

***VILLAGE OF GRANVILLE***

***LICKING COUNTY***

Regular Audit

For the Years Ended December 31, 2021 and 2020







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

We have reviewed the *Independent Auditor's Report* of the Village of Granville, Licking County, prepared by Charles E. Harris & Associates, Inc., for the audit period January 1, 2020 through December 31, 2021. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Village of Granville is responsible for compliance with these laws and regulations.

Keith Faber  
Auditor of State  
Columbus, Ohio

August 23, 2022

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**Village of Granville**  
*Licking County*  
 For the Years Ended December 31, 2021 and 2020

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***Village of Granville***  
***Licking County***  
For the Years Ended December 31, 2021 and 2020

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**INDEPENDENT AUDITOR'S REPORT**

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

To the Village Council

***Report on the Audit of the Financial Statements***

***Unmodified and Adverse Opinions***

We have audited the financial statements of the Village of Granville, Licking County, Ohio (the Village), which comprises the cash balances, receipts and disbursements for each governmental and proprietary fund type and the fiduciary fund type as of and for the year ended December 31, 2021, and the related notes to the financial statements.

***Unmodified Opinion on Regulatory Basis of Accounting***

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements for each governmental and proprietary fund type and the fiduciary fund type as of and for the year ended December 31, 2021, and the related notes to the financial statements, in accordance with the financial reporting provisions which Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit, described in Note 2.

***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* section of our report, the accompanying financial statements do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Village, as of December 31, 2021, or the changes in financial position or cash flows thereof for the year then ended.

***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the Village, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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

As described in Note 2 of the financial statements, the financial statements are prepared by the Village on the basis of the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 2 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.

***Emphasis of Matter***

As discussed in Note 12 to the financial statements, the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Village. We did not modify our opinions regarding this matter.

***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Village's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Village's ability to continue as a going concern for a reasonable period of time.



We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated June 25, 2022, on our consideration of the Village'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. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Village's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.



***Charles E. Harris & Associates, Inc.***  
June 25, 2022

**Village of Granville, Ohio**  
*Licking County*  
*Combined Statement of Receipts, Disbursements*  
*and Changes in Fund Balances (Regulatory Cash Basis)*  
*All Governmental Fund Types*  
*For the Year Ended December 31, 2021*

	General	Special Revenue	Debt Service	Capital Project	Permanent	Totals (Memorandum Only)
<b>Cash Receipts</b>						
Property and Other Local Taxes	\$ 544,493	\$ -	\$ -	\$ -	\$ -	\$ 544,493
Municipal Income Tax	4,425,337	-	-	-	-	4,425,337
Intergovernmental	144,187	746,036	-	-	-	890,223
Fines, Licenses and Permits	241,285	1,000	-	-	-	242,285
Earnings on Investments	3,446	9	-	-	-	3,455
Miscellaneous	117,378	-	-	-	-	117,378
<i>Total Cash Receipts</i>	<u>5,476,126</u>	<u>747,045</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,223,171</u>
<b>Cash Disbursements</b>						
Current:						
Security of Persons and Property	1,596,730	32,309	-	-	-	1,629,039
Public Health Services	26,780	-	-	-	-	26,780
Leisure Time Activities	-	31,590	-	-	-	31,590
Community Environment	132,843	-	-	-	-	132,843
Transportation	755,821	366,730	-	-	-	1,122,551
General Government	1,201,483	13,272	-	-	-	1,214,755
Capital Outlay	952,831	185,055	-	375,578	-	1,513,464
Debt Service:						
Principal Retirement	43,335	-	2,515,000	-	-	2,558,335
Interest and Fiscal Charges	-	-	25,080	-	-	25,080
<i>Total Cash Disbursements</i>	<u>4,709,823</u>	<u>628,956</u>	<u>2,540,080</u>	<u>375,578</u>	<u>-</u>	<u>8,254,437</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>766,303</u>	<u>118,089</u>	<u>(2,540,080)</u>	<u>(375,578)</u>	<u>-</u>	<u>(2,031,266)</u>
<b>Other Financing Receipts (Disbursements)</b>						
Sale of Notes	-	-	2,235,000	-	-	2,235,000
Loan Issued	-	-	-	80,004	-	80,004
Premium and Accrued Interest on Debt	-	-	12,449	-	-	12,449
Discount on Debt	-	-	(5,190)	-	-	(5,190)
Payment to Refunded Bond Escrow Agent	-	-	(4,003)	-	-	(4,003)
Sale of Capital Assets	601,000	-	-	-	-	601,000
Transfers In	30,000	96,000	309,000	357,500	-	792,500
Transfers Out	(752,500)	-	-	-	-	(752,500)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(121,500)</u>	<u>96,000</u>	<u>2,547,256</u>	<u>437,504</u>	<u>-</u>	<u>2,959,260</u>
<i>Net Change in Fund Cash Balances</i>	644,803	214,089	7,176	61,926	-	927,994
<i>Fund Cash Balances, January 1</i>	<u>3,899,706</u>	<u>816,582</u>	<u>44,815</u>	<u>2,165,744</u>	<u>110</u>	<u>6,926,957</u>
<i>Fund Cash Balances, December 31</i>	<u>\$ 4,544,509</u>	<u>\$ 1,030,671</u>	<u>\$ 51,991</u>	<u>\$ 2,227,670</u>	<u>\$ 110</u>	<u>\$ 7,854,951</u>

See accompanying notes to the financial statements

**Village of Granville, Ohio**  
*Licking County*  
*Combined Statement of Receipts, Disbursements*  
*and Changes in Fund Balances (Regulatory Cash Basis)*  
*All Proprietary Fund Types*  
*For the Year Ended December 31, 2021*

	Proprietary Fund Types
	Enterprise
<b>Operating Cash Receipts</b>	
Charges for Services	\$ 1,971,228
Fines, Licenses and Permits	55,181
Miscellaneous	17,364
	2,043,773
<i>Total Operating Cash Receipts</i>	<i>2,043,773</i>
<b>Operating Cash Disbursements</b>	
Personal Services	452,331
Employee Fringe Benefits	188,649
Contractual Services	557,394
Supplies and Materials	209,754
Claims	791
	1,408,919
<i>Total Operating Cash Disbursements</i>	<i>1,408,919</i>
<i>Operating Income (Loss)</i>	<i>634,854</i>
<b>Non-Operating Receipts (Disbursements)</b>	
Capital Outlay	(959,633)
Principal Retirement	(46,384)
Interest and Other Fiscal Charges	(7,317)
	(1,013,334)
<i>Total Non-Operating Receipts (Disbursements)</i>	<i>(1,013,334)</i>
<i>Income (Loss) before Transfers</i>	<i>(378,480)</i>
Transfers In	227,000
Transfers Out	(267,000)
	(418,480)
<i>Net Change in Fund Cash Balances</i>	<i>(418,480)</i>
<i>Fund Cash Balances, January 1</i>	<i>2,416,456</i>
<i>Fund Cash Balances, December 31</i>	<i>\$ 1,997,976</i>

*See accompanying notes to the financial statements*

**Village of Granville , Ohio**  
*Licking County*  
*Combined Statement of Additions, Deductions*  
*and Changes in Fund Balances (Regulatory Cash Basis)*  
*All Fiduciary Fund Types*  
*For the Year Ended December 31, 2021*

	<u>Fiduciary Fund Types</u>
	<u>Custodial</u>
<b>Additions</b>	
Fines, Licenses and Permits for Distribution	\$ 157,522
<i>Total Additions</i>	157,522
<b>Deductions</b>	
Distributions to Other Governments	33,133
Distributions to Other Funds (Primary Gov't)	128,529
<i>Total Deductions</i>	161,662
<i>Net Change in Fund Balances</i>	(4,140)
<i>Fund Cash Balances, January 1</i>	14,328
<i>Fund Cash Balances, December 31</i>	\$ 10,188

*See accompanying notes to the financial statements*

**VILLAGE OF GRANVILLE  
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2021**

**1. REPORTING ENTITY**

**A. Description of the Entity**

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

The Village participates in two public entity risk pools and a jointly governed organization. Notes 6, 10 and 11 to the financial statements provide additional information for these entities.

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

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Basis of Presentation**

The Village's financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all government fund types, and a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all proprietary fund types and a combined statement of additions, deductions and changes in fund balances (regulatory cash basis) all fiduciary fund types which are organized on a fund type basis.

**B. Fund Accounting**

The Village uses fund accounting to segregate cash and investments and 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 Village classifies its funds into the following types:

**General Fund**

The General Fund is the main operating fund. It 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 Village for any purpose provided it is expended or transferred according to the general laws of Ohio.

**Special Revenue Funds**

These funds are used to account for proceeds from specific revenue sources that are restricted to expenditures for specific purposes other than debt service or capital projects. The Village had the following significant Special Revenue Funds:

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

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

**VILLAGE OF GRANVILLE  
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2021**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)**

**Special Revenue Funds- (Continued)**

American Rescue Plan Fund – In late March of 2020, a global pandemic hit with the onset of the COVID-19 virus. The Village requested its share of funds from the US Treasury to assist with necessary expenditures incurred due to the public health emergency with respect to COVID-19. The Village received its first round of funding in July of 2021 totaling \$309,854.

Permissive Tax Fund – The Village requested and received \$149,738 from the County Permissive Tax Fund to help with the cost of a paving project in 2021.

**Debt Service Funds**

These funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest. These funds are also used for payment of special assessments. The Village had the following Debt Service Fund:

Service Complex Bond Retirement Fund – This fund was established in 2018 to account for premiums earned from the sale of a \$2.9 M note. The note was used to construct a new Service Center Building. The Village will paydown the note and rollover the balance to a new note each year.

**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 Village had the following significant Capital Project Funds:

Capital Project Reserve Fund – This fund receives transfers from the General Fund that are then used for construction of and improvements to various projects throughout the Village.

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

Road Improvement Reserve Fund – This fund receives transfers from the General Fund and is used to repair, construct, and maintain Village streets.

Service Center Construction Fund – This fund received revenue from the sale of a \$2.9 M note that was used in 2019 to pay for the building of a new Service Center Building.

OWDA Capital Project Fund – This fund is used to account for revenue and expenses associated with the Ohio Water Development Authority's (OWDA) loan for the design of water treatment improvements and a water storage tank. OWDA distributes the loan proceeds to the Village upon the receipt of invoices associated with the project.

**VILLAGE OF GRANVILLE  
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2021**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)**

**Enterprise Funds**

These funds account for operations that are similar to private business enterprises, where management intends to recover the significant costs of providing certain goods or services through user charges. The Village had the following significant Enterprise Funds:

Water Fund - This fund receives charges for services from residents to cover the cost of providing the water utility.

Sewer Fund - This fund receives charges for services from residents to cover the cost of providing the sewer utility.

Sewer Replacement & Improvement Fund – This fund receives revenue from customers who purchase new sewer taps. Revenue is used for waste water capital improvement projects.

Water Capital Improvement Fund – This fund receives revenue from customers who purchase new water taps. Revenue is used to water capital improvement projects.

**Fiduciary Funds**

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

Mayor's Court Fund – This fund receives fines and fees levied for traffic violations as prescribed by Village Ordinance. The funds are distributed to various agencies as prescribed by the Ohio Revised Code.

**Accounting Basis**

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

These statements include 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 (C) permit.

**VILLAGE OF GRANVILLE  
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2021**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)**

**Budgetary Process**

The Ohio Revised Code requires the Village to budget each fund (except certain custodial funds) annually.

**1. 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. Village Council must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Unencumbered appropriations lapse at year end.

**2. Estimated Resources**

Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered cash as of January 1. The County Budget Commission must also approve estimated resources.

**3. Encumbrances**

The Ohio Revised Code requires the Village 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 2021 budgetary activity appears in Note 3.

**Deposits and Investments**

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

Repurchase (sweep) Agreements and U.S. Treasury Notes are valued at cost. Money market mutual funds are recorded at share values the mutual funds report.

**Capital Assets**

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

**Accumulated Leave**

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



VILLAGE OF GRANVILLE  
LICKING COUNTY

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

**Fund Balance**

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

**1. Nonspendable**

The Village classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact. For regulatory purposes, nonspendable fund balance includes unclaimed monies that are required to be held for five years before they may be utilized by the Village and the nonspendable portion of the corpus in permanent funds.

**2. 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.

**3. Committed**

Council can *commit* amounts via formal action (ordinance or resolution). The Village must adhere to these commitments unless the Council amends the ordinance or 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.

**4. Assigned**

Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. For regulatory purposes, assigned fund balance in the general fund is limited to encumbrances outstanding at year end.

**5. 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 Village 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.

For regulatory purposes, limited disclosure related to fund balance is included in Note 13.

**VILLAGE OF GRANVILLE  
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2021**

**3. BUDGETARY ACTIVITY**

Budgetary activity for the year ended December 31, 2021 is as follows:

2021 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 5,566,369	\$ 6,107,126	\$ 540,757
Special Revenue	842,544	843,045	501
Debt Service	2,547,256	2,556,449	9,193
Capital Project	437,504	437,504	-
Enterprise	2,267,930	2,270,773	2,843

2021 Budgeted vs. Actual Budgetary Basis Disbursements			
Fund Type	Appropriation Authority	Budgetary Disbursements	Variance
General	\$ 6,472,140	\$ 5,502,248	\$ 969,892
Special Revenue	983,602	638,961	344,641
Debt Service	2,570,081	2,549,273	20,808
Capital Project	572,796	558,140	14,656
Enterprise	3,595,560	3,078,189	517,371

**4. EQUITY IN POOLED DEPOSITS AND INVESTMENTS**

To improve cash management, cash received by the Village is pooled. The Village maintains a deposit and investments pool used by all funds. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of deposits and investments at December 31 was as follows:

	2021
Demand deposits	<u>\$94,155</u>
Total deposits	94,155
CDARS	2,400,000
Sweep Accounts	7,076,422
US Treasury Notes	292,538
Total investments	<u>9,768,960</u>
Total deposits and investments	<u><u>\$9,863,115</u></u>

**Deposits:** Deposits are insured by the Federal Depository Insurance Corporation or collateralized by securities specifically pledged by the financial institution's public entity deposit pool or collateralized through the Ohio Polled Collateral System, a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

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

**VILLAGE OF GRANVILLE  
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2021**

**4. EQUITY IN POOLED DEPOSITS AND INVESTMENTS – (Continued)**

**Payroll Cleaning Account:** The Village has a payroll cleaning account that is held outside of the deposit pool where gross payroll is held for distribution. The expenditures included in the accompanying financial statement reflect gross payroll. The balance in the Village's payroll cleaning account represents unremitted employee withholdings.

**5. TAXES**

**PROPERTY TAX**

Real property taxes become a lien on January 1 preceding the October 1 date for which the Council adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable non-business, owner occupancy, and 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 Village.

**LOCAL INCOME TAX**

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

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

**6. RISK MANAGEMENT**

**Commercial Insurance**

The Village has obtained commercial insurance for the following risks:

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

The Village has not reduced coverage from last year. Settlement amounts did not exceed insurance coverage for the past two years.

**VILLAGE OF GRANVILLE  
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2021**

**6. RISK MANAGEMENT – (Continued)**

**Self-Insurance**

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

The Village pays monthly contributions to the Pool, which are used to purchase excess loss insurance for the Pool, pay current claims and related claim settlement expenses and to establish and maintain sufficient reserves. The monthly contribution is determined for each member in accordance with the number of covered officers and employees, and the prior loss experience of the respective member group. The members' contributions represent 115% of the expected costs of the Pool, which will allow the Pool to establish excess reserves for future operations. The funds are maintained in a bank trust account established for the sole purpose and benefit of the Pool's operation. Financial information for the COHCC can be obtained from Matthew Peoples, Chairman, COHCC, 36 S. High Street, Canal Winchester, Ohio 43110.

The Pool has entered into an agreement for individual and aggregate excess loss coverage with a commercial insurance carrier. The individual excess loss coverage has been structured to indemnify the Pool for medical claims paid to an individual in excess of \$175,000. The aggregate excess loss coverage has been structured to indemnify the Pool for aggregate claims paid in excess of \$12,978,197, to a maximum of \$1,000,000 annually. In the event that the losses of the consortium in any year exceeds amounts paid to the Pool, together with all stop-loss, reinsurance and other coverage then in effect, then the payment of all uncovered losses shall revert to and be the sole obligation of the political subdivision against which claim was made. No such loss has occurred in the past five years.

The Village currently has no specified percentage share of the Pool. The only time at which a percentage share would be calculated occurs if the Board votes to terminate ongoing operations. After a vote to terminate the Pool, the Board would wind-up the Pool's business as quickly as practical, but in any event would complete this process no later than twelve months after the termination date. During such period, the Pool would continue to pay all claims and expenses until the Pool's funds are exhausted. After payment of all claims and expenses, or upon the termination of the aforesaid twelve-month period, any remaining surplus funds held by the Pool would be paid to the members of the Pool who are members as of the termination date. The Board would determine the manner in which surplus funds would be distributed, and would consider the percentage relationship which each member's contributions to the Pool for the prior three calendar years of the Pool bore to all members' contributions to the Pool for that same period. The Village's payment for health insurance coverage to COHCC for 2021 was \$684,925.

**VILLAGE OF GRANVILLE  
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2021**

**7. RETIREMENT SYSTEMS**

The Village full time law enforcement officers belong to the Ohio Police and Firemen’s Disability and Pension Funds (OP&F). Other employees belong to the Ohio Public Employer’s Retirement System (OPERS). OP&F and OPERS are cost-sharing, multiple-employer plans. These plans provide retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. OP&F members contributed 12.25% of their wages to OP&F. The Village contributed an amount equal to 19.5% of their wages. The Village has paid all contributions required through December 31, 2021.

OPERS members contributed 10% of their gross salaries for 2021. The Village contributed an amount equal to 14% of participant’s gross salaries for 2021. The Village has paid all contributions required through December 31, 2021.

Several Village employees contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants. Employees contributed 6.2% of their gross salaries. The Village contributed an amount equal to 6.2% of participants’ gross salaries. The Village has paid all contributions required through December 31, 2021.

**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 0 percent during calendar year 2021. The portion of employer contributions allocated to health care for OPERS members in the Member Directed Plan was 4.0 percent during calendar year 2021. OP&F contributes 0.5 percent to fund these benefits.

**9. DEBT**

Debt outstanding at December 31, 2021 was as follows:

	Principal	Interest Rate
Bond Anticipation Note	\$ 2,235,000	3%
Ohio Water Development Authority Loan	293,609	2.13%
Ohio Water Development Authority Loan	91,487	0%
Ohio Public Works Commission Note	126,407	0%
Total	\$ 2,746,503	

The Bond Anticipation Note relates to the sale of \$2.765 M in notes for the construction of a new Service Center Complex. Construction on the project started in late 2018, and was completed in 2019. The note will be rolled over annually until the sale of municipal property (133 N Prospect Street), which will be used to pay down the note and bond the remaining amount due.

The Ohio Water Development Authority (OWDA) loan relates to the Ultraviolet Disinfection & Air Piping WWTP Upgrade. The OWDA approved a \$482,912 loan to the Village for this project. The loan will be repaid in semiannual installments, payable in various amounts, including interest, over 20 years. The loan is collateralized by water and sewer receipts.

**VILLAGE OF GRANVILLE  
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2021**

**9. DEBT – (Continued)**

In 2020, the Village obtained another OWDA Loan #8962 for the design of WTP and Improvements and Storage Tank. In 2021, an additional \$80,004 was disbursed for the project. As of December 31, 2021, the amortization schedule was not yet available.

The Ohio Public Works Commission note is a 0% note used for East and West Broadway Improvements.

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

	OWDA	OPWC	Bond Anticipation
2022	\$31,658	\$12,349	\$2,302,050
2023	31,658	12,349	-
2024	31,658	12,349	-
2025	31,658	12,349	-
2026	31,658	12,349	-
2027-2031	142,458	61,745	-
2032	-	2,917	-
<b>TOTALS</b>	<b>\$300,748</b>	<b>\$126,407</b>	<b>\$2,302,050</b>

**10. JOINTLY GOVERNED ORGANIZATIONS**

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

**11. PUBLIC ENTITY RISK POOL**

The Village participates in the Ohio Municipal League Group Rating Plan (GRP) for worker's compensation. The pool's business and affairs are conducted by a twenty-six-member Board of Trustees consisting of fifteen mayors, two council members, three administrators, three finance directors, and three law directors which are voted on by the members for staggered two-year terms. The Executive Director of the Ohio Municipal League serves as the coordinator of the Program. Each year the participants pay an enrollment fee to the program to cover the costs of administering the program.

**12. COVID-19**

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June, 2021 while the national state of emergency continues. During 2021, the Village received COVID-19 funding. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the Village. The impact on the Village's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated. The Village's investment portfolio fluctuates with market conditions, and due to market volatility, the amount of gains or losses that will be realized in subsequent periods, if any, cannot be determined.

**VILLAGE OF GRANVILLE  
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2021**

**13. FUND BALANCE**

Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilities effective cash planning and control. At year end, the balances of these amounts were as follows:

Fund Balances	General	Special Revenue	Capital Projects	Total
Outstanding Encumbrances	\$ 39,925	\$ 10,005	\$ 182,562	\$ 232,492
Total	<u>\$ 39,925</u>	<u>\$ 10,005</u>	<u>\$ 182,562</u>	<u>\$ 232,492</u>

The fund balance of special revenue funds is either restricted, or committed. The fund balance of debt service funds and capital projects fund are restricted, committed or assigned. These restricted, committed and assigned amounts in the special revenue, debt service and capital projects funds include the outstanding encumbrances. In the general fund, outstanding encumbrances are considered assigned.

**14. TRANSFERS**

In 2021, the Village transferred \$752,500 from the General Fund to other funds to support operations and transfer income taxes per Village ordinance.

In 2021, the Enterprise Fund transferred \$30,000 to the General Fund as a permanent reallocation of cash as approved by the Village Council.

The transfers are in compliance with the Ohio Revised Code.

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

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

To the Village Council

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the cash balances, receipts, and disbursements for each governmental and proprietary fund type and the fiduciary fund type as of and for the year ended December 31, 2021, and the related notes to the financial statements of the Village of Granville, Licking County, (the Village) and have issued our report thereon dated June 25, 2022, wherein we noted that the Village followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit. We also noted the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Village.

***Report on Internal Control Over Financial Reporting***

In planning and performing our audit of the financial statements, we considered the Village's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purposes of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control. Accordingly, we do not express an opinion on the effectiveness of the Village's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Village's financial statements will not be prevented, or detected and corrected, on a timely basis. 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 deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a certain deficiency in internal control, described in the accompanying Schedule of Findings as item 2021-001 that we consider to be a material weakness.



***Report on Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the Village's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

***Village's Response to Finding***

*Government Auditing Standards* requires the auditor to perform limited procedures on the Village's response to the finding identified in our audit and described in the accompanying corrective action plan. The Village's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

***Purpose of This Report***

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Village's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



***Charles E. Harris & Associates, Inc.***

June 25, 2022

**INDEPENDENT AUDITOR'S REPORT**

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

To the Village Council:

***Report on the Financial Statements***

We have audited the accompanying financial statements of the cash balances, receipts, and disbursements for each governmental and proprietary fund type and fiduciary fund type as of and for the year ended December 31, 2020, and related notes of the Village of Granville, Licking County, (the Village).

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements free from material misstatement, whether due to fraud or error.

***Auditor's Responsibility***

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 *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Village's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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

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

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

Though the Village does not intend these statements 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(C) 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 statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2020, and the changes in financial position or cash flows for the year then ended.

***Opinion on Regulatory Basis of Accounting***

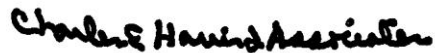
In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances, receipts, and disbursements for each governmental and proprietary fund type and fiduciary fund type as of and for the year ended December 31, 2020, and the related notes of the Village, in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit, described in Note 2.

***Emphasis of Matter***

As discussed in Note 12 to the financial statements, the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Village. As discussed in Note 13 to the financial statements, the Village made changes to its cash basis reporting model. We did not modify opinions regarding these matters.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated June 25, 2022, on our consideration of the Village's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance, and the results of that testing, and not to provide an opinion on the effectiveness of the Village's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.



***Charles E. Harris & Associates, Inc.***  
June 25, 2022

**Village of Granville, Ohio**  
*Licking County*  
*Combined Statement of Receipts, Disbursements*  
*and Changes in Fund Balances (Regulatory Cash Basis)*  
*All Governmental Fund Types*  
*For the Year Ended December 31, 2020*

	General	Special Revenue	Debt Service	Capital Project	Permanent	Totals (Memorandum Only)
<b>Cash Receipts</b>						
Property and Other Local Taxes	\$ 489,624	\$ -	\$ -	\$ -	\$ -	\$ 489,624
Municipal Income Tax	4,062,443	-	-	-	-	4,062,443
Intergovernmental	136,515	697,689	-	-	-	834,204
Fines, Licenses and Permits	143,304	1,880	-	-	-	145,184
Earnings on Investments	58,158	1,797	-	-	-	59,955
Miscellaneous	214,099	-	-	-	-	214,099
<i>Total Cash Receipts</i>	<u>5,104,143</u>	<u>701,366</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,805,509</u>
<b>Cash Disbursements</b>						
Current:						
Security of Persons and Property	1,642,119	-	-	-	-	1,642,119
Public Health Services	28,931	-	-	-	-	28,931
Leisure Time Activities	-	30,000	-	-	-	30,000
Community Environment	124,328	-	-	-	-	124,328
Transportation	1,290,778	185,742	-	-	-	1,476,520
General Government	1,564,907	264,520	-	-	-	1,829,427
Capital Outlay	-	378,151	-	360,030	-	738,181
Debt Service:						
Principal Retirement	43,335	-	2,765,000	-	-	2,808,335
Interest and Fiscal Charges	-	-	58,431	-	-	58,431
<i>Total Cash Disbursements</i>	<u>4,694,398</u>	<u>858,413</u>	<u>2,823,431</u>	<u>360,030</u>	<u>-</u>	<u>8,736,272</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>409,745</u>	<u>(157,047)</u>	<u>(2,823,431)</u>	<u>(360,030)</u>	<u>-</u>	<u>(2,930,763)</u>
<b>Other Financing Receipts (Disbursements)</b>						
Sale of Notes	-	-	2,515,000	-	-	2,515,000
Loans Issued	-	-	-	33,527	-	33,527
Premium and Accrued Interest on Debt	-	-	5,292	-	-	5,292
Sale of Capital Assets	100,000	-	-	-	-	100,000
Transfers In	93,187	76,880	309,000	357,500	-	836,567
Transfers Out	(733,380)	(66,625)	-	(30,591)	-	(830,596)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(540,193)</u>	<u>10,255</u>	<u>2,829,292</u>	<u>360,436</u>	<u>-</u>	<u>2,659,790</u>
<i>Net Change in Fund Cash Balances</i>	<u>(130,448)</u>	<u>(146,792)</u>	<u>5,861</u>	<u>406</u>	<u>-</u>	<u>(270,973)</u>
<i>Fund Cash Balances, January 1</i>	<u>4,030,154</u>	<u>963,374</u>	<u>38,954</u>	<u>2,165,338</u>	<u>110</u>	<u>7,197,930</u>
<i>Fund Cash Balances, December 31</i>	<u>\$ 3,899,706</u>	<u>\$ 816,582</u>	<u>\$ 44,815</u>	<u>\$ 2,165,744</u>	<u>\$ 110</u>	<u>\$ 6,926,957</u>

See accompanying notes to the financial statements

**Village of Granville, Ohio**  
*Licking County*  
*Combined Statement of Receipts, Disbursements*  
*and Changes in Fund Balances (Regulatory Cash Basis)*  
*All Proprietary Fund Types*  
*For the Year Ended December 31, 2020*

	<u>Proprietary Fund Types</u>
	<u>Enterprise</u>
<b>Operating Cash Receipts</b>	
Charges for Services	\$ 1,818,612
Miscellaneous	16,567
<i>Total Operating Cash Receipts</i>	<u>1,835,179</u>
<b>Operating Cash Disbursements</b>	
Personal Services	444,762
Employee Fringe Benefits	185,645
Contractual Services	548,815
Supplies and Materials	198,227
<i>Total Operating Cash Disbursements</i>	<u>1,377,449</u>
<i>Operating Income (Loss)</i>	457,730
<b>Non-Operating Receipts (Disbursements)</b>	
Capital Outlay	(464,431)
Principal Retirement	(23,230)
Interest and Other Fiscal Charges	(8,428)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(496,089)</u>
<i>Income (Loss) before Transfers</i>	(38,359)
Transfers In	261,029
Transfers Out	(267,000)
<i>Net Change in Fund Cash Balances</i>	<u>(44,330)</u>
<i>Fund Cash Balances, January 1</i>	<u>2,460,786</u>
<i>Fund Cash Balances, December 31</i>	<u>\$ 2,416,456</u>

*See accompanying notes to the financial statements*

**Village of Granville , Ohio**  
*Licking County*  
*Combined Statement of Additions, Deductions*  
*and Changes in Fund Balances (Regulatory Cash Basis)*  
*All Fiduciary Fund Types*  
*For the Year Ended December 31, 2020*

	<u>Fiduciary Fund Types</u>
	<u>Custodial</u>
<b>Additions</b>	
Fines, Licenses and Permits for Distribution	\$ 158,116
<i>Total Additions</i>	158,116
<b>Deductions</b>	
Distributions to Other Governments:	29,766
Distributions to Other Funds (Primary Gov't)	125,183
<i>Total Deductions</i>	154,949
<i>Net Change in Fund Balances</i>	3,167
<i>Fund Cash Balances, January 1</i>	11,161
<i>Fund Cash Balances, December 31</i>	\$ 14,328

*See accompanying notes to the financial statements*

**VILLAGE OF GRANVILLE  
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

**1. REPORTING ENTITY**

**A. Description of the Entity**

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

The Village participates in two public entity risk pools and a jointly governed organization. Notes 6, 10 and 11 to the financial statements provides additional information for these entities.

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

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Basis of Presentation**

The Village's financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all government fund types, and a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all proprietary fund types and a combined statement of additions, deductions and changes in fund balances (regulatory cash basis) all fiduciary fund types which are organized on a fund type basis.

**B. Fund Accounting**

The Village uses fund accounting to segregate cash and investments and 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 Village classifies its funds into the following types:

**General Fund**

The General Fund is the main operating fund. It 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 Village for any purpose provided it is expended or transferred according to the general laws of Ohio.

**Special Revenue Funds**

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

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

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



**VILLAGE OF GRANVILLE  
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)**

**Special Revenue Funds**

Coronavirus Relief Fund – In late March of 2020, a global pandemic hit with the onset of the COVID-19 virus. Village Council adopted Resolution No. 2020-25 authorizing the Village to request a share of funds from the County Coronavirus Relief Distribution Fund to assist with necessary expenditures incurred due to the public health emergency with respect to COVID-19. The Village received and expended four rounds of funding totaling \$423,215.

**Debt Service Funds**

These funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest. These funds are also used for payment of special assessments. The Village had the following Debt Service Fund:

Service Complex Bond Retirement Fund – This fund was established in 2018 to account for premiums earned from the sale of a \$2.9 M note. The note was used to construct a new Service Center Building. The Village will paydown the note and rollover the balance to a new note each year.

**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 Village had the following significant Capital Project Funds:

Capital Improvement Reserve Fund – This fund receives transfers from the General Fund that are then used for construction of and improvements to various projects throughout the Village.

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

Road Improvement Reserve Fund – This fund receives transfers from the General Fund and is used to repair, construct, and maintain Village streets.

Service Center Construction Fund – This fund received revenue from the sale of a \$2.9 M note that was used in 2019 to pay for the building of a new Service Center Building.

OWDA Capital Project Fund – This fund is used to account for revenue and expenses associated with the Ohio Water Development Authority's (OWDA) loan for the design of water treatment improvements and a water storage tank. OWDA distributes the loan proceeds to the Village upon the receipt of invoices associated with the project.

**VILLAGE OF GRANVILLE  
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)**

**Enterprise Funds**

These funds account for operations that are similar to private business enterprises, where management intends to recover the significant costs of providing certain goods or services through user charges. The Village had the following significant Enterprise Funds:

Water Fund - This fund receives charges for services from residents to cover the cost of providing the water utility.

Sewer Fund - This fund receives charges for services from residents to cover the cost of providing the sewer utility.

**Fiduciary Funds**

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

Mayor's Court Fund – This fund receives fines and fees levied for traffic violations as prescribed by Village Ordinance. The funds are distributed to various agencies as prescribed by the Ohio Revised Code.

**Accounting Basis**

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

These statements include 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 (C) permit.

**Budgetary Process**

The Ohio Revised Code requires the Village to budget each fund (except certain custodial funds) annually.

**1. 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. Village Council must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Unencumbered appropriations lapse at year end.

**VILLAGE OF GRANVILLE  
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)**

**Budgetary Process – (Continued)**

**2. Estimated Resources**

Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered cash as of January 1. The County Budget Commission must also approve estimated resources.

**3. Encumbrances**

The Ohio Revised Code requires the Village 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 2020 budgetary activity appears in Note 3.

**Deposits and Investments**

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

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

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

**Capital Assets**

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

**Accumulated Leave**

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

**Fund Balance**

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

**1. Nonspendable**

The Village classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact. For regulatory purposes, nonspendable fund balance includes unclaimed monies that are required to be held for five years before they may be utilized by the Village and the nonspendable portion of the corpus in permanent funds.

VILLAGE OF GRANVILLE  
LICKING COUNTY

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

Fund Balance – (Continued)

2. 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.

3. Committed

Council can *commit* amounts via formal action (ordinance or resolution). The Village must adhere to these commitments unless the Council amends the ordinance or 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.

4. Assigned

Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. For regulatory purposes, assigned fund balance in the general fund is limited to encumbrances outstanding at year end.

5. 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 Village 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.

For regulatory purposes, limited disclosure related to fund balance is included in Note 14.

**VILLAGE OF GRANVILLE  
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

**3. BUDGETARY ACTIVITY**

Budgetary activity for the year ended December 31, 2020 is as follows:

2020 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 5,267,722	\$ 5,297,330	\$ 29,608
Special Revenue	778,247	778,246	(1)
Debt Service	3,049,728	2,829,292	(220,436)
Capital Project	391,028	391,027	(1)
Enterprise	2,097,068	2,096,208	(860)

2020 Budgeted vs. Actual Budgetary Basis Disbursements			
Fund Type	Appropriation Authority	Budgetary Disbursements	Variance
General	\$ 6,186,063	\$ 5,442,388	\$ 743,675
Special Revenue	1,155,252	932,237	223,015
Debt Service	3,044,436	2,823,431	221,005
Capital Project	1,191,128	694,509	496,619
Enterprise	3,817,388	3,227,325	590,063

**4. EQUITY IN POOLED DEPOSITS AND INVESTMENTS**

To improve cash management, cash received by the Village is pooled. The Village maintains a deposit and investments pool used by all funds. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of deposits and investments at December 31 was as follows:

2020	
Demand deposits	\$215,643
Total deposits	215,643
CDARS	2,400,000
Sweep Accounts	6,449,942
US Treasury Notes	292,156
Total investments	9,142,098
Total deposits and investments	\$9,357,741

**Deposits:** Deposits are insured by the Federal Depository Insurance Corporation or collateralized by securities specifically pledged by the financial institution's public entity deposit pool or collateralized through the Ohio Polled Collateral System, a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

**VILLAGE OF GRANVILLE  
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

**4. EQUITY IN POOLED DEPOSITS AND INVESTMENTS – (Continued)**

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

**Payroll Cleaning Account:** The Village has a payroll cleaning account that is held outside of the deposit pool where gross payroll is held for distribution. The expenditures included in the accompanying financial statement reflect gross payroll. The balance in the Village's payroll cleaning account represents unremitted employee withholdings.

**5. TAXES**

**PROPERTY TAX**

Real property taxes become a lien on January 1 preceding the October 1 date for which the Council adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable non-business, owner occupancy, and 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 Village.

**LOCAL INCOME TAX**

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

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

**6. RISK MANAGEMENT**

**Commercial Insurance**

The Village has obtained commercial insurance for the following risks:

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

The Village has not reduced coverage from last year. Settlement amounts did not exceed insurance coverage for the past two years.

**VILLAGE OF GRANVILLE  
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

**6. RISK MANAGEMENT – (Continued)**

**Self-Insurance**

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

The Village pays monthly contributions to the Pool, which are used to purchase excess loss insurance for the Pool, pay current claims and related claim settlement expenses and to establish and maintain sufficient reserves. The monthly contribution is determined for each member in accordance with the number of covered officers and employees, and the prior loss experience of the respective member group. The members' contributions represent 115% of the expected costs of the Pool, which will allow the Pool to establish excess reserves for future operations. The funds are maintained in a bank trust account established for the sole purpose and benefit of the Pool's operation. Financial information for the COHCC can be obtained from Matthew Peoples, Chairman, COHCC, 36 S. High Street, Canal Winchester, Ohio 43110.

The Pool has entered into an agreement for individual and aggregate excess loss coverage with a commercial insurance carrier. The individual excess loss coverage has been structured to indemnify the Pool for medical claims paid to an individual in excess of \$175,000. The aggregate excess loss coverage has been structured to indemnify the Pool for aggregate claims paid in excess of \$12,978,197, to a maximum of \$1,000,000 annually. In the event that the losses of the consortium in any year exceeds amounts paid to the Pool, together with all stop-loss, reinsurance and other coverage then in effect, then the payment of all uncovered losses shall revert to and be the sole obligation of the political subdivision against which claim was made. No such loss has occurred in the past five years.

The Village currently has no specified percentage share of the Pool. The only time at which a percentage share would be calculated occurs if the Board votes to terminate ongoing operations. After a vote to terminate the Pool, the Board would wind-up the Pool's business as quickly as practical, but in any event would complete this process no later than twelve months after the termination date. During such period, the Pool would continue to pay all claims and expenses until the Pool's funds are exhausted. After payment of all claims and expenses, or upon the termination of the aforesaid twelve-month period, any remaining surplus funds held by the Pool would be paid to the members of the Pool who are members as of the termination date. The Board would determine the manner in which surplus funds would be distributed, and would consider the percentage relationship which each member's contributions to the Pool for the prior three calendar years of the Pool bore to all members' contributions to the Pool for that same period. The Village's payment for health insurance coverage to COHCC for 2020 was \$689,250.

**7. RETIREMENT SYSTEM**

The Village full time law enforcement officers belong to the Ohio Police and Firemen's Disability and Pension Funds (OPFDPF). Other employees belong to the Ohio Public Employer's Retirement System (OPERS). OPFDPF and OPERS are cost-sharing, multiple-employer plans. These plans provide retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

**VILLAGE OF GRANVILLE  
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

**7. RETIREMENT SYSTEM – (Continued)**

Contribution rates are also prescribed by the Ohio Revised Code. OPFDPF members contributed 12.25% of their wages to OPFDPF. The Village contributed an amount equal to 19.5% of their wages. The Village has paid all contributions required through December 31, 2020. OPERS members contributed 10% of their gross salaries for 2020. The Village contributed an amount equal to 14% of participant’s gross salaries for 2020. The Village has paid all contributions required through December 31, 2020.

Several Village employees contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants. Employees contributed 6.2% of their gross salaries. The Village contributed an amount equal to 6.2% of participants’ gross salaries. The Village has paid all contributions required through December 31, 2020.

**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 0 percent during calendar year 2020. The portion of employer contributions allocated to health care for OPERS members in the Member Directed Plan was 4.0 percent during calendar year 2020. OP&F contributes 0.5 percent to fund these benefits.

**9. DEBT**

Debt outstanding at December 31, 2020 was as follows:

	Principal	Interest Rate
Bond Anticipation Note	\$ 2,515,000	3%
Ohio Water Development Authority Loan	317,949	2.13%
Ohio Water Development Authority Loan	33,527	0%
Ohio Public Works Commission Note	169,742	0%
Total	\$ 3,036,218	

The Bond Anticipation Note relates to the sale of \$2.765 M in notes for the construction of a new Service Center Complex. Construction on the project started in late 2018, and was completed in 2019. The note will be rolled over annually until the sale of municipal property (133 N Prospect Street), which will be used to pay down the note and bond the remaining amount due.

The Ohio Water Development Authority (OWDA) loan relates to the Ultraviolet Disinfection & Air Piping WWTP Upgrade. The OWDA approved a \$482,912 loan to the Village for this project. The loan will be repaid in semiannual installments, payable in various amounts, including interest, over 20 years. The loan is collateralized by water and sewer receipts.

In 2020, the Village obtained another OWDA Loan #8962 for the design of WTP and Improvements and Storage Tank. As of December 31, 2020, the project was still ongoing and the amortization schedule was not yet available.



**VILLAGE OF GRANVILLE  
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

**9. DEBT – (Continued)**

The first Ohio Public Works Commission Note is a 0% note used for South Main Street Improvements. This loan was paid in full in 2020. The second Ohio Public Works Commission note is a 0% note used for East and West Broadway Improvements.

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

	OWDA	OPWC	Bond Anticipation
2021	\$31,658	\$12,349	\$2,590,450
2022	31,658	\$12,349	-
2023	31,658	\$12,349	
2024	31,658	\$12,349	
2025	31,658	\$12,349	
2023-2027	158,290	\$61,745	-
2028-2032	15,826	\$46,252	-
<b>TOTALS</b>	<b>\$332,406</b>	<b>\$169,742</b>	<b>\$2,590,450</b>

**10. JOINTLY GOVERNED ORGANIZATIONS**

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

**11. PUBLIC ENTITY RISK POOL**

The Village participates in the Ohio Municipal League Group Rating Plan (GRP) for worker's compensation. The pool's business and affairs are conducted by a twenty-six-member Board of Trustees consisting of fifteen mayors, two council members, three administrators, three finance directors, and three law directors which are voted on by the members for staggered two-year terms. The Executive Director of the Ohio Municipal League serves as the coordinator of the Program. Each year the participates pay an enrollment fee to the program to cover the costs of administering the program.

**12. COVID-19**

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the Village. The Village's investment portfolio fluctuates with market conditions, and due to market volatility, the amount of gains or losses that will be realized in subsequent periods, if any, cannot be determined. In addition, the impact on the Village's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

During 2020, the Village received CARES Act funding. Of the amounts received, \$130,593 was sub-granted to other governments and organization. and \$39,956 was spent on-behalf of other governments. These amounts are reflected in the Coronavirus Relief Special Revenue Fund on the accompanying financial statements.

**VILLAGE OF GRANVILLE  
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

**13. CHANGE IN ACCOUNTING PRINCIPLE**

For 2020, the Village has made changes to their cash basis reporting model. These changes include modifications to the definition of fiduciary funds, adding a separate Combined Statement of Additions, Deductions and Changes in Fund Balances (Regulatory Cash Basis) – All Fiduciary Fund Types, and removing the Fund balance classifications from the Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Regulatory Cash Basis) – All Governmental Fund Types.

**14. FUND BALANCE**

Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilities effective cash planning and control. At year end, the balances of these amounts were as follows:

Fund Balances	General	Special Revenue	Capital Projects	Total
Outstanding Encumbrances	\$ 14,610	\$ 7,199	\$ 303,888	\$ 325,697
Total	<u>\$ 14,610</u>	<u>\$ 7,199</u>	<u>\$ 303,888</u>	<u>\$ 325,697</u>

The fund balance of special revenue funds is either restricted or committed. The fund balance of debt service funds and capital projects fund are restricted, committed or assigned. These restricted, committed and assigned amounts in the special revenue, debt service and capital projects funds include the outstanding encumbrances. In the general fund, outstanding encumbrances are considered assigned.

**15. TRANSFERS**

In 2020, the Village transferred \$733,380 from the General Fund to other funds to support their operations and transfer income taxes per Village ordinance.

In 2020, the Village transferred \$30,591 from the Capital Projects Fund to the Enterprise Fund to pay the OWDA debt.

In 2020, the Enterprise Fund transferred \$93,187 to the General Fund as a permanent reallocation of cash as approved by the Village Council.

The transfers are in compliance with the Ohio Revised Code.

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

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

To the Village Council

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the cash balances, receipts, and disbursements for each governmental and proprietary fund type and the fiduciary fund type as of and for the year ended December 31, 2020, and the related notes of the Village of Granville, Licking County, (the Village) and have issued our report thereon dated June 25, 2022, wherein we noted that the Village followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit. We also noted the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Village. In addition, we noted the change in the Village's reporting model.

***Internal Control Over Financial Reporting***

In planning and performing our audit of the financial statements, we considered the Village's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control. Accordingly, we do not express an opinion on the effectiveness of the Village's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Village's financial statements will not be prevented, or detected and corrected, on a timely basis. *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 deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a certain deficiency in internal control, described in the accompanying Schedule of Findings as item 2021-001 that we consider to be a material weakness.

***Compliance and Other Matters***

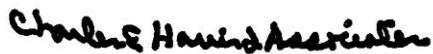
As part of obtaining reasonable assurance about whether the Village's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material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

***Village's Response to Finding***

The Village's response to the finding identified in our audit is described in the accompanying corrective action plan. We did not subject the Village's response to the auditing procedures applied in the audit of the financial statements and accordingly, we express no opinion on it.

***Purpose of this Report***

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Village's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



***Charles E. Harris & Associates, Inc.***  
June 25, 2022

*Village of Granville*  
*Licking County*  
Schedule of Findings  
December 31, 2021 and 2020

<b>Findings Related to the Financial Statements Required to be Reported in Accordance with GAGAS</b>
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**Finding Number: 2021-001 – Material Weakness**

**Audit Adjustments and Reclassifications**

During 2021 and 2020, errors were noted in the Village’s financial statements that required audit adjustments and reclassifications, the most significant of which are as follows:

- During 2020, included an OWDA encumbrance as an on-behalf capital outlay.
- During 2021 and 2020 recorded the sale of capital assets as miscellaneous receipts
- During 2021 and 2020 the Hinkle filing did not include custodial funds (Mayor’s Court)
- The notes to the financial statements excluded a required disclosure.

The accompanying financial statements and the Village’s records have been adjusted to properly reflect these transactions.

Sound financial reporting is the responsibility of the Village and is essential to ensure the information provided to the readers of the financial statements is complete and accurate. We recommend the Village adopt policies and procedures to identify and correct errors and omissions in a timely manner. Management can use the Village Officer’s Handbook, the Uniform Accounting Network Manual and other Auditor of State guidance to aid in properly identifying account classifications and preparing annual financial statements.

**Management’s Response:**

See Corrective Action Plan

VILLAGE OF GRANVILLE  
LICKING COUNTY

CORRECTIVE ACTION PLAN – Prepared by Management  
December 31, 2021 and 2020

FINDING NUMBER	PLANNED CORRECTIVE ACTION	ANTICIPATED COMPLETION DATE	RESPONSIBLE CONTACT PERSON
2021-001	The Fiscal Officer will closely review all transactions, including debt and custodial arrangements.	Immediately	Carie Kraner. Finance Director

# OHIO AUDITOR OF STATE KEITH FABER



**VILLAGE OF GRANVILLE**

**LICKING COUNTY**

**AUDITOR OF STATE OF OHIO CERTIFICATION**

This is a true and correct copy of the report, which is required to be filed pursuant to Section 117.26, Revised Code, and which is filed in the Office of the Ohio Auditor of State in Columbus, Ohio.



**Certified for Release 9/6/2022**

88 East Broad Street, Columbus, Ohio 43215  
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at  
[www.ohioauditor.gov](http://www.ohioauditor.gov)