

**GRANVILLE TOWNSHIP  
LICKING COUNTY**

**REGULAR AUDIT**

**FOR THE YEAR ENDED DECEMBER 31, 2006**





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, 2006 through December 31, 2006. 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, 2006, 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, 2006, 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, 2006  
UNAUDITED**

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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, 2006, 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 2006 are as follows:

- Net assets of governmental activities increased \$1,118,467 or 29 percent, a significant change from the prior year. The fund most affected by the increase in cash and cash equivalents was the Fire and Open Space Preservation Levy Funds which realized increased real estate and intergovernmental receipts from 2005.
- The Township's general receipts are primarily property taxes. These receipts represent 70 percent of the total cash received for governmental activities during the year. Property tax receipts for 2006 increased compared to 2005.
- The Township's other major Special Revenue Funds consisted of the Road & Bridge fund. The Road & Bridge Fund experienced an increase in fund balance of \$168,566 from the prior year which was attributed to decreased costs and slight increases in 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 basic 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 accounting principles generally accepted in the United States of America. 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, 2006  
UNAUDITED**

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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 2006, 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, 2006  
UNAUDITED**

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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, and Open Space Preservation Levy 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 2006 compared to 2005 on a cash basis:

	Governmental Activities	
	2006	2005
<b>Assets</b>		
Cash and Cash Equivalents	\$ 4,987,362	\$ 3,868,895
Total Assets	\$ 4,987,362	\$ 3,868,895
<b>Net Assets</b>		
Restricted for:		
Street Construction and Repair	463,622	203,763
Fire	437,326	46,811
Land Preservation	3,001,529	2,637,549
Perpetual Care	177,038	197,699
Permanent Fund	176,159	176,159
Other Purposes	347,900	304,182
Unrestricted	383,188	302,732
Total Net Assets	\$4,986,762	\$3,868,895

As mentioned previously, net assets of governmental activities increased \$1,118,467 or 29 percent during 2006. The primary reasons contributing to the increases in cash balances are as follows:

- The Township had increased taxes and intergovernmental receipts, primarily within the Open Space Preservation Levy and Fire funds from 2005.

Table 2 reflects the changes in net assets in 2006 and 2005.

**GRANVILLE TOWNSHIP, LICKING COUNTY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2006  
UNAUDITED**

(Table 2)  
**Changes in Net Assets**

	Governmental Activities 2006	Governmental Activities 2005
	<u>2006</u>	<u>2005</u>
Cash Receipts:		
Program Receipts:		
Charges for Services and Sales	\$50,745	\$69,591
Operating Grants and Contributions	354,981	87,500
Capital Grants and Contributions	86,268	211
Total Program Receipts	<u>491,994</u>	<u>157,302</u>
General Receipts:		
Property and Other Local Taxes	2,853,595	1,878,982
Grants and Entitlements Not Restricted to Specific Programs	453,206	773,977
Interest	213,139	111,372
Miscellaneous	60,634	847
Reimbursements	17,731	0
Notes Issued	0	150,000
Total General Receipts	<u>3,598,305</u>	<u>2,915,178</u>
Total Cash Receipts	<u>4,090,299</u>	<u>3,072,480</u>
Cash Disbursements:		
General Government	540,470	458,401
Public Safety	790,488	497,013
Public Works	606,595	749,356
Health	166,041	168,647
Conservation - Recreation	4,464	20,370
Capital Outlay	84,560	255,021
Debt Service	779,214	138,173
Total Cash Disbursements	<u>2,971,832</u>	<u>2,286,981</u>
Change in Net Assets	1,118,467	785,499
Net Assets, January 1, 2005	<u>3,868,895</u>	<u>3,083,396</u>
Net Assets, December 31, 2005	<u>\$4,987,362</u>	<u>\$3,868,895</u>

Program receipts represent 12 percent of total receipts and are primarily comprised of restricted intergovernmental receipts such as motor vehicle license and gasoline taxes.

General receipts represent 88 percent of the Township's total receipts, and of this amount, 79 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.

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.

**GRANVILLE TOWNSHIP, LICKING COUNTY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2006  
UNAUDITED**

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**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 Debt Service, which combined account for 91 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 2006	Net Cost of Services 2006	Total Cost of Services 2005	Net Cost of Services 2005
General Government	\$540,470	\$540,470	\$458,401	\$440,118
Public Safety	790,488	790,488	497,013	497,013
Public Works	606,595	337,114	749,356	661,856
Health	166,041	147,591	168,647	140,772
Human Services	0	(32,295)	0	(23,433)
Conservation-Recreation	4,464	(167,304)	20,370	20,159
Capital Outlay	84,560	84,560	255,021	255,021
Debt Service	779,214	779,214	138,173	138,173
Total Disbursements	\$2,971,832	\$2,479,838	\$2,286,981	\$2,129,679

The dependence upon property tax receipts is apparent as over 70 percent of governmental activities are supported through these general receipts.

**The Township's Funds**

Total governmental funds had receipts of \$4,090,299 and disbursements of \$2,971,832. The greatest change within governmental funds occurred within the Open Space Preservation Levy and Fire Funds. The fund balances increased \$363,980 and \$390,515, respectively, as the result of increased property tax and intergovernmental receipts.

General Fund receipts were greater than disbursements by \$80,456 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 of \$726,448 and disbursements of \$557,882 noting an increase in fund balance to \$372,329 from \$203,763.

The Fire Fund had receipts of \$1,181,003 and disbursements of \$790,488 noting an increase in fund balance of \$390,515 to \$437,326 from \$46,811.

The Open Space Preservation Levy Fund had receipts of \$1,142,726 and disbursements of \$778,746 noting an increase in fund balance of \$363,980 to \$3,001,529 from \$2,637,549.

**GRANVILLE TOWNSHIP, LICKING COUNTY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2006  
UNAUDITED**

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**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 2006, the Township amended its General Fund budget. Original estimated receipts and appropriations were increased \$132,200.

Final disbursements were budgeted at \$632,656 while actual disbursements were \$470,659. 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 \$1,568,800 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, Opera House, and Open Space Preservation Levy 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, 2006*

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	<u>Governmental Activities</u>
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	<u>\$4,987,362</u>
<i>Total Assets</i>	<u><u>\$4,987,362</u></u>
<b>Net Assets</b>	
Restricted for:	
Street Construction and Repair	\$463,622
Fire	\$437,326
Land Preservation	\$3,001,529
Perpetual Care	177,038
Other Purposes	347,900
Permanent Fund:	
NonExpendable	176,759
Unrestricted	<u>383,188</u>
<i>Total Net Assets</i>	<u><u>\$4,987,362</u></u>

See accompanying notes to the basic financial statements

**GRANVILLE TOWNSHIP  
LICKING COUNTY**

*Statement of Activities - Cash Basis  
For the Year Ended December 31, 2006*

	Program Cash Receipts			Net (Cash Disbursements)
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Cash Receipts and Changes in Net Assets
			Capital Grants and Contributions	Governmental Activities
<b>Governmental Activities</b>				
General Government	\$540,470	\$0	\$0	(\$540,470)
Public Safety	790,488	0	0	(790,488)
Public Works	606,595	0	269,481	(337,114)
Health	166,041	18,450	0	(147,591)
Human Services	0	32,295	0	32,295
Conservation-Recreation	4,464	0	85,500	167,304
Capital Outlay	84,560	0	0	(84,560)
Debt Service	779,214	0	0	(779,214)
<b>Total</b>	<b>\$2,971,832</b>	<b>\$50,745</b>	<b>\$354,981</b>	<b>(\$86,268)</b>
<b>General Receipts</b>				
Property and Other Local Taxes				2,853,595
Grants and Entitlements not Restricted to Specific Programs				453,206
Reimbursements				17,731
Interest				213,139
Other Revenue				60,634
<i>Total General Receipts</i>				<b>3,598,305</b>
Change in Net Assets				1,118,467
<i>Net Assets Beginning of Year</i>				<b>3,868,895</b>
<i>Net Assets End of Year</i>				<b>\$4,987,362</b>

See accompanying notes to the basic financial statements



**GRANVILLE TOWNSHIP  
LICKING COUNTY**

*Statement of Cash Basis Assets and Fund Balances  
Governmental Funds  
December 31, 2006*

	General	Road & Bridge	Fire	Open Space Preservation Levy	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>						
Equity in Pooled Cash and Cash Equivalents	\$383,188	\$372,329	\$437,326	\$3,001,529	\$792,990	\$4,987,362
<i>Total Assets</i>	<u>\$383,188</u>	<u>\$372,329</u>	<u>\$437,326</u>	<u>\$3,001,529</u>	<u>\$792,990</u>	<u>\$4,987,362</u>
<b>Fund Balances</b>						
Reserved:						
Reserved for Encumbrances	\$134,024	\$0	\$267,063	\$2,130,650	\$270,983	\$2,802,720
Unreserved:						
Reported in:						
General Fund	249,164	0	0	0	0	249,164
Special Revenue Funds	0	372,329	170,263	870,879	345,248	1,758,719
Permanent Fund	0	0	0	0	176,759	176,759
<i>Total Fund Balances</i>	<u>\$383,188</u>	<u>\$372,329</u>	<u>\$437,326</u>	<u>\$3,001,529</u>	<u>\$792,990</u>	<u>\$4,987,362</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, 2006*

	General	Road & Bridge	Fire	Open Space Preservation Levy	Other Governmental Funds	Total Governmental Funds
<b>Cash Receipts</b>						
Property and Other Local Taxes	\$133,642	\$636,241	\$1,051,479	\$791,013	\$241,220	\$2,853,595
Licenses, Permits and Fees	10,245	0	0	0	32,296	42,541
Charges for Services	8,264	0	0	0	0	8,264
Intergovernmental	195,512	83,252	129,524	185,970	300,197	894,455
Rent	0	0	0	21,000	0	21,000
Interest	57,175	0	0	127,432	28,532	213,139
Reimbursements	0	0	0	17,311	0	17,311
Other Revenue	12,253	6,955	0	0	20,786	39,994
<i>Total Cash Receipts</i>	<u>417,091</u>	<u>726,448</u>	<u>1,181,003</u>	<u>1,142,726</u>	<u>623,031</u>	<u>4,090,299</u>
<b>Cash Disbursements</b>						
Current:						
General Government	195,923	0	0	17,959	326,588	540,470
Public Safety	0	0	790,488	0	0	790,488
Public Works	20,903	514,866	0	0	70,826	606,595
Health	94,635	0	0	0	71,406	166,041
Conservation-Recreation	4,464	0	0	0	0	4,464
Capital Outlay	17,460	43,016	0	3,036	21,048	84,560
Debt Service:						
Principal Retirement	0	0	0	640,100	15,000	655,100
Interest and Fiscal Charges	3,250	0	0	117,651	3,213	124,114
<i>Total Cash Disbursements</i>	<u>336,635</u>	<u>557,882</u>	<u>790,488</u>	<u>778,746</u>	<u>508,081</u>	<u>2,971,832</u>
<i>Net Change in Fund Balances</i>	80,456	168,566	390,515	363,980	114,950	1,118,467
<i>Fund Balances Beginning of Year</i>	<u>302,732</u>	<u>203,763</u>	<u>46,811</u>	<u>2,637,549</u>	<u>678,040</u>	<u>3,868,895</u>
<i>Fund Balances End of Year</i>	<u><u>\$383,188</u></u>	<u><u>\$372,329</u></u>	<u><u>\$437,326</u></u>	<u><u>\$3,001,529</u></u>	<u><u>\$792,990</u></u>	<u><u>\$4,987,362</u></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)  
**General Fund**  
For the Year Ended December 31, 2006*

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
<b>Cash Receipts</b>				
Property and Other Local Taxes	\$134,727	\$134,727	\$133,642	(\$1,085)
Charges for Services	0	0	8,264	8,264
Licenses, Permits and Fees	12,000	12,000	10,245	(1,755)
Intergovernmental	45,997	145,297	195,512	50,215
Interest	5,000	33,000	57,175	24,175
Other Revenue	0	4,900	12,253	7,353
<i>Total Cash Receipts</i>	<u>197,724</u>	<u>329,924</u>	<u>417,091</u>	<u>87,167</u>
<b>Cash Disbursements</b>				
Current:				
General Government	199,805	304,005	219,422	84,583
Public Works	500	21,500	20,903	597
Health	148,902	148,902	94,635	54,267
Conservation-Recreation	20,600	20,100	8,488	11,612
Capital Outlay	127,399	134,899	123,961	10,938
Debt Service:				
Interest and Fiscal Charges	3,250	3,250	3,250	0
<i>Total Cash Disbursements</i>	<u>500,456</u>	<u>632,656</u>	<u>470,659</u>	<u>161,997</u>
<i>Net Change in Fund Balance</i>	(302,732)	(302,732)	(53,568)	249,164
<i>Fund Balance Beginning of Year</i>	192,982	192,982	192,982	0
Prior Year Encumbrances Appropriated	<u>109,750</u>	<u>109,750</u>	<u>109,750</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$0</u>	<u>\$0</u>	<u>\$249,164</u>	<u>\$249,164</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, 2006*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Cash Receipts</b>				
Property and Other Local Taxes	\$626,780	\$626,780	\$636,241	\$9,461
Intergovernmental	84,562	84,562	83,252	(1,310)
Other Revenue	0	5,000	6,955	1,955
<i>Total Cash Receipts</i>	<u>711,342</u>	<u>716,342</u>	<u>726,448</u>	<u>10,106</u>
<b>Cash Disbursements</b>				
Current:				
Public Works	847,105	853,105	514,866	338,239
Capital Outlay	68,000	67,000	43,016	23,984
<i>Total Cash Disbursements</i>	<u>915,105</u>	<u>920,105</u>	<u>557,882</u>	<u>362,223</u>
<i>Net Change in Fund Balance</i>	(203,763)	(203,763)	168,566	372,329
<i>Fund Balance Beginning of Year</i>	<u>203,763</u>	<u>203,763</u>	<u>203,763</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$372,329</u></u>	<u><u>\$372,329</u></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, 2006*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Cash Receipts</b>				
Property and Other Local Taxes	\$1,065,043	\$1,065,043	\$1,051,479	(\$13,564)
Intergovernmental	137,679	137,679	129,524	(8,155)
<i>Total Cash Receipts</i>	<u>1,202,722</u>	<u>1,202,722</u>	<u>1,181,003</u>	<u>(21,719)</u>
<b>Cash Disbursements</b>				
Current:				
Public Safety	1,249,533	1,249,533	1,057,551	191,982
<i>Total Cash Disbursements</i>	<u>1,249,533</u>	<u>1,249,533</u>	<u>1,057,551</u>	<u>191,982</u>
<i>Net Change in Fund Balance</i>	(46,811)	(46,811)	123,452	170,263
<i>Fund Balance Beginning of Year</i>	<u>46,811</u>	<u>46,811</u>	<u>46,811</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$170,263</u></u>	<u><u>\$170,263</u></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, 2006*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Cash Receipts</b>				
Property and Other Local Taxes	\$795,116	\$795,116	\$791,013	(\$4,103)
Intergovernmental	106,958	106,958	185,970	79,012
Rent	0	0	21,000	21,000
Interest	20,000	20,000	127,432	107,432
Reimbursements	0	0	17,311	17,311
Other Revenue	15,000	102,800	0	(102,800)
<i>Total Cash Receipts</i>	<u>937,074</u>	<u>1,024,874</u>	<u>1,142,726</u>	<u>117,852</u>
<b>Cash Disbursements</b>				
Current:				
General Government	42,750	42,750	17,959	24,791
Capital Outlay	2,774,122	2,861,922	2,133,686	728,236
Debt Service:				
Principal Retirement	640,100	640,100	640,100	0
Interest and Fiscal Charges	117,651	117,651	117,651	0
<i>Total Cash Disbursements</i>	<u>3,574,623</u>	<u>3,662,423</u>	<u>2,909,396</u>	<u>753,027</u>
<i>Net Change in Fund Balance</i>	(2,637,549)	(2,637,549)	(1,766,670)	870,879
<i>Fund Balance Beginning of Year</i>	558,510	558,510	558,510	0
Prior Year Encumbrances Appropriated	<u>2,079,039</u>	<u>2,079,039</u>	<u>2,079,039</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$0</u>	<u>\$0</u>	<u>\$870,879</u>	<u>\$870,879</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, 2006**

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**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, maintenance of Township roads and bridges, and cemetery maintenance. The Township contracts with Granville Volunteer Fire Department Inc. for fire protection and emergency medical services. 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, 2006  
(CONTINUED)**

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**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, 2006  
(CONTINUED)**

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**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.

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.

**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.

**GRANVILLE TOWNSHIP  
LICKING COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2006  
(CONTINUED)**

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**Note 2 – Summary of Significant Accounting Policies** (continued)

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 2006, the Township invested in 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, 2006.

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 2006 was \$57,175.

**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, 2006.

**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.

**GRANVILLE TOWNSHIP  
LICKING COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2006  
(CONTINUED)**

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**Note 2 – Summary of Significant Accounting Policies** (continued)

**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 2006.

**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.

**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 \$4,427,415 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, 2006. 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 \$1,649,950, \$155,250, and \$106,500 in the Open Space Preservation Levy, Opera House, and General Funds, respectively, for 100% of the Township's December 31, 2006 outstanding liability for debt service through the maturity life of the debt.

**GRANVILLE TOWNSHIP  
LICKING COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2006  
(CONTINUED)**

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**Note 2 – Summary of Significant Accounting Policies** (continued)

**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. The Township did not have interfund transactions during 2006.

**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, 2006.

**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 \$134,024 for the General fund, \$267,063 for the Fire fund and \$2,130,650 for the Open Space Preservation Levy fund. There were no other differences between the budgetary basis and cash basis for the Road & Bridge fund.

**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.

**GRANVILLE TOWNSHIP  
LICKING COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2006  
(CONTINUED)**

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**Note 4 – Deposits and Investments** (continued)

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).

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 a bank failure. At year end, the carrying amount of the Township's deposits was \$1,019 and the bank balance was \$35,925 which was covered by the Federal Deposit Insurance Corporation.

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.

**GRANVILLE TOWNSHIP  
LICKING COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2006  
(CONTINUED)**

**Note 4 - Deposits and Investments** (continued)

**Investments**

As of December 31, 2006, the Township had the following investment:

Investment Type	Fair Value	Investment Maturities Average 35 Days
STAR Ohio	<u>\$4,986,343</u>	<u>\$4,986,343</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.

**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, 2006:

	Amounts
Investments	\$4,986,343
Carrying amount of deposits	<u>1,019</u>
Total Cash and Cash Equivalents – Statement of Net Assets	<u><u>\$4,987,362</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 2006 represent the collection of 2005 taxes. Real property taxes received in 2006 were levied after October 1, 2005, on the assessed values as of January 1, 2005, 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.

**GRANVILLE TOWNSHIP  
LICKING COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2006  
(CONTINUED)**

**Note 5 – Property Taxes** (continued)

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

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. 2006 public utility property taxes became a lien December 31, 2005, are levied after October 1, 2006, and are collected in 2007 with real property taxes.

2006 tangible personal property taxes are levied after October 1, 2006, on the value as of December 31, 2005. Collections are made in 2006. 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 2006 is 18.75 percent. This will be reduced to 12.5 percent for 2007, 6.25 percent for 2008 and zero for 2009.

The full tax rate for all Township operations for the year ended December 31, 2006, was \$14.85 per \$1,000 of assessed value. The assessed values of real property, public utility property, and tangible personal property upon which 2006 property tax receipts were based are as follows:

	<u>Unincorporated</u>	<u>Combined Unincorporated and Incorporated</u>
Real Property		
Residential	\$113,452,640	\$237,380,600
Agriculture	14,637,550	15,091,580
Commercial/Industrial/Mineral	11,630,130	33,056,280
Public Utility Property		
Real	180	180
Personal	4,612,380	6,461,460
Tangible Personal Property	2,006,740	8,081,340
Total Assessed Value	\$146,339,620	\$300,071,440

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

**GRANVILLE TOWNSHIP  
LICKING COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2006  
(CONTINUED)**

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**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.

**Note 7 – Defined Benefit Pension Plan**

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.

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 E. Town St., Columbus, OH 43215-4642 or by calling (614) 222-6701 or (800) 222-7377.

For the year ended December 31, 2006, the members of all three plans were required to contribute 9 percent of their annual covered salaries. The Township's contribution rate for pension benefits for 2006 was 13.7 percent. The Ohio Revised Code provides statutory authority for member and employer contributions.

The Township's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2006, 2005, and 2004 were \$52,820, \$47,075 and \$45,152 respectively; noting 100% has been contributed for 2006, 2005, and 2004.



**GRANVILLE TOWNSHIP  
LICKING COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2006  
(CONTINUED)**

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**Note 8 – Postemployment Benefits**

***A. Ohio Public Employees Retirement System***

The Ohio Public Employees Retirement System (OPERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit with either the traditional or combined plans. Health care coverage for disability benefit recipients and qualified survivor recipients is available. Members of the member-directed plan do not qualify for postretirement health care coverage. A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of postretirement health care based on authority granted by State statute. The 2006 local government employer contribution rate was 13.7 percent of covered payroll; 4.50 percent of covered payroll was the portion that was used to fund health care.

Benefits are advance-funded using the individual entry age actuarial cost method. Significant actuarial assumptions, based on OPERS's latest actuarial review performed as of December 31, 2005, include a rate of return on investments of 6.50 percent, an annual increase in active employee total payroll of 4 percent compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between .50 percent and 6.3 percent based on additional annual pay increases. Health care premiums were assumed to increase between .50 and 6 percent annually for the next nine years and 4 percent annually after nine years.

All investments are carried at market. For actuarial valuation purposes, a smoothed market approach is used. Assets are adjusted to reflect 25 percent of unrealized market appreciation or depreciation on investment assets annually, not to exceed a 12 percent corridor.

The number of active contributing participants in the traditional and combined plans was 369,214. The number of active contributing participants for both plans used in the December 31, 2005, actuarial valuation was 358,804. Actual employer contributions for 2006 which were used to fund postemployment benefits were \$128,436. The actual contribution and the actuarially required contribution amounts are the same. OPERS's net assets available for payment of benefits at December 31, 2005, (the latest information available) was \$11.1 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$31.3 billion and \$20.2 billion, respectively.

On September 9, 2004, the OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP) with an effective date of January 1, 2007. To improve the solvency of the Health Care Fund, OPERS created a separate investment pool for health care assets. Member and employer contribution rates increased as of January 1, 2006, and January 1, 2007, which will allow additional funds to be allocated to the health care plan.

**GRANVILLE TOWNSHIP  
LICKING COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2006  
(CONTINUED)**

**Note 9 – Debt**

The Township’s long-term debt activity for the year ended December 31, 2006, was as follows:

	Interest Rate	Balance December 31, 2005	Additions	Reductions	Balance December 31, 2006	Due Within One Year
<u>Governmental Activities</u>						
General Obligation Bonds and Notes:						
Kennedy/Rader Notes	6%	\$980,000	\$0	(\$0)	\$980,000	\$0
Wood Notes	7%	565,000	0	(565,000)	0	0
Joseph White Bonds	4.5%	94,000	0	(0)	94,000	0
James White Bonds	4.5%	45,400	0	(22,200)	23,200	23,200
Homestead Farm Inc. Bonds	4.5%	289,500	0	(52,900)	236,600	55,300
Stevens Notes	3.25%	100,000	0	(0)	100,000	0
Conservation Club Bonds	3%	150,000	0	(15,000)	135,000	15,000
Total		\$2,223,900	\$0	(\$665,100)	\$1,568,800	\$93,500

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.

Two promissory notes were issued during 2002 and 2003 to finance the purchase of land from Donald L. Wood and Richard Stevens, respectively. The Township will make annual payments of interest to the lender for a term of four and five years, respectively. Whereupon, the entire principal amount together with any accrued interest shall be due and payable. The Wood notes are paid from property tax monies within the Open Space Preservation Levy Fund and 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 Fund.

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 and buildings from 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, Open Space Preservation Levy, and Opera House 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, 2006  
(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		James White Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2007	\$0	\$58,800	\$0	\$4,230	\$23,200	\$1,044
2008	0	58,800	0	4,230	0	0
2009	0	58,800	0	4,230	0	0
2010	0	58,800	17,200	4,230	0	0
2011	980,000	26,950	17,900	3,456	0	0
2012 – 2016	0	0	58,900	5,376	0	0
Totals	<u>\$980,000</u>	<u>\$262,150</u>	<u>\$94,000</u>	<u>\$25,752</u>	<u>\$23,200</u>	<u>\$1,044</u>

Year	Homestead Farm Inc. Bonds		Stevens Notes		Conservation Club Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2007	55,300	10,647	\$0	\$3,250	\$15,000	\$4,050
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
2012-2016	0	0	0	0	60,000	4,500
Totals	<u>\$236,600</u>	<u>\$27,204</u>	<u>\$100,000</u>	<u>\$6,500</u>	<u>\$135,000</u>	<u>\$20,250</u>

**Note 10 – Contingent Liabilities**

The Township is currently not involved in any litigation.

**Note 11 – Subsequent Event**

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.



**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, 2006, 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 deficiencies in the internal control 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

**GRANVILLE TOWNSHIP  
LICKING COUNTY**

SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2006

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><u>Explain:</u></b>
2005-001	Ohio Revised Code Section 5705.41(D)(1) requires transactions to be certified by the fiscal officer prior to the commitment being incurred.	Yes	N/A.
2005-002	Ohio Revised Code Section 5705.41(B) requires that no subdivision is to expend monies unless it has been properly appropriated.	Yes	N/A.



**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**