

GRANVILLE TOWNSHIP
LICKING COUNTY
REGULAR AUDIT
JANUARY 1, 2017 – DECEMBER 31, 2017





Dave Yost • Auditor of State

Board of Trustees
Granville Township
PO Box 315
Granville, Ohio 43023

We have reviewed the *Independent Auditor's Report* of Granville Township, Licking County, prepared by Wilson, Shannon & Snow, Inc., for the audit period January 1, 2017 through December 31, 2017. 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.

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

Dave Yost
Auditor of State

May 29, 2018

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**GRANVILLE TOWNSHIP
LICKING COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Independent Auditor's Report.....	1
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental Fund Types - For the Year Ended December 31, 2017.....	3
Notes to the Financial Statement	4
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	10

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INDEPENDENT AUDITOR'S REPORT

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

To the Board of Trustees:

Report on the Financial Statements

We have audited the accompanying financial statement of the cash balances, receipts and disbursements by fund type, and related notes of Granville Township, Licking County, Ohio (the Township) as of and for the year ended December 31, 2017.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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

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

Granville Township
Licking County
Independent Auditor's Report

Although the effects on the financial statement of the variances between the regulatory accounting basis and GAAP are not reasonably determinable, we presume they are material.

Though the Township does not intend this statement to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. Our opinion on this accounting basis is in the *Opinion on Regulatory Basis of Accounting* paragraph below.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statement referred to above does not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Township as of December 31, 2017, and the respective changes in financial position thereof for the year then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statement referred to above present fairly, in all material respects, the cash balances, receipts and disbursements by fund type, and related notes of Granville Township, Licking County as of December 31, 2017, for the year then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 2.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 15, 2018, 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. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township's internal control over financial reporting and compliance

Wilson, Shuman & Snow, Inc.

May 15, 2018
Newark, Ohio

**GRANVILLE TOWNSHIP
LICKING COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS
AND CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2017**

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
Cash Receipts				
Property and Other Local Taxes	\$30,263	\$2,486,862	\$0	\$2,517,125
Charges for Services	0	405,408	0	405,408
Licenses, Permits and Fees	16,601	338,575	0	355,176
Intergovernmental	37,153	525,774	192,455	755,382
Earnings on Investments	151,995	5,766	0	157,761
Other	35,606	292,238	0	327,844
<i>Total Cash Receipts</i>	<u>271,618</u>	<u>4,054,623</u>	<u>192,455</u>	<u>4,518,696</u>
Cash Disbursements				
Current:				
General Government	162,492	131,190	0	293,682
Public Safety	0	1,657,817	1,900	1,659,717
Public Works	466	587,072	0	587,538
Health	25,026	114,882	0	139,908
Conservation-Recreation	2,307	0	0	2,307
Capital Outlay	0	349,876	192,455	542,331
<i>Total Cash Disbursements</i>	<u>190,291</u>	<u>2,840,837</u>	<u>194,355</u>	<u>3,225,483</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>81,327</u>	<u>1,213,786</u>	<u>(1,900)</u>	<u>1,293,213</u>
Other Financing Receipts (Disbursements)				
Sale of Capital Assets	0	4,800	0	4,800
Transfers In	0	1,642,618	642,618	2,285,236
Transfers Out	0	(642,618)	(1,642,618)	(2,285,236)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>0</u>	<u>1,004,800</u>	<u>(1,000,000)</u>	<u>4,800</u>
<i>Net Change in Fund Cash Balances</i>	81,327	2,218,586	(1,001,900)	1,298,013
<i>Fund Cash Balances, January 1</i>	<u>1,487,125</u>	<u>7,438,128</u>	<u>3,642,618</u>	<u>12,567,871</u>
<i>Fund Cash Balances, December 31</i>	<u>\$1,568,452</u>	<u>\$9,656,714</u>	<u>\$2,640,718</u>	<u>\$13,865,884</u>
Fund Cash Balances, December 31				
Restricted	\$0	\$9,656,714	\$2,640,718	\$12,297,432
Assigned	654,976	0	0	654,976
Unassigned	913,476	0	0	913,476
<i>Fund Cash Balances, December 31</i>	<u>\$1,568,452</u>	<u>\$9,656,714</u>	<u>\$2,640,718</u>	<u>\$13,865,884</u>

The notes to the financial statements are an integral part of this statement.

**GRANVILLE TOWNSHIP
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
FOR THE YEAR ENDED DECEMBER 31, 2017**

1. REPORTING ENTITY

The constitution and laws of the State of Ohio establish the rights and privileges of Granville Township, Licking County, (the Township) as a body corporate and politic. A publicly-elected three-member Board of Trustees directs the Township. The Trustees also serve as the Granville Township Road District. The Township provides road and bridge and cemetery maintenance, fire protection and emergency medical services. Police protection is provided by the Licking County Sheriff.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The Township's financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types.

Fund Accounting

The Township uses funds 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. The funds of the Township are presented below.

General Fund - The General Fund reports all financial resources except those required to be accounted for in another fund.

Special Revenue Funds - These funds account for proceeds from specific sources (other than for capital projects) that are restricted to expenditure for specific purposes. The Township had the following significant Special Revenue Funds:

Road District Fund - This fund receives real estate taxes and intergovernmental money for constructing, maintaining, and repairing Township roads.

Fire Fund - This fund receives real estate taxes and intergovernmental money for the purpose of providing fire and emergency medical services to the community and contracted Townships.

Capital Project Funds - These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Township had the following significant Capital Project Funds:

Fire Capital Projects Reserve Fund - This fund receives transfers from the Fire Fund setting aside money for future fire department related capital projects in accordance with Ohio Revised Code Section 5705.13(C).

Firehouse Capital Project Reserve Fund - This fund receives transfers from the Fire Fund setting aside money for future fire department related capital projects in accordance with Ohio Revised Code Section 5705.13(C).

Ohio Public Works Commission Fund - This fund receives intergovernmental money for road improvements.

**GRANVILLE TOWNSHIP
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
FOR THE YEAR ENDED DECEMBER 31, 2017
(CONTINUED)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Accounting

This financial statement follows the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D). This basis is similar to the cash receipts and disbursements accounting basis. The Township recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

This statement includes adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D) permit.

Budgetary Process

The Ohio Revised Code requires that each fund be budgeted 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. The Board of Trustees must annually approve appropriation measures and subsequent amendments. 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 approve estimated resources.

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

A summary of 2017 budgetary activity appears in Note 3.

Deposits and Investments

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

The Township values all investments at cost and the investment in STAR Ohio is measured at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

Capital Assets

The Township records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

**GRANVILLE TOWNSHIP
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
FOR THE YEAR ENDED DECEMBER 31, 2017
(CONTINUED)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accumulated Leave

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

Fund Balance

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

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

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

Committed Trustees can *commit* amounts via formal action (resolution). The Township must adhere to these commitments unless the Trustees amend the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

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

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

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

**GRANVILLE TOWNSHIP
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
FOR THE YEAR ENDED DECEMBER 31, 2017
(CONTINUED)**

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending 2017 follows:

2017 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$150,821	\$271,618	\$120,797
Special Revenue	5,253,170	5,702,041	448,871
Capital Projects	839,040	835,073	(3,967)
Total	\$6,243,031	\$6,808,732	\$565,701

2017 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$734,133	\$313,961	\$420,172
Special Revenue	9,985,835	3,723,428	6,262,407
Capital Projects	4,477,691	1,836,973	2,640,718
Total	\$15,197,659	\$5,874,362	\$9,323,297

4. DEPOSITS AND INVESTMENTS

The Township maintains a deposit and investments pool all funds use. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of deposits and investments at December 31 was as follows:

	2017
Demand deposits	\$714,719
First American Government Money Market	10,106
Total deposits	724,825
Federal Home Loan Mortgage Corporation Bonds	2,200,000
Federal National Mortgage Association Bonds	993,000
Federal Home Loan Bank Bonds	400,000
STAR Ohio	2,975,021
Commercial Paper	3,682,038
Non-Negotiable Certificates of Deposit	2,891,000
Total investments	13,141,059
Total deposits and investments	\$13,865,884

**GRANVILLE TOWNSHIP
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
FOR THE YEAR ENDED DECEMBER 31, 2017
(CONTINUED)**

4. DEPOSITS AND INVESTMENTS (Continued)

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation and collateralized by the financial institution's public entity deposit pool.

At December 31, 2017, \$464,719 of deposits were not insured or collateralized, contrary to Ohio law.

Investments

The Township's financial institution's trust department holds the Township's investments in book entry form in the Township's name.

Investments in STAR Ohio and money market funds are not evidenced by securities that exist in physical or book-entry form.

5. PROPERTY TAXES

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

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

6. RISK MANAGEMENT

Workers' Compensation coverage is provided by the State of Ohio. The Township pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs, if material.

Commercial Insurance

The Township has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles; and
- Errors and omissions.

**GRANVILLE TOWNSHIP
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
FOR THE YEAR ENDED DECEMBER 31, 2017
(CONTINUED)**

7. DEFINED BENEFIT PENSION PLANS

Ohio Public Employees Retirement System

Employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10%, of their gross salaries and the Township contributed an amount equaling 14%, of participants' gross salaries. The Township has paid all contributions required through December 31, 2017.

Ohio Police and Fire Retirement System

Township's certified Fire Fighters belong to the Police and Fire Pension Fund (OP&F). OP&F is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OP&F participants contributed 12.25 percent of their wages. The Township contributed to OP&F an amount equal to 24 percent of full-time fire fighters' wages, respectively. The Township has paid all contributions required through December 31, 2017.

8. POSTEMPLOYMENT BENEFITS

Both OPERS and OP&F offer cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the Traditional Pension Plan and Combined Plan was 1.0 percent during calendar year 2017. OP&F contributes 0.5 percent to fund these benefits.

9. INTERFUND TRANSFERS

The Township reported the following transfers at December 31, 2017:

Transfer from the Special Revenue Fund to the Capital Projects Fund:	\$642,618
Transfer from the Capital Projects Funds to the Special Revenue Fund:	1,642,618

The purpose of the transfer of \$642,618 from the Special Revenue Fund to the Capital Projects Fund was to fund the Fire Equipment Capital Projects Reserve Fund in accordance with the provisions of Ohio Revised Code Section 5705.13(C). The \$1,642,618 transfer from the Capital Projects Fund to the Special Revenue Fund was to return unspent funds in accordance with Ohio Revised Code Section 5705.13(C).

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

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

To the Board of Trustees:

We have audited in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statement of the cash balances, receipts, and disbursements by fund type of Granville Township, Licking County, (the Township) as of and for the year ended December 31, 2017, and the related notes to the financial statement and have issued our report thereon dated May 15, 2018 wherein we noted the Township followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

As part of reasonably assuring whether the Township's financial statement is free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance 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 we must report under *Government Auditing Standards*.

Purpose of this Report

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

Wilson, Shuman & Snow, Inc.

May 15, 2018
Newark, Ohio



Dave Yost • 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
JUNE 12, 2018**