

VILLAGE OF GRANVILLE

AUDIT REPORT

JANUARY 1, 2000 - DECEMBER 31, 2001



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140
Telephone 614-466-4514
800-282-0370
Facsimile 614-466-4490
www.auditor.state.oh.us

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 Wolfe, Wilson, & Phillips, Inc., for the audit period January 1, 2000 through December 31, 2001. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

A handwritten signature in black ink, appearing to read "Jim Petro".

JIM PETRO
Auditor of State

June 6, 2002

This Page is Intentionally Left Blank.

**VILLAGE OF GRANVILLE
LICKING COUNTY
JANUARY 1, 2000 - DECEMBER 31, 2001**

TABLE OF CONTENTS

Table of Contents	(i)
Independent Auditors' Report	1
Financial Statements	
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental Funds Types and Similar Fiduciary Fund For the Year Ended December 31, 2001	2
Combined Statement of Cash Receipts, Cash Disbursements, and Changes In Fund Balance - All Proprietary Funds and Similar Fiduciary Fund For the Year Ended December 31, 2001	3
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental Funds and Similar Fiduciary Fund For the Year Ended December 31, 2000	4
Combined Statement of cash Receipts, Cash Disbursements, and Changes In Fund Balances - All Proprietary Fund Types and similar Fiduciary Funds For the Year Ended December 31, 2000	5
Notes to the Financial Statements	6-13
Independent Auditors' Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statement Performed in Accordance with Government Auditing Standards.	14

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

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the Village of Granville, Licking County, as of and for the years ended December 31, 2001 and 2000. These financial statements are the responsibility of the Village of Granville's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

As described in Note 1, the Village of Granville prepares its financial statements on the cash basis, which is a comprehensive basis of accounting prescribed or permitted by the Auditor of State, other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserve for encumbrances of the Village of Granville, Licking County, as of December 31, 2001 and 2000, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

As described in Note 8, the Village reclassified one fund previously reported in the Special Revenue Fund Type to the Capital Projects Fund type.

In accordance with *Government Auditing Standards*, we have also issued a report dated February 19, 2002, on our consideration of the Village of Granville's internal control structure over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

This report is intended solely for the information and use of the officials authorized to receive this report under Section 117.26, Ohio Revised Code and is not intended to be and should not be used by anyone other than these specified parties.

Wolfe, Wilson, & Phillips, Inc.
Zanesville, Ohio
February 19, 2002

VILLAGE OF GRANVILLE
LICKING COUNTY

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES AND SIMILAR FIDUCIARY FUND
FOR THE YEAR ENDED DECEMBER 31, 2001

	Governmental Fund Types				Fiduciary Fund Type	Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust	
Cash Receipts						
Property Tax and Other Local Taxes	\$ 2,190,608	\$ -	\$ -	\$ -	\$ -	\$ 2,190,608
Special Assessments	-	-	28,889	-	-	28,889
Intergovernmental Receipts	374,370	114,759	-	-	-	489,129
Charges for Services	-	-	-	18,215	-	18,215
Fines, Licenses, and Permits	156,782	824	-	-	-	157,606
Earnings on Investments	146,067	-	-	-	-	146,067
Miscellaneous	67,191	3,562	-	-	-	70,753
Total Cash Receipts	2,935,018	119,145	28,889	18,215	-	3,101,267
Cash Disbursements						
Current:						
Security of Persons and Property	622,747	-	-	-	-	622,747
Public Health Services	14,972	-	-	-	-	14,972
Leisure Time Activities	-	-	-	-	-	-
Community Environment	63,933	-	-	-	-	63,933
Transportation	576,480	107,844	-	-	-	684,324
General Government	654,447	-	-	-	-	654,447
Debt Service	70,766	-	37,393	-	-	108,159
Capital Outlay	1,089,716	706	-	87,745	-	1,178,167
Total Cash Disbursements	3,093,061	108,550	37,393	87,745	-	3,326,749
Total Receipts Over/(Under) Disbursements	(158,043)	10,595	(8,504)	(69,530)	-	(225,482)
Other Financing Receipts/(Disbursements)						
Transfers - In	35,000	1,500	-	170,340	-	206,840
Other Sources	-	-	-	280,163	-	280,163
Transfers - Out	(145,241)	-	-	-	-	(145,241)
Other Uses	-	-	-	-	-	-
Total Other Financing Receipts/(Disbursements)	(110,241)	1,500	-	450,503	-	341,762
Excess of cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	\$ (268,284)	\$ 12,095	\$ (8,504)	\$ 380,973	\$ -	\$ 116,280
Fund Cash Balnces, January 1, 2001	1,924,149	54,327	64,566	1,038,451	110	3,081,603
Fund Cash Balances, December 31, 2001	\$ 1,655,865	\$ 66,422	\$ 56,062	\$ 1,419,424	\$ 110	\$ 3,197,883
Reserve for Encumbrances, December 31, 2001	\$ 236,597	\$ 16,067	\$ -	\$ 285,178	\$ -	\$ 537,842

See notes to financial statements.

**VILLAGE OF GRANVILLE
LICKING COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
PROPRIETARY FUNDS AND SIMILAR FIDUCIARY FUND
FOR THE YEAR ENDED DECEMBER 31, 2001**

	<u>Proprietary</u>	<u>Fiduciary</u>	Totals (Memorandum Only)
	<u>Enterprise</u>	<u>Agency</u>	
Operating Cash Receipts:			
Charges for Services	\$ 1,240,871	\$ -	\$ 1,240,871
Total Operating Cash Receipts	<u>1,240,871</u>	<u>-</u>	<u>1,240,871</u>
Operating Cash Disbursements:			
Personal Services	370,810	-	370,810
Contractual Services	269,910	-	269,910
Supplies and Materials	126,798	-	126,798
Capital Outlay	171,870	-	171,870
Total Operating Cash Disbursements	<u>939,388</u>	<u>-</u>	<u>939,388</u>
Operating Income/(Loss)	<u>301,483</u>	<u>-</u>	<u>301,483</u>
Non-Operating Cash Receipts:			
Other Non-operating Receipts	-	98,263	98,263
Non-Operating Cash Disbursements:			
Other Non-operating Cash Disbursements	-	96,461	96,461
Debt Service	256,754	-	256,754
Total Non-Operating cash Disbursements	<u>256,754</u>	<u>96,461</u>	<u>353,215</u>
Excess of Receipts Over/(Under) Disbursements Before Interfund Transfers and Advances	44,729	1,802	46,531
Transfers - In	-	-	
Transfers - Out	<u>(61,599)</u>	<u>-</u>	<u>(61,599)</u>
Net Receipts Over/(Under) Disbursements	\$ (16,870)	\$ 1,802	\$ (15,068)
Fund Cash Balances, January 1, 2001	<u>814,758</u>	<u>4,907</u>	<u>819,665</u>
Fund Cash Balances, December 31, 2001	<u>\$ 797,888</u>	<u>\$ 6,709</u>	<u>\$ 804,597</u>
Reserve for Encumbrances, December 31, 2001	<u>\$ 103,129</u>	<u>\$ -</u>	<u>\$ 103,129</u>

See notes to financial statements.

VILLAGE OF GRANVILLE
LICKING COUNTY

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES AND SIMILAR FIDUCIARY FUND
FOR THE YEAR ENDED DECEMBER 31, 2000**

	Governmental Fund Types				Fiduciary Fund Type	Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust	
Cash Receipts						
Property Tax and Other Local Taxes	\$ 2,163,045	\$ -	\$ -	\$ -	\$ -	\$ 2,163,045
Special Assessments	-	-	39,245	-	-	39,245
Intergovernmental Receipts	890,553	112,590	-	-	-	1,003,143
Charges for Services	-	-	-	23,060	-	23,060
Fines, Licenses, and Permits	121,321	1,246	-	-	-	122,567
Earnings on Investments	124,978	-	-	-	-	124,978
Miscellaneous	41,683	2,757	-	-	-	44,440
Total Cash Receipts	3,341,580	116,593	39,245	23,060	\$ -	3,520,478
Cash Disbursements						
Current:						
Security of Persons and Property	593,457	3,795	-	-	-	597,252
Public Health Services	15,469	-	-	-	-	15,469
Leisure Time Activities	-	-	-	-	-	-
Community Environment	41,764	-	-	-	-	41,764
Transportation	460,702	103,938	-	-	-	564,640
General Government	614,936	-	-	-	-	614,936
Debt Service	36,228	-	448,126	-	-	484,354
Capital Outlay	654,719	-	-	872,679	-	1,527,398
Total Cash Disbursements	2,417,275	107,733	448,126	872,679	-	3,845,813
Total Receipts Over/(Under) Disbursements	924,305	8,860	(408,881)	(849,619)	-	(325,335)
Other Financing Receipts/(Disbursements)						
Sale of Other Public Debt	-	-	265,000	619,725	-	884,725
Transfers - In	20,000	-	-	381,130	-	401,130
Other Sources	-	-	106,286	-	-	106,286
Transfers - Out	(351,181)	-	-	-	-	(351,181)
Other Uses	-	-	(111,262)	-	-	(111,262)
Total Other Financing Receipts/(Disbursements)	(331,181)	-	260,024	1,000,855	-	929,698
Excess of cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	\$ 593,124	\$ 8,860	\$ (148,857)	\$ 151,236	\$ -	\$ 604,363
Fund Cash Balances, January 1, 2000, restated	1,331,025	45,467	213,423	887,215	110	2,477,240
Fund Cash Balances, December 31, 2000	\$ 1,924,149	\$ 54,327	\$ 64,566	\$ 1,038,451	\$ 110	\$ 3,081,603
Reserve for Encumbrances, December 31, 2000	\$ 271,083	\$ 7,286	\$ -	\$ -	\$ -	\$ 278,369

See notes to financial statements.

**VILLAGE OF GRANVILLE
LICKING COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
PROPRIETARY FUNDS AND SIMILAR FIDUCIARY FUND
FOR THE YEAR ENDED DECEMBER 31, 2000**

	<u>Proprietary</u>	<u>Fiduciary</u>	<u>Totals</u> <u>(Memorandum</u> <u>Only)</u>
	<u>Enterprise</u>	<u>Agency</u>	
Operating Cash Receipts:			
Charges for Services	\$ 1,328,960	\$ -	\$ 1,328,960
Total Operating Cash Receipts	<u>1,328,960</u>	<u>-</u>	<u>1,328,960</u>
Operating Cash Disbursements:			
Personal Services	329,809	-	329,809
Contractual Services	237,167	-	237,167
Supplies and Materials	110,652	-	110,652
Capital Outlay	110,228	-	110,228
Total Operating Cash Disbursements	<u>787,856</u>	<u>-</u>	<u>787,856</u>
Operating Income/(Loss)	<u>541,104</u>	<u>-</u>	<u>541,104</u>
Non-Operating Cash Receipts:			
Other Non-operating Receipts	-	68,481	68,481
Non-Operating Cash Disbursements:			
Other Non-operating Cash Disbursements	-	72,884	72,884
Debt Service	240,255	-	240,255
Total Non-Operating cash Disbursements	<u>240,255</u>	<u>72,884</u>	<u>313,139</u>
Excess of Receipts Over/(Under) Disbursements Before Interfund Transfers and Advances	300,849	(4,403)	296,446
Transfers - In	-	-	-
Transfers - Out	<u>(49,949)</u>	<u>-</u>	<u>(49,949)</u>
Net Receipts Over/(Under) Disbursements	\$ 250,900	\$ (4,403)	\$ 246,497
Fund Cash Balances, January 1, 2000	<u>563,858</u>	<u>9,310</u>	<u>573,168</u>
Fund Cash Balances, December 31, 2000	<u>\$ 814,758</u>	<u>\$ 4,907</u>	<u>\$ 819,665</u>
Reserve for Encumbrances, December 31, 2000	<u>\$ 40,955</u>	<u>\$ -</u>	<u>\$ 40,955</u>

See notes to financial statements.

**VILLAGE OF GRANVILLE
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

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

B. Basis of Accounting

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

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

C. Cash and Investments

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

D. Fund Accounting

The Village uses fund accounting to segregate cash and investments that are restricted as to use. The Village classifies its funds into the following types:

1. General Fund

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

2. Special Revenue Funds

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

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

**VILLAGE OF GRANVILLE
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000 (Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

3. Debt Service Fund

These funds are used to accumulate resources for the payment of bonds and note indebtedness. These funds are also used for payment of special assessments.

4. Capital Projects Funds

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

Road Improvement Reserve Fund - This fund receives transfers from the general fund that is used to maintain Village roads.

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

Park Land Reserve Fund - This fund receives transfers from the general fund and charges for services to maintain the Village park.

5. Enterprise Funds

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

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

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

6. Fiduciary Funds (Trust and Agency Funds)

These funds are used to account for resources restricted by legally binding trust agreements. If the agreement requires the Village to maintain the corpus of the trust, the fund is classified as a nonexpendable trust fund. Other trust funds are classified as expendable. Funds for which the Village is acting in an agency capacity are classified as agency funds. The Village has the following significant fiduciary fund:

**VILLAGE OF GRANVILLE
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000 (Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

6. Fiduciary Funds (Trust and Agency Funds) (Continued)

Mayors Court Fund - This fund receives fines and fees levied for traffic violations as prescribed by Village ordinance. The funds are distributed to various agencies as prescribed by the Ohio Revised Code.

E. Budgetary Process

The Ohio Revised Code requires that each fund (except certain agency funds) be budgeted 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. The 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 commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated.

A summary of 2001 and 2000 budgetary activity appears in Note 3.

F. Property, Plant and Equipment

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

G. Village Income Tax

The Village has a 1% tax rate that generates over 80% of the Villages revenue.

**VILLAGE OF GRANVILLE
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000 (Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. Unpaid Vacation and Sick Leave

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

2. EQUITY IN POOLED CASH AND INVESTMENTS

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

	2001	2000
Demand deposits	\$ 1,086,132	\$ 821,331
U. S. Treasury Notes	303,335	-
Repurchase Agreements	2,613,013	3,079,937
Total investments	2,916,348	3,079,937
Total deposits and investments	\$ 4,002,480	\$ 3,901,268

Deposits: Deposits are either (1) insured by the Federal Depository Insurance Corporation, or (2) collateralized by securities specifically pledged by the financial institution to the Village.

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

3. BUDGETARY ACTIVITY

Budgetary activity for the years ended December 31, 2001 and December 31, 2000 follows:

2001 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 2,591,856	\$ 2,970,018	\$ 378,162
Special Revenue	103,500	120,645	17,145
Debt Service	28,000	28,889	889
Capital Projects	454,503	188,555	(265,948)
Enterprise	1,072,600	1,240,871	168,271
Total	\$ 4,250,459	\$ 4,548,978	\$ 298,519

**VILLAGE OF GRANVILLE
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000 (Continued)**

1. BUDGETARY ACTIVITY (Continued)

2001 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 4,015,942	\$ 3,474,899	\$ 541,043
Special Revenue	136,566	124,617	11,949
Debt Service	38,900	37,393	1,507
Capital Projects	399,663	372,923	26,740
Enterprise	1,422,561	1,360,870	61,691
Total	<u>\$ 6,013,632</u>	<u>\$ 5,370,702</u>	<u>\$ 642,930</u>

2000 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 2,457,510	\$ 3,361,580	\$ 904,070
Special Revenue	104,100	116,593	12,493
Debt Service	162,395	410,531	248,136
Capital Projects	1,048,795	1,023,915	(24,880)
Enterprise	1,114,000	1,328,960	214,960
Total	<u>\$ 4,886,800</u>	<u>\$ 6,241,579</u>	<u>\$ 1,354,779</u>

2000 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 3,535,668	\$ 3,039,539	\$ 496,129
Special Revenue	121,575	112,019	9,556
Debt Service	593,448	559,388	34,060
Capital Projects	909,820	872,679	37,141
Enterprise	1,235,667	1,119,015	116,652
Total	<u>\$ 6,396,178</u>	<u>\$ 5,702,640</u>	<u>\$ 693,538</u>

**VILLAGE OF GRANVILLE
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000 (Continued)**

4. PROPERTY TAX

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

Public utilities are also taxes on personal and real property located within the Village.

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

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

5. DEBT

Debt outstanding at December 31, 2001 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Ohio Water Development Authority Loan	\$ 195,450	8%
Ohio Public Works Commission Note	573,246	0%
General Obligation Bonds	285,000	6%
Mortgage Revenue Bonds	278,818	6%
General Obligation Notes	810,000	9%
Special Assessment Bonds	234,182	6%
Total	<u>\$ 2,376,696</u>	

Debt outstanding at December 31, 2000 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Ohio Water Development Authority Loan	\$ 204,786	8%
Ohio Public Works Commission Note	604,232	0%
General Obligation Bonds	305,000	6%
Mortgage Revenue Bonds	294,654	6%
General Obligation Notes	960,000	9%
Special Assessment Bonds	247,346	6%
Total	<u>\$ 2,616,018</u>	

Mortgage Revenue Bond of \$500,000 as of December 31, 1999, paid off in 2000.

**VILLAGE OF GRANVILLE
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000 (Continued)**

5. DEBT (Continued)

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

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

General Obligation Bonds issued in 1992 for Municipal Building work, payable in various amounts.

General Obligation note issued in anticipation of bonds for purpose of paying part of the cost of refunding the Villages outstanding Sewer System refunding bonds.

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

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

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

Year Ending December 31:	OWDA Loan	General Obligation Bond	Mortgage Revenue Bonds	Special Assessment Bonds	OPWC Note
2002	\$ 26,353	\$ 38,160	\$ 31,696	\$ 9,313	\$ 15,493
2003	26,353	36,920	30,927	9,025	15,493
2004	26,353	35,660	30,142	8,738	15,493
2005	26,353	34,380	32,302	8,450	15,493
2006	26,353	37,917	31,335	8,163	15,493
Subsequent	197,647	219,081	215,880	65,813	495,780
Totals	\$ 329,412	\$ 402,118	\$ 372,282	\$ 109,502	\$ 573,245

The General Obligation Note of \$810,000 is due in 2002

**VILLAGE OF GRANVILLE
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000 (Continued)**

6. RETIREMENT SYSTEMS

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

Contribution rates are also prescribed by the Ohio Revised Code. For 2001 and 2000, members of PFDPF contribute 10% of their wages to the PFDPF. The Village contributed an amount equal to 19.5% of their wages. PERS members contributed 8.5% of their gross salaries. The Village contributed an amount equal to 13.55% of participants gross salaries. The Village has paid all contributions required through December 31, 2001.

7. RISK MANAGEMENT

The Village has obtained commercial insurance for the following risks:

- * Comprehensive property and general liability
- * Vehicles

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

8. RECLASSIFICATION OF FUNDS

The Park Land Reserve Fund, previously reported as a Special Revenue Fund, was reclassified as a Capital Project Fund to better reflect the operating nature of this fund. As a result, the following adjustment was made to the December 31, 1999 Fund Balances of the Capital Projects and Special Revenue Fund Types.

Special Revenue Fund Types, December 31, 1999	\$ 212,679
Adjustment	<u>(167,212)</u>
Restated Fund Balance, December 31, 1999	<u><u>\$ 45,467</u></u>
Capital Projects Fund Types, December 31, 1999	\$ 720,003
Adjustment	<u>167,212</u>
Restated Fund Balance, December 31, 1999	<u><u>\$ 887,215</u></u>

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

**REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE AND ON INTERNAL CONTROL
OVER FINANCIAL REPORTING BASED ON AN AUDIT
OF FINANCIAL STATEMENT PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS.**

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

We have audited the financial statements of The Village of Granville as of and for the years ended December 31, 2001 and 2000, and have issued our report thereon dated February 19, 2002. 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.

Compliance

As part of obtaining reasonable assurance about whether the Village of Granville's combined financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, 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 test disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. We have noted certain immaterial instances of noncompliance that we have reported to the management of the Village of Granville in a separate letter dated February 19, 2002.

Internal Control Over Financing Reporting

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

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

Wolfe, Wilson, & Phillips, Inc.
Zanesville, Ohio
February 19, 2002



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140
Telephone 614-466-4514
800-282-0370
Facsimile 614-466-4490

VILLAGE OF GRANVILLE

LIICKING COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
JUNE 20, 2002**