

**VILLAGE OF GRANVILLE**

**AUDIT REPORT**

**JANUARY 1, 2002 - DECEMBER 31, 2003**





**Auditor of State  
Betty Montgomery**

Village Council  
Village of Granville  
141 East Broadway  
Granville, Ohio 43023

We have reviewed the Independent Auditor's Report of the Village of Granville, Licking County, prepared by Wolfe, Wilson, & Phillips, Inc., for the audit period January 1, 2002 through December 31, 2003. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Village of Granville is responsible for compliance with these laws and regulations.

*Betty Montgomery*

BETTY MONTGOMERY  
Auditor of State

May 11, 2004

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**VILLAGE OF GRANVILLE  
LICKING COUNTY  
JANUARY 1, 2002 - DECEMBER 31, 2003**

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**WOLFE, WILSON, & PHILLIPS, INC.**  
**37 SOUTH SEVENTH STREET**  
**ZANESVILLE, OHIO 43701**

**INDEPENDENT AUDITORS' REPORT**

Mayor and Village Council  
Village of Granville  
141 East Broadway  
Granville, Ohio 43023

We have audited the accompanying financial statements of the Village of Granville, Licking County, as of and for the years ended December 31, 2003 and 2002. These financial statements are the responsibility of the Village of Granville'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 described in Note 1, the Village of Granville prepares its financial statements on the cash basis, which is a comprehensive basis of accounting prescribed or permitted by the Auditor of State, 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 reserve for encumbrances of the Village of Granville, Licking county, as of December 31, 2003 and 2002, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

As described in Note 8, the Village reclassified one fund previously reported in the Capital Project Fund Type to the Special Revenue Fund type.

In accordance with *Government Auditing Standards*, we have also issued a report dated February 17, 2004, on our consideration of the Village of Granville's internal control structure over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

This report is intended solely for the information and use of the 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.

***Wolfe, Wilson, & Phillips, Inc.***  
Zanesville, Ohio  
February 17, 2004

VILLAGE OF GRANVILLE  
LICKING COUNTY

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

	Governmental Fund Types				Fiduciary Fund Type	Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust	
<b>Cash Receipts</b>						
Property Tax and Other Local Taxes	\$ 2,620,740	\$ -	\$ -	\$ -	\$ -	\$ 2,620,740
Special Assessments	-	-	23,783	-	-	23,783
Intergovernmental Receipts	654,876	248,899	-	180,554	-	1,084,329
Charges for Services	-	9,500	-	-	-	9,500
Fines, Licenses, and Permits	151,103	1,241	-	-	-	152,344
Earnings on Investments	42,585	-	-	-	-	42,585
Miscellaneous	55,018	4,579	-	-	-	59,597
<b>Total Cash Receipts</b>	<b>3,524,322</b>	<b>264,219</b>	<b>23,783</b>	<b>180,554</b>	<b>-</b>	<b>3,992,878</b>
<b>Cash Disbursements</b>						
Current:						
Security of Persons and Property	741,381	-	-	-	-	741,381
Public Health Services	19,304	-	-	-	-	19,304
Leisure Time Activities	-	-	-	-	-	-
Community Environment	96,268	-	-	-	-	96,268
Transportation	616,400	139,856	-	-	-	756,256
General Government	867,479	-	-	-	-	867,479
Debt Service	513,136	-	28,320	-	-	541,456
Capital Outlay	673,192	114,609	-	446,422	-	1,234,223
<b>Total Cash Disbursements</b>	<b>3,527,160</b>	<b>254,465</b>	<b>28,320</b>	<b>446,422</b>	<b>-</b>	<b>4,256,367</b>
<b>Total Receipts Over/(Under) Disbursements</b>	<b>(2,838)</b>	<b>9,754</b>	<b>(4,537)</b>	<b>(265,868)</b>	<b>-</b>	<b>(263,489)</b>
<b>Other Financing Receipts/(Disbursements)</b>						
Transfers - In	7,408	9,500	-	126,125	-	143,033
Other Sources	2,640	-	-	-	-	2,640
Transfers - Out	(126,600)	(7,408)	-	-	-	(134,008)
Other Uses	-	-	-	-	-	-
<b>Total Other Financing Receipts/(Disbursements)</b>	<b>(116,552)</b>	<b>2,092</b>	<b>-</b>	<b>126,125</b>	<b>-</b>	<b>11,665</b>
<b>Excess of cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements</b>	<b>\$ (119,390)</b>	<b>\$ 11,846</b>	<b>\$ (4,537)</b>	<b>\$ (139,743)</b>	<b>\$ -</b>	<b>\$ (251,824)</b>
<b>Fund Cash Balnces, January 1, 2003</b>	<b>1,935,937</b>	<b>132,926</b>	<b>65,347</b>	<b>502,374</b>	<b>110</b>	<b>2,636,694</b>
<b>Fund Cash Balances, December 31, 2003</b>	<b>\$ 1,816,547</b>	<b>\$ 144,772</b>	<b>\$ 60,810</b>	<b>\$ 362,631</b>	<b>\$ 110</b>	<b>\$ 2,384,870</b>
<b>Reserve for Encumbrances, December 31, 2003</b>	<b>\$ 239,607</b>	<b>\$ 6,615</b>	<b>\$ -</b>	<b>\$ 5,366</b>	<b>\$ -</b>	<b>\$ 251,588</b>

See notes to financial statements.



**VILLAGE OF GRANVILLE  
LICKING COUNTY**

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

	<u>Proprietary</u>	<u>Fiduciary</u>	<b>Totals (Memorandum Only)</b>
	<u>Enterprise</u>	<u>Agency</u>	
<b>Operating Cash Receipts:</b>			
Charges for Services	\$ 1,274,233	\$ -	\$ 1,274,233
<b>Total Operating Cash Receipts</b>	<u>1,274,233</u>	<u>-</u>	<u>1,274,233</u>
<b>Operating Cash Disbursements:</b>			
Personal Services	396,075	-	396,075
Contractual Services	321,529	-	321,529
Supplies and Materials	139,638	-	139,638
Capital Outlay	72,443	-	72,443
<b>Total Operating Cash Disbursements</b>	<u>929,685</u>	<u>-</u>	<u>929,685</u>
Operating Income/(Loss)	<u>344,548</u>	<u>-</u>	<u>344,548</u>
<b>Non-Operating Cash Receipts:</b>			
Other Non-operating Receipts	-	137,729	137,729
<b>Non-Operating Cash Disbursements:</b>			
Other Non-operating Cash Disbursements	-	148,507	148,507
Debt Service	264,324	-	264,324
<b>Total Non-Operating cash Disbursements</b>	<u>264,324</u>	<u>148,507</u>	<u>412,831</u>
<b>Excess of Receipts Over/(Under) Disbursements Before Interfund Transfers and Advances</b>	80,224	(10,778)	69,446
<b>Transfers - In</b>	-	-	
<b>Transfers - Out</b>	<u>(9,025)</u>	<u>-</u>	<u>(9,025)</u>
<b>Net Receipts Over/(Under) Disbursements</b>	\$ 71,199	\$ (10,778)	\$ 60,421
<b>Fund Cash Balances, January 1, 2003</b>	<u>815,862</u>	<u>19,337</u>	<u>835,199</u>
<b>Fund Cash Balances, December 31, 2003</b>	<u>\$ 887,061</u>	<u>\$ 8,559</u>	<u>\$ 895,620</u>
<b>Reserve for Encumbrances, December 31, 2003</b>	<u>\$ 112,099</u>	<u>\$ -</u>	<u>\$ 112,099</u>

See notes to financial statements.

VILLAGE OF GRANVILLE  
LICKING COUNTY

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

	Governmental Fund Types				Fiduciary Fund Type	Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust	
<b>Cash Receipts</b>						
Property Tax and Other Local Taxes	\$ 2,495,629	\$ -	\$ -	\$ -	\$ -	\$ 2,495,629
Special Assessments	-	-	38,954	-	-	38,954
Intergovernmental Receipts	521,345	116,587	-	299,013	-	936,945
Charges for Services	-	9,500	-	-	-	9,500
Fines, Licenses, and Permits	131,923	916	-	-	-	132,839
Earnings on Investments	94,832	-	-	-	-	94,832
Real property exchange	430,977	-	-	-	-	430,977
Miscellaneous	50,071	3,225	-	-	-	53,296
<b>Total Cash Receipts</b>	<b>3,724,777</b>	<b>130,228</b>	<b>38,954</b>	<b>299,013</b>	<b>-</b>	<b>4,192,972</b>
<b>Cash Disbursements</b>						
Current:						
Security of Persons and Property	681,005	-	-	-	-	681,005
Public Health Services	16,689	-	-	-	-	16,689
Leisure Time Activities	-	-	-	-	-	-
Community Environment	74,486	-	-	-	-	74,486
Transportation	546,335	106,449	-	-	-	652,784
General Government	677,806	-	-	-	-	677,806
Debt Service	1,560,825	-	29,669	-	-	1,590,494
Capital Outlay	1,883,818	200,805	-	799,051	-	2,883,674
<b>Total Cash Disbursements</b>	<b>5,440,964</b>	<b>307,254</b>	<b>29,669</b>	<b>799,051</b>	<b>-</b>	<b>6,576,938</b>
<b>Total Receipts Over/(Under) Disbursements</b>	<b>(1,716,187)</b>	<b>(177,026)</b>	<b>9,285</b>	<b>(500,038)</b>	<b>-</b>	<b>(2,383,966)</b>
<b>Other Financing Receipts/(Disbursements)</b>						
Sale of Notes	1,765,000	-	-	-	-	1,765,000
Transfers - In	315,000	10,500	-	116,018	-	441,518
Other Sources	4,000	-	-	-	-	4,000
Transfers - Out	(87,741)	-	-	(300,000)	-	(387,741)
Other Uses	-	-	-	-	-	-
<b>Total Other Financing Receipts/(Disbursements)</b>	<b>1,996,259</b>	<b>10,500</b>	<b>-</b>	<b>(183,982)</b>	<b>-</b>	<b>1,822,777</b>
<b>Excess of cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements</b>	<b>\$ 280,072</b>	<b>\$ (166,526)</b>	<b>\$ 9,285</b>	<b>\$ (684,020)</b>	<b>\$ -</b>	<b>\$ (561,189)</b>
<b>Fund Cash Balances, January 1, 2002, restated</b>	<b>1,655,865</b>	<b>299,452</b>	<b>56,062</b>	<b>1,186,394</b>	<b>110</b>	<b>3,197,883</b>
<b>Fund Cash Balances, December 31, 2002</b>	<b>\$ 1,935,937</b>	<b>\$ 132,926</b>	<b>\$ 65,347</b>	<b>\$ 502,374</b>	<b>\$ 110</b>	<b>\$ 2,636,694</b>
<b>Reserve for Encumbrances, December 31, 2002</b>	<b>\$ 189,693</b>	<b>\$ 23,338</b>	<b>\$ -</b>	<b>\$ 9,000</b>	<b>\$ -</b>	<b>\$ 222,031</b>

See notes to financial statements.

**VILLAGE OF GRANVILLE  
LICKING COUNTY**

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

	<u>Proprietary</u>	<u>Fiduciary</u>	<u>Totals</u> <u>(Memorandum</u> <u>Only)</u>
	<u>Enterprise</u>	<u>Agency</u>	
<b>Operating Cash Receipts:</b>			
Charges for Services	\$ 1,239,504	\$ -	\$ 1,239,504
<b>Total Operating Cash Receipts</b>	<u>1,239,504</u>	<u>-</u>	<u>1,239,504</u>
<b>Operating Cash Disbursements:</b>			
Personal Services	389,879	-	389,879
Contractual Services	296,547	-	296,547
Supplies and Materials	128,243	-	128,243
Capital Outlay	95,063	-	95,063
<b>Total Operating Cash Disbursements</b>	<u>909,732</u>	<u>-</u>	<u>909,732</u>
Operating Income/(Loss)	<u>329,772</u>	<u>-</u>	<u>329,772</u>
<b>Non-Operating Cash Receipts:</b>			
Other Non-operating Receipts	-	131,198	131,198
<b>Non-Operating Cash Disbursements:</b>			
Other Non-operating Cash Disbursements	-	118,570	118,570
Debt Service	258,021	-	258,021
<b>Total Non-Operating cash Disbursements</b>	<u>258,021</u>	<u>118,570</u>	<u>376,591</u>
<b>Excess of Receipts Over/(Under) Disbursements Before Interfund Transfers and Advances</b>	71,751	12,628	84,379
<b>Transfers - In</b>	-	-	-
<b>Transfers - Out</b>	<u>(53,777)</u>	<u>-</u>	<u>(53,777)</u>
<b>Net Receipts Over/(Under) Disbursements</b>	\$ 17,974	\$ 12,628	\$ 30,602
<b>Fund Cash Balances, January 1, 2002</b>	<u>797,888</u>	<u>6,709</u>	<u>804,597</u>
<b>Fund Cash Balances, December 31, 2002</b>	<u>\$ 815,862</u>	<u>\$ 19,337</u>	<u>\$ 835,199</u>
<b>Reserve for Encumbrances, December 31, 2002</b>	<u>\$ 61,518</u>	<u>\$ -</u>	<u>\$ 61,518</u>

See notes to financial statements.

**VILLAGE OF GRANVILLE  
LICKING COUNTY**

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The Village of Granville, Licking 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 seven member council. The Village operates by charter passed by the voters in 1964. Key management positions include Village Mayor, Village manager, Finance Director and Village Income Tax Director. The Village provides general governmental services, including water and sewer utilities, park operations (leisure time activities), and police services.

**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**

Repurchase Agreements and U.S. Treasury Notes are valued at cost.

**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 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 Fund:

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

**VILLAGE OF GRANVILLE  
LICKING COUNTY**

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

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

**D. Fund Accounting (Continued)**

**3. Debt Service Fund**

These funds are used to accumulate resources for the payment of bonds and note indebtedness. These funds are also used for payment of special assessments.

**4. Capital Projects Funds**

These funds are used to account for receipts that are restricted for the acquisition or construction of major capital projects (except those financed through enterprise or trust funds). The Village had the following significant Capital Projects Funds:

Road Improvement Reserve Fund - This fund receives transfers from the general fund that is used for construction of and improvements to Village roads.

Equipment Reserve Fund - This fund receives transfers from several funds and is used to construct and maintain Village Equipment.

**5. Enterprise Funds**

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

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

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

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

These 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. Other trust funds are classified as expendable. Funds for which the Village is acting in an agency capacity are classified as agency funds. The Village has the following significant fiduciary fund:

**VILLAGE OF GRANVILLE  
LICKING COUNTY**

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

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

**D. Fund Accounting (Continued)**

**6. Fiduciary Funds (Trust and Agency Funds) (Continued)**

Mayors Court Fund - This fund receives fines and fees levied for traffic violations as prescribed by Village ordinance. The funds are distributed to various agencies as prescribed by the Ohio Revised Code.

**E. Budgetary Process**

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

**1. Appropriations**

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

**2. Estimated Resources**

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

**3. Encumbrances**

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

A summary of 2003 and 2002 budgetary activity appears in Note 3.

**F. Property, Plant and Equipment**

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

**G. Village Income Tax**

The Village has a 1.5% tax rate that generates over 80% of the Villages revenue.

**VILLAGE OF GRANVILLE  
LICKING COUNTY**

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

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

**H. 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 amounts of cash and investments at December 31 was as follows:

	2003	2002
Demand deposits	\$ 753,108	\$ 328,199
Certificate of Deposit	500,000	500,000
Repurchase Agreements	2,027,382	2,643,694
Total investments	2,527,382	3,143,694
Total deposits and investments	\$ 3,280,490	\$ 3,471,893

**Deposits:** Deposits are either (1) insured by the Federal Depository Insurance Corporation, or (2) collateralized by securities specifically pledged by the financial institution to the Village.

**Investments:** U.S. Treasury Notes are held in book-entry form at Federal Reserve, in the name of the Village's financial institution. The financial institution maintains records identifying the Village as owner of these securities. Repurchase agreements are held at Park National Bank and are covered by collateral held by third party trustees.

**3. BUDGETARY ACTIVITY**

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

<b>2003 Budgeted vs. Actual Receipts</b>			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 2,828,140	\$ 3,534,370	\$ 706,230
Special Revenue	238,928	273,719	34,791
Debt Service	27,000	23,783	(3,217)
Capital Projects	337,042	306,679	(30,363)
Enterprise	1,156,000	1,274,233	118,233
Total	\$ 4,587,110	\$ 5,412,784	\$ 825,674

**VILLAGE OF GRANVILLE  
LICKING COUNTY**

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

**1. BUDGETARY ACTIVITY (Continued)**

**2003 Budgeted vs. Actual Budgetary Basis Expenditures**

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 4,478,150	\$ 3,893,367	\$ 584,783
Special Revenue	276,855	268,488	8,367
Debt Service	29,104	28,320	784
Capital Projects	548,665	451,788	96,877
Enterprise	1,514,252	1,306,108	208,144
Total	<u>\$ 6,847,026</u>	<u>\$ 5,948,071</u>	<u>\$ 898,955</u>

**2002 Budgeted vs. Actual Receipts**

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 4,654,420	\$ 5,808,477	\$ 1,154,057
Special Revenue	208,900	140,728	(68,172)
Debt Service	30,000	38,954	8,954
Capital Projects	116,018	415,031	299,013
Enterprise	1,100,000	1,239,504	139,504
Total	<u>\$ 6,109,338</u>	<u>\$ 7,642,694</u>	<u>\$ 1,533,356</u>

**2002 Budgeted vs. Actual Budgetary Basis Expenditures**

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 6,555,959	\$ 5,718,398	\$ 837,561
Special Revenue	435,347	330,592	104,755
Debt Service	30,605	29,669	936
Capital Projects	1,183,513	808,051	375,462
Enterprise	1,521,270	1,229,271	291,999
Total	<u>\$ 9,726,694</u>	<u>\$ 8,115,981</u>	<u>\$ 1,610,713</u>

Budgetary Noncompliance: Ohio Revised Code Section 5705.39 states that appropriations per fund shall not exceed estimated revenues. In 2003, the Sewer fund had appropriations greater than estimated revenues. In 2002, the General Fund, Road Improvement Reserve Fund, OPWC Clear Run Fund, and the Sewer Fund had appropriations greater than estimated revenues.



**VILLAGE OF GRANVILLE  
LICKING COUNTY**

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

**4. PROPERTY TAX**

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

Public utilities are also taxes 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, 2003 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Ohio Water Development Authority Loan	\$ 174,386	8%
Ohio Public Works Commission Note	511,273	0%
Various Purpose Note	610,000	9%
Mortgage Revenue Bonds	241,212	6%
Special Assessment Bonds	203,772	9%
Byrn Du Acquisition Note	1,429,250	7%
Total	<u>\$ 3,169,893</u>	

Debt outstanding at December 31, 2002 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Ohio Water Development Authority Loan	\$ 185,338	8%
Ohio Public Works Commission Note	542,260	0%
General Obligation Bonds	265,000	6%
Mortgage Revenue Bonds	260,007	6%
General Obligation Notes	635,000	9%
Village Hall Note	265,000	7%
Byrn Du Acquisition Note	1,500,000	7%
Special Assessment Bonds	218,977	6%
Total	<u>\$ 3,871,582</u>	

In 2003 the Village combined the Village Hall Note and the G.O. Note into one Note of \$610,000. The General Obligation Bonds were paid off in 2003.

**VILLAGE OF GRANVILLE  
LICKING COUNTY**

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

**5. DEBT (Continued)**

The Ohio Water Development Authority (OWDA) loan relates to a water and sewer plant expansion project that was necessary for the Village. The OWDA has approved \$274,026 in loans to the Village for this project. The loans will be repaid in semiannual installments of \$13,176, including interest, over 25 years. The loan is collateralized by water and sewer receipts.

The Ohio Public Works Commission Note is a 0% note used for South Main Street improvements.

Various purpose note combined the G.O. Note issued in anticipation of bonds for the purpose of paying part of the cost of refunding the Villages outstanding Sewer System refunding bonds with the Village Hall Note which was for refunding the outstanding principal amount of the Municipal Building Bonds.

The Bryn Du Acquisition Note was issued in anticipation of bonds for the purchase of the property at 537 Jones Road.

Special Assessment bonds were issued in 1997 and 1993 for sanitary sewer and water improvements, payable in various amounts

Water system improvement bonds (Mortgage Revenue) issued in 1993 for water system improvements and booster station, payable in various amounts.

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

Year Ending December 31:	OWDA Loan	Mortgage Revenue Bonds	Special Assessment Bonds	OPWC Note
2004	\$ 26,353	\$ 30,142	\$ 26,771	\$ 30,986
2005	26,353	32,303	27,972	30,986
2006	26,353	31,335	27,018	30,986
2007	26,353	30,359	26,056	30,986
2008	26,353	29,373	24,802	30,986
Subsequent	<u>144,941</u>	<u>156,148</u>	<u>136,959</u>	<u>356,343</u>
Totals	\$ 276,706	\$ 309,660	\$ 269,578	\$ 511,273

Both Notes are due in 2004.

**VILLAGE OF GRANVILLE  
LICKING COUNTY**

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

**6. RETIREMENT SYSTEMS**

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

Contribution rates are also prescribed by the Ohio Revised Code. For 2003 and 2002, members of PFDPF contribute 10% of their wages to the PFDPF. The Village contributed an amount equal to 19.5% of their wages. PERS members contributed 8.5% of their gross salaries. The Village contributed an amount equal to 13.55% of participants gross salaries. The Village has paid all contributions required through December 31, 2003.

**7. RISK MANAGEMENT**

The Village has obtained commercial insurance for the following risks:

- \* Comprehensive property and general liability
- \* Vehicles

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

**8. RECLASSIFICATION OF FUNDS**

The Park Land Reserve Fund, previously reported as a Capital Project Fund, was reclassified as a Special Revenue Fund to better reflect the operating nature of this fund. As a result, the following adjustment was made to the December 31, 2001 Fund Balances of the Capital Projects and Special Revenue Fund Types.

Special Revenue Fund Types, December 31, 2001	\$ 66,422
Adjustment	<u>233,030</u>
Restated Fund Balance, December 31, 2001	<u><u>\$ 299,452</u></u>
Capital Projects Fund Types, December 31, 2001	\$ 1,419,424
Adjustment	<u>(233,030)</u>
Restated Fund Balance, December 31, 2001	<u><u>\$ 1,186,394</u></u>

**WOLFE, WILSON, & PHILLIPS, INC.  
37 SOUTH SEVENTH STREET  
ZANESVILLE, OHIO 43701**

**REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE AND ON INTERNAL CONTROL  
OVER FINANCIAL REPORTING BASED ON AN AUDIT  
OF FINANCIAL STATEMENT PERFORMED  
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS.**

Mayor and Village Council  
Village of Granville  
141 East Broadway  
Granville, Ohio 43023

We have audited the financial statements of The Village of Granville as of and for the years ended December 31, 2003 and 2002, and have issued our report thereon dated February 17, 2004. 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 of Granville's combined 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 test disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. We have noted certain immaterial instances of noncompliance that we have reported to the management of the Village of Granville in a separate letter dated February 17, 2004.

**Internal Control Over Financing Reporting**

In planning and performing our audit, we considered the Village of Granville's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the combined financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be a material weakness. 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 of 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. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

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

*Wolfe, Wilson, & Phillips, Inc.*  
Zanesville, Ohio  
February 17, 2004



**Auditor of State  
Betty Montgomery**

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800-282-0370

Facsimile 614-466-4490

**VILLAGE OF GRANVILLE**

**LICKING 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  
MAY 25, 2004**