

**VILLAGE OF GRANVILLE
LICKING COUNTY**

AUDIT REPORT

JANUARY 1, 2004 – DECEMBER 31, 2005

**Wolfe, Wilson, & Phillips, Inc.
37 South Seventh Street
Zanesville, Ohio 43701**



Mary Taylor, CPA

Auditor of State

Mayor and 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 Wolfe, Wilson & Phillips, Inc., for the audit period January 1, 2004 through December 31, 2005. 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.

The financial statements in the attached report are presented in accordance with a regulatory basis of accounting prescribed or permitted by the Auditor of State. Due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA), modifications were required to the *Independent Auditors' Report* on your financial statements. While the Auditor of State does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. The attached report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the statements are misstated under the non-GAAP regulatory basis. The *Independent Auditors' Report* also includes an opinion on the financial statements using the regulatory format the Auditor of State permits.

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 cursive script that reads "Mary Taylor".

MARY TAYLOR, CPA
Auditor of State

January 9, 2007

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**VILLAGE OF GRANVILLE
LICKING COUNTY**

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

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statement of the Village of Granville, Licking County as of and for the years ended December 31, 2005 and 2004. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

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

Revisions to GAAP would require the Village to reformat its financial statement presentation and make other changes effective for the years ended December 31, 2005 and 2004. Instead of the combined funds the accompanying financial statements present for 2005 and 2004, the revisions require presenting entity wide statements and also to present its larger (i.e. major) funds separately for 2005 and 2004. While the Village does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to the new GAAP presentation requirements. The Auditor of State permits, but does not require governments to reformat their statements. The Village has elected not to reformat its statements. Since this Village does not use GAAP to measure financial statement amounts, the following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Village of Granville's combined funds as of December 31, 2005 and 2004, and their changes in financial position.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of the Village of Granville, Licking County, as of December 31, 2005 and 2004, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

The aforementioned revision to generally accepted accounting principles also require the Village to include Management's Discussion and Analysis for the years ended December 31, 2005 and 2004. The Village has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued a report dated August 29, 2006, on our consideration of the Village of Granville's internal control structure over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Wolfe, Wilson, & Phillips, Inc.
Zanesville, Ohio
August 29, 2006

VILLAGE OF GRANVILLE
LICKING COUNTY

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES AND SIMILAR FIDUCIARY FUND
FOR THE YEAR ENDED DECEMBER 31, 2005**

	Governmental Fund Types				Fiduciary Fund Type	Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust	
Cash Receipts						
Property Tax and Other Local Taxes	\$ 2,796,559	\$ -	\$ -	\$ -	\$ -	\$ 2,796,559
Special Assessments	-	-	21,620	-	-	21,620
Intergovernmental Receipts	351,258	239,936	-	-	-	591,194
Charges for Services	-	280,481	-	-	-	280,481
Fines, Licenses, and Permits	143,019	1,142	-	-	-	144,161
Earnings on Investments	60,785	-	-	-	-	60,785
Miscellaneous	260,198	195	-	-	-	260,393
Total Cash Receipts	3,611,819	521,754	21,620	-	-	4,155,193
Cash Disbursements						
Current:						
Security of Persons and Property	818,239	4,247	-	-	-	822,486
Public Health Services	20,125	-	-	-	-	20,125
Community Environment	126,096	114,630	-	-	-	240,726
Transportation	505,837	128,951	-	-	-	634,788
General Government	865,948	-	-	-	-	865,948
Debt Service	280,986	349,729	28,606	-	-	659,321
Capital Outlay	809,165	312,550	-	199,955	-	1,321,670
Total Cash Disbursements	3,426,396	910,107	28,606	199,955	-	4,565,064
Total Receipts Over/(Under) Disbursements	185,423	(388,353)	(6,986)	(199,955)	-	(409,871)
Other Financing Receipts/(Disbursements)						
Transfers - In	78,856	338,970	-	155,877	-	573,703
Loan Proceeds	-	250,000	-	-	-	250,000
Other Sources	4,000	-	-	-	-	4,000
Transfers - Out	(442,100)	(78,810)	-	-	-	(520,910)
Other Uses	-	-	-	-	-	-
Total Other Financing Receipts/(Disbursements)	(359,244)	510,160	-	155,877	-	306,793
Excess of cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(173,821)	121,807	(6,986)	(44,078)	-	(103,078)
Fund Cash Balnces, January 1, 2005	649,991	218,262	56,393	509,982	110	1,434,738
Fund Cash Balances, December 31, 2005	\$ 476,170	\$ 340,069	\$ 49,407	\$ 465,904	\$ 110	\$ 1,331,660
Reserve for Encumbrances, December 31, 2005	\$ 172,813	\$ 69,549	\$ -	\$ -	\$ -	\$ 242,362

See notes to financial statements.

**VILLAGE OF GRANVILLE
LICKING COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
PROPRIETARY FUNDS AND SIMILAR FIDUCIARY FUND
FOR THE YEAR ENDED DECEMBER 31, 2005**

	<u>Proprietary</u>	<u>Fiduciary</u>	Totals (Memorandum Only)
	<u>Enterprise</u>	<u>Agency</u>	
Operating Cash Receipts:			
Charges for Services	\$ 1,326,062	\$ -	\$ 1,326,062
Total Operating Cash Receipts	<u>1,326,062</u>	<u>-</u>	<u>1,326,062</u>
Operating Cash Disbursements:			
Personal Services	391,738	-	391,738
Contractual Services	300,540	-	300,540
Supplies and Materials	159,768	-	159,768
Capital Outlay	78,713	-	78,713
Total Operating Cash Disbursements	<u>930,759</u>	<u>-</u>	<u>930,759</u>
Operating Income/(Loss)	<u>395,303</u>	<u>-</u>	<u>395,303</u>
Non-Operating Cash Receipts:			
Other Non-operating Receipts	-	121,479	121,479
Non-Operating Cash Disbursements:			
Other Non-operating Cash Disbursements	-	123,070	123,070
Debt Service	206,950	-	206,950
Total Non-Operating cash Disbursements	<u>206,950</u>	<u>123,070</u>	<u>330,020</u>
Excess of Receipts Over/(Under) Disbursements Before Interfund Transfers and Advances	188,353	(1,591)	186,762
Transfers - In	10,984	-	10,984
Transfers - Out	<u>(63,777)</u>	<u>-</u>	<u>(63,777)</u>
Net Receipts Over/(Under) Disbursements	135,560	(1,591)	133,969
Fund Cash Balances, January 1, 2005	<u>702,270</u>	<u>7,916</u>	<u>710,186</u>
Fund Cash Balances, December 31, 2005	<u>\$ 837,830</u>	<u>\$ 6,325</u>	<u>\$ 844,155</u>
Reserve for Encumbrances, December 31, 2005	<u>\$ 86,524</u>	<u>\$ -</u>	<u>\$ 86,524</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 AND SIMILAR FIDUCIARY FUND
FOR THE YEAR ENDED DECEMBER 31, 2004

	Governmental Fund Types				Fiduciary Fund Type	Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust	
Cash Receipts						
Property Tax and Other Local Taxes	\$ 2,626,766	\$ -	\$ -	\$ -	\$ -	\$ 2,626,766
Special Assessments	-	-	23,167	-	-	23,167
Intergovernmental Receipts	259,389	150,831	-	-	-	410,220
Charges for Services	-	10,000	-	-	-	10,000
Fines, Licenses, and Permits	138,070	906	-	-	-	138,976
Earnings on Investments	34,390	-	-	-	-	34,390
Miscellaneous	43,237	1,167	-	-	-	44,404
Total Cash Receipts	3,101,852	162,904	23,167	-	-	3,287,923
Cash Disbursements						
Current:						
Security of Persons and Property	783,092	-	-	-	-	783,092
Public Health Services	19,487	-	-	-	-	19,487
Community Environment	99,763	-	-	-	-	99,763
Transportation	590,568	99,414	-	-	-	689,982
General Government	999,692	-	-	-	-	999,692
Debt Service	293,539	-	27,584	-	-	321,123
Capital Outlay	1,359,167	-	-	13,774	-	1,372,941
Total Cash Disbursements	4,145,308	99,414	27,584	13,774	-	4,286,080
Total Receipts Over/(Under) Disbursements	(1,043,456)	63,490	(4,417)	(13,774)	-	(998,157)
Other Financing Receipts/(Disbursements)						
Transfers - In	25,000	10,000	-	161,125	-	196,125
Other Sources	4,000	-	-	-	-	4,000
Transfers - Out	(152,100)	-	-	-	-	(152,100)
Other Uses	-	-	-	-	-	-
Total Other Financing Receipts/(Disbursements)	(123,100)	10,000	-	161,125	-	48,025
Excess of cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(1,166,556)	73,490	(4,417)	147,351	-	(950,132)
Fund Cash Balnces, January 1, 2004	1,816,547	144,772	60,810	362,631	110	2,384,870
Fund Cash Balances, December 31, 2004	\$ 649,991	\$ 218,262	\$ 56,393	\$ 509,982	\$ 110	\$ 1,434,738
Reserve for Encumbrances, December 31, 2004	\$ 267,379	\$ 11,101	\$ -	\$ 5,101	\$ -	\$ 283,581

See notes to financial statements.

**VILLAGE OF GRANVILLE
LICKING COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
PROPRIETARY FUNDS AND SIMILAR FIDUCIARY FUND
FOR THE YEAR ENDED DECEMBER 31, 2004**

	<u>Proprietary</u>	<u>Fiduciary</u>	Totals (Memorandum Only)
	<u>Enterprise</u>	<u>Agency</u>	
Operating Cash Receipts:			
Charges for Services	\$ 1,251,509	\$ -	\$ 1,251,509
Total Operating Cash Receipts	<u>1,251,509</u>	<u>-</u>	<u>1,251,509</u>
Operating Cash Disbursements:			
Personal Services	400,827	-	400,827
Contractual Services	282,217	-	282,217
Supplies and Materials	131,092	-	131,092
Capital Outlay	214,242	-	214,242
Total Operating Cash Disbursements	<u>1,028,378</u>	<u>-</u>	<u>1,028,378</u>
Operating Income/(Loss)	<u>223,131</u>	<u>-</u>	<u>223,131</u>
Non-Operating Cash Receipts:			
Other Non-operating Receipts	-	126,298	126,298
Non-Operating Cash Disbursements:			
Other Non-operating Cash Disbursements	-	126,941	126,941
Debt Service	363,897	-	363,897
Total Non-Operating cash Disbursements	<u>363,897</u>	<u>126,941</u>	<u>490,838</u>
Excess of Receipts Over/(Under) Disbursements Before Interfund Transfers and Advances	(140,766)	(643)	(141,409)
Transfers - In	-	-	
Transfers - Out	<u>(44,025)</u>	<u>-</u>	<u>(44,025)</u>
Net Receipts Over/(Under) Disbursements	(184,791)	(643)	(185,434)
Fund Cash Balances, January 1, 2004	<u>887,061</u>	<u>8,559</u>	<u>895,620</u>
Fund Cash Balances, December 31, 2004	<u>\$ 702,270</u>	<u>\$ 7,916</u>	<u>\$ 710,186</u>
Reserve for Encumbrances, December 31, 2004	<u>\$ 74,219</u>	<u>\$ -</u>	<u>\$ 74,219</u>

See notes to financial statements.

**VILLAGE OF GRANVILLE
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2005 and 2004**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Village of Granville, Licking County, Ohio (the Village) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Village is directed by a publicly-elected seven-member Council. The Village operates by charter passed by the voters in 1964. Key management positions include Village Mayor, Village Manager, Finance Director and Village Income Tax Commissioner. The Village provides general governmental services, including water and sewer utilities, park operations (leisure time activities), and police services.

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

B. Basis of Accounting

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

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

C. Cash and Investments

Repurchase Agreements and U.S. Treasury Notes are valued at cost. Investments are reported as assets. Accordingly, purchase of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or disbursements, respectively.

D. Fund Accounting

The Village uses fund accounting to segregate cash 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, 2005 and 2004**

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.

Debt Service

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.

Capital Projects Funds

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

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

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

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

Funds for which the Village is acting in an agency capacity are classified as agency funds. The Village had the following significant Fiduciary Fund:

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.

**VILLAGE OF GRANVILLE
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2005 and 2004**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 2005 and 2004 budgetary activity appears in Note 3.

F. 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.

G. Unpaid vacation and Sick Leave

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

H. Village Income Tax

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

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:

**VILLAGE OF GRANVILLE
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2005 and 2004**

2. EQUITY IN POOLED CASH AND INVESTMENTS (Continued)

	2005	2004
Demand Deposits	\$ 421,260	\$ 333,715
Money Market	221,001	10,350
Total Deposits	642,261	344,065
Repurchase Agreement	1,333,554	1,400,859
U.S. Treasury Notes	200,000	400,000
Total deposits and investments	\$ 2,175,815	\$ 2,144,924

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

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

3. BUDGETARY ACTIVITY

Budgetary activity for the year ended December 31, 2005 and 2004 is as follows:

2005 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 3,990,173	\$ 3,694,675	\$ (295,498)
Special Revenue	893,082	1,110,724	217,642
Debt Service	27,000	21,620	(5,380)
Capital Projects	200,877	155,877	(45,000)
Enterprise	1,205,000	1,337,046	132,046
Total	\$ 6,316,132	\$ 6,319,942	\$ 3,810

2005 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 4,432,643	\$ 4,041,309	\$ 391,334
Special Revenue	1,266,146	1,058,466	207,680
Debt Service	29,800	28,606	1,194
Capital Project	236,601	199,955	36,046
Enterprise	1,504,339	1,288,010	216,329
Total	\$ 7,469,529	\$ 6,616,346	\$ 853,183

2004 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 3,070,168	\$ 3,130,852	\$ 60,684
Special Revenue	191,400	172,904	(18,496)
Debt Service	27,000	23,167	(3,833)
Capital Projects	298,877	161,125	(136,752)
Enterprise	1,230,000	1,251,509	21,509
Total	\$ 4,817,445	\$ 4,739,557	\$ (77,888)

**VILLAGE OF GRANVILLE
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2005 and 2004**

3. BUDGETARY ACTIVITY (Continued)

2004 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 4,867,068	\$ 4,564,787	\$ 302,281
Special Revenue	148,121	110,515	37,606
Debt Service	29,500	27,584	1,916
Capital Projects	74,066	18,875	55,191
Enterprise	1,752,580	1,510,519	242,061
Total	\$ 6,871,335	\$ 6,232,280	\$ 639,055

Contrary to Ohio Revised Code Section 5705.39, the Village had funds with appropriations greater than estimated resources. In 2005 the funds were the Bryn Du Special Revenue Fund, FEMA Grant Fund, and Water Fund. In 2004, it was the Water Fund.

4. PROPERTY TAX

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

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

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

5. DEBT

Debt outstanding at December 31, 2005 and 2004 was as follows:

	2005		2004	
	Principal	%	Principal	%
Ohio Water Development Authority Loans	\$ 149,676	8.1	\$ 162,524	8.1
Ohio Public Works Commission Note	449,300	0.0	480,286	0.0
Various Purpose Note	-	0.0	145,000	9.0
Mortgage Revenue Bonds	200,663	6.0	222,417	6.0
Special Assessment Bonds	171,321	6.0	188,567	6.0
Bryn Du Acquisition Note	1,288,250	7.0	1,354,250	7.0
Total	\$ 2,259,210		\$ 2,553,044	

**VILLAGE OF GRANVILLE
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2005 and 2004**

5. DEBT (Continued)

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

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

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

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

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

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

In 2005, the Village issued and paid off a \$250,000 note in regards to property improvements. This was paid at 2.79% interest.

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

Year Ending December 31	OWDA Loans	Mortgage Revenue Bonds	Special Assessment Bonds	OPWC Note
2006	\$ 26,353	\$ 36,126	\$ 31,472	\$ 30,986
2007	26,353	34,661	30,030	30,986
2008	26,353	33,184	28,580	30,986
2009	26,353	34,651	30,167	30,986
2010	26,353	32,880	27,508	30,986
2011-2015	79,061	98,992	91,473	154,930
2016-2020	-	-	-	139,440
	<u>\$ 210,826</u>	<u>\$ 270,494</u>	<u>\$ 239,230</u>	<u>\$ 449,300</u>

Both Notes are due in 2006.

**VILLAGE OF GRANVILLE
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2005 and 2004**

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 2005 and 2004, 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 8.5% of their gross salaries. The Village contributed an amount equal to 13.55% of participants gross salaries. The Village has paid all contributions required through December 31, 2005.

7. RISK MANAGEMENT

The Village has obtained commercial insurance for the following risks:

- * Comprehensive property and general liability
- * Vehicles

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

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

**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.**

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

We have audited the financial statements of Village of Granville as of and for the years ended December 31, 2005 and 2004, and have issued our report thereon dated August 29, 2006, wherein we noted the Village followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Village of Granville's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving internal control over financial reporting that we have reported to management in a separate letter dated August 29, 2006.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Village of Granville's combined financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that is required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to the management in a separate letter dated August 29, 2006.

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

Wolfe, Wilson, & Phillips, Inc.
Zanesville, Ohio
August 29, 2006



Mary Taylor, CPA
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
DECEMBER 6, 2007**