

**VILLAGE OF GRANVILLE  
LICKING COUNTY**

**AUDIT REPORT**

**JANUARY 1, 2006 – DECEMBER 31, 2007**

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





# Mary Taylor, CPA

Auditor of State

The Honorable Mayor and Village Council  
Village of Granville  
141 East Broadway  
P.O. Box 514  
Granville, Ohio 43023

We have reviewed the *Independent Auditors' Report* of the Village of Granville, Licking County, prepared by Wolfe, Wilson & Phillips, Inc., for the audit period January 1, 2006 through December 31, 2007. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

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

*Mary Taylor*

Mary Taylor, CPA  
Auditor of State

May 22, 2008

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**VILLAGE OF GRANVILLE  
LICKING COUNTY**

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

**INDEPENDENT AUDITORS' REPORT**

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

We have audited the accompanying financial statement of the Village of Granville, Licking County as of and for the years ended December 31, 2007 and 2006. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

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

Instead of the combined funds the accompanying financial statements present for 2007 and 2006, the revisions require presenting entity wide statements and also to present its larger (i.e. major) funds separately for 2007 and 2006. While the Village does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to the new GAAP presentation requirements. The Auditor of State permits, but does not require governments to reformat their statements. The Village has elected not to reformat its statements. Since this Village does not use GAAP to measure financial statement amounts, the following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding paragraph, the financial statements referred to above for the years ending December 31, 2007 and 2006 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Village of Granville as of December 31, 2007 and 2006, and or its changes in financial position for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of the Village of Granville, Licking County, as of December 31, 2007 and 2006, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

The Village has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued a report dated March 17, 2008, on our consideration of the Village of Granville's internal control structure over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

***Wolfe, Wilson, & Phillips, Inc.***  
Zanesville, Ohio  
March 17, 2008

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, 2007

	Governmental Fund Types				Fiduciary Fund Type	Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Permanent	
<b>Cash Receipts</b>						
Property Tax and Other Local Taxes	\$ 2,994,142	\$ -	\$ -	\$ -	\$ -	\$ 2,994,142
Special Assessments	-	-	20,352	-	-	20,352
Intergovernmental Receipts	353,173	183,468	-	153,460	-	690,101
Charges for Services	-	12,100	-	-	-	12,100
Fines, Licenses, and Permits	161,312	1,081	-	-	-	162,393
Earnings on Investments	154,860	-	-	-	-	154,860
Miscellaneous	70,266	-	-	-	-	70,266
<b>Total Cash Receipts</b>	<u>3,733,753</u>	<u>196,649</u>	<u>20,352</u>	<u>153,460</u>	<u>-</u>	<u>4,104,214</u>
<b>Cash Disbursements</b>						
Current:						
Security of Persons and Property	895,195	-	-	-	-	895,195
Public Health Services	23,558	-	-	-	-	23,558
Community Environment	65,913	799	-	-	-	66,712
Transportation	605,152	142,658	-	-	-	747,810
General Government	932,530	-	-	-	-	932,530
Debt Service	30,986	99,122	26,667	-	-	156,775
Capital Outlay	833,276	60,000	-	235,135	-	1,128,411
<b>Total Cash Disbursements</b>	<u>3,386,610</u>	<u>302,579</u>	<u>26,667</u>	<u>235,135</u>	<u>-</u>	<u>3,950,991</u>
<b>Total Receipts Over/(Under) Disbursements</b>	347,143	(105,930)	(6,315)	(81,675)	-	153,223
<b>Other Financing Receipts/(Disbursements)</b>						
Transfers - In	-	117,171	-	110,729	-	227,900
Other Sources	4,000	-	-	-	-	4,000
Transfers - Out	(227,900)	-	-	-	-	(227,900)
Other Uses	-	(7,171)	-	-	-	(7,171)
<b>Total Other Financing Receipts/(Disbursements)</b>	<u>(223,900)</u>	<u>110,000</u>	<u>-</u>	<u>110,729</u>	<u>-</u>	<u>(3,171)</u>
<b>Excess of cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements</b>	123,243	4,070	(6,315)	29,054	-	150,052
<b>Fund Cash Balnces, January 1, 2007</b>	<u>1,211,922</u>	<u>365,324</u>	<u>44,998</u>	<u>482,100</u>	<u>110</u>	<u>2,104,454</u>
<b>Fund Cash Balances, December 31, 2007</b>	<u>\$ 1,335,165</u>	<u>\$ 369,394</u>	<u>\$ 38,683</u>	<u>\$ 511,154</u>	<u>\$ 110</u>	<u>\$ 2,254,506</u>
<b>Reserve for Encumbrances, December 31, 2007</b>	<u>\$ 309,880</u>	<u>\$ 25,225</u>	<u>\$ -</u>	<u>\$ 95,757</u>	<u>\$ -</u>	<u>\$ 430,862</u>

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, 2007**

	<u>Proprietary</u>	<u>Fiduciary</u>	<b>Totals (Memorandum Only)</b>
	<u>Enterprise</u>	<u>Agency</u>	
<b>Operating Cash Receipts:</b>			
Charges for Services	\$ 1,285,321	\$ -	\$ 1,285,321
<b>Total Operating Cash Receipts</b>	<u>1,285,321</u>	<u>-</u>	<u>1,285,321</u>
<b>Operating Cash Disbursements:</b>			
Personal Services	459,601	-	459,601
Contractual Services	389,715	-	389,715
Supplies and Materials	182,815	-	182,815
Capital Outlay	30,624	-	30,624
<b>Total Operating Cash Disbursements</b>	<u>1,062,755</u>	<u>-</u>	<u>1,062,755</u>
Operating Income/(Loss)	<u>222,566</u>	<u>-</u>	<u>222,566</u>
<b>Non-Operating Cash Receipts:</b>			
Other Non-operating Receipts	<u>-</u>	<u>154,202</u>	<u>154,202</u>
<b>Non-Operating Cash Disbursements:</b>			
Other Non-operating Cash Disbursements	62,829	155,253	218,082
Debt Service	56,614	-	56,614
<b>Total Non-Operating Cash Disbursements</b>	<u>119,443</u>	<u>155,253</u>	<u>274,696</u>
<b>Net Receipts Over/(Under) Disbursements</b>	<u>103,123</u>	<u>(1,051)</u>	<u>102,072</u>
<b>Fund Cash Balances, January 1, 2007</b>	<u>857,446</u>	<u>12,265</u>	<u>869,711</u>
<b>Fund Cash Balances, December 31, 2007</b>	<u>\$ 960,569</u>	<u>\$ 11,214</u>	<u>\$ 971,783</u>
<b>Reserve for Encumbrances, December 31, 2007</b>	<u>\$ 225,809</u>	<u>\$ -</u>	<u>\$ 225,809</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, 2006

	Governmental Fund Types				Fiduciary Fund Type	Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Permanent	
<b>Cash Receipts</b>						
Property Tax and Other Local Taxes	\$ 2,883,369	\$ 177,721	\$ -	\$ -	\$ -	\$ 3,061,090
Special Assessments	-	-	23,351	-	-	23,351
Intergovernmental Receipts	483,377	-	-	-	-	483,377
Charges for Services	-	33,280	-	-	-	33,280
Fines, Licenses, and Permits	146,134	981	-	-	-	147,115
Earnings on Investments	118,885	-	-	-	-	118,885
Miscellaneous	308,419	518	-	-	-	308,937
<b>Total Cash Receipts</b>	<u>3,940,184</u>	<u>212,500</u>	<u>23,351</u>	<u>-</u>	<u>-</u>	<u>4,176,035</u>
<b>Cash Disbursements</b>						
Current:						
Security of Persons and Property	869,009	-	-	-	-	869,009
Public Health Services	21,569	-	-	-	-	21,569
Community Environment	94,456	68,310	-	-	-	162,766
Transportation	518,068	94,775	-	-	-	612,843
General Government	924,406	-	-	-	-	924,406
Debt Service	30,986	87,597	27,760	-	-	146,343
Capital Outlay	506,038	59,563	-	84,481	-	650,082
<b>Total Cash Disbursements</b>	<u>2,964,532</u>	<u>310,245</u>	<u>27,760</u>	<u>84,481</u>	<u>-</u>	<u>3,387,018</u>
<b>Total Receipts Over/(Under) Disbursements</b>	975,652	(97,745)	(4,409)	(84,481)	-	789,017
<b>Other Financing Receipts/(Disbursements)</b>						
Transfers - In	-	133,223	-	110,677	-	243,900
Other Sources	4,000	-	-	-	-	4,000
Transfers - Out	(243,900)	-	-	-	-	(243,900)
Other Uses	-	(10,223)	-	(10,000)	-	(20,223)
<b>Total Other Financing Receipts/(Disbursements)</b>	<u>(239,900)</u>	<u>123,000</u>	<u>-</u>	<u>100,677</u>	<u>-</u>	<u>(16,223)</u>
<b>Excess of cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements</b>	735,752	25,255	(4,409)	16,196	-	772,794
<b>Fund Cash Balnces, January 1, 2006</b>	<u>476,170</u>	<u>340,069</u>	<u>49,407</u>	<u>465,904</u>	<u>110</u>	<u>1,331,660</u>
<b>Fund Cash Balances, December 31, 2006</b>	<u>\$ 1,211,922</u>	<u>\$ 365,324</u>	<u>\$ 44,998</u>	<u>\$ 482,100</u>	<u>\$ 110</u>	<u>\$ 2,104,454</u>
<b>Reserve for Encumbrances, December 31, 2006</b>	<u>\$ 138,758</u>	<u>\$ 14,634</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 153,392</u>

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, 2006**

	<u>Proprietary</u>	<u>Fiduciary</u>	<u>Totals</u> <u>(Memorandum</u> <u>Only)</u>
	<u>Enterprise</u>	<u>Agency</u>	
<b>Operating Cash Receipts:</b>			
Charges for Services	\$ 1,272,147	\$ -	\$ 1,272,147
<b>Total Operating Cash Receipts</b>	<u>1,272,147</u>	<u>-</u>	<u>1,272,147</u>
<b>Operating Cash Disbursements:</b>			
Personal Services	432,833	-	432,833
Contractual Services	363,107	-	363,107
Supplies and Materials	182,873	-	182,873
Capital Outlay	143,292	-	143,292
<b>Total Operating Cash Disbursements</b>	<u>1,122,105</u>	<u>-</u>	<u>1,122,105</u>
Operating Income/(Loss)	<u>150,042</u>	<u>-</u>	<u>150,042</u>
<b>Non-Operating Cash Receipts:</b>			
Other Non-operating Receipts	<u>-</u>	<u>139,380</u>	<u>139,380</u>
<b>Non-Operating Cash Disbursements:</b>			
Other Non-operating Cash Disbursements	72,778	133,440	206,218
Debt Service	57,648	-	57,648
<b>Total Non-Operating Cash Disbursements</b>	<u>130,426</u>	<u>133,440</u>	<u>263,866</u>
<b>Net Receipts Over/(Under) Disbursements</b>	<u>19,616</u>	<u>5,940</u>	<u>25,556</u>
<b>Fund Cash Balances, January 1, 2006</b>	<u>837,830</u>	<u>6,325</u>	<u>844,155</u>
<b>Fund Cash Balances, December 31, 2006</b>	<u>\$ 857,446</u>	<u>\$ 12,265</u>	<u>\$ 869,711</u>
<b>Reserve for Encumbrances, December 31, 2006</b>	<u>\$ 81,601</u>	<u>\$ -</u>	<u>\$ 81,601</u>

See notes to financial statements.

**VILLAGE OF GRANVILLE  
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2007 and 2006**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

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

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

**B. Basis of Accounting**

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

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

**C. Cash and Investments**

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

**D. Fund Accounting**

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

**Governmental Funds**

**General Fund**

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

**Special Revenue Funds**

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

**VILLAGE OF GRANVILLE  
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2007 and 2006**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Fund Accounting (Continued)**

**Special Revenue Funds (Continued)**

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

**Debt Service**

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

Special Assessments Fund – This fund collects assessments from the County Auditor to repay debt.

**Capital Projects Funds**

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

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

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

**Enterprise Funds**

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

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

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

**Fiduciary Funds**

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

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

**VILLAGE OF GRANVILLE  
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2007 and 2006**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**E. Budgetary Process**

The Ohio Revised Code requires that the Village budget annually.

**Appropriations**

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control, and appropriations may not exceed estimated resources. Council must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Unencumbered appropriations lapse at year end.

**Estimated Resources**

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

**Encumbrances**

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

A summary of 2007 and 2006 budgetary activity appears in Note 3.

**F. Property, Plant, and Equipment**

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

**G. Unpaid vacation and Sick Leave**

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

**H. Village Income Tax**

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

**2. EQUITY IN POOLED CASH AND INVESTMENTS**

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

**VILLAGE OF GRANVILLE  
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2007 and 2006**

**2. EQUITY IN POOLED CASH AND INVESTMENTS (Continued)**

	2007	2006
Demand Deposits	\$ 1,343,605	\$ 1,274,137
Money Market	1,582,684	1,503,268
Total Deposits	2,926,289	2,777,405
U.S. Treasury Notes	300,000	196,760
Total deposits and investments	\$ 3,226,289	\$ 2,974,165

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

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

**3. BUDGETARY ACTIVITY**

Budgetary activity for the year ended December 31, 2007 and 2006 is as follows:

**2007 Budgeted vs. Actual Receipts**

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 4,043,561	\$ 3,737,753	\$ (305,808)
Special Revenue	353,400	313,820	(39,580)
Debt Service	30,000	20,352	(9,648)
Capital Projects	490,417	264,189	(226,228)
Enterprise	1,070,000	1,285,321	215,321
Total	\$ 5,987,378	\$ 5,621,435	\$ (365,943)

**2007 Budgeted vs. Actual Budgetary Basis Expenditures**

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 4,200,782	\$ 3,924,390	\$ 276,392
Special Revenue	415,268	334,975	80,293
Debt Service	27,700	26,667	1,033
Capital Project	464,240	330,892	133,348
Enterprise	1,430,581	1,408,007	22,574
Total	\$ 6,538,571	\$ 6,024,931	\$ 513,640

**2006 Budgeted vs. Actual Receipts**

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 3,943,350	\$ 3,944,184	\$ 834
Special Revenue	891,900	345,723	(546,177)
Debt Service	27,000	23,351	(3,649)
Capital Projects	138,677	110,677	(28,000)
Enterprise	1,241,500	1,272,147	30,647
Total	\$ 6,242,427	\$ 5,696,082	\$ (546,345)

**VILLAGE OF GRANVILLE  
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2007 and 2006**

**3. BUDGETARY ACTIVITY (Continued)**

<b>2006 Budgeted vs. Actual Budgetary Basis Expenditures</b>			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 3,702,885	\$ 3,347,190	\$ 355,695
Special Revenue	975,243	335,102	640,141
Debt Service	28,700	27,760	940
Capital Projects	116,000	84,481	31,519
Enterprise	1,767,989	1,334,132	433,857
Total	\$ 6,590,817	\$ 5,128,665	\$ 1,462,152

Contrary to Ohio Revised Code Section 5705.39, the Village had funds with appropriations greater than estimated resources. In 2007 the fund was the Sewer Fund. In 2006, it was the Bryn Du Fund, Sewer Fund and Debt Service-Sewer Fund.

**4. PROPERTY TAX**

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

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

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

**5. DEBT**

Debt outstanding at December 31, 2007 and 2006 was as follows:

	2007		2006	
	Principal	%	Principal	%
Ohio Water Development Authority Loans	\$ 120,688	8.1	\$ 135,760	8.1
Ohio Public Works Commission Note	387,328	0.0	418,314	0.0
Mortgage Revenue Bonds	157,155	6.0	178,909	6.0
Special Assessment Bonds	136,829	6.0	154,075	6.0
Property Acquisition Note	1,205,000	7.0	1,250,000	7.0
Total	\$ 2,007,000		\$ 2,137,058	

**VILLAGE OF GRANVILLE  
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2007 and 2006**

**5. DEBT (Continued)**

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

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

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

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

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

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

Year Ending December 31	OWDA Loans	Mortgage Revenue Bonds	Special Assessment Bonds	OPWC Loan
2008	\$ 26,353	\$ 33,184	\$ 29,011	\$ 30,986
2009	26,353	34,651	29,592	30,986
2010	26,353	32,880	27,939	30,986
2011	26,353	34,053	28,317	30,986
2012	26,353	32,012	26,476	30,986
2013-2017	26,353	32,928	44,266	154,930
2018-2022	-	-	-	77,468
	<u>\$ 158,118</u>	<u>\$ 199,708</u>	<u>\$ 185,601</u>	<u>\$ 387,328</u>

The Property Acquisition note is due in 2008.

**VILLAGE OF GRANVILLE  
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2007 and 2006**

**6. RETIREMENT SYSTEMS**

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

Contribution rates are also prescribed by the Ohio Revised Code. For 2007 and 2006, members of PFDPF contributed 10% of their wages to PFDPF. The Village contributed an amount equal to 19.5% of their wages. PERS members contributed 9.5% and 9.0% of their gross salaries for 2007 and 2006, respectively. The Village contributed an amount equal to 13.85% and 13.70% of participant's gross salaries for 2007 and 2006, respectively. The Village has paid all contributions required through December 31, 2007.

**7. RISK MANAGEMENT**

The Village has obtained commercial insurance for the following risks:

- \* Comprehensive property and general liability
- \* Vehicles

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

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

**INDEPENDENT AUDITORS' REPORT ON 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

We have audited the financial statements of the Village of Granville, Licking County, Ohio, as of and for the years ended December 31, 2007 and 2006, and have issued our report thereon dated March 17, 2008, wherein we noted the Village followed the cash basis of accounting, a comprehensive accounting basis other than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered Village of Granville's internal control over financial reporting as a basis for designing our audit procedures for expressing our opinion on the financial statements, but not to opine on the effectiveness of the Village's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Village's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Village's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that a misstatement of the Village's financial statements that is more than inconsequential will not be prevented or detected by the Village's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Village's internal control.

Our consideration of internal control over financial reporting was for the limited purposes described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Village of Granville's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that we must report under *Government Auditing Standard*. However, we noted certain immaterial instances of noncompliance that we have reported to the management of Village of Granville in a separate letter dated March 17, 2008.

This report is intended for the information of the Village's management, Finance Director, and 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  
March 17, 2008



**Mary Taylor, CPA**  
Auditor of State

**VILLAGE OF GRANVILLE**

**LICKING COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
JUNE 5, 2008**