,216	30,538		\$300	244,054
Miscellaneous	9,023	2,655			11,678
<b>Total Cash Receipts</b>	<b>703,054</b>	<b>586,269</b>		<b>300</b>	<b>1,289,623</b>
<b>Cash Disbursements:</b>					
Current:					
Security of Persons and Property	433,361				433,361
Personal Service		49,024			49,024
Public Health Services	8,370	54,466		80	62,916
Leisure Time Activities	11,824				11,824
Community Environment	7,423	5,572			12,995
Transportation		94,930			94,930
General Government	188,661	25,501			214,162
Debt Service		62,488	\$7,515		70,003
Capital Outlay	109,197	339,073			448,270
<b>Total Cash Disbursements</b>	<b>758,836</b>	<b>631,054</b>	<b>7,515</b>	<b>80</b>	<b>1,397,485</b>
<b>Total Receipts Over/(Under) Disbursements</b>	<b>(55,782)</b>	<b>(44,785)</b>	<b>(7,515)</b>	<b>220</b>	<b>(107,862)</b>
<b>Other Financing Receipts/(Disbursements):</b>					
Loan Proceeds		10,000			10,000
Transfers-In			7,515		7,515
Other Financing Sources	352				352
<b>Total Other Financing Receipts/(Disbursements)</b>	<b>352</b>	<b>10,000</b>	<b>7,515</b>		<b>17,867</b>
<b>Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements</b>	<b>(55,430)</b>	<b>(34,785)</b>		<b>220</b>	<b>(89,995)</b>
<b>Fund Cash Balances January 1</b>	<b>1,140,117</b>	<b>829,733</b>	<b>26,723</b>	<b>6,913</b>	<b>2,003,486</b>
<b>Fund Cash Balances, December 31</b>	<b>\$1,084,687</b>	<b>\$794,948</b>	<b>\$26,723</b>	<b>\$7,133</b>	<b>\$1,913,491</b>
<b>Reserves for Encumbrances, December 31</b>	<b>\$126,120</b>				<b>\$126,120</b>

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

**VILLAGE OF GEORGETOWN  
BROWN COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL PROPRIETARY AND SIMILAR FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2001**

	Proprietary Fund Type	Fiduciary Fund Types		Totals (Memorandum Only)
	Enterprise	Nonexpendable Trust	Agency	
<b>Operating Cash Receipts:</b>				
Charges for Services	\$3,960,058	\$3,478		\$3,963,536
Miscellaneous	160			160
Total Operating Cash Receipts	<u>3,960,218</u>	<u>3,478</u>		<u>3,963,696</u>
<b>Operating Cash Disbursements:</b>				
Personal Services	592,265			592,265
Fringe Benefits	161,197			161,197
Contractual Services	2,589,054			2,589,054
Supplies and Materials	256,088			256,088
Capital Outlay	234,649			234,649
Miscellaneous	57,149			57,149
Total Operating Cash Disbursements	<u>3,890,402</u>			<u>3,890,402</u>
Operating Income/(Loss)	<u>69,816</u>	<u>3,478</u>		<u>73,294</u>
<b>Non-Operating Cash Receipts:</b>				
Proceeds from Notes and Bonds	110,000			110,000
Other Non-Operating Receipts			\$82,300	82,300
Total Non-Operating Cash Receipts	<u>110,000</u>		<u>82,300</u>	<u>192,300</u>
<b>Non-Operating Cash Disbursements:</b>				
Debt Service	209,351			209,351
Other Non-Operating Cash Disbursements			80,527	80,527
Total Non-Operating Cash Disbursements	<u>209,351</u>		<u>80,527</u>	<u>289,878</u>
Excess of Receipts Over/(Under) Disbursements Before Interfund Transfers and Advances	(29,535)	3,478	1,773	(24,284)
Transfers-In	86,000			86,000
Transfers-Out	(93,515)			(93,515)
Net Receipts Over/(Under) Disbursements	(37,050)	3,478	1,773	(31,799)
Fund Cash Balances, January 1	<u>2,929,304</u>	<u>238,604</u>	<u>425</u>	<u>3,168,333</u>
<b>Fund Cash Balances, December 31</b>	<b><u>\$2,892,254</u></b>	<b><u>\$242,082</u></b>	<b><u>\$2,198</u></b>	<b><u>\$3,136,534</u></b>
Reserve for Encumbrances, December 31	<u>\$95,515</u>			<u>\$95,515</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 GOVERNMENTAL FUND TYPES - AND EXPENDABLE TRUST FUND  
FOR THE YEAR ENDED DECEMBER 31, 2000**

	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Fiduciary Expendable Trust</u>	<u>Totals (Memorandum Only)</u>
<b>Cash Receipts:</b>					
Property Tax and Other Local Taxes	\$206,958	\$211,017			\$417,975
Intergovernmental Receipts	259,989	335,744			595,733
Charges for Services	2,500	78,649			81,149
Fines, Licenses, and Permits	59,156	960			60,116
Earnings on Investments	268,696	44,073		\$300	313,069
Miscellaneous	4,772	9,642			14,414
	<u>802,071</u>	<u>680,085</u>		<u>300</u>	<u>1,482,456</u>
<b>Cash Disbursements:</b>					
Current:					
Security of Persons and Property	406,750				406,750
Personal Service		48,782			48,782
Public Health Services	8,119	49,658		271	58,048
Leisure Time Activities	31,670	1,157			32,827
Community Environment	7,478	7,270			14,748
Transportation		121,615			121,615
General Government	148,318	100,420			248,738
Debt Service		53,588	\$7,515		61,103
Capital Outlay	149,361	333,207			482,568
	<u>751,696</u>	<u>715,697</u>	<u>7,515</u>	<u>271</u>	<u>1,475,179</u>
Total Receipts Over/(Under) Disbursements	<u>50,375</u>	<u>(35,612)</u>	<u>(7,515)</u>	<u>29</u>	<u>7,277</u>
<b>Other Financing Receipts/(Disbursements):</b>					
Sale of Bonds or Notes		199,906			199,906
Transfers-In			7,515		7,515
Other Financing Sources	2,241	4,702			6,943
Other Financing Uses	(94)				(94)
	<u>2,147</u>	<u>204,608</u>	<u>7,515</u>		<u>214,270</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	52,522	168,996		29	221,547
Fund cash balances, January 1	<u>1,087,595</u>	<u>660,737</u>	<u>26,723</u>	<u>6,884</u>	<u>1,781,939</u>
<b>Fund Cash Balances, December 31</b>	<b><u>\$1,140,117</u></b>	<b><u>\$829,733</u></b>	<b><u>\$26,723</u></b>	<b><u>\$6,913</u></b>	<b><u>\$2,003,486</u></b>
Reserves for Encumbrances, December 31	<u>\$1,681</u>	<u>\$182,384</u>			<u>\$184,065</u>

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

**VILLAGE OF GEORGETOWN  
BROWN COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL PROPRIETARY AND SIMILAR FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2000**

	Proprietary Fund Type	Fiduciary Fund Types		Totals (Memorandum Only)
	Enterprise	Nonexpendable Trust	Agency	
<b>Operating Cash Receipts:</b>				
Charges for Services	\$3,893,277			\$3,893,277
Miscellaneous	2,697			2,697
Total Operating Cash Receipts	<u>3,895,974</u>			<u>3,895,974</u>
<b>Operating Cash Disbursements:</b>				
Personal Services	547,063			547,063
Fringe Benefits	152,261			152,261
Contractual Services	2,150,338			2,150,338
Supplies and Materials	307,234			307,234
Capital Outlay	331,290			331,290
Miscellaneous	74,749			74,749
Total Operating Cash Disbursements	<u>3,562,935</u>			<u>3,562,935</u>
Operating Income/(Loss)	<u>333,039</u>			<u>333,039</u>
<b>Non-Operating Cash Receipts:</b>				
Other Financing Sources		\$2,188		2,188
Refund of Prior Year Expenditure	181			181
Other Non-Operating Receipts			\$57,035	57,035
Total Non-Operating Cash Receipts	<u>181</u>	<u>2,188</u>	<u>57,035</u>	<u>59,404</u>
<b>Non-Operating Cash Disbursements:</b>				
Debt Service	209,253			209,253
Other Financing Uses		466	56,610	57,076
Total Non-Operating Cash Disbursements	<u>209,253</u>	<u>466</u>	<u>56,610</u>	<u>266,329</u>
Excess of Receipts Over/(Under) Disbursements Before Interfund Transfers and Advances	123,967	1,722	425	126,114
Transfers-In	86,004			86,004
Transfers-Out	(93,519)			(93,519)
Net Receipts Over/(Under) Disbursements	116,452	1,722	425	118,599
Fund cash balances, January 1	<u>2,812,852</u>	<u>236,882</u>		<u>3,049,734</u>
<b>Fund Cash Balances, December 31</b>	<b><u>\$2,929,304</u></b>	<b><u>\$238,604</u></b>	<b><u>\$425</u></b>	<b><u>\$3,168,333</u></b>
Reserve for Encumbrances, December 31	<u>\$26,385</u>			<u>\$26,385</u>

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

**VILLAGE OF GEORGETOWN  
BROWN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001 AND 2000**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

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

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

**B. Basis of Accounting**

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

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

**C. Cash and Investments**

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

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

**D. Fund Accounting**

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

**1. General Fund**

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

**2. Special Revenue Funds**

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

**VILLAGE OF GEORGETOWN  
BROWN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001 AND 2000  
(Continued)**

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

Street Construction, Maintenance and Repair Fund

This fund receives gasoline tax and motor vehicle tax money for constructing, maintaining and repairing Village streets.

Income Tax Fund

This fund receives local taxes used for maintenance and paving of Village streets.

**3. Debt Service Fund**

These funds are used to accumulate resources for the payment of bonds, note indebtedness, and an Ohio Water Development Authority loan. The Village had the following significant debt service fund:

Ohio Water Development Authority Fund (OWDA)

Used to retire debt issued from an Ohio Water Development Authority loan.

**4. Enterprise Funds**

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

Water Fund

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

Sewer Fund

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

Electric Fund

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

Waste Fund

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

**VILLAGE OF GEORGETOWN  
BROWN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001 AND 2000  
(Continued)**

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

**5. Fiduciary Funds (Trust and Agency Funds)**

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

**a. Nonexpendable Trust Fund**

Perpetual Trust Fund

This fund receives donations used for the care and maintenance of the cemetery.

**b. Expendable Trust Fund**

Wolf Fund

This fund receives interest used to assist indigent people.

**c. Agency Fund**

Mayor's Court Fund

An agency fund used to account for monies received, by the public, in the form of court costs, fines, bonds, and/or restitution.

**E. Budgetary Process**

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

**1. Appropriations**

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

**2. Estimated Resources**

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

**VILLAGE OF GEORGETOWN  
BROWN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001 AND 2000  
(Continued)**

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

**3. Encumbrances**

The Ohio Revised Code requires the Village to reserve (encumber) appropriations when commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated. The Village did not encumber all commitments required by Ohio law; however, as December 31, 2001 and 2000 there were no material unrecorded encumbrances.

A summary of 2001 and 2000 budgetary activity appears in Note 3.

**F. Property, Plant and Equipment**

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

**G. Unpaid Vacation and Sick Leave**

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

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

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

	<u>2001</u>	<u>2000</u>
Demand deposits	\$ (49,949)	\$ (98,590)
Certificates of deposit	<u>2,956,123</u>	<u>3,406,123</u>
Total Deposits	2,906,174	3,307,533
Repurchase Agreement	<u>2,143,851</u>	<u>1,864,286</u>
Total deposits and investments	<u><u>5,050,025</u></u>	<u><u>5,171,819</u></u>

**Deposits:** Deposits are either (1) insured by the Federal Depository Insurance Corporation, or (2) collateralized by the financial institution's public entity deposit pool.

**Investments:** Sweep account funds are invested in overnight repurchase agreements which are backed by Federal Agency Mortgaged backed securities. The Village's financial institution transfers securities to the Village's agent to collateralize repurchase agreements. The securities are not in the Village's name.

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ending December 31, 2001 and 2000 follows:

**VILLAGE OF GEORGETOWN  
BROWN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001 AND 2000  
(Continued)**

**3. BUDGETARY ACTIVITY (Continued)**

2001 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 736,550	\$ 703,406	\$ (33,144)
Special Revenue	575,100	596,269	21,169
Debt Service	7,515	7,515	0
Expendable Trust	335	300	(35)
Enterprise	4,161,104	4,156,218	(4,886)
Total	<u>\$ 5,480,604</u>	<u>\$ 5,463,708</u>	<u>\$ (16,896)</u>

2001 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 978,403	\$ 884,956	\$ 93,447
Special Revenue	806,972	631,054	175,918
Debt Service	7,540	7,515	25
Expendable Trust	1,000	80	920
Enterprise	4,817,202	4,288,783	528,419
Total	<u>\$ 6,611,117</u>	<u>\$ 5,812,388</u>	<u>\$ 798,729</u>

2000 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 628,900	\$ 804,312	\$ 175,412
Special Revenue	756,768	884,693	127,925
Debt Service	7,515	7,515	0
Expendable Trust	335	300	(35)
Enterprise	4,004,450	3,982,159	(22,291)
Total	<u>\$ 5,397,968</u>	<u>\$ 5,678,979</u>	<u>\$ 281,011</u>

2000 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 812,735	\$ 753,471	\$ 59,264
Special Revenue	978,735	898,081	80,654
Debt Service	7,540	7,515	25
Expendable Trust	1,000	271	729
Enterprise	4,796,644	3,892,092	904,552
Total	<u>\$ 6,596,654</u>	<u>\$ 5,551,430</u>	<u>\$ 1,045,224</u>

**VILLAGE OF GEORGETOWN  
BROWN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001 AND 2000  
(Continued)**

**4. PROPERTY TAX**

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

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

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

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

**5. DEBT**

Debt outstanding at December 31, 2001 was as follows:

	Principal	Interest Rate
Ohio Water Development Authority Loan #1	\$ 54,732	6.25%
Ohio Water Development Authority Loan #2	1,431,765	2.0%
Fire Tanker/Pickup Truck Acquisition Note	10,000	5.36%
Digger Derrick Truck Acquisition Note	110,000	4.49%
Fire Truck Acquisition Bonds	17,074	5.33%
Water System Mortgage Revenue Bonds	654,417	5.78%
Fire Equipment Bonds	166,015	5.63%
Total	<b>\$ 2,444,003</b>	

The Ohio Water Development Authority (OWDA) loans relate to a water and sewer lines and plant expansion project that was mandated by the Ohio Environmental Protection Agency. The OWDA has approved loans in the amount of \$109,620 to the Village for 20 years for loan #1 and \$2,605,201 for 40 years for loan #2. The loans will be repaid in semiannual installments of \$3,758 and \$79,344, respectively. The loans are collateralized by water and sewer receipts. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

The Fire Tanker and Pickup Truck Bond Anticipation note was for a purchase of a fire tanker for the fire department and a pickup truck for the and Water Department. The note was renewed on June 8, 2000 for \$20,000 and again on June 14, 2001 for \$10,000.



**VILLAGE OF GEORGETOWN  
BROWN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001 AND 2000  
(Continued)**

**5. DEBT (Continued)**

The Fire Truck Acquisition Bonds were issued in 1993 for the purpose of purchasing a fire truck for the Village. The bonds were in the amount of \$150,000. The Village has a balance at December 31, 2001 of \$17,074 which will be paid off in 2002.

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

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

In 2001 the Village issued \$110,000 in Bond Anticipation Notes for one year. The acquisition notes were for the purpose of acquiring a new/demo digger truck for the electric department. The note is issued in anticipation of the issuance of a like principal amount of bonds for the purpose of acquiring a Digger Derrick Truck for the Village. The note may be renewed for a maximum of seven years. If interest rates do not change through out the anticipated seven-year amortization period and assuming a level debt schedule, the Village's repayment would be \$18,660 per year.

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

Year ending <u>December 31:</u>	OWDA <u>Loan</u>	General Obligation <u>Bonds</u>	Bond Acquisition <u>Notes</u>	Mortgage Revenue <u>Bonds</u>
2002	\$ 166,204	\$ 41,582	\$ 125,475	\$ 47,367
2003	166,204	23,575	0	47,344
2004	166,204	23,551	0	47,391
2005	166,204	23,525	0	47,403
2006	166,204	23,497	0	47,480
Subsequent	<u>830,964</u>	<u>93,684</u>	<u>0</u>	<u>1,143,282</u>
Total	<u>\$ 1,661,984</u>	<u>\$ 229,414</u>	<u>\$ 125,475</u>	<u>\$ 1,380,267</u>

**6. RETIREMENT SYSTEM**

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

Contribution rates are also prescribed by the Ohio Revised Code. For 2001 and 2000, OP&F participants contribute 10% of their wages. The Village contributed an amount equal to 19.5% of police participant and 24% of fire participant wages. PERS members contributed 8.5% of their gross salaries. The Village contributed an amount equal to 13.55% of participants' gross salaries for 2001 and from January 1, 2000 through June 30, 2000. PERS temporarily reduced the employer contribution rate to 8.13% effective July 1, 2000 through December 31, 2000. The Village has paid all contributions required through December 31, 2001.

**VILLAGE OF GEORGETOWN  
BROWN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001 AND 2000  
(Continued)**

**7. LOCAL INCOME TAX**

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

**8. RISK MANAGEMENT**

The Village has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles;
- Commercial Inland Marine;
- Public Officials Liability; and
- Law Enforcement Liability.

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



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

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

To the Village Council:

We have audited the accompanying financial statements of the Village of Georgetown, Brown County, Ohio (the Village), as of and for the years ended December 31, 2001 and 2000, and have issued our report thereon dated August 30, 2002. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Compliance**

As part of obtaining reasonable assurance about whether the Village's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2001-30408-001 and 2001-30408-002. We also noted immaterial instances of noncompliance that we have reported to management of the Village in a separate letter dated August 30, 2002.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Village's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgement, could adversely affect the Village's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. The reportable condition is described in the accompanying schedule of findings as item 2001-30408-001.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we do not believe the reportable condition described above is a material weakness.

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

We also noted other matters involving the internal control structure over financial reporting that do not require inclusion in this report that we have reported to the management of the Village in a separate letter dated August 30, 2002.

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

A handwritten signature in black ink, appearing to read "Jim Petro", written in a cursive style.

**Jim Petro**  
Auditor of State

August 30, 2002

**VILLAGE OF GEORGETOWN  
BROWN COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2001 AND 2000**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 2001-30408-001**

**Material Noncompliance / Reportable Condition**

Ohio Rev. Code, Section 5705.41 (D), requires that no subdivision or taxing unit shall make any contract or give any order involving the expenditure of money unless there is attached thereto a certificate of the fiscal officer of the subdivision that the amount required to meet the obligation has been lawfully appropriated for such purpose and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances. This certificate need be signed only by the subdivision's fiscal officer. Every contract made without such a certificate shall be void, and no warrant shall be issued in payment of any amount due thereon. This Section also provides for two exceptions to the above requirement:

- A. Then-and-Now Certificates - If no certificate is furnished as required, upon receipt of the fiscal officer's certificate that a sufficient sum was, both at the time of the contract or order and at the time of the certificate, appropriated and free of any previous encumbrances, the Village may authorize the issuance of a warrant in payment of the amount due upon such contract or order by resolution within 30 days from the receipt of such certificate.
  
- B. If the amount involved is less than \$1,000 dollars, the fiscal officer may authorize payment through a Then-and-Now Certificate without affirmation of the Council, if such expenditure is otherwise valid.

Where a continuing contract is to be performed in whole or in part in an ensuing fiscal year, only the amount required to meet those amounts in the fiscal year in which the contract is made need be certified.

Contrary to the above requirement, the availability of funds was not certified for 30% of disbursements tested. Failure to certify the availability of funds and encumber appropriations can result in overspending funds and negative cash balances. Therefore, we recommend the Village obtain approved purchase orders, which contain the Clerk's certification that the amount required to meet the obligation has been lawfully appropriated and authorized, prior to making a commitment.

**FINDING NUMBER 2001-30408-002**

**Material Noncompliance**

Ohio Rev. Code, Section 5705.10, provides that monies paid into any fund shall be used only for the purpose for which such fund is established. As of December 31, 2001 and December 31, 2000, the Federal Grants Fund had negative fund balances of (\$4,257) and (\$2,953), respectively.

The deficit balances indicate that cash from other funds have been used to pay the obligations of these funds.

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**VILLAGE OF GEORGETOWN  
BROWN COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2001 AND 2000**

<u>Finding Number</u>	<u>Finding Summary</u>	<u>Fully Corrected?</u>	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain:</i></b>
1999-30408-001	Noncompliance citation of Ohio Rev. Code, Section 5705.42, for grant appropriations not recorded and Ohio Rev. Code, Section 5705.40, for resolution not passed amending the appropriation measure.	Yes	
1999-30408-002	Noncompliance citation of Ohio Rev. Code, Section 5705.41(B), for not appropriating funds prior to the expenditure.	Yes	
1999-30408-003	Noncompliance citation of Ohio Rev. Code, Section 5705.39, for appropriations exceeding total estimated revenue.	Yes	







STATE OF OHIO  
OFFICE OF THE AUDITOR  

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**VILLAGE OF GEORGETOWN**

**BROWN COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
SEPTEMBER 17, 2002**