

VILLAGE OF GRANVILLE

AUDIT REPORT

JANUARY 1, 2014 - DECEMBER 31, 2015

**Wilson, Phillips & Agin, CPA's, Inc.
1100 Brandywine Blvd. Building G
Zanesville, Ohio 43701**



Dave Yost • Auditor of State

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

We have reviewed the *Independent Auditors' Report* of the Village of Granville, Licking County, prepared by Wilson, Phillips & Agin, CPA's, Inc., for the audit period January 1, 2014 through December 31, 2015. 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 that reads "Dave Yost".

Dave Yost
Auditor of State

June 9, 2016

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**VILLAGE OF GRANVILLE
LICKING COUNTY
JANUARY 1, 2014 - DECEMBER 31, 2015**

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**WILSON, PHILLIPS & AGIN, CPA'S, INC.
1100 BRANDYWINE BLVD. BUILDING G
ZANESVILLE, OHIO 43701**

INDEPENDENT AUDITORS' 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 by fund type and related notes of the Village of Granville, Licking County, as of and for the years ended December 31, 2015 and 2014.

Management's Responsibility For the Financial Statements

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

Auditor's Responsibility

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

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

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

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

As described in Note 1 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(D), which is an accounting basis other than accounting principles generally accepted in the United States, to satisfy these requirements.

Although the effects on the financial statements of the variances between the regulatory basis of accounting and GAAP are not reasonably determinable, are presumed to be 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(D) permit. Our opinion on this accounting basis permitted 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 of Granville as of December 31, 2015 and 2014, or changes in financial position thereof for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash balances of the Village of Granville, Licking County as of December 31, 2015 and 2014, and its combined cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 1.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated March 23, 2016, on our consideration of the Village of Granville's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.

Wilson, Phillips & Agin, CPA's, Inc.
Zanesville, Ohio
March 23, 2016

VILLAGE OF GRANVILLE
LICKING COUNTY

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2015**

	Governmental Fund Types					Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Permanent	
Cash Receipts						
Property Tax and Other Local Taxes	\$ 424,300	\$ -	\$ -	\$ -	\$ -	\$ 424,300
Municipal Income Tax	3,383,406	-	-	-	-	3,383,406
Special Assessments	-	-	7,924	-	-	7,924
Intergovernmental Receipts	108,464	207,384	-	-	-	315,848
Charges for Services	-	-	-	-	-	-
Fines, Licenses, and Permits	115,687	220	-	-	-	115,907
Earnings on Investments	15,102	114	-	-	-	15,216
Miscellaneous	84,592	-	-	-	-	84,592
Total Cash Receipts	4,131,551	207,718	7,924	-	-	4,347,193
Cash Disbursements						
Current:						
Security of Persons and Property	1,346,033	-	-	-	-	1,346,033
Public Health Services	25,844	-	-	-	-	25,844
Leisure Time Activities	4,651	30,000	-	-	-	34,651
Community Environment	107,823	-	-	-	-	107,823
Transportation	951,723	137,647	-	-	-	1,089,370
General Government	1,031,332	22,698	-	-	-	1,054,030
Debt Service						
Principal	30,986	-	5,000	-	-	35,986
Interest	-	-	881	-	-	881
Capital Outlay	-	300,000	-	632,346	-	932,346
Total Cash Disbursements	3,498,392	490,345	5,881	632,346	-	4,626,964
Total Receipts Over/(Under) Disbursements	633,159	(282,627)	2,043	(632,346)	-	(279,771)
Other Financing Receipts/(Disbursements)						
Transfers - In	-	43,000	-	412,500	-	455,500
Other Financing Receipts	-	60,000	-	-	-	60,000
Transfers - Out	(455,500)	-	-	-	-	(455,500)
Total Other Financing Receipts/(Disbursements)	(455,500)	103,000	-	412,500	-	60,000
Excess of cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements						
	177,659	(179,627)	2,043	(219,846)	-	(219,771)
Fund Cash Balances, January 1, 2015	2,961,152	841,601	14,356	1,836,897	110	5,654,116
Fund Cash Balances, December 31, 2015						
Nonspendable	-	-	-	-	110	110
Assigned	125,050	11,732	-	24,337	-	161,119
Restricted	-	411,660	16,399	-	-	428,059
Committed	-	238,582	-	1,592,714	-	1,831,296
Unassigned (Deficit)	3,013,761	-	-	-	-	3,013,761
Fund Cash Balances, December 31, 2015	\$ 3,138,811	\$ 661,974	\$ 16,399	\$ 1,617,051	\$ 110	\$ 5,434,345

See notes to financial statements.

**VILLAGE OF GRANVILLE
LICKING COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL PROPRIETARY AND FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2015**

	<u>Proprietary</u>	<u>Fiduciary</u>	Totals (Memorandum Only)
	<u>Enterprise</u>	<u>Agency</u>	
Operating Cash Receipts:			
Charges for Services	\$ 2,016,339	\$ -	\$ 2,016,339
Total Operating Cash Receipts	<u>2,016,339</u>	<u>-</u>	<u>2,016,339</u>
Operating Cash Disbursements:			
Personal Services	531,409	-	531,409
Contractual Services	735,113	-	735,113
Supplies and Materials	171,384	-	171,384
Capital Outlay	132,402	-	132,402
Total Operating Cash Disbursements	<u>1,570,308</u>	<u>-</u>	<u>1,570,308</u>
Operating Income/(Loss)	<u>446,031</u>	<u>-</u>	<u>446,031</u>
Non-Operating Cash Receipts:			
Other Non-operating Receipts	-	107,722	107,722
Total Non-Operating Cash Receipts	<u>-</u>	<u>107,722</u>	<u>107,722</u>
Non-Operating Cash Disbursements:			
Other Non-operating Cash Disbursements	-	-	-
Debt Service-Principal	21,158	111,969	133,127
Debt Service-Interest	10,500	-	10,500
Total Non-Operating Cash Disbursements	<u>31,658</u>	<u>111,969</u>	<u>143,627</u>
Net Receipts Over/(Under) Disbursements	414,373	(4,247)	410,126
Fund Cash Balances, January 1	<u>1,143,286</u>	<u>12,016</u>	<u>1,155,302</u>
Fund Cash Balances, December 31	<u>\$ 1,557,659</u>	<u>\$ 7,769</u>	<u>\$ 1,565,428</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
FOR THE YEAR ENDED DECEMBER 31, 2014**

	Governmental Fund Types					Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Permanent	
Cash Receipts						
Property Tax and Other Local Taxes	\$ 410,192	\$ -	\$ -	\$ -	\$ -	\$ 410,192
Municipal Income Tax	3,193,768	-	-	-	-	3,193,768
Special Assessments	-	-	7,071	-	-	7,071
Intergovernmental Receipts	173,023	205,048	-	131,547	-	509,618
Charges for Services	-	-	-	-	-	-
Fines, Licenses, and Permits	118,402	448	-	-	-	118,850
Earnings on Investments	10,689	117	-	-	-	10,806
Miscellaneous	92,757	10,000	-	-	-	102,757
Total Cash Receipts	3,998,831	215,613	7,071	131,547	-	4,353,062
Cash Disbursements						
Current:						
Security of Persons and Property	1,194,403	-	-	-	-	1,194,403
Public Health Services	26,371	-	-	-	-	26,371
Leisure Time Activities	3,464	26,456	-	-	-	29,920
Community Environment	115,664	-	-	-	-	115,664
Transportation	959,428	207,140	-	-	-	1,166,568
General Government	1,059,928	17,046	-	-	-	1,076,974
Debt Service						
Principal	30,986	-	5,000	-	-	35,986
Interest	-	-	1,106	-	-	1,106
Capital Outlay	-	-	-	485,711	-	485,711
Total Cash Disbursements	3,390,244	250,642	6,106	485,711	-	4,132,703
Total Receipts Over/(Under) Disbursements	608,587	(35,029)	965	(354,164)	-	220,359
Other Financing Receipts/(Disbursements)						
Transfers - In	-	-	-	151,500	-	151,500
Other Financing Receipts	-	51,500	-	-	-	51,500
Transfers - Out	(151,500)	-	-	-	-	(151,500)
Total Other Financing Receipts/(Disbursements)	(151,500)	51,500	-	151,500	-	51,500
Excess of cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements						
	457,087	16,471	965	(202,664)	-	271,859
Fund Cash Balances, January 1, 2014	2,504,065	825,130	13,391	2,039,561	110	5,382,257
Fund Cash Balances, December 31, 2014						
Nonspendable	-	-	-	-	110	110
Assigned	74,671	9,705	-	-	-	84,376
Restricted	-	342,287	14,356	-	-	356,643
Committed	-	489,609	-	1,836,897	-	2,326,506
Unassigned (Deficit)	2,886,481	-	-	-	-	2,886,481
Fund Cash Balances, December 31, 2014	\$ 2,961,152	\$ 841,601	\$ 14,356	\$ 1,836,897	\$ 110	\$ 5,654,116

See notes to financial statements.

**VILLAGE OF GRANVILLE
LICKING COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL PROPRIETARY AND FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2014**

	<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	\$ 1,925,688	\$ -	\$ 1,925,688
Total Operating Cash Receipts	<u>1,925,688</u>	<u>-</u>	<u>1,925,688</u>
Operating Cash Disbursements:			
Personal Services	528,353	-	528,353
Contractual Services	709,133	-	709,133
Supplies and Materials	188,171	-	188,171
Capital Outlay	395,632	-	395,632
Total Operating Cash Disbursements	<u>1,821,289</u>	<u>-</u>	<u>1,821,289</u>
Operating Income/(Loss)	<u>104,399</u>	<u>-</u>	<u>104,399</u>
Non-Operating Cash Receipts:			
Other Non-operating Receipts	-	129,527	129,527
Total Non-Operating Cash Receipts	<u>-</u>	<u>129,527</u>	<u>129,527</u>
Non-Operating Cash Disbursements:			
Other Non-operating Cash Disbursements	-	-	-
Debt Service-Principal	20,669	126,240	146,909
Debt Service-Interest	10,990	-	10,990
Total Non-Operating Cash Disbursements	<u>31,659</u>	<u>126,240</u>	<u>157,899</u>
Net Receipts Over/(Under) Disbursements	<u>72,740</u>	<u>3,287</u>	<u>76,027</u>
Fund Cash Balances, January 1	<u>1,070,546</u>	<u>8,729</u>	<u>1,079,275</u>
Fund Cash Balances, December 31	<u>\$ 1,143,286</u>	<u>\$ 12,016</u>	<u>\$ 1,155,302</u>

See notes to financial statements.

**VILLAGE OF GRANVILLE
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015 and 2014**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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'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 accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D). This basis is similar to the cash receipts and disbursements accounting basis. The 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 expenditures 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(D) permit.

C. 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.

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.

**VILLAGE OF GRANVILLE
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015 and 2014**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 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.

Debt Service Funds

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:

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

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

Agency 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 Fiduciary Fund:

**VILLAGE OF GRANVILLE
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015 and 2014**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

Fiduciary Funds

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 fund) be budgeted annually.

Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control, and appropriations may not exceed estimated resources. 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 2015 and 2014 budgetary activity appears in Note 3.

F. 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:

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

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

**VILLAGE OF GRANVILLE
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015 and 2014**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Fund Balance (Continued)

Committed – Council can *commit* via formal action (resolution). The Village must adhere to these commitments unless council amends the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically a committed to satisfy contractual requirements.

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

Unassigned – Unassigned fund balance is the residual classification for the general fund and includes amounts not contained 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 (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.

G. 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.

H. Accumulated Leave

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

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:

	2015	2014
Demand Deposits	\$ 2,507,725	\$ 2,343,427
Total Deposits	2,507,725	2,343,427
Money Markets	2,685	1,558
Sweep Accounts	4,222,210	4,198,791
U.S. Treasury Notes	267,153	265,642
Total Investments	\$ 4,492,048	\$ 4,465,991
Total Deposits and Investments	\$ 6,999,773	\$ 6,809,418

**VILLAGE OF GRANVILLE
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015 and 2014**

2. EQUITY IN POOLED CASH AND INVESTMENTS (Continued)

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

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 evidences by securities that exist in physical or book-entry form.

3. BUDGETARY ACTIVITY

Budgetary activity for the year ended December 31, 2015 and 2014 is as follows:

2015 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 3,703,000	\$ 4,131,551	\$ 428,551
Special Revenue	287,415	310,718	23,303
Debt Service	7,500	7,924	424
Capital Projects	417,500	412,500	(5,000)
Enterprise	2,043,000	2,016,339	(26,661)
Total	<u>\$ 6,458,415</u>	<u>\$ 6,879,032</u>	<u>\$ 420,617</u>

2015 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 4,665,635	\$ 4,078,942	\$ 586,693
Special Revenue	682,156	502,077	180,079
Debt Service	6,575	5,881	694
Capital Project	800,373	632,346	168,027
Enterprise	2,122,627	1,601,966	520,661
Total	<u>\$ 8,277,366</u>	<u>\$ 6,821,212</u>	<u>\$ 1,456,154</u>

2014 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 4,402,281	\$ 3,998,831	\$ (403,450)
Special Revenue	234,000	267,113	33,113
Debt Service	9,500	7,071	(2,429)
Capital Projects	976,650	283,047	(693,603)
Enterprise	1,954,584	1,925,688	(28,896)
Total	<u>\$ 7,577,015</u>	<u>\$ 6,481,750</u>	<u>\$ (1,095,265)</u>

**VILLAGE OF GRANVILLE
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015 and 2014**

3. BUDGETARY ACTIVITY (Continued)

2014 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 4,124,601	\$ 3,616,415	\$ 508,186
Special Revenue	315,729	260,347	55,382
Debt Service	6,863	6,106	757
Capital Projects	1,019,685	485,711	533,974
Enterprise	2,344,283	1,852,948	491,335
Total	\$ 7,811,161	\$ 6,221,527	\$ 1,589,634

Contrary to ORC Section 5705.41(B), the Refuse Collection Fund in 2014 spent \$201 more than appropriated.

4. PROPERTY TAX

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

5. DEBT

Debt outstanding at December 31, 2015 was as follows:

	2015 Principal	%
Ohio Water Development Authority Loans	\$ 430,930	2.0
Ohio Public Works Commission Note	139,437	0.0
Special Assessment Bonds	5,000	6.0
Total	\$ 575,367	

The Ohio Water Development Authority (OWDA) loan relates to the Ultraviolet Disinfection & Air Piping WWTP Upgrade. The OWDA has approved \$502,869 in loans to the Village for this project. The loans will be repaid in semiannual installments of \$15,829, including interest, over 20 years. The loan is collateralized by water and sewer receipts. Paid from Sewer Fund.

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

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

**VILLAGE OF GRANVILLE
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015 and 2014**

5. DEBT (Continued)

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

Year Ending December 31	OWDA Loans	Special Assessment Bonds	OPWC Loan
2016	\$ 31,658	\$ 5,288	\$ 30,986
2017	31,658	-	30,986
2018	31,658	-	30,986
2019	31,658	-	30,986
2020	31,658	-	15,493
2021-2025	158,290	-	-
2026-2030	158,290	-	-
2031-2035	47,487	-	-
	<u>\$ 522,357</u>	<u>\$ 5,288</u>	<u>\$ 201,049</u>

6. RETIREMENT SYSTEMS

The Villages law enforcement officers belong to the Police and Fire Pension Fund (OP&F). Other full-time employees belong to the Ohio Public Employees Retirement System (OPERS) of Ohio. OP&F and OPERS are cost-sharing, multiple-employer plans. The Ohio Revised Code prescribes these plans benefits which include postretirement healthcare, and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2015 and 2014, OP&F participants contributed 10.75% from January 1, 2014 to June 30, 2014, they contributed 11.50% from July 1, 2014 through June 30, 2015 and contributed 12.25% from July 1, 2015 through December 31, 2015. For 2015 and 2014, the Village contributed to OP&F and amount equal to 19.50% of full-time law enforcement wages. For 2015 and 2014, OPERS members contributed 10.0% of their gross wages and the Village contributed an amount equal to 14.00% of participant's gross salaries. The Village has paid all contributions required through December 31, 2015.

7. 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.

**VILLAGE OF GRANVILLE
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015 and 2014**

8. RISK MANAGEMENT

The Village has obtained commercial insurance for the following risks:

- * Comprehensive property and general liability
- * Vehicles

Self Insurance

The Village joined the Central Ohio 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 eight 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 the 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 percent 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, with an individual lifetime maximum of \$2,000,000. 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 four 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 Pool 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 Pools 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 2015, 2014 and 2013 was \$507,443, \$453,102 and \$447,637, respectively.

**VILLAGE OF GRANVILLE
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015 and 2014**

9. JOINTLY GOVERNED ORGANIZATION

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.

**WILSON, PHILLIPS & AGIN, CPA'S, INC.
1100 BRANDYWINE BLVD. BUILDING G
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

To the Village Council:

We have audited, in accordance with auditing standards general accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of Village of Granville, Licking County as of and for the years ended December 31, 2015 and 2014, and the related notes to the financial statements and have issued our report thereon dated March 23, 2016, wherein we noted the Village followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or a combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Village's financial statements. 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 and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies.. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Village of Granville's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance was not an objective of our audit and, accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

Purpose of this Report

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

Wilson, Phillips & Agin, CPA's, Inc.
Zanesville, Ohio
March 23, 2016



Dave Yost • 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 23, 2016