



**GRANVILLE TOWNSHIP
LICKING COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2001 - 2000



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**GRANVILLE TOWNSHIP
LICKING COUNTY**

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REPORT OF INDEPENDENT ACCOUNTANTS

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

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

We conducted our audits 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 audits 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 audits provide a reasonable basis for our opinion.

As discussed in Note 1, the Township prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting 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 Township as of December 31, 2001 and December 31, 2000, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 4, 2002 on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and 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 audits.

Granville Township
Licking County
Report of Independent Accountants
Page 2

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

JIM PETRO
Auditor of State

April 4, 2002

**GRANVILLE TOWNSHIP
LICKING COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES AND NON-EXPENDABLE TRUST FUND
FOR THE YEAR ENDED DECEMBER 31, 2001**

	Governmental Fund Types			Fiduciary Fund Type	Totals (Memorandum Only)
	General	Special Revenue	Capital Projects	Non-Expendable Trust	
Cash Receipts:					
Local Taxes	\$137,706	\$1,575,210	\$0	\$0	\$1,712,916
Intergovernmental	75,038	277,690	222,885	-	575,613
Licenses, Permits, and Fees	18,159	11,741	-	-	29,900
Earnings on Investments	37,112	16,712	-	8,192	62,016
Other Receipts	41,921	23,623	-	4,942	70,486
Total Cash Receipts	309,936	1,904,976	222,885	13,134	2,450,931
Cash Disbursements:					
Current:					
General Government	137,971	11,147	-	-	149,118
Public Safety	-	486,336	-	-	486,336
Public Works	37,025	525,317	-	-	562,342
Health	125,770	44,339	-	-	170,109
Conservation - Recreation	-	555,408	-	-	555,408
Debt Service:					
Redemption of Principal	-	97,000	-	-	97,000
Interest and Fiscal Charges	-	41,040	-	-	41,040
Capital Outlay	24,443	13,028	222,885	23,633	283,989
Total Cash Disbursements	325,209	1,773,615	222,885	23,633	2,345,342
Total Receipts Over/(Under) Disbursements	(15,273)	131,361	-	(10,499)	105,589
Fund Cash Balances, January 1	338,024	779,576	-	198,920	1,316,520
Fund Cash Balances, December 31	\$322,751	\$910,937	\$0	\$188,421	\$1,422,109

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

**GRANVILLE TOWNSHIP
LICKING COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES AND NON-EXPENDABLE TRUST FUND
FOR THE YEAR ENDED DECEMBER 31, 2000**

	<u>Governmental Fund Types</u>		<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Non-Expendable Trust</u>	
Cash Receipts:				
Local Taxes	\$ 132,506	\$ 1,146,602	\$ -	\$ 1,279,108
Intergovernmental	89,017	189,006	-	278,023
Licenses, Permits, and Fees	12,472	22,379	-	34,851
Earnings on Investments	54,989	24,854	12,419	92,262
Other Receipts	23,676	35,967	2,720	62,363
	<u>312,660</u>	<u>1,418,808</u>	<u>15,139</u>	<u>1,746,607</u>
Cash Disbursements:				
Current:				
General Government	114,237	3,548	-	117,785
Public Safety	-	591,160	-	591,160
Public Works	87,294	473,765	766	561,825
Health	95,860	19,937	-	115,797
Human Services	-	-	-	-
Conservation - Recreation	4,024	236,377	-	240,401
Debt Service:				
Redemption of Principal	-	97,000	-	97,000
Interest and Fiscal Charges	-	17,460	-	17,460
Capital Outlay	29,204	68,523	16,751	114,478
	<u>330,619</u>	<u>1,507,770</u>	<u>17,517</u>	<u>1,855,906</u>
Total Receipts Over/(Under) Disbursements	(17,959)	(88,962)	(2,378)	(109,299)
Fund Cash Balances, January 1	<u>355,983</u>	<u>868,538</u>	<u>201,298</u>	<u>1,425,819</u>
Fund Cash Balances, December 31	<u>\$ 338,024</u>	<u>\$ 779,576</u>	<u>\$ 198,920</u>	<u>\$ 1,316,520</u>
Reserve for Encumbrances, December 31	<u>\$ 2,300</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,300</u>

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

**GRANVILLE TOWNSHIP
LICKING COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Granville Township, Licking County, (the Township) 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 Township is directed by a publicly-elected three-member Board of Trustees. The Township provides road and bridge maintenance, cemetery maintenance, fire protection and emergency medical services. The Township contracts with the Granville Volunteer Fire Department Inc. to provide fire services and ambulance services.

The Township's management believes these financial statements present all activities for which the Township 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

The Township invests interim monies in the State Treasurer's STAR Ohio investment pool. The monies deposited with the program by Ohio subdivisions are pooled to achieve a greater return. All investment earnings are credited to the participating subdivision proportionate to their respective holdings in the program at the time of investment.

Investments are reported as assets. Accordingly, purchases 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 Township uses fund accounting to segregate cash and investments that are restricted as to use. The Township 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.

**GRANVILLE TOWNSHIP
LICKING COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

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 Township had the following significant Special Revenue Funds:

Road and Bridge Fund - This fund receives property tax money for constructing, maintaining and repairing Township roads and bridges.

Gasoline Tax Fund - This fund receives gasoline tax money to pay for constructing, maintaining and repairing Township roads.

Special Levy (Fire) Fund – This fund receives property tax money to pay for fire protection and ambulance services for the Township from the Granville Volunteer Fire Department, Inc.

Recreation Commission Fund – This fund receives property tax money to fund recreational activities and maintain the facilities.

Open Space Preservation Fund – This fund receives property tax money for the purchase of land for space preservation.

Fire Levy Fund – This fund receives property tax money for the purchase of a ladder truck to be used by the Granville Volunteer Fire Department, Inc. while providing the Township's fire protection services.

3. Capital Project Fund

This fund is used to account for receipts that are restricted for the acquisition or construction of a major capital project (except those financed through enterprise or trust funds). The Township had the following significant Capital Project Fund:

Issue II Fund - The Township received a grant from the State of Ohio for road work.

4. Fiduciary Fund (Trust Fund)

This fund is used to account for resources restricted by legally binding trust agreements. The Township had the following significant Fiduciary Fund:

Cemetery Bequest Fund – This fund is used for the perpetual care of the Township's cemeteries.

**GRANVILLE TOWNSHIP
LICKING COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process

The Ohio Revised Code requires that each fund be budgeted annually.

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the object level of control, and appropriations may not exceed estimated resources. The Board of Trustees 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 Township to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated. The Township did not encumber all commitments required by Ohio law.

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. Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the Township's basis of accounting.

**GRANVILLE TOWNSHIP
LICKING COUNTY**

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

2. EQUITY IN POOLED CASH AND INVESTMENTS

The Township maintains a cash and investment 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:

	2001	2000
STAR Ohio	1,422,109	1,316,520

Investments: Investments in STAR Ohio is not evidenced by securities that exist in physical or book-entry form.

3. BUDGETARY ACTIVITY

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

2001 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$230,005	\$309,936	\$79,931
Special Revenue	1,842,456	1,904,976	62,520
Capital Projects	222,885	222,885	0
Total	\$2,295,346	\$2,437,797	\$142,451

Fund Type	Expenditures	Expenditures	Variance
General	\$568,029	\$325,209	\$242,820
Special Revenue	2,618,044	1,773,615	844,429
Capital Projects	222,885	222,885	0
Total	\$3,408,958	\$2,321,709	\$1,087,249

2000 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$229,280	\$312,660	\$83,380
Special Revenue	1,369,510	1,418,808	49,298
Total	\$1,598,790	\$1,731,468	\$132,678

**GRANVILLE TOWNSHIP
LICKING COUNTY**

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

3. BUDGETARY ACTIVITY (Continued)

2000 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Budgeted Expenditures	Actual Expenditures	Variance
General	\$572,989	\$330,619	\$242,370
Special Revenue	2,236,367	1,507,770	728,597
Total	\$2,809,356	\$1,838,389	\$970,967

4. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by Board of Trustees. 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.

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 Township.

5. DEBT

Debt outstanding at December 31, 2001 was as follows:

	Principal	Interest Rate
Kent Notes	\$97,000	6%
Kennedy/Rader Notes	980,000	6%
Total	\$1,077,000	

Two promissory notes were issued during 1999 to finance the purchase of land from the Kent Family LLC for Open Space Preservation. The notes will be repaid in yearly installments, including interest, over 3 years. Payment on the notes will come from the Township's Open Space Preservation Levy Fund and existing Township funds.

Four promissory notes were issued during 2001 to finance the purchase of land from James M. Kennedy and Benjamin W. Rader for Open Space Preservation. The Township will make monthly payments of interest to each lender for a term of five years, whereupon, the entire principal amount together with any accrued interest shall immediately be due and payable. However, the lenders may, at their option, extend the term of the note for an additional five years and the Township will continue the interest payments during the extended term.

**GRANVILLE TOWNSHIP
LICKING COUNTY**

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

5. DEBT (Continued)

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

Year ending December 31:	Promissory Notes - Kent	Promissory Notes - Kennedy	Promissory Notes - Rader
2002	102,820	29,400	29,400
2003	0	29,400	29,400
2004	0	29,400	29,400
2005	0	29,400	29,400
2006	0	504,700	504,700
Total	<u>\$102,820</u>	<u>\$622,300</u>	<u>\$622,300</u>

6. RETIREMENT SYSTEMS

Full-time employees and elected officials belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-employer plan. This plan provides 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, PERS members contributed 8.5% of their gross salaries. The Township contributed an amount equal to 13.55% of participants' gross salaries for 2001 and from January 1, 2000 through June 30, 2000. PERS temporarily reduced the employer contribution rate to 8.13% effective July 1, 2000 through December 31, 2000. The Township has paid all contributions required through December 31, 2001.

7. RISK MANAGEMENT

Commercial Insurance

The Township has obtained commercial insurance for the following risks:

- General liability and casualty;
- Public official's liability; and
- Vehicle

8. CONTINGENT LIABILITIES

The Township is defendant in a lawsuit. Although the outcome of this suit is not presently determinable, management believes that the resolution of these matters will not materially adversely affect the Township's financial condition.



**STATE OF OHIO
OFFICE OF THE AUDITOR**

JIM PETRO, AUDITOR OF STATE

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**REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE AND ON INTERNAL CONTROL
REQUIRED BY GOVERNMENT AUDITING STANDARDS**

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

We have audited the accompanying financial statements of Granville Township (the Township) as of and for the years ended December 31, 2001 and December 31, 2000, and have issued our report thereon dated April 4, 2002. We conducted our audits 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 Township's 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 tests disclosed an instance of noncompliance that is required to be reported under *Government Auditing Standards*, which is described in the accompanying schedule of finding as item 2001-40645-001.

Internal Control Over Financial Reporting

In planning and performing our audits, we considered the Township's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the 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 material weaknesses. 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 the 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. However, we noted a matter involving the internal control over financial reporting that does not require inclusion in this report, that we have reported to management of the Township in a separate letter dated April 4, 2002.

Granville Township
Licking County
Report of Independent Accountants on Compliance and on Internal Control
Required by *Government Auditing Standards*
Page 2

This report is intended solely for the information and use of management, and the Board of Trustees, and is not intended to be and should not be used by anyone other than these specified parties.

JIM PETRO
Auditor of State

April 4, 2002

**GRANVILLE TOWNSHIP
LICKING COUNTY**

**SCHEDULE OF FINDING
DECEMBER 31, 2001 AND 2000**

**FINDING RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS**

FINDING NUMBER 2001-40645-001

Noncompliance Citation

Ohio Revised Code § 5705.41(D), states no orders or contracts involving the expenditure of money is to be made unless there is attached thereto a certificate of the fiscal officer certifying that the amount required for the order or contract has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances. Every such contract made without such a certificate shall be null and void and no warrant shall be issued in payment of any amount due thereon.

This section also provides two "exceptions" to the above requirement:

1. Then and Now Certificate - If no certificate is furnished as required, upon receipt of the fiscal officer's certificate that a sufficient sum was, both at the time of the contract or order and at the time of the certificate, appropriated and free of any previous encumbrances, the Board may authorize the issuance of a warrant in payment of the amount due upon such contract or order by resolution within 30 days from the receipt of such certificate, if such expenditure is otherwise valid.
2. If the amount involved is less than \$1,000, the fiscal officer may authorize it to be paid without the affirmation of the Board, if such expenditure is otherwise valid.

The Clerk may use blanket certificates. For blanket certificates, one blanket certificate may be issued for each line item appropriation and must not exceed \$5,000 and should not exceed three months. For super blanket certificates, more than one certificate can be outstanding per line item appropriation, can exceed three months and can be for any amount. These blanket certificates should be canceled at the end of each fiscal year.

One hundred percent of transactions tested were not certified by the fiscal officer at the time the commitment was incurred and neither of the exceptions provided for were used. To improve controls over disbursements, we recommend that all Township disbursements receive prior certification of the fiscal officer that the funds are or will be available. When prior certification is not possible, then and now certification should be utilized.



STATE OF OHIO
OFFICE OF THE AUDITOR

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GRANVILLE TOWNSHIP

LICKING COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
MAY 9, 2002**