

VILLAGE OF GRANVILLE

AUDIT REPORT

JANUARY 1, 2016 - DECEMBER 31, 2017

**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 E. Broadway
P. O. Box 514
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, 2016 through December 31, 2017. 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

April 23, 2018

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**VILLAGE OF GRANVILLE
LICKING COUNTY
JANUARY 1, 2016 - DECEMBER 31, 2017**

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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, 2017 and 2016.

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 2 of the financial statements, the Village prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(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, 2017 and 2016, or changes in financial position or cash flows 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, 2017 and 2016, 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 2.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated March 1, 2018, 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 1, 2018

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, 2017

	Governmental Fund Types					Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Permanent	
Cash Receipts						
Property Tax and Other Local Taxes	\$ 443,758	\$ -	\$ -	\$ -	\$ -	\$ 443,758
Municipal Income Tax	3,639,208	-	-	-	-	3,639,208
Special Assessments	-	-	3,460	-	-	3,460
Intergovernmental Receipts	97,573	204,588	-	-	-	302,161
Fines, Licenses, and Permits	168,667	29,665	-	-	-	198,332
Earnings on Investments	66,962	-	-	-	-	66,962
Miscellaneous	121,324	1,334	-	-	-	122,658
Total Cash Receipts	4,537,492	235,587	3,460	-	-	4,776,539
Cash Disbursements						
Current:						
Security of Persons and Property	1,373,068	-	-	-	-	1,373,068
Public Health Services	25,510	-	-	-	-	25,510
Leisure Time Activities	-	30,000	-	-	-	30,000
Community Environment	153,793	-	-	-	-	153,793
Transportation	1,435,161	152,545	-	-	-	1,587,706
General Government	1,064,093	23,911	-	-	-	1,088,004
Debt Service						
Principal	43,335	-	-	-	-	43,335
Capital Outlay	-	50,000	-	136,143	-	186,143
Total Cash Disbursements	4,094,960	256,456	-	136,143	-	4,487,559
Excess of Receipts Over/(Under) Disbursements	442,532	(20,869)	3,460	(136,143)	-	288,980
Other Financing Receipts/(Disbursements)						
Transfers - In	30,000	155,000	-	367,140	-	552,140
Transfers - Out	(482,140)	-	-	-	-	(482,140)
Total Other Financing Receipts/(Disbursements)	(452,140)	155,000	-	367,140	-	70,000
Net Change in Cash Fund Balances	(9,608)	134,131	3,460	230,997	-	358,980
Fund Cash Balances, January 1, 2017	3,393,897	733,098	18,364	1,849,645	110	5,995,114
Fund Cash Balances, December 31, 2017						
Nonspendable	-	-	-	-	110	110
Assigned	94,715	-	-	2,466	-	97,181
Restricted	-	867,229	21,824	-	-	889,053
Committed	-	-	-	2,078,176	-	2,078,176
Unassigned (Deficit)	3,289,574	-	-	-	-	3,289,574
Fund Cash Balances, December 31, 2017	\$ 3,384,289	\$ 867,229	\$ 21,824	\$ 2,080,642	\$ 110	\$ 6,354,094

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, 2017**

	<u>Proprietary</u>	<u>Fiduciary</u>	Totals (Memorandum Only)
	<u>Enterprise</u>	<u>Agency</u>	
Operating Cash Receipts:			
Charges for Services	\$ 1,896,498	\$ -	\$ 1,896,498
Fines, Licenses and Permits	-	121,574	121,574
Miscellaneous	1,776	-	1,776
Total Operating Cash Receipts	<u>1,898,274</u>	<u>121,574</u>	<u>2,019,848</u>
Operating Cash Disbursements:			
Personal Services	402,335	-	402,335
Employee Fringe Benefits	137,213	-	137,213
Contractual Services	678,166	118,154	796,320
Supplies and Materials	186,282	-	186,282
Claims	979	-	979
Total Operating Cash Disbursements	<u>1,404,975</u>	<u>118,154</u>	<u>1,523,129</u>
Operating Income/(Loss)	<u>493,299</u>	<u>3,420</u>	<u>496,719</u>
Non-Operating Receipts (Disbursements):			
Capital Outlay	(214,629)	-	(214,629)
Debt Service-Principal	(22,170)	-	(22,170)
Debt Service-Interest	(9,488)	-	(9,488)
Total Non-Operating Receipts (Disbursements):	<u>(246,287)</u>	<u>-</u>	<u>(246,287)</u>
Income (Loss) before Capital Contributions, Special Item, Extraordinary Item, Transfers and Advances	247,012	3,420	250,432
Transfers-In	200,000	-	200,000
Transfers-Out	(270,000)	-	(270,000)
Net Change in Fund Cash Balances	177,012	3,420	180,432
Fund Cash Balances, January 1	<u>1,853,299</u>	<u>6,681</u>	<u>1,859,980</u>
Fund Cash Balances, December 31	<u>\$ 2,030,311</u>	<u>\$ 10,101</u>	<u>\$ 2,040,412</u>

See notes to financial statements.

**VILLAGE OF GRANVILLE
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017**

1. REPORTING ENTITY

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, (the Village) as a body corporate and politic. A publicly-elected six-member Council directs the Village. The Village provides general government, including water and sewer utilities, street maintenance, and police services.

The Village participates in a jointly governed organization. Notes 11 to the financial statements provides additional information for this entity.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

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

Fund Accounting

The Village uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Village are presented below:

Governmental Funds

General Fund

The General fund is the operating fund. It is used to account 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 that are restricted or committed to expenditures for specific purposes other than debt service or capital projects. The Village had the following significant Special Revenue Fund:

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

Opera House Fund – This fund accounts for expenditures and revenues attributable to the beautification of the Opera House.

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

**VILLAGE OF GRANVILLE
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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:

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, 2017**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 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 117-2-03(D) permit.

Budgetary Process

The Ohio Revised Code requires that each fund (except certain Agency Funds) 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. The Village Council must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Unencumbered appropriations lapse at year end.

Estimated Resources

Estimated resources include estimates of cash to be received (budgeted receipts) plus cash as of January 1. The County Budget Commission must 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 in the subsequent year.

A summary of 2017 budgetary activity appears in Note 3.

Deposits and Investments

The Village's accounting basis includes investment as assets. This basis does not record disbursement 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.

**VILLAGE OF GRANVILLE
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

Accumulated Leave

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

Fund Balance

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

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.

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 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 classification could be used.

**VILLAGE OF GRANVILLE
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017**

3. BUDGETARY ACTIVITY

Budgetary activity for the year ended December 31, 2017 is as follows:

2017 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 3,997,000	\$ 4,567,492	\$ 570,492
Special Revenue	310,400	390,587	80,187
Debt Service	-	3,460	3,460
Capital Projects	407,500	367,140	(40,360)
Enterprise	2,123,000	2,098,274	(24,726)
Total	\$ 6,837,900	\$ 7,426,953	\$ 589,053

2017 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 5,225,571	\$ 4,671,815	\$ 553,756
Special Revenue	414,365	256,456	157,909
Debt Service	-	-	-
Capital Projects	501,750	138,610	363,140
Enterprise	2,292,144	1,921,262	370,882
Total	\$ 8,433,830	\$ 6,988,143	\$ 1,445,687

4. 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:

	2017
Demand Deposits	\$ 2,292,645
Total Deposits	2,292,645
Money Markets	203
Sweep Accounts	5,828,775
U.S. Treasury Notes	272,883
Total Investments	\$ 6,101,861
Total Deposits and Investments	\$ 8,394,506

Deposits: Deposits are insured by the Federal Depository Insurance Corporation; or collateralized by the financial institutions 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.

**VILLAGE OF GRANVILLE
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017**

5. 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.

6. LOCAL INCOME TAX

The Village levies a municipal income tax of 1.50 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.

7. 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.

**VILLAGE OF GRANVILLE
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017**

7. RISK MANAGEMENT (Continued)

The Pool has entered into an agreement for individual and aggregate excess loss coverage with a commercial insurance carrier. The individual excess loss coverage has been structured to indemnify the Pool for medical claims paid to an individual in excess of \$175,000. The aggregate excess loss coverage has been structured to indemnify the Pool for aggregate claims paid in excess of \$12,978,197, to a maximum of \$1,000,000 annually. In the event that the losses of the consortium in any year exceeds amounts paid to the Pool, together with all stop-loss, reinsurance and other coverage then in effect, then the payment of all uncovered losses shall revert to and be the sole obligation of the political subdivision against which claim was made. No such loss has occurred in the past 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 2017 was \$542,296.

8. DEFINED BENEFIT PENSION PLAN

Ohio Public Employees Retirement System

Some of the Village's full-time employees belong to the Public Employees Retirement System (OPERS) of Ohio. OPERS is a cost-sharing, multiple employer plan. The Ohio Revised Code prescribes the plan benefits, which include postretirement healthcare, and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2017, OPERS members contributed 10.0% of their gross wages and the Village contributed an amount equal to 14.0% of participant's gross salaries. The Village has paid all contributions required through December 31, 2017.

Ohio Police and Fire Retirement

The Village's full-time police officers belong to the Police and Fire Pension Fund (OP&F). OP&F is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OP&F participants in 2017, contributed 12.25% of their wages. The Village contributed to OP&F an amount equal to 19.50% of full-time police officer's wages. The Village has paid all contributions required through December 31, 2017.

**VILLAGE OF GRANVILLE
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017**

8. DEFINED BENEFIT PENSION PLAN (Continued)

Social Security

Several Village employees contributed to social security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2 percent of their gross salaries. The Village contributed an amount equal to 6.2 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2017.

9. POSTEMPLOYMENT BENEFITS

Both OPERS and OP&F offer cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. OPERS contributes 2 percent of the employer contribution to fund these benefits and OP&F contributes 0.5 percent to fund these benefits.

10. DEBT

Debt outstanding at December 31, 2017 was as follows:

	2017 Principal	%
Ohio Water Development Authority #5996	\$ 387,103	2.00
Ohio Public Works Commission CQ05C	77,465	0.00
Ohio Public Works Commission CQ38Q	222,282	0.00
Total	\$ 686,850	

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 CQ05C is a 0% note used for South Main Street Improvements. Loan CQ38Q is a 0% loan used for East and West Broadway Improvements. Both are paid from General Fund.

**VILLAGE OF GRANVILLE
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017**

10. DEBT (Continued)

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

Year Ending December 31	OWDA 5996	OPWC CQ05C	OPWC CQ38Q
2018	\$ 31,658	\$ 30,986	\$ 12,349
2019	31,658	30,986	12,349
2020	31,658	15,493	12,349
2021	31,658	-	12,349
2022	31,658	-	12,349
2023-2027	158,290	-	61,745
2028-2032	110,803	-	61,745
2033-2037	-	-	37,047
	<u>\$ 427,383</u>	<u>\$ 77,465</u>	<u>\$ 222,282</u>

11. 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.

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, 2016

	Governmental Fund Types					Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Permanent	
Cash Receipts						
Property Tax and Other Local Taxes	\$ 412,904	\$ -	\$ -	\$ -	\$ -	\$ 412,904
Municipal Income Tax	3,665,742	-	-	-	-	3,665,742
Special Assessments	-	-	7,511	-	-	7,511
Intergovernmental Receipts	138,623	205,242	-	-	-	343,865
Fines, Licenses, and Permits	116,497	6,210	-	-	-	122,707
Earnings on Investments	15,119	141	-	-	-	15,260
Miscellaneous	94,432	5,104	-	-	-	99,536
Total Cash Receipts	4,443,317	216,697	7,511	-	-	4,667,525
Cash Disbursements						
Current:						
Security of Persons and Property	1,325,348	-	-	-	-	1,325,348
Public Health Services	25,174	-	-	-	-	25,174
Leisure Time Activities	45,827	30,000	-	-	-	75,827
Community Environment	58,245	65,285	-	-	-	123,530
Transportation	1,180,808	129,553	-	-	-	1,310,361
General Government	1,063,871	25,772	-	-	-	1,089,643
Debt Service						
Principal	34,564	-	5,000	-	-	39,564
Interest	-	-	546	-	-	546
Capital Outlay	11,894	54,963	-	114,906	-	181,763
Total Cash Disbursements	3,745,731	305,573	5,546	114,906	-	4,171,756
Excess of Receipts Over/(Under) Disbursements	697,586	(88,876)	1,965	(114,906)	-	495,769
Other Financing Receipts/(Disbursements)						
Transfers - In	25,000	160,000	-	347,500	-	532,500
Transfers - Out	(467,500)	-	-	-	-	(467,500)
Total Other Financing Receipts/(Disbursements)	(442,500)	160,000	-	347,500	-	65,000
Net Change in Cash Fund Balances	255,086	71,124	1,965	232,594	-	560,769
Fund Cash Balances, January 1, 2016	3,138,811	661,974	16,399	1,617,051	110	5,434,345
Fund Cash Balances, December 31, 2016						
Nonspendable	-	-	-	-	110	110
Assigned	39,262	328	-	-	-	39,590
Restricted	-	732,770	18,364	-	-	751,134
Committed	-	-	-	1,849,645	-	1,849,645
Unassigned (Deficit)	3,354,635	-	-	-	-	3,354,635
Fund Cash Balances, December 31, 2016	\$ 3,393,897	\$ 733,098	\$ 18,364	\$ 1,849,645	\$ 110	\$ 5,995,114

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, 2016**

	<u>Proprietary</u>	<u>Fiduciary</u>	Totals (Memorandum Only)
	<u>Enterprise</u>	<u>Agency</u>	
Operating Cash Receipts:			
Charges for Services	\$ 1,918,703	\$ -	\$ 1,918,703
Fines, Licenses and Permits	-	109,516	109,516
Miscellaneous	3,957	-	3,957
Total Operating Cash Receipts	<u>1,922,660</u>	<u>109,516</u>	<u>2,032,176</u>
Operating Cash Disbursements:			
Personal Services	392,975	-	392,975
Employee Fringe Benefits	154,873	-	154,873
Contractual Services	661,865	110,604	772,469
Supplies and Materials	214,935	-	214,935
Claims	128	-	128
Total Operating Cash Disbursements	<u>1,424,776</u>	<u>110,604</u>	<u>1,535,380</u>
Operating Income/(Loss)	<u>497,884</u>	<u>(1,088)</u>	<u>496,796</u>
Non-Operating Receipts (Disbursements):			
Capital Outlay	(105,586)	-	(105,586)
Debt Service-Principal	(21,658)	-	(21,658)
Debt Service-Interest	(10,000)	-	(10,000)
Total Non-Operating Receipts (Disbursements):	<u>(137,244)</u>	<u>-</u>	<u>(137,244)</u>
Income (Loss) before Capital Contributions, Special Item, Extraordinary Item, Transfers and Advances	360,640	(1,088)	359,552
Transfers-In	165,000	-	165,000
Transfers-Out	(230,000)	-	(230,000)
Net Change in Fund Cash Balances	295,640	(1,088)	294,552
Fund Cash Balances, January 1	<u>1,557,659</u>	<u>7,769</u>	<u>1,565,428</u>
Fund Cash Balances, December 31	<u>\$ 1,853,299</u>	<u>\$ 6,681</u>	<u>\$ 1,859,980</u>

See notes to financial statements.

**VILLAGE OF GRANVILLE
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016**

1. REPORTING ENTITY

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, (the Village) as a body corporate and politic. A publicly-elected six-member Council directs the Village. The Village provides general government, including water and sewer utilities, street maintenance, and police services.

The Village participates in a jointly governed organization. Notes 11 to the financial statements provides additional information for this entity.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

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

Fund Accounting

The Village uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Village are presented below:

Governmental Funds

General Fund

The General fund is the operating fund. It is used to account 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 that are restricted or committed to expenditures for specific purposes other than debt service or capital projects. The Village had the following significant Special Revenue Fund:

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

Opera House Fund – This fund accounts for expenditures and revenues attributable to the beautification of the Opera House.

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

**VILLAGE OF GRANVILLE
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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:

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, 2016**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 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 117-2-03(D) permit.

Budgetary Process

The Ohio Revised Code requires that each fund (except certain Agency Funds) 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. The Village Council must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Unencumbered appropriations lapse at year end.

Estimated Resources

Estimated resources include estimates of cash to be received (budgeted receipts) plus cash as of January 1. The County Budget Commission must 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 in the subsequent year.

A summary of 2016 budgetary activity appears in Note 3.

Deposits and Investments

The Village's accounting basis includes investment as assets. This basis does not record disbursement 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.

**VILLAGE OF GRANVILLE
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

Accumulated Leave

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

Fund Balance

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

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.

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 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 classification could be used.

**VILLAGE OF GRANVILLE
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016**

3. BUDGETARY ACTIVITY

Budgetary activity for the year ended December 31, 2016 is as follows:

2016 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 4,201,110	\$ 4,468,317	\$ 267,207
Special Revenue	315,500	376,697	61,197
Debt Service	7,000	7,511	511
Capital Projects	402,500	347,500	(55,000)
Enterprise	2,050,000	2,087,660	37,660
Total	\$ 6,976,110	\$ 7,287,685	\$ 311,575

2016 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 4,940,776	\$ 4,252,493	\$ 688,283
Special Revenue	462,054	305,901	156,153
Debt Service	6,575	5,546	1,029
Capital Projects	598,100	114,906	483,194
Enterprise	2,107,971	1,792,020	315,951
Total	\$ 8,115,476	\$ 6,470,866	\$ 1,644,610

4. 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:

	2016
Demand Deposits	\$ 2,387,399
Total Deposits	2,387,399
Money Markets	3,996
Sweep Accounts	5,197,488
U.S. Treasury Notes	266,211
Total Investments	\$ 5,467,695
Total Deposits and Investments	\$ 7,855,094

Deposits: Deposits are insured by the Federal Depository Insurance Corporation; or collateralized by the financial institutions 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.

**VILLAGE OF GRANVILLE
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016**

5. 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.

6. LOCAL INCOME TAX

The Village levies a municipal income tax of 1.50 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.

7. 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.

**VILLAGE OF GRANVILLE
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016**

7. RISK MANAGEMENT (Continued)

The Pool has entered into an agreement for individual and aggregate excess loss coverage with a commercial insurance carrier. The individual excess loss coverage has been structured to indemnify the Pool for medical claims paid to an individual in excess of \$175,000. The aggregate excess loss coverage has been structured to indemnify the Pool for aggregate claims paid in excess of \$12,978,197, to a maximum of \$1,000,000 annually. In the event that the losses of the consortium in any year exceeds amounts paid to the Pool, together with all stop-loss, reinsurance and other coverage then in effect, then the payment of all uncovered losses shall revert to and be the sole obligation of the political subdivision against which claim was made. No such loss has occurred in the past 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 2016 was \$542,296.

8. DEFINED BENEFIT PENSION PLAN

Ohio Public Employees Retirement System

Some of the Village's full-time employees belong to the Public Employees Retirement System (OPERS) of Ohio. OPERS is a cost-sharing, multiple employer plan. The Ohio Revised Code prescribes the plan benefits, which include postretirement healthcare, and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2016, OPERS members contributed 10.0% of their gross wages and the Village contributed an amount equal to 14.0% of participant's gross salaries. The Village has paid all contributions required through December 31, 2016.

Ohio Police and Fire Retirement

The Village's full-time police officers belong to the Police and Fire Pension Fund (OP&F). OP&F is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OP&F participants, in 2016, contributed 12.25% of their wages. The Village contributed to OP&F an amount equal to 19.50% of full-time police officer's wages. The Village has paid all contributions required through December 31, 2016.

**VILLAGE OF GRANVILLE
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016**

8. DEFINED BENEFIT PENSION PLAN (Continued)

Social Security

Several Village employees contributed to social security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2 percent of their gross salaries. The Village contributed an amount equal to 6.2 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2016.

9. POSTEMPLOYMENT BENEFITS

Both OPERS and OP&F offer cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. OPERS contributes 2 percent of the employer contribution to fund these benefits and OP&F contributes 0.5 percent to fund these benefits.

10. DEBT

Debt outstanding at December 31, 2016 was as follows:

	2016 Principal	%
Ohio Water Development Authority #5996	\$ 409,272	2.00
Ohio Public Works Commission CQ05C	108,451	0.00
Ohio Public Works Commission CQ38Q	234,631	0.00
Total	\$ 752,354	

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 CQ05C is a 0% note used for South Main Street Improvements. Loan CQ38Q is a 0% loan used for East and West Broadway Improvements. Both are paid from General Fund.

**VILLAGE OF GRANVILLE
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016**

10. DEBT (Continued)

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

Year Ending December 31	OWDA 5996	OPWC CQ05C	OPWC CQ38Q
2017	\$ 31,658	\$ 30,986	\$ 12,349
2018	31,658	30,986	12,349
2019	31,658	30,986	12,349
2020	31,658	15,493	12,349
2021	31,658	-	12,349
2022-2026	158,290	-	61,745
2027-2031	142,461	-	61,745
2032-2036	-	-	49,396
	<u>\$ 459,041</u>	<u>\$ 108,451</u>	<u>\$ 234,631</u>

11. 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, 2017 and 2016, and the related notes to the financial statements and have issued our report thereon dated March 1, 2018, 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 1, 2018



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
MAY 10, 2018