

**VILLAGE OF GRANVILLE**  
**AUDIT REPORT**  
**JANUARY 1, 2012 - DECEMBER 31, 2013**

**Wilson, Phillips & Agin, CPA's, Inc.**  
**1100 Brandywine Blvd. Building G**  
**Zanesville, Ohio 43701**





# Dave Yost • Auditor of State

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

We have reviewed the *Independent Auditors' Report* of the Village of Granville, Licking County, prepared by Wilson, Phillips & Agin, CPA's, Inc., for the audit period January 1, 2012 through December 31, 2013. 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.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost  
Auditor of State

April 25, 2014

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**VILLAGE OF GRANVILLE  
LICKING COUNTY  
JANUARY 1, 2012 - DECEMBER 31, 2013**

**TABLE OF CONTENTS**

Table of Contents	( i )
Independent Auditors' Report	1-2
Financial Statements	
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental Fund Types For the Year Ended December 31, 2013	3
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Proprietary Fund Types and Fiduciary Fund Types For the Year Ended December 31, 2013	4
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental Fund Types For the Year Ended December 31, 2012	5
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Proprietary Fund Types and Fiduciary Fund Types For the Year Ended December 31, 2012	6
Notes to the Financial Statements	7-15
Independent Auditors' Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statement Performed in Accordance with Government Auditing Standards.	16
Schedule of Prior Audit Findings	18

**WILSON, PHILLIPS & AGIN, CPA'S, INC.  
1100 BRANDYWINE BLVD. BUILDING G  
ZANESVILLE, OHIO 43701**

**INDEPENDENT AUDITORS' REPORT**

Village of Granville  
Licking County  
141 East Broadway  
Granville, Ohio 43023

To the Village Council:

**Report on the Financial Statements**

We have audited the accompanying financial statements and related notes of the Village of Granville, Licking County, as of and for the years ended December 31, 2013 and 2012.

**Management's Responsibility For the Financial Statements**

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Village's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Village's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

**Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles**

As described in Note 1 of the financial statements, the Village prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States, to satisfy requirements.

The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

**Adverse Opinion on U.S. Generally Accepted Accounting Principles**

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Village of Granville as of December 31, 2013 and 2012, or changes in financial position thereof for the years then ended.

**Opinion on Regulatory Basis of Accounting**

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash balances of the Village of Granville, Licking County as of December 31, 2013 and 2012, and its combined cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 1.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued a report dated March 4, 2014, on our consideration of the Village of Granville'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. That report describes the scope of our internal control testing over financial reporting and compliance and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.

***Wilson, Phillips & Agin, CPA's, Inc.***  
Zanesville, Ohio  
March 4, 2014

VILLAGE OF GRANVILLE  
LICKING COUNTY

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2013

	Governmental Fund Types					Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Permanent	
<b>Cash Receipts</b>						
Property Tax and Other Local Taxes	\$ 3,588,303	\$ -	\$ -	\$ -	\$ -	\$ 3,588,303
Special Assessments	-	-	26,524	-	-	26,524
Intergovernmental Receipts	208,962	275,108	-	-	-	484,070
Charges for Services	-	-	-	-	-	-
Fines, Licenses, and Permits	186,221	-	-	-	-	186,221
Earnings on Investments	11,146	105	-	-	-	11,251
Miscellaneous	135,047	-	-	-	-	135,047
<b>Total Cash Receipts</b>	<b>4,129,679</b>	<b>275,213</b>	<b>26,524</b>	<b>-</b>	<b>-</b>	<b>4,431,416</b>
<b>Cash Disbursements</b>						
Current:						
Security of Persons and Property	1,210,059	-	-	-	-	1,210,059
Public Health Services	26,941	-	-	-	-	26,941
Leisure Time Activities	-	10,893	-	-	-	10,893
Community Environment	87,422	25,000	-	-	-	112,422
Transportation	998,667	147,637	-	-	-	1,146,304
General Government	1,102,588	-	-	-	-	1,102,588
Debt Service						
Principal	30,986	-	24,862	-	-	55,848
Interest	-	-	432	-	-	432
Capital Outlay	-	100,000	-	221,023	-	321,023
<b>Total Cash Disbursements</b>	<b>3,456,663</b>	<b>283,530</b>	<b>25,294</b>	<b>221,023</b>	<b>-</b>	<b>3,986,510</b>
<b>Total Receipts Over/(Under) Disbursements</b>	<b>673,016</b>	<b>(8,317)</b>	<b>1,230</b>	<b>(221,023)</b>	<b>-</b>	<b>444,906</b>
<b>Other Financing Receipts/(Disbursements)</b>						
Transfers - In	84,786	94,000	-	455,345	-	634,131
Transfers - Out	(492,345)	(88,667)	-	(25,000)	-	(606,012)
<b>Total Other Financing Receipts/(Disbursements)</b>	<b>(407,559)</b>	<b>5,333</b>	<b>-</b>	<b>430,345</b>	<b>-</b>	<b>28,119</b>
<b>Excess of cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements</b>	<b>265,457</b>	<b>(2,984)</b>	<b>1,230</b>	<b>209,322</b>	<b>-</b>	<b>473,025</b>
<b>Fund Cash Balances, January 1, 2013</b>	<b>2,238,608</b>	<b>828,114</b>	<b>12,161</b>	<b>1,830,239</b>	<b>110</b>	<b>4,909,232</b>
<b>Fund Cash Balances, December 31, 2013</b>						
Nonspendable	-	-	-	-	110	110
Assigned	78,860	19,210	-	15,935	-	114,005
Restricted	-	295,649	13,391	-	-	309,040
Committed	-	510,271	-	2,023,626	-	2,533,897
Unassigned (Deficit)	2,425,205	-	-	-	-	2,425,205
<b>Fund Cash Balances, December 31, 2013</b>	<b>\$ 2,504,065</b>	<b>\$ 825,130</b>	<b>\$ 13,391</b>	<b>\$ 2,039,561</b>	<b>\$ 110</b>	<b>\$ 5,382,257</b>

See notes to financial statements.



**VILLAGE OF GRANVILLE  
LICKING COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL PROPRIETARY AND FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2013**

	<u>Proprietary</u>	<u>Fiduciary</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Agency</u>	
<b>Operating Cash Receipts:</b>			
Charges for Services	\$ 1,945,472	\$ -	\$ 1,945,472
<b>Total Operating Cash Receipts</b>	<u>1,945,472</u>	<u>-</u>	<u>1,945,472</u>
<b>Operating Cash Disbursements:</b>			
Personal Services	502,417	-	502,417
Contractual Services	578,976	-	578,976
Supplies and Materials	163,784	-	163,784
Capital Outlay	186,256	-	186,256
<b>Total Operating Cash Disbursements</b>	<u>1,431,433</u>	<u>-</u>	<u>1,431,433</u>
Operating Income/(Loss)	<u>514,039</u>	<u>-</u>	<u>514,039</u>
<b>Non-Operating Cash Receipts:</b>			
Other Non-operating Receipts	-	163,051	163,051
<b>Total Non-Operating Cash Receipts</b>	<u>-</u>	<u>163,051</u>	<u>163,051</u>
<b>Non-Operating Cash Disbursements:</b>			
Other Non-operating Cash Disbursements	-	165,058	165,058
Debt Service-Principal	73,381	-	73,381
Debt Service-Interest	14,125	-	14,125
<b>Total Non-Operating Cash Disbursements</b>	<u>87,506</u>	<u>165,058</u>	<u>252,564</u>
<b>Excess of Receipts Over/(Under) Disbursements Before Interfund Transfers and Advances</b>	426,533	(2,007)	424,526
<b>Transfer-In</b>	128,881	-	128,881
<b>Transfers-Out</b>	<u>(157,000)</u>	<u>-</u>	<u>(157,000)</u>
<b>Net Receipts Over/(Under) Disbursements</b>	398,414	(2,007)	396,407
<b>Fund Cash Balances, January 1</b>	<u>672,132</u>	<u>10,736</u>	<u>682,868</u>
<b>Fund Cash Balances, December 31</b>	<u>\$ 1,070,546</u>	<u>\$ 8,729</u>	<u>\$ 1,079,275</u>
<b>Reserve for Encumbrances, December 31</b>	<u>\$ 48,585</u>	<u>\$ -</u>	<u>\$ 48,585</u>

See notes to financial statements.

VILLAGE OF GRANVILLE  
LICKING COUNTY

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2012

	Governmental Fund Types					Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Permanent	
<b>Cash Receipts</b>						
Property Tax and Other Local Taxes	\$ 3,431,897	\$ -	\$ -	\$ -	\$ -	\$ 3,431,897
Special Assessments	-	-	18,955	-	-	18,955
Intergovernmental Receipts	215,225	193,634	-	-	-	408,859
Charges for Services	-	-	-	-	-	-
Fines, Licenses, and Permits	145,336	215	-	-	-	145,551
Earnings on Investments	13,141	86	-	-	-	13,227
Miscellaneous	126,882	31	-	-	-	126,913
<b>Total Cash Receipts</b>	<b>3,932,481</b>	<b>193,966</b>	<b>18,955</b>	<b>-</b>	<b>-</b>	<b>4,145,402</b>
<b>Cash Disbursements</b>						
Current:						
Security of Persons and Property	1,114,194	-	-	-	-	1,114,194
Public Health Services	27,151	-	-	-	-	27,151
Leisure Time Activities	-	1,575	-	-	-	1,575
Community Environment	67,946	25,000	-	-	-	92,946
Transportation	673,420	138,823	-	-	-	812,243
General Government	1,065,733	-	-	-	-	1,065,733
Debt Service						
Principal	30,986	359,000	24,580	-	-	414,566
Interest	-	3,051	584	-	-	3,635
Capital Outlay	65,074	57,000	-	395,026	-	517,100
<b>Total Cash Disbursements</b>	<b>3,044,504</b>	<b>584,449</b>	<b>25,164</b>	<b>395,026</b>	<b>-</b>	<b>4,049,143</b>
<b>Total Receipts Over/(Under) Disbursements</b>	<b>887,977</b>	<b>(390,483)</b>	<b>(6,209)</b>	<b>(395,026)</b>	<b>-</b>	<b>96,259</b>
<b>Other Financing Receipts/(Disbursements)</b>						
Transfers - In	15,000	580,052	-	104,225	-	699,277
Transfers - Out	(297,200)	-	-	(362,052)	-	(659,252)
<b>Total Other Financing Receipts/(Disbursements)</b>	<b>(282,200)</b>	<b>580,052</b>	<b>-</b>	<b>(257,827)</b>	<b>-</b>	<b>40,025</b>
<b>Excess of cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements</b>	<b>605,777</b>	<b>189,569</b>	<b>(6,209)</b>	<b>(652,853)</b>	<b>-</b>	<b>136,284</b>
<b>Fund Cash Balances, January 1, 2012</b>	<b>1,632,831</b>	<b>638,545</b>	<b>18,370</b>	<b>2,483,092</b>	<b>110</b>	<b>4,772,948</b>
<b>Fund Cash Balances, December 31, 2012</b>						
Nonspendable	-	-	-	-	110	110
Assigned	81,667	28,034	-	9,194	-	118,895
Unassigned (Deficit)	2,156,941	-	-	-	-	2,156,941
<b>Fund Cash Balances, December 31, 2012</b>	<b>\$ 2,238,608</b>	<b>\$ 828,114</b>	<b>\$ 12,161</b>	<b>\$ 1,830,239</b>	<b>\$ 110</b>	<b>\$ 4,909,232</b>

See notes to financial statements.

**VILLAGE OF GRANVILLE  
LICKING COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL PROPRIETARY AND FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2012**

	<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	\$ 1,801,726	\$ -	\$ 1,801,726
<b>Total Operating Cash Receipts</b>	<u>1,801,726</u>	<u>-</u>	<u>1,801,726</u>
<b>Operating Cash Disbursements:</b>			
Personal Services	496,484	-	496,484
Contractual Services	782,670	-	782,670
Supplies and Materials	205,184	-	205,184
Capital Outlay	547,669	-	547,669
<b>Total Operating Cash Disbursements</b>	<u>2,032,007</u>	<u>-</u>	<u>2,032,007</u>
Operating Income/(Loss)	<u>(230,281)</u>	<u>-</u>	<u>(230,281)</u>
<b>Non-Operating Cash Receipts:</b>			
Debt Proceeds	502,869	-	502,869
Other Non-operating Receipts	83,068	147,584	230,652
<b>Total Non-Operating Cash Receipts</b>	<u>585,937</u>	<u>147,584</u>	<u>733,521</u>
<b>Non-Operating Cash Disbursements:</b>			
Other Non-operating Cash Disbursements	-	151,953	151,953
Debt Service-Principal	57,080	-	57,080
Debt Service-Interest	11,493	-	11,493
<b>Total Non-Operating Cash Disbursements</b>	<u>68,573</u>	<u>151,953</u>	<u>220,526</u>
<b>Excess of Receipts Over/(Under) Disbursements Before Interfund Transfers and Advances</b>	<u>(215,786)</u>	<u>(4,369)</u>	<u>(220,155)</u>
<b>Transfer-In</b>	-	-	-
<b>Transfers-Out</b>	<u>(40,025)</u>	<u>-</u>	<u>(40,025)</u>
<b>Net Receipts Over/(Under) Disbursements</b>	247,058	(4,369)	242,689
<b>Fund Cash Balances, January 1</b>	<u>425,074</u>	<u>15,105</u>	<u>440,179</u>
<b>Fund Cash Balances, December 31</b>	<u>\$ 672,132</u>	<u>\$ 10,736</u>	<u>\$ 682,868</u>
<b>Reserve for Encumbrances, December 31</b>	<u>\$ 35,580</u>	<u>\$ -</u>	<u>\$ 35,580</u>

See notes to financial statements.

**VILLAGE OF GRANVILLE  
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013 and 2012**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The constitution and laws of the State of Ohio establish the rights and privileges of the Village of Granville, Licking County, Ohio (the Village) as a body corporate and politic. A publicly-elected seven-member council directs the Village. The Village operates by charter passed by the voters in 1964. The Village provides general governmental services, including water and sewer utilities, park operations (leisure time activities), and police services. The Village receives fire protection services from Granville Township.

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

**B. Basis of Accounting**

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

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

**C. Deposits and Investments**

The Village's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

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

Money market mutual funds are recorded at share values the mutual funds report.

**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:

**Governmental Funds**

**General Fund**

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

**Special Revenue Funds**

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

**VILLAGE OF GRANVILLE  
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013 and 2012**

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

**D. Fund Accounting (Continued)**

**Special Revenue Funds (Continued)**

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

Bryn Du Fund – This fund accounts for expenditures and revenues attributable to the Bryn Du property.

**Debt Service Funds**

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.

Special Assessments Fund – This fund collects assessments from the County Auditor to repay debt.

**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:

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

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

**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.

**Fiduciary Funds**

Agency funds are purely custodial in nature and are used to hold resources for individuals, organizations or other governments. The Village disburses these funds as directed by the individual, organization or other government. The Village had the following significant Fiduciary Fund:

**VILLAGE OF GRANVILLE  
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013 and 2012**

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

**D. Fund Accounting (Continued)**

**Fiduciary Funds**

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 the Village budget annually.

**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. 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.

**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.

**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 2013 and 2012 budgetary activity appears in Note 3.

**F. Fund Balance**

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

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

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

**VILLAGE OF GRANVILLE  
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013 and 2012**

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

**F. Fund Balance (Continued)**

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

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

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

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

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

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

**H. Accumulated Leave**

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

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

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

	2013	2012
Demand Deposits	\$ 2,352,232	\$ 2,222,724
Total Deposits	2,352,232	2,222,724
Money Markets	4,395	13,413
Sweep Accounts	3,845,383	3,106,638
U.S. Treasury Notes	259,522	249,325
Total Investments	\$ 4,109,300	\$ 3,369,376
Total Deposits and Investments	\$ 6,461,532	\$ 5,592,100

**VILLAGE OF GRANVILLE  
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013 and 2012**

**2. EQUITY IN POOLED CASH AND INVESTMENTS (Continued)**

**Deposits:** Deposits are insured by the Federal Depository Insurance Corporation or collateralized by the financial institution's public entity deposit pool.

**Investments:** The Federal Reserve holds the Village's U.S. Treasury Notes in book-entry form in the name of the Village's financial institution. The financial institution maintains records identifying the Village as owner of these securities. Repurchase (sweep) agreements are held at Park National Bank and are covered by collateral held by third party trustees. Mutual funds are not evidences by securities that exist in physical or book-entry form.

**3. BUDGETARY ACTIVITY**

Budgetary activity for the year ended December 31, 2013 and 2012 is as follows:

**2013 Budgeted vs. Actual Receipts**

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 3,994,924	\$ 4,214,465	\$ 219,541
Special Revenue	354,567	369,213	14,646
Debt Service	20,000	26,524	6,524
Capital Projects	455,345	455,345	-
Enterprise	2,002,790	2,074,353	71,563
Total	<u>\$ 6,827,626</u>	<u>\$ 7,139,900</u>	<u>\$ 312,274</u>

**2013 Budgeted vs. Actual Budgetary Basis Expenditures**

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 4,472,525	\$ 3,949,008	\$ 523,517
Special Revenue	483,276	372,197	111,079
Debt Service	27,785	25,294	2,491
Capital Project	256,750	246,023	10,727
Enterprise	1,987,046	1,724,524	262,522
Total	<u>\$ 7,227,382</u>	<u>\$ 6,317,046</u>	<u>\$ 910,336</u>

**2012 Budgeted vs. Actual Receipts**

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 4,210,592	\$ 3,947,481	\$ (263,111)
Special Revenue	751,500	774,018	22,518
Debt Service	28,450	18,955	(9,495)
Capital Projects	104,225	104,225	-
Enterprise	2,335,604	2,387,663	52,059
Total	<u>\$ 7,430,371</u>	<u>\$ 7,232,342</u>	<u>\$ (198,029)</u>



**VILLAGE OF GRANVILLE  
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013 and 2012**

**3. BUDGETARY ACTIVITY (Continued)**

<b>2012 Budgeted vs. Actual Budgetary Basis Expenditures</b>			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 3,939,514	\$ 3,341,704	\$ 597,810
Special Revenue	830,608	584,449	246,159
Debt Service	28,450	25,164	3,286
Capital Projects	923,782	757,078	166,704
Enterprise	2,435,464	2,176,185	259,279
Total	\$ 8,157,818	\$ 6,884,580	\$ 1,273,238

**4. PROPERTY TAX**

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

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, 2013 was as follows:

	2013 Principal	%
Ohio Water Development Authority Loans	\$ 472,757	2.0
Ohio Public Works Commission Note	201,409	0.0
Special Assessment Bonds	15,000	6.0
Total	\$ 689,166	

The Ohio Water Development Authority (OWDA) loan relates to the Ultraviolet Disinfection & Air Piping WWTP Upgrade. The OWDA has approved \$502,869 in loans to the Village for this project. The loans will be repaid in semiannual installments of \$15,829, including interest, over 20 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.

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

**VILLAGE OF GRANVILLE  
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013 and 2012**

**5. DEBT (Continued)**

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

Year Ending December 31	OWDA Loans	Special Assessment Bonds	OPWC Loan
2014	\$ 31,658	\$ 5,862	\$ 30,986
2015	31,658	5,575	30,986
2016	31,658	5,288	30,986
2017	31,658	-	30,986
2018	31,658	-	30,986
2019-2023	158,291	-	46,119
2024-2028	158,291	-	-
2029-2033	126,632	-	-
	<u>\$ 601,504</u>	<u>\$ 16,725</u>	<u>\$ 201,049</u>

**6. RETIREMENT SYSTEMS**

The Villages law enforcement officers and firefighters 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 2013 and 2012, members of PFDPF contributed 10% of their wages to PFDPF. The Village contributed an amount equal to 19.5% of their wages. PERS members contributed 10.0% of their gross salaries for 2013 and 2012, respectively. The Village contributed an amount equal to 14.0% of participant's gross salaries for 2013 and 2012, respectively. The Village has paid all contributions required through December 31, 2013.

**7. LOCAL INCOME TAX**

The Village levies a municipal income tax of 1.5% percent on substantially all earned income arising from employment, residency, or business activities within the Village as well as certain income of residents earned outside of the Village.

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

**VILLAGE OF GRANVILLE  
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013 and 2012**

**8. RISK MANAGEMENT**

The Village has obtained commercial insurance for the following risks:

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

**Self Insurance**

The Village joined the Central Ohio Care Consortium (COHCC), a risk sharing pool, which provides employee health care benefits for all full-time employees who wish to participate in the plan. The pool consists of eight political subdivisions that pool risk for basic hospital, surgical and prescription drug coverage. The Pool is governed by a Board of Directors consisting of one director appointed by each member municipality. The Board elects a chairman, vice-chairman, secretary and treasurer. The Board is responsible for its own financial matters and the Pool maintains its own books of account. Budgeting and financing of the Pool are subject to the approval of the Board.

The Village pays monthly contributions to the Pool, which are used to purchase excess loss insurance for the Pool, pay current claims and related claim settlement expenses and to establish and maintain sufficient reserves. The monthly contribution is determined for each member in accordance with the number of covered officers and employees, and the prior loss experience of the respective member group. The members' contributions represent 115 percent of the expected costs of the Pool, which will allow the Pool to establish excess reserves for future operations. The funds are maintained in a bank trust account established for the sole purpose and benefit of the Pool's operation.

The Pool has entered into an agreement for individual and aggregate excess loss coverage with a commercial insurance carrier. The individual excess loss coverage has been structured to indemnify the Pool for medical claims paid to an individual in excess of \$175,000, with an individual lifetime maximum of \$2,000,000. The aggregate excess loss coverage has been structured to indemnify the Pool for aggregate claims paid in excess of \$6,626,627, to a maximum of \$1,000,000 annually. In the event that the losses of the consortium in any year exceeds amounts paid to the Pool, together with all stop-loss, reinsurance and other coverage then in effect, then the payment of all uncovered losses shall revert to and be the sole obligation of the political subdivision against which claim was made. No such loss has occurred in the past four years.

The Village currently has no specified percentage share of the Pool. The only time at which a percentage share would be calculated occurs if the Pool votes to terminate ongoing operations. After a vote to terminate the Pool, the Board would wind-up the Pool's business as quickly as practical, but in any event would complete this process no later than twelve months after the termination date. During such period, the Pool would continue to pay all claims and expenses until the Pool's funds are exhausted. After payment of all claims and expenses, or upon the termination of the aforesaid twelve month period, any remaining surplus funds held by the Pool would be paid to the members of the Pools who are members as of the termination date. The Board would determine the manner in which surplus funds would be distributed, and would consider the percentage relationship which each member's contributions to the Pool for the prior three calendar years of the Pool bore to all members' contributions to the Pool for that same period. The Village's payment for health insurance coverage to COHCC for 2013, 2012 and 2011 was \$447,637, \$462,239 and \$332,141, respectively.

**VILLAGE OF GRANVILLE  
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013 and 2012**

**9. JOINTLY GOVERNED ORGANIZATION**

The Granville Recreation District is a distinct political subdivision of the State of Ohio operated under the direction of a Board consisting of one representative from each of the participating entities: the Village of Granville, Granville Township and the Granville Exempted Village School District. It was established in 2009.

**WILSON, PHILLIPS & AGIN, CPA'S, INC.  
1100 BRANDYWINE BLVD. BUILDING G  
ZANESVILLE, OHIO 43701**

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
REQUIRED BY GOVERNMENT AUDITING STANDARDS.**

Village of Granville  
Licking County  
141 East Broadway  
Granville, Ohio 43023

To the Village Council:

We have audited, in accordance with auditing standards general accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of Village of Granville as of and for the years ended December 31, 2013 and 2012, and have issued our report thereon dated March 4, 2014, wherein we noted the Village followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America.

***Internal Control Over Financial Reporting***

As part of our financial statement audit, we considered the Village of Granville's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the Village's internal control. Accordingly, we have not opined on it.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or a combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Village's financial statements. A *significant deficiency* is a deficiency or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies.. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

***Compliance and Other Matters***

As part of obtaining reasonable assurance about whether Village of Granville'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, opining on compliance was not an objective of our audit and, accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

***Purpose of this Report***

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Village's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Village's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

***Wilson, Phillips & Agin, CPA's, Inc..***  
Zanesville, Ohio  
March 4, 2014

**VILLAGE OF GRANVILLE  
LICKING COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
YEARS ENDED DECEMBER 31, 2013 AND 2012**

Finding Number	Finding Summary	Fully Corrected	Not Corrected, Partially Corrected Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b>Explain:</b>
2011-01	Monitoring system for financial statement presentation	Yes	Finding No Longer Valid
2011-02	ORC 5705.41(B) Expenditures exceed appropriations	Yes	Finding No Longer Valid

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# Dave Yost • Auditor of State

**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 8, 2014**