

**GRANVILLE TOWNSHIP
LICKING COUNTY**

REGULAR AUDIT

FOR THE YEAR ENDED DECEMBER 31, 2007



Mary Taylor, CPA
Auditor of State

Board of Trustees
Granville Township
P.O. Box 315
Granville, Ohio 43023

We have reviewed the *Independent Auditors' Report* of Granville Township, Licking County, prepared by Wilson, Shannon & Snow, Inc., for the audit period January 1, 2007 through December 31, 2007. 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. Granville Township is responsible for compliance with these laws and regulations.

Mary Taylor

Mary Taylor, CPA
Auditor of State

October 21, 2008

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**GRANVILLE TOWNSHIP
LICKING COUNTY**

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Granville Township
Licking County
P.O. Box 315
Granville, Ohio 43023

INDEPENDENT AUDITORS' REPORT

To the Board of Trustees:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Granville Township, Licking County, Ohio (the Township), as of and for the year ended December 31, 2007, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Township's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in 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. We believe our audit provides a reasonable basis for our opinions.

As discussed in Note 2, the accompanying financial statements and notes follow the cash basis of accounting. This is a comprehensive accounting basis other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash basis financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Granville Township, Licking County, Ohio, as of December 31, 2007, and the respective changes in cash basis financial position thereof and the respective budgetary comparisons for the General, Road & Bridge, Fire and Open Space Preservation Levy funds for the year then ended in conformity with the basis of accounting described in Note 2.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 1, 2008 on our consideration of the Township'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.

Wilson, Shannon & Snow, Inc.

CERTIFIED PUBLIC ACCOUNTANTS
Ten West Locust Street
Newark, Ohio 43055
(740) 345-6611
1-800-523-6611
FAX (740) 345-5635

Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information the Governmental Accounting Standards Board requires. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.

Wilson, Shanna & Son, Inc.

September 1, 2008

**GRANVILLE TOWNSHIP, LICKING COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2007
UNAUDITED**

This discussion and analysis of Granville Township, Licking County, Ohio (the Township) financial performance provides an overall review of the Township's financial activities for the year ended December 31, 2007, within the limitations of the Township's cash basis accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the Township's financial performance.

Highlights

Key highlights for 2007 are as follows:

- Net assets of governmental activities increased \$2,230,194 or 47 percent, a significant change from the prior year. The funds most affected by the increase in cash and cash equivalents were the Fire Equipment Capital Projects and Open Space Preservation Levy Funds which realized increased transfers in and real estate and intergovernmental receipts from 2006.
- The Township's general receipts are primarily property taxes. These receipts represent 49 percent of the total cash received for governmental activities during the year. Property tax receipts for 2007 increased compared to 2006.
- The Township's other major special revenue funds which had a significant change from 2006 was the Fire fund. The Fire fund experienced an increase in fund balance of \$117,763 from the prior year which was attributed to higher property tax and intergovernmental receipts.

Using the Basic Financial Statements

This annual report is presented in a format consistent with the presentation requirements of Governmental Accounting Standards Board Statement No. 34, as applicable to the Township's cash basis of accounting.

Report Components

The statement of net assets – cash basis and the statement of activities – cash basis provide information about the cash activities of the Township as a whole.

Fund financial statements provide a greater level of detail. Funds are created and maintained on the financial records of the Township as a way to segregate money whose use is restricted to a particular specified purpose. These statements present financial information by fund, presenting funds with the largest balances or most activity in separate columns.

The notes to the financial statements are an integral part of the government-wide and fund financial statements and provide expanded explanation and detail regarding the information reported in the statements.

Basis of Accounting

The basis of accounting is a set of guidelines that determine when financial events are recorded. The Township has elected to present its financial statements on a cash basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles. Under the Township's cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

**GRANVILLE TOWNSHIP, LICKING COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2007
UNAUDITED**

As a result of using the cash basis of accounting, certain assets and their related revenues (such as accounts receivable) and certain liabilities and their related expenses (such as accounts payable) are not recorded in the financial statements. Therefore, when reviewing the financial information and discussion within this report, the reader must keep in mind the limitations resulting from the use of the cash basis of accounting.

Reporting the Township as a Whole

The statement of net assets – cash basis and the statement of activities – cash basis reflect how the Township did financially during 2007, within the limitations of cash basis accounting. The statement of net assets presents the cash balances of the governmental type activities of the Township at year end. The statement of activities – cash basis compares cash disbursements with program receipts for each governmental program. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function draws from the Township's general receipts.

These statements report the Township's cash position and the changes in cash position. Keeping in mind the limitations of the cash basis of accounting, you can think of these changes as one way to measure the Township's financial health. Over time, increases or decreases in the Township's cash position is one indicator of whether the Township's financial health is improving or deteriorating. When evaluating the Township's financial condition, you should also consider other nonfinancial factors as well such as the Township's property tax base, the condition of the Township's capital assets and infrastructure, the extent of the Township's debt obligations, the reliance on non-local financial resources for operations and the need for continued growth in the major local revenue sources such as property taxes.

In the statement of net assets and the statement of activities, we divide the Township into the following type of activity:

- Governmental activities - Most of the Township's basic services are reported here, including fire, streets, recreation, cemetery, land preservation, and roads and bridges. Property taxes and state and federal grants when received finance most of these activities. Benefits provided through governmental activities are not necessarily paid for by the people receiving them.

Reporting the Township's Most Significant Funds

Fund financial statements provide detailed information about the Township's major funds – not the Township as a whole. The Township establishes separate funds to better manage its many activities and to help demonstrate that money that is restricted as to how it may be used is being spent for the intended purpose. The funds of the Township are split into one category, governmental:

- Governmental Funds - Most of the Township's activities are reported in governmental funds. The governmental fund financial statements provide a detailed view of the Township's governmental operations and the basic services it provides.

**GRANVILLE TOWNSHIP, LICKING COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2007
UNAUDITED**

Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the Township's programs. The Township's significant governmental funds are presented on the financial statements in separate columns. The information for nonmajor funds (funds whose activity or balances are not large enough to warrant separate reporting) is combined and presented in total in a single column.

The Township's major governmental funds are the General, Road & Bridge, Fire, Open Space Preservation Levy, Ohio Public Works Commission and Fire Equipment Capital Projects Funds. The programs reported in governmental funds are closely related to those reported in the governmental activities section of the entity-wide statements. We describe this relationship in reconciliations presented with the governmental fund financial statements.

The Township as a Whole

Table 1 provides a summary of the Township's net assets for 2007 compared to 2006 on a cash basis:

	Governmental Activities	
	2007	2006
Assets		
Cash and Cash Equivalents	\$ 7,217,556	\$ 4,987,362
Total Assets	\$ 7,217,556	\$ 4,987,362
Net Assets		
Restricted for:		
Street Construction and Repair	508,056	463,622
Fire	1,838,589	437,326
Land Preservation	3,691,403	3,001,529
Perpetual Care	211,830	177,038
Permanent Fund	176,759	176,159
Other Purposes	297,197	347,900
Unrestricted	493,722	383,188
Total Net Assets	\$7,217,556	\$4,986,762

As mentioned previously, net assets of governmental activities increased \$2,230,194 or 47 percent during 2007. The primary reasons contributing to the increases in cash balances are as follows:

- The Township had increased taxes and intergovernmental receipts, primarily within the Fire and Open Space Preservation Levy funds from 2006.

Table 2 reflects the changes in net assets in 2007 and 2006.

**GRANVILLE TOWNSHIP, LICKING COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2007
UNAUDITED**

(Table 2)
Changes in Net Assets

	Governmental Activities 2007	Governmental Activities 2006
Cash Receipts:		
Program Receipts:		
Charges for Services and Sales	\$202,757	\$50,745
Operating Grants and Contributions	98,352	354,981
Capital Grants and Contributions	761,905	86,268
Total Program Receipts	<u>1,063,014</u>	<u>491,994</u>
General Receipts:		
Property and Other Local Taxes	3,340,271	2,853,595
Grants and Entitlements Not Restricted to Specific Programs	727,105	453,206
Interest	335,144	213,139
Other Revenue	76,290	60,634
Reimbursements	34,295	17,731
Donations	256,895	0
Sale of Capital Assets	62,915	0
Volunteer Fire Department Contribution	927,098	0
Total General Receipts	<u>5,760,013</u>	<u>3,598,305</u>
Total Cash Receipts	<u>6,823,027</u>	<u>4,090,299</u>
Cash Disbursements:		
General Government	576,095	540,470
Public Safety	798,911	790,488
Public Works	952,175	606,595
Health	176,528	166,041
Conservation - Recreation	12,886	4,464
Capital Outlay	1,900,717	84,560
Debt Service	175,521	779,214
Total Cash Disbursements	<u>4,592,833</u>	<u>2,971,832</u>
Change in Net Assets	2,230,194	1,118,467
Net Assets, January 1, 2006	4,987,362	3,868,895
Net Assets, December 31, 2007	<u>\$7,217,556</u>	<u>\$4,987,362</u>

Program receipts represent 16 percent of total cash receipts and are primarily comprised of restricted intergovernmental receipts such as motor vehicle license and gasoline taxes.

General receipts represent 84 percent of the Township's total receipts, and of this amount, 58 percent are local taxes. State grants and entitlements make up the balance of the Township's general receipts (13 percent). Other receipts are very insignificant and somewhat unpredictable revenue sources.

Disbursements for General Government represent the overhead costs of running the Township and the support services provided for the other Township activities. These include the costs of the fiscal officer and trustees, as well as purchasing costs.

**GRANVILLE TOWNSHIP, LICKING COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2007
UNAUDITED**

Public Safety is the costs of emergency medical and fire protection; Public Works disbursements are the costs of maintaining the Township roads as well as payroll costs for employees.

Governmental Activities

If you look at the Statement of Activities on page 10 of the basic financial statements, you will see that the first column lists the major services provided by the Township. The next column identifies the costs of providing these services. The major program disbursements for governmental activities are for General Government, Public Safety, Public Works and Capital Outlay, which combined account for 92 percent of all governmental disbursements. The next three columns of the Statement entitled Program Receipts identify amounts paid by people who are directly charged for the service and grants received by the Township that must be used to provide a specific service. The net Receipt (Disbursement) column compares the program receipts to the cost of the service. This "net cost" amount represents the cost of the service which ends up being paid from money provided by local taxpayers. These net costs are paid from the general receipts which are presented at the bottom of the Statement. A comparison between the total cost of services and the net cost is presented in Table 3.

(Table 3)

Governmental Activities

	Total Cost of Services 2007	Net Cost of Services 2007	Total Cost of Services 2006	Net Cost of Services 2006
General Government	\$576,095	\$576,095	\$540,470	\$540,470
Public Safety	798,911	645,229	790,488	790,488
Public Works	952,175	91,918	606,595	337,114
Health	176,528	158,278	166,041	147,591
Human Services	0	(30,825)	0	(32,295)
Conservation-Recreation	12,886	12,886	4,464	(167,304)
Capital Outlay	1,900,717	1,900,717	84,560	84,560
Debt Service	175,521	175,521	779,214	779,214
Total Disbursements	\$4,592,833	\$3,529,819	\$2,971,832	\$2,479,838

The dependence upon property and tax receipts is apparent as over 57 percent of governmental activities are supported through these general receipts.

The Township's Funds

Total governmental funds had receipts and other financing sources of \$8,106,527 and disbursements and other financing uses of \$5,876,333. The greatest change within governmental funds occurred within the Open Space Preservation Levy and Fire Equipment Capital Project Funds. The fund balances increased \$689,874 and \$1,283,500, respectively, as the result of increased property tax and intergovernmental receipts.

General Fund receipts were greater than disbursements by \$110,534 indicating that the General Fund is avoiding a deficit spending situation. The Township continues to monitor its budget in future years to avoid a possible deficit.

The Road & Bridge Fund had receipts and other financing sources of \$776,370 and disbursements of \$755,287 noting an increase in fund balance to \$393,412 from \$372,329.

**GRANVILLE TOWNSHIP, LICKING COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2007
UNAUDITED**

The Fire Fund had receipts and other financing sources of \$2,573,314 and disbursements and other financing uses of \$2,455,551 noting an increase in fund balance of \$117,763 to \$555,089 from \$437,326.

The Open Space Preservation Levy Fund had receipts of \$1,137,672 and disbursements of \$447,798 noting an increase in fund balance of \$689,874 to \$3,691,403 from \$3,001,529.

The Open Public Works Commission Fund had receipts of \$761,905 and disbursements of \$761,905.

The Fire Equipment Capital Projects Fund had other financing sources of \$1,283,500 noting an increase in fund balance of \$1,283,500 from \$0.

General Fund Budgeting Highlights

The Township's budget is prepared according to Ohio law and is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund.

During 2007, the Township amended its General Fund budget. Original estimated receipts and appropriations were increased \$246,000.

Final disbursements were budgeted at \$848,713 while actual disbursements were \$544,219. The Township experienced higher receipts than budgeted and appropriations were budgeted higher than actual disbursements.

Capital Assets and Debt Administration

Capital Assets

The Township does not currently record its capital assets and infrastructure within its financial statements.

Debt

At December 31, 2007, the Township's outstanding debt included \$1,475,300 in general obligation notes and bonds issued for land preservation. The Township's outstanding debt is within its statutory debt limit. In addition, the Township has earmarked within the General, Open Space Preservation Levy, and Opera House Funds the entire principal and interest obligations of all outstanding debt obligations. For further information regarding the Township's debt, refer to Note 9 to the basic financial statements.

Contacting the Township's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the Township's finances and to reflect the Township's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Norman Kennedy, Fiscal Officer, Granville Township, P.O. Box 315, Granville, Ohio 43023 or visit our website at <http://www.granvilletownship.org> for contact information.

**GRANVILLE TOWNSHIP
LICKING COUNTY**

*Statement of Net Assets - Cash Basis
December 31, 2007*

	<u>Governmental Activities</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	<u>\$7,217,556</u>
<i>Total Assets</i>	<u><u>\$7,217,556</u></u>
Net Assets	
Restricted for:	
Street Construction and Repair	\$508,056
Fire	\$1,838,589
Land Preservation	\$3,691,403
Perpetual Care	211,830
Other Purposes	297,197
Permanent Fund:	
NonExpendable	176,759
Unrestricted	<u>493,722</u>
<i>Total Net Assets</i>	<u><u>\$7,217,556</u></u>

See accompanying notes to the basic financial statements

**GRANVILLE TOWNSHIP
LICKING COUNTY**

*Statement of Cash Basis Assets and Fund Balances
Governmental Funds
December 31, 2007*

	General	Road & Bridge	Fire	Open Space Preservation Levy	Fire Equipment Capital Projects	Other Governmental Funds	Total Governmental Funds
Assets							
Equity in Pooled Cash and Cash Equivalents	\$493,722	\$393,412	\$555,089	\$3,691,403	\$1,283,500	\$800,430	\$7,217,556
<i>Total Assets</i>	<u>\$493,722</u>	<u>\$393,412</u>	<u>\$555,089</u>	<u>\$3,691,403</u>	<u>\$1,283,500</u>	<u>\$800,430</u>	<u>\$7,217,556</u>
Fund Balances							
Reserved:							
Reserved for Encumbrances	\$149,731	\$0	\$45,265	\$1,727,429	\$0	\$137,400	\$2,059,825
Unreserved:							
Reported in:							
General Fund	343,991	0	0	0	0	0	343,991
Special Revenue Funds	0	393,412	509,824	1,963,974	0	486,271	3,353,481
Capital Projects Funds	0	0	0	0	1,283,500	0	1,283,500
Permanent Fund	0	0	0	0	0	176,759	176,759
<i>Total Fund Balances</i>	<u>\$493,722</u>	<u>\$393,412</u>	<u>\$555,089</u>	<u>\$3,691,403</u>	<u>\$1,283,500</u>	<u>\$800,430</u>	<u>\$7,217,556</u>

See accompanying notes to the basic financial statements

**GRANVILLE TOWNSHIP
LICKING COUNTY**

*Statement of Cash Receipts, Cash Disbursements and Changes in Cash Basis Fund Balances
Governmental Funds
For the Year Ended December 31, 2007*

	General	Road & Bridge	Fire	Open Space Preservation Levy	OPWC	Fire Equipment Capital Projects	Other Governmental Funds	Total Governmental Funds
Cash Receipts								
Property and Other Local Taxes	\$138,904	\$674,050	\$1,101,361	\$812,632	\$0	\$0	\$613,324	\$3,340,271
Licenses, Permits and Fees	9,471	0	0	0	0	0	30,825	40,296
Charges for Services	0	0	148,087	0	0	0	0	148,087
Intergovernmental	265,696	96,092	211,204	116,795	761,905	0	135,670	1,587,362
Rent	0	0	0	14,500	0	0	0	14,500
Interest	61,762	0	75,592	168,024	0	0	29,766	335,144
Reimbursements	16,984	0	0	17,311	0	0	0	34,295
Donations	0	0	32,600	0	0	0	224,295	256,895
Other Revenue	12,205	5,728	14,957	8,410	0	0	34,864	76,164
Total Cash Receipts	505,022	775,870	1,583,801	1,137,672	761,905	0	1,068,744	5,833,014
Cash Disbursements								
Current:								
General Government	201,577	0	0	34,035	0	0	340,035	575,647
Public Safety	0	0	798,911	0	0	0	0	798,911
Public Works	371	668,305	0	0	203,405	0	80,094	952,175
Health	159,947	0	0	0	0	0	16,581	176,528
Conservation-Recreation	7,837	0	0	0	0	0	5,049	12,886
Capital Outlay	21,058	86,982	373,140	260,542	558,500	0	600,495	1,900,717
Debt Service:								
Principal Retirement	0	0	0	78,500	0	0	15,000	93,500
Interest and Fiscal Charges	3,250	0	0	74,721	0	0	4,050	82,021
Total Cash Disbursements	394,040	755,287	1,172,051	447,798	761,905	0	1,061,304	4,592,385
Excess of Cash Receipts Over (Under) Cash Disbursements	110,982	20,583	411,750	689,874	0	0	7,440	1,240,629
Other Financing Sources (Uses)								
Sale of Capital Assets	0	500	62,415	0	0	0	0	62,915
Transfers In	0	0	0	0	0	1,283,500	0	1,283,500
Transfers Out	0	0	(1,283,500)	0	0	0	0	(1,283,500)
Volunteer Fire Department Contributions	0	0	927,098	0	0	0	0	927,098
Other Financing Uses	(448)	0	0	0	0	0	0	(448)
Total Other Financing Sources (Uses)	(448)	500	(293,987)	0	0	1,283,500	0	989,565
Net Change in Fund Balances	110,534	21,083	117,763	689,874	0	1,283,500	7,440	2,230,194
Fund Balances Beginning of Year	383,188	372,329	437,326	3,001,529	0	0	792,990	4,987,362
Fund Balances End of Year	\$493,722	\$393,412	\$555,089	\$3,691,403	\$0	\$1,283,500	\$800,430	\$7,217,556

See accompanying notes to the basic financial statements

**GRANVILLE TOWNSHIP
LICKING COUNTY**

*Statement of Cash Receipts, Cash Disbursements and Changes
In Fund Balance - Budget and Actual -(Budgetary Basis)*

General Fund

For the Year Ended December 31, 2007

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Cash Receipts				
Property and Other Local Taxes	\$141,277	\$138,465	\$138,904	\$439
Licenses, Permits and Fees	10,000	10,000	9,471	(529)
Intergovernmental	48,248	260,060	265,696	5,636
Reimbursements	0	0	16,984	16,984
Interest	20,000	57,000	61,762	4,762
Other Revenue	0	0	12,205	12,205
<i>Total Cash Receipts</i>	<u>219,525</u>	<u>465,525</u>	<u>505,022</u>	<u>39,497</u>
Cash Disbursements				
Current:				
General Government	229,084	338,585	230,672	107,913
Public Works	500	500	371	129
Health	148,362	196,362	173,352	23,010
Conservation-Recreation	15,538	26,037	7,836	18,201
Capital Outlay	205,979	280,479	128,290	152,189
Debt Service:				
Interest and Fiscal Charges	3,250	3,250	3,250	0
<i>Total Cash Disbursements</i>	<u>602,713</u>	<u>845,213</u>	<u>543,771</u>	<u>301,442</u>
<i>Excess of Cash Receipts Over (Under) Cash Disbursements</i>	<u>(383,188)</u>	<u>(379,688)</u>	<u>(38,749)</u>	<u>340,939</u>
Other Financing Sources (Uses)				
Other Financing Uses	0	(3,500)	(448)	3,052
<i>Total Other Financing Sources (Uses)</i>	<u>0</u>	<u>(3,500)</u>	<u>(448)</u>	<u>3,052</u>
<i>Net Change in Fund Balance</i>	(383,188)	(383,188)	(39,197)	343,991
<i>Fund Balance Beginning of Year</i>	249,164	249,164	249,164	0
Prior Year Encumbrances Appropriated	134,024	134,024	134,024	0
<i>Fund Balance End of Year</i>	<u>\$0</u>	<u>\$0</u>	<u>\$343,991</u>	<u>\$343,991</u>

See accompanying notes to the basic financial statements

GRANVILLE TOWNSHIP
LICKING COUNTY

*Statement of Cash Receipts, Cash Disbursements and Changes
In Fund Balance - Budget and Actual -(Budgetary Basis)
Road & Bridge Fund
For the Year Ended December 31, 2007*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Cash Receipts				
Property and Other Local Taxes	\$730,590	\$674,106	\$674,050	(\$56)
Intergovernmental	8,353	94,836	96,092	1,256
Other Revenue	0	5,000	5,728	728
<i>Total Cash Receipts</i>	<u>738,943</u>	<u>773,942</u>	<u>775,870</u>	<u>1,928</u>
Cash Disbursements				
Current:				
Public Works	986,272	1,021,271	668,305	352,966
Capital Outlay	125,000	125,000	86,982	38,018
<i>Total Cash Disbursements</i>	<u>1,111,272</u>	<u>1,146,271</u>	<u>755,287</u>	<u>390,984</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(372,329)</u>	<u>(372,329)</u>	<u>20,583</u>	<u>392,912</u>
Other Financing Sources (Uses)				
Sale of Capital Assets	0	0	500	500
<i>Total Other Financing Sources (Uses)</i>	<u>0</u>	<u>0</u>	<u>500</u>	<u>500</u>
<i>Net Change in Fund Balance</i>	<u>(372,329)</u>	<u>(372,329)</u>	<u>21,083</u>	<u>393,412</u>
<i>Fund Balance Beginning of Year</i>	<u>372,329</u>	<u>372,329</u>	<u>372,329</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$0</u>	<u>\$0</u>	<u>\$393,412</u>	<u>\$393,412</u>

See accompanying notes to the basic financial statements

GRANVILLE TOWNSHIP
LICKING COUNTY

*Statement of Cash Receipts, Cash Disbursements and Changes
In Fund Balance - Budget and Actual -(Budgetary Basis)
Fire Fund
For the Year Ended December 31, 2007*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Cash Receipts				
Property and Other Local Taxes	\$1,217,424	\$1,104,052	\$1,101,361	(\$2,691)
Charges for Services	0	149,000	148,087	(913)
Intergovernmental	847,785	180,462	211,204	30,742
Donations	0	0	32,600	32,600
Interest	15,000	68,000	75,592	7,592
Other	0	15,000	14,957	(43)
<i>Total Cash Receipts</i>	<u>2,080,209</u>	<u>1,516,514</u>	<u>1,583,801</u>	<u>67,287</u>
Cash Disbursements				
Current:				
Public Safety	1,158,647	1,159,247	798,911	360,336
Capital Outlay	1,350,441	439,321	418,405	20,916
<i>Total Cash Disbursements</i>	<u>2,509,088</u>	<u>1,598,568</u>	<u>1,217,316</u>	<u>381,252</u>
<i>Excess of Cash Receipts Over (Under) Cash Disbursements</i>	<u>(428,879)</u>	<u>(82,054)</u>	<u>366,485</u>	<u>448,539</u>
Other Financing Sources (Uses)				
Sale of Capital Assets	0	62,000	62,415	415
Transfers Out	0	(1,283,500)	(1,283,500)	0
Volunteer Fire Department Contributions	0	874,675	927,098	52,423
<i>Total Other Financing Sources (Uses)</i>	<u>0</u>	<u>(346,825)</u>	<u>(293,987)</u>	<u>52,838</u>
<i>Net Change in Fund Balance</i>	(428,879)	(428,879)	72,498	501,377
<i>Fund Balance Beginning of Year</i>	170,263	170,263	170,263	0
Prior Year Encumbrances Appropriated	267,063	267,063	267,063	0
<i>Fund Balance End of Year</i>	<u>\$8,447</u>	<u>\$8,447</u>	<u>\$509,824</u>	<u>\$501,377</u>

See accompanying notes to the basic financial statements

GRANVILLE TOWNSHIP
LICKING COUNTY

*Statement of Cash Receipts, Cash Disbursements and Changes
In Fund Balance - Budget and Actual -(Budgetary Basis)
Open Space Preservation Levy Fund
For the Year Ended December 31, 2007*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Cash Receipts				
Property and Other Local Taxes	\$913,265	\$827,858	\$812,632	(\$15,226)
Intergovernmental	8,689	94,096	116,795	22,699
Rent	0	0	14,500	14,500
Interest	50,000	150,000	168,024	18,024
Reimbursements	0	0	17,311	17,311
Other Revenue	0	0	8,410	8,410
<i>Total Cash Receipts</i>	<u>971,954</u>	<u>1,071,954</u>	<u>1,137,672</u>	<u>65,718</u>
Cash Disbursements				
Current:				
General Government	25,750	75,750	34,032	41,718
Capital Outlay	3,544,513	3,494,514	1,987,974	1,506,540
Debt Service:				
Principal Retirement	78,500	78,500	78,500	0
Interest and Fiscal Charges	74,721	74,721	74,721	0
<i>Total Cash Disbursements</i>	<u>3,723,484</u>	<u>3,723,485</u>	<u>2,175,227</u>	<u>1,548,258</u>
<i>Net Change in Fund Balance</i>	(2,751,530)	(2,651,531)	(1,037,555)	1,613,976
<i>Fund Balance Beginning of Year</i>	870,879	870,879	870,879	0
Prior Year Encumbrances Appropriated	<u>2,130,650</u>	<u>2,130,650</u>	<u>2,130,650</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$249,999</u>	<u>\$349,998</u>	<u>\$1,963,974</u>	<u>\$1,613,976</u>

See accompanying notes to the basic financial statements

**GRANVILLE TOWNSHIP
LICKING COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007**

Note 1 – Reporting Entity

Granville Township, Licking County, Ohio (the Township), is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Township is directed by a publicly elected three-member Board of Trustees. The Township also has an elected Township Fiscal Officer.

The reporting entity is comprised of the primary government, component units and other organizations that were included to ensure that the financial statements are not misleading.

A. Primary Government

The primary government consists of all funds, departments, boards and agencies that are not legally separate from the Township. The Township provides general government services, fire protection, maintenance of Township roads and bridges, and cemetery maintenance. Police protection is provided by the Licking County Sheriff's Department. The Township also contracts with the Granville Community Recreation Commission Inc. to provide recreation services and maintenance.

B. Component Units

Component units are legally separate organizations for which the Township is financially accountable. The Township is financially accountable for an organization if the Township appoints a voting majority of the organization's governing board and (1) the Township is able to significantly influence the programs or services performed or provided by the organization; or (2) the Township is legally entitled to or can otherwise access the organization's resources; the Township is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide support to, the organization; or the Township is obligated for the debt of the organization. The Township is also financially accountable for any organizations that are fiscally dependent on the Township in that the Township approves their budget, the issuance of their debt or the levying of their taxes. Component units also include legally separate, tax-exempt entities whose resources are for the direct benefit of the Township, are accessible to the Township and are significant in amount to the Township. The Township does not have any component units.

C. Joint Ventures

A joint venture is a legal entity or other organization that results from a contractual arrangement and that is owned, operated, or governed by two or more participants as a separate and specific activity subject to joint control, in which the participants retain (a) an ongoing financial interest or (b) an ongoing financial responsibility. The Granville Union Cemetery is considered a joint venture between the Township and the Village of Granville and was created under Ohio Revised Code Section 759.27. This joint venture was created in order to maintain and preserve the Old Colony Burying Ground which is the original cemetery in the Village of Granville. Financial statements can be obtained from Jim Patin, Clerk/Treasurer at 141 Carreg Cain Drive, Granville, Ohio 43023.

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

**GRANVILLE TOWNSHIP
LICKING COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007
(CONTINUED)**

Note 2 – Summary of Significant Accounting Policies

As discussed further in Note 2 these financial statements are presented on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. Following are the more significant of the Township's accounting policies.

A. Basis of Presentation

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

Government-Wide Financial Statements

The statement of net assets – cash basis and the statement of activities – cash basis display information about the Township as a whole. These statements include the financial activities of the primary government. Governmental activities generally are financed through taxes, intergovernmental receipts or other nonexchange transactions.

The statement of net assets – cash basis presents the cash balance of the governmental activities of the Township at year end. The statement of activities – cash basis compares disbursements with program receipts for each of the Township's governmental activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the Township is responsible. Program receipts include charges paid by the recipient of the program's goods or services, grants and contributions restricted to meeting the operational or capital requirements of a particular program and receipts of interest earned on grants that is required to be used to support a particular program. General receipts are all receipts not classified as program receipts, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function is self-financing on a cash basis or draws from the Township's general receipts.

Fund Financial Statements

During the year, the Township segregates transactions related to certain Township functions or activities in separate funds to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Township at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column.

B. Fund Accounting

The Township uses fund accounting to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. Funds are used to segregate resources that are restricted as to use. The funds of the Township are divided into one category, governmental.

**GRANVILLE TOWNSHIP
LICKING COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007
(CONTINUED)**

Note 2 – Summary of Significant Accounting Policies (continued)

Governmental Funds

The Township classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants), and other nonexchange transactions as governmental funds. The Township's major governmental funds are described below:

General Fund - This fund is used to account for all financial resources, except those required to be accounted for in another fund. The General Fund balance is available to the Township for any purpose provided it is expended or transferred according to the general laws of Ohio.

Road & Bridge Fund – This fund accounts for property tax and intergovernmental receipts for the maintenance and construction of Township roads.

Fire Fund – This fund accounts for property tax and intergovernmental receipts in order to provide fire and ambulance services to the Granville Community.

Open Space Preservation Levy Fund – This fund accounts for property tax and intergovernmental receipts for the purchase of land and development rights for open space preservation.

Ohio Public Works Commission Fund – This fund accounts for intergovernmental receipts received through the Ohio Public Works Commission.

Fire Equipment Capital Projects Fund – This fund was established pursuant to Ohio Revised Code Section 5705.13(C) and receives transfers from the Fire Fund for the purpose of accumulating resources for the acquisition, construction, or improvement of capital assets of the Township's fire department.

The other governmental funds of the Township account for grants and other resources whose use is restricted to a particular purpose.

C. Basis of Accounting

The Township's financial statements are prepared using the cash basis of accounting. Except for modifications having substantial support, receipts are recorded in the Township's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred. Any such modifications made by the Township are described in the appropriate section in this note.

As a result of the use of this cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements.

**GRANVILLE TOWNSHIP
LICKING COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007
(CONTINUED)**

Note 2 – Summary of Significant Accounting Policies (continued)

D. Budgetary Process

All funds are legally required to be budgeted and appropriated. The major documents prepared are the certificate of estimated resources- and the appropriations ordinance, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources establishes a limit on the amount the Township may appropriate.

The appropriations ordinance is the Township's authorization to spend resources and sets limits on disbursements plus encumbrances at the level of control selected by the Township. The legal level of control has been established at the fund, department, and object level for all funds.

The certificate of estimated resources may be amended during the year if projected increases or decreases in receipts are identified by the Township Fiscal Officer. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the amended certificated of estimated resources in effect at the time final appropriations were passed by the Township. The appropriations ordinance is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation ordinance for that fund that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Township during the year.

E. Cash and Investments

Investments of the cash management pool and investments with an original maturity of three months or less at the time of purchase are presented on the financial statements as cash equivalents. Investments with an initial maturity of more than three months that were not purchased from the pool are reported as investments. Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts.

During 2007, the Township invested in certificates of deposit, a sweep account, and STAR Ohio.

STAR Ohio is an investment pool, managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price, which is the price the investment could be sold for on December 31, 2007.

Interest earnings are allocated to Township funds according to State statutes, grant requirements, or debt related restrictions. Interest receipts credited to the General Fund during 2007 was \$61,762.

**GRANVILLE TOWNSHIP
LICKING COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007
(CONTINUED)**

Note 2 – Summary of Significant Accounting Policies (continued)

F. Restricted Assets

Cash, cash equivalents and investments are reported as restricted when limitations on their use change the nature or normal understanding of their use. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments, or imposed by law through constitutional provisions or enabling legislation. The Township did not have restricted assets at December 31, 2007.

G. Inventory and Prepaid Items

The Township reports disbursements for inventories and prepaid items when paid. These items are not reflected as assets in the accompanying financial statements.

H. Capital Assets

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

I. Interfund Receivables/Payables

The Township reports advances-in and advances-out for interfund loans. These items are not reflected as assets and liabilities in the accompanying financial statements. The Township did not have any interfund loans during 2007.

J. Accumulated Leave

Upon retirement and after ten years of service with the Township, employees are entitled to cash payments for unused sick leave. Unpaid leave is not reflected as a liability under the Township's cash basis of accounting.

K. Employer Contributions to Cost-Sharing Pension Plans

The Township recognizes the disbursement for employer contributions to cost-sharing pension plans when they are paid. As described in Notes 7 and 8, and in accordance with state law the employer contributions include portions for pension benefits and for postretirement health care benefits.

L. Long-Term Obligations

The Township's cash basis financial statements do not report liabilities for bonds or other long-term obligations. Proceeds of debt are reported when the cash is received or on-behalf of the Township and principal and interest payments are reported when paid or when on-behalf of the Township.

The Township's outstanding debt is within statutory limits. In addition, the Township has earmarked within the General, Open Space Preservation Levy, and Opera House Funds 100% of the necessary cash fund balance for all outstanding principal and interest obligations.

**GRANVILLE TOWNSHIP
LICKING COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007
(CONTINUED)**

Note 2 – Summary of Significant Accounting Policies (continued)

M. Net Assets

Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net assets restricted for other purposes include resources restricted for recreation and cemetery maintenance.

The Township's policy is to first apply restricted resources when an obligation is incurred for purposes for which both restricted and unrestricted net assets are available. None of the \$6,547,075 restricted net assets reported by the Township were by enabling legislation.

N. Fund Balance Reserves

The Township reserves any portion of fund balances which is not available for appropriation or which is legally segregated for a specific future use. The Township did not have designations at December 31, 2007. Unreserved fund balance indicates that a portion of fund balance is available for appropriation in future periods. Fund balance reserves have been established for encumbrances, including \$1,496,729, \$136,200, and \$103,250 in the Open Space Preservation Levy, Opera House, and General Funds, respectively, for the entire outstanding principal and interest at December 31, 2007.

O. Interfund Transactions

Exchange transactions between funds are reported as receipts in the seller funds and as disbursements in the purchaser funds. Subsidies from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after nonoperating receipts/disbursements in proprietary funds. Repayments from funds responsible for particular disbursements to the funds that initially paid for them are not presented in the financial statements.

P. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of management and are either unusual in nature or infrequent in occurrence. The Township did not have extraordinary or special items at December 31, 2007.

Note 3 – Budgetary Basis of Accounting

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Cash Receipts, Cash Disbursements and Changes in Fund Balance – Budget and Actual – Budgetary Basis presented for the General, Road & Bridge, Fire, and Open Space Preservation Levy funds are prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The differences between the budgetary basis and the cash basis are outstanding year end encumbrances which are treated as disbursements (budgetary basis) rather than as a reservation of fund balance (cash basis). The encumbrances outstanding at year end (budgetary basis) amounted to \$149,731 for the General fund, \$45,265 for the Fire fund and \$1,727,429 for the Open Space Preservation Levy fund. There were no other differences between the budgetary basis and cash basis for the Road & Bridge fund.

**GRANVILLE TOWNSHIP
LICKING COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007
(CONTINUED)**

Note 4 – Deposits and Investments

Monies held by the Township are classified by State statute into three categories.

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

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

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts, including passbook accounts.

Interim monies held by the Township can be deposited or invested in the following securities:

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2 percent and be marked to market daily, and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio or Ohio local governments;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio).

**GRANVILLE TOWNSHIP
LICKING COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007
(CONTINUED)**

Note 4 – Deposits and Investments (continued)

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

Deposits

Custodial credit risk is the risk that in the event of bank failure, the Township will not be able to recover deposits or collateral securities that are in the possession of an outside party. However, the Township has followed all State and local requirements to secure Township deposits in the event of bank failure. At year end, the carrying amount of the Township's deposits was \$96,209 and the bank balance was \$187,506 of which \$54,459 was exposed to custodial credit because it was uninsured and uncollateralized. Although all statutory requirements for the deposit of money had been followed, non-compliance with federal requirements could potentially subject the Township to a successful claim by the FDIC.

The Township has no deposit policy for custodial credit risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the Township or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secured.

Investments

As of December 31, 2007, the Township had the following investment:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturities Average 35 Days</u>
STAR Ohio	<u>\$7,121,347</u>	<u>\$7,121,347</u>

Interest Rate Risk: As a means of limiting its exposure to fair value losses arising from rising interest rates and according to state law, the Township's investment policy limits investment portfolio maturities to five years or less.

Credit Risk: STAR Ohio carries a rating of AAAM by Standard and Poor's. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized rating service.

Concentration of Credit Risk: The Township places no limit on the amount it may invest in any one issuer; however state statute limits investments in commercial paper and bankers' acceptances to 25% of the interim monies available for investment at any one time.

**GRANVILLE TOWNSHIP
LICKING COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007
(CONTINUED)**

Note 4 - Deposits and Investments (continued)

Reconciliation of Cash, Cash Equivalents and Investments to the Statement of Net Assets

The following is a reconciliation of cash, cash equivalents and investments to the Statement of Net Assets as of December 31, 2007:

	<u>Amounts</u>
Investments	\$7,121,347
Carrying amount of deposits	<u>96,209</u>
Total Cash and Cash Equivalents – Statement of Net Assets	<u><u>\$7,217,556</u></u>

Note 5– Property Taxes

Property taxes include amounts levied against all real property, public utility property, and tangible personal property located in the Township. Real property tax receipts received in 2007 represent the collection of 2006 taxes. Real property taxes received in 2007 were levied after October 1, 2006, on the assessed values as of January 1, 2007, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established which Licking County has chosen to do.

2007 real property taxes are levied after October 1, 2006, on assessed value as of January 1, 2007, the lien date. Assessed values are established by State law at 35 percent of the appraised value. 2007 real property taxes are collected in and intended to finance 2008.

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2007 public utility property taxes became a lien December 31, 2006, are levied after October 1, 2007, and are collected in 2007 with real property taxes.

2007 tangible personal property taxes are levied after October 1, 2006, on the value as of December 31, 2006. Collections are made in 2007. Tangible personal property assessments for machinery and equipment are 25 percent of true value and 23 percent of true value of inventory.

The tangible personal property tax is being phased out – the assessment percentage for all property including inventory for 2007 is 12.5 percent, 6.25 percent for 2008 and zero for 2009.

The full tax rate for all Township operations for the year ended December 31, 2007, was \$14.85 per \$1,000 of assessed value. The assessed values of real property, public utility property, and tangible personal property upon which 2007 property tax receipts were based are as follows:

**GRANVILLE TOWNSHIP
LICKING COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007
(CONTINUED)**

Note 5– Property Taxes (continued)

	<u>Unincorporated</u>	<u>Combined Unincorporated and Incorporated</u>
Real Property		
Residential	\$115,801,350	\$243,542,310
Agriculture	11,627,150	12,094,630
Commercial/Industrial/Mineral	17,492,780	36,251,730
Public Utility Property		
Real	180	180
Personal	4,605,780	6,423,500
Tangible Property	615,300	4,392,750
Total Assessed Value	\$150,142,340	\$302,705,100

All outside millage property taxes levied by Granville Township are voted upon and collected on property valuation of both the unincorporated and incorporated areas of the township; except Road and Bridge Fund property taxes which are only collected on the unincorporated valuation. Inside millage property taxes are levied on the same valuations except they are not voted upon.

Note 6 – Risk Management

The Township is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters and has obtained commercial insurance for the following risks:

- General liability and casualty;
- Public official’s liability; and
- Vehicle

There were no significant reductions in coverage from prior years and claims have not exceeded insurance coverage in any of the past three years. The Township pays the State Workers’ Compensation System a premium based on a rate per \$100 of salaries. This rate is based upon participation in the Bureau of Workers Compensation Group Rating Plan claims history and administrative costs.

**GRANVILLE TOWNSHIP
LICKING COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007
(CONTINUED)**

Note 7 – Defined Benefit Pension Plan

A. Ohio Public Employees Retirement System

Plan Description – The Township participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the member directed plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings. The combined plan is a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and a defined contribution plan. Under the combined plan, employer contributions are invested by the retirement system to provide a formula retirement benefit similar to the traditional plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the member directed plan. While members in the State and local divisions may participate in all three plans, law enforcement (generally sheriffs, deputy sheriffs and township police) and public safety divisions exist only within the traditional pension plan.

OPERS provides retirement, disability, survivor and death benefits and annual cost of living adjustments to members of the traditional and combined plans. Members of the member directed plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-5601 or 800-222-7377.

Funding Policy – The Ohio Revised Code provides statutory authority for member and employer contributions. For the year ended December 31, 2007, members in state and local classifications contributed 9.5 percent of covered payroll, public safety members contributed 9.75 percent and law enforcement members contributed 10.1 percent.

The Township's contribution rate for 2007 was 13.85 percent. For the period January 1 through June 30, a portion of the Township's contribution equal to 5 percent of covered payroll was allocated to fund the post-employment health care plan; for the period July 1 through December 31, 2007 this amount was increased to 6 percent. Employer contribution rates are actuarially determined. State statute sets a maximum contribution rate for the Township of 14 percent.

The Township's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2007, 2006, and 2005 were \$54,405, \$52,820 and \$47,075 respectively, with 100 percent for 2007, 2006 and 2005.

B. Ohio Police and Fire Pension Fund

Plan Description – The Township contributes to the Ohio Police and Fire Pension Fund (OP&F), a cost-sharing multiple-employer defined benefit pension plan. OP&F provides retirement and disability pension benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by the Ohio State Legislature and are codified in Chapter 742 of the Ohio Revised Code. OP&F issues a publicly available financial report that includes financial information and required supplementary information for the plan. That report may be obtained by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

**GRANVILLE TOWNSHIP
LICKING COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007
(CONTINUED)**

Note 7 – Defined Benefit Pension Plan (continued)

Funding Policy – Plan members are required to contribute 10% of their annual covered salary to fund pension obligations and the Township is required to contribute 24 percent for plan members. Contributions are authorized by State statute. The Township's contributions to OP&F, including employee and employer amounts paid by the Township, for the year ended December 31, 2007 was \$74,140 or 100% of the required contribution for 2007.

Note 8 – Postemployment Benefits

A. Ohio Public Employees Retirement System

Plan Description – OPERS maintains a cost sharing multiple employer defined benefit post-employment health care plan for qualifying members of both the traditional and combined pension plans. Members of the member directed plan do not qualify for ancillary benefits, including post-employment health care. The plan includes a medical plan, a prescription drug program and Medicare Part b premium reimbursement.

To qualify for post-employment health care coverage, age and service retirees under the traditional and combined plans must have ten or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The Ohio Revised Code permits, but does not require, OPERS to provide health care benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

Disclosures for the health care plan are presented separately in the OPERS financial report which may be obtained by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642 4642 or by calling (614) 222-5601 or 800-222-7377.

Funding Policy – The post-employment health care plan was established under, and is administered in accordance with, Internal Revenue Code 401 (h). State statute requires that public employers fund post-employment health care through contributions to OPERS. A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of post-employment health care.

The retirement board is also authorized to establish rules for the payment of a portion of the health care benefits by the retiree or the retiree's surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected. Active members do not make contributions to the post-employment health care plan.

On September 9, 2004 the OPERS Retirement Board adopted a Health Care Preservation Plan which was effective January 1, 2007. Member and employer contribution rates increased as of January 1, 2006, January 1, 2007, and January 1, 2008, which allowed additional funds to be allocated to the health care plan.

B. Ohio Police and Fire Pension Fund

Plan Description – The Township contributes to the Ohio Police and Fire Pension Fund (OP&F) sponsored healthcare program, a cost-sharing multiple-employer defined post-employment healthcare plan administered by OP&F. OP&F provides healthcare benefits including coverage for medical, prescription drugs, dental, vision, Medicare Part B Premium reimbursement and long term care to retirees, qualifying benefit recipients and their eligible dependents.

**GRANVILLE TOWNSHIP
LICKING COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007
(CONTINUED)**

Note 8 – Postemployment Benefits (continued)

OP&F provides access to post-retirement healthcare coverage for any person who receives or is eligible to receive a monthly service, disability, or survivor benefit or is a spouse or eligible dependent child of such person.

The Ohio Revised Code allows, but does not mandate, OP&F to provide OPEB benefits. Authority for the OP&F Board of Trustees to provide healthcare coverage to eligible participants and to establish and amend benefits is codified in Chapter 742 of the Ohio Revised Code.

OP&F issues a publicly available financial report that includes financial information and required supplementary information for the Plan. That report may be obtained by writing to OP&F, 140 East Town Street, Columbus, Ohio 43215-5164.

Funding policy – OP&F’s post-employment healthcare plan was established and is administered as an Internal Revenue Code 401(h) account within the defined benefit pension plan, under the authority granted by the Ohio Revised Code to the OP&F Board of Trustees. The Ohio Revised Code sets the contribution rates for participating employers and for plan members to the OP&F. Participating employers are required to contribute to the pension plan at rates expressed as percentages of the payroll of active pension plan members, currently, 19.50 percent and 24.00 percent of covered payroll for police and fire employers, respectively.

The Ohio Police and Fire Pension Board of Trustees is authorized to allocate a portion of the total employer contributions made to the pension plan to the 401(h) account as the employer contribution for retiree healthcare benefits. For the year ended December 31, 2007, the employer contribution allocated to the healthcare plan was 6.75 percent of covered payroll. The amount of employer contributions allocated to the healthcare plan each year is subject to the trustees’ primary responsibility to ensure that pension benefits are adequately funded and also is limited by the provisions of Section 401(h).

The OP&F Board of Trustees is also authorized to establish requirements for contributions to the healthcare plan by retirees and their eligible dependents, or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected. Active members do not make contributions to the OPEB Plan.

The Ohio Police and Fire Pension Fund (OP&F) provides postretirement health care coverage to any person who receives or is eligible to receive a monthly service, disability or survivor benefit check or is a spouse or eligible dependent child of such person. An eligible dependent child is any child under the age of 18 whether or not the child is attending school, or under the age of 22 if attending school full-time or on a 2/3 basis.

The Ohio Revised Code provides the authority allowing the Ohio Police and Fire Pension Fund’s board of trustees to provide health care coverage and states that health care costs paid from the funds of OP&F shall be included in the employer’s contribution rate. Health care funding and accounting is on a pay-as-you-go basis. The total police employer contribution rate is 19.5 percent of covered payroll, of which 6.75 percent of covered payroll was applied to the postemployment health care program during 2007. In addition, since July 1, 1992, most retirees have been required to contribute a portion of the cost of their health care coverage through a deduction from their monthly benefit payment. Beginning in 2001, all retirees and survivors have monthly health care contributions.

**GRANVILLE TOWNSHIP
LICKING COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007
(CONTINUED)**

Note 9 – Debt

The Township’s long-term debt activity for the year ended December 31, 2007, was as follows:

	Interest Rate	Balance December 31, 2006	Additions	Reductions	Balance December 31, 2007	Due Within One Year
<u>Governmental Activities</u>						
General Obligation Bonds and Notes:						
Kennedy/Rader Notes	6%	\$980,000	\$0	(\$0)	\$980,000	\$0
Joseph White Bonds	4.5%	94,000	0	(0)	94,000	0
James White Bonds	4.5%	23,200	0	(23,200)	0	0
Homestead Farm Inc. Bonds	4.5%	236,600	0	(55,300)	181,300	57,800
Stevens Notes	3.25%	100,000	0	(0)	100,000	100,000
Conservation Club Bonds	3%	135,000	0	(15,000)	120,000	15,000
Total		<u>\$1,568,800</u>	<u>\$0</u>	<u>(\$93,500)</u>	<u>\$1,475,300</u>	<u>\$172,800</u>

Four promissory notes were issued during 2001 to finance the purchase of land from James M. Kennedy and Benjamin W. Rader for Open Space Preservation. The Township will make monthly payments of interest to each lender for a term of five years, whereupon, the entire principal amount together with any accrued interest shall immediately be due and payable. However, the lenders may, at their option, extend the term of the note for an additional five years and the Township will continue the interest payments during the extended term. The notes are paid from property tax monies within the Open Space Preservation Levy Fund. The James M. Kennedy and Benjamin W. Rader note holders elected to extend the option for repayment of outstanding debt at June 15, 2006 until June 15, 2011.

A promissory note was issued during 2003 to finance the purchase of land from Richard Stevens. The Township will make annual payments of interest to the lender for a term of five years. Whereupon, the entire principal amount together with any accrued interest shall be due and payable. The Stevens notes are paid from property tax monies within the General Fund.

Three conservation easement acquisition bonds were issued during 2003 to finance the purchase of conservation easements from Joseph White, James White, and Homestead Farm Inc. for the purpose of acquiring interests in real property to protect and preserve the natural, scenic, open or wooded condition of land, water or wet lands against modification and encroachment resulting from occupation, development, or other use. The bonds are paid from property tax monies within the Open Space Preservation Levy Funds.

During 2005 the Township issued \$150,000 Park Land Acquisition bonds at an interest rates of 3% maturing March 15, 2015 for the purpose of purchasing land via the Raccoon Valley Conservation Club Inc. The bonds are paid from property tax monies within the Township Other Governmental Opera House Fund.

The Township’s outstanding debt is within statutory debt limits. In addition, the Township has earmarked within the General, Opera House, and Open Space Preservation Levy Funds 100% of the necessary cash fund balance for all principal and interest obligations.

**GRANVILLE TOWNSHIP
LICKING COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007
(CONTINUED)**

Note 9 – Debt (continued)

The following is a summary of the Township’s future annual debt service requirements:

Year	Kennedy/Rader Notes		Joseph White Bonds	
	Principal	Interest	Principal	Interest
2008	\$ 0	\$ 58,800	\$ 0	\$ 4,230
2009	0	58,800	0	4,230
2010	0	58,800	17,200	4,230
2011	980,000	26,950	17,900	3,456
2012	0	0	18,800	2,650
2013 – 2016	0	0	40,100	2,726
Totals	<u>\$980,000</u>	<u>\$203,350</u>	<u>\$94,000</u>	<u>\$21,522</u>

Year	Homestead Farm Inc. Bonds		Stevens Notes		Conservation Club Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2008	\$ 57,800	\$ 8,159	\$100,000	\$3,250	\$ 15,000	\$ 3,600
2009	60,400	5,558	0	0	15,000	3,150
2010	63,100	2,840	0	0	15,000	2,700
2011	0	0	0	0	15,000	2,250
2012	0	0	0	0	15,000	1,800
2013 – 2016	0	0	0	0	45,000	2,700
Totals	<u>\$181,300</u>	<u>\$16,557</u>	<u>\$100,000</u>	<u>\$3,250</u>	<u>\$120,000</u>	<u>\$16,200</u>

Note 10 – Contingent Liabilities

The Township is currently not involved in any litigation.

Note 11 – Granville Volunteer Fire Department

Effective December 31, 2006, the Granville Volunteer Fire Department, Inc. elected to cease operations. In accordance with the By-laws and Articles of Incorporation of this not-for-profit corporation, it contributed all existing assets to the Township, effective January 1, 2007. The Township received cash receipts totaling \$927,098 as well as title to all motor vehicles, equipment and property, land and buildings owned by the corporation.

Note 12 – Subsequent Event

Effective January 15, 2009, the Township will retire the James M. Kennedy and Benjamin N. Rader outstanding notes totaling \$490,000 and \$490,000, respectively, plus interest. The retirement of these notes is considered an early redemption for such notes previously expected to be retired on June 15, 2011.



Report on Internal Control over Financial Reporting and on Compliance and Other Matters
Based on an Audit of Financial Statements Performed in Accordance with
Government Auditing Standards

Granville Township
Licking County
P.O Box 315
Granville, Ohio 43023

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Granville Township, Licking County, (the Township) as of and for the year ended December 31, 2007, which collectively comprise the Township's basic financial statements and have issued our report thereon dated September 1, 2008. 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 Township's internal control over financial reporting as a basis for designing our audit procedures for expressing our opinions on the financial statements, but not to opine on the effectiveness of the Township's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Township's internal control over financial reporting.

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

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

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

Wilson, Shannon & Snow, Inc.

CERTIFIED PUBLIC ACCOUNTANTS
Ten West Locust Street
Newark, Ohio 43055
(740) 345-6611
1-800-523-6611
FAX (740) 345-5635

Compliance and Other Matters

As part of reasonably assuring whether the Township'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 that we must report under *Government Auditing Standards*.

We intend this report solely for the information and use of the Board of Trustees and management. We intend it for no one other than these specified parties.

Wilson, Shuman & Snow, Inc.

September 1, 2008



Mary Taylor, CPA
Auditor of State

GRANVILLE TOWNSHIP

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
NOVEMBER 6, 2008**