

***VILLAGE OF GRANVILLE
LICKING COUNTY***

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2019 & 2018





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Village Council
Village of Granville
PO Box 514
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We have reviewed the *Independent Auditor's Report* of the Village of Granville, Licking County, prepared by Charles E. Harris & Associates, Inc., for the audit period January 1, 2018 through December 31, 2019. 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.

Keith Faber
Auditor of State
Columbus, Ohio

August 19, 2020

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**VILLAGE OF GRANVILLE
LICKING COUNTY
Regular Audit
For Years Ending December 31, 2019 and 2018**

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INDEPENDENT AUDITOR'S 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, (the Village) as of and for the years ended December 31, 2019 and 2018.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions 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 of America (GAAP), to satisfy these requirements.

Although the effects on the financial statements of the variances between the regulatory accounting basis and GAAP are not reasonably determinable, we presume they are 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 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 as of December 31, 2019 and 2018, and the respective changes in financial position or its cash flows thereof for the years then ended.

Opinion on Regulatory Basis of Accounting

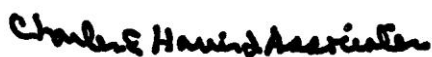
In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements by fund type, and related notes of the Village of Granville, Licking County as of December 31, 2019 and 2018, for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 1.

Emphasis of Matter

As discussed in Note 11 to the 2019 financial statements, the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Village. We did not modify our opinions regarding this matter.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 15, 2020, on our consideration of the Village'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.



Charles E. Harris & Associates, Inc.
May 15, 2020

Village of Granville, Ohio
Licking County
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
All Governmental Fund Types
For the Year Ended December 31, 2019

	General	Special Revenue	Debt Service	Capital Projects	Permanent	Totals (Memorandum Only)
Cash Receipts						
Property and Other Local Taxes	\$ 479,815	\$ -	\$ -	\$ -	\$ -	\$ 479,815
Municipal Income Tax	4,081,477	-	-	-	-	4,081,477
Intergovernmental	135,500	276,158	-	-	-	411,658
Fines, Licenses and Permits	168,991	31,680	-	-	-	200,671
Earnings on Investments	232,676	4,633	-	-	-	237,309
Miscellaneous	145,217	-	-	-	-	145,217
<i>Total Cash Receipts</i>	5,243,676	312,471	-	-	-	5,556,147
Cash Disbursements						
Current:						
Security of Persons and Property	1,516,738	-	-	-	-	1,516,738
Public Health Services	27,999	-	-	-	-	27,999
Leisure Time Activities	-	30,000	-	-	-	30,000
Community Environment	174,224	-	-	-	-	174,224
Transportation	1,182,248	230,046	-	-	-	1,412,294
General Government	1,119,535	21,984	-	-	-	1,141,519
Capital Outlay	-	131,783	-	3,242,430	-	3,374,213
Debt Service:						
Principal Retirement	43,335	-	2,900,000	-	-	2,943,335
Interest and Fiscal Charges	-	-	86,758	-	-	86,758
<i>Total Cash Disbursements</i>	4,064,079	413,813	2,986,758	3,242,430	-	10,707,080
<i>Excess of Receipts Over (Under) Disbursements</i>	1,179,597	(101,342)	(2,986,758)	(3,242,430)	-	(5,150,933)
Other Financing Receipts (Disbursements)						
Sale of Notes	-	-	2,765,000	-	-	2,765,000
Premium and Accrued Interest on Debt	-	-	4,610	-	-	4,610
Transfers In	30,000	161,680	225,000	317,500	-	734,180
Transfers Out	(694,180)	-	-	-	-	(694,180)
<i>Total Other Financing Receipts (Disbursements)</i>	(664,180)	161,680	2,994,610	317,500	-	2,809,610
<i>Net Change in Fund Cash Balances</i>	515,417	60,338	7,852	(2,924,930)	-	(2,341,323)
<i>Fund Cash Balances, January 1</i>	3,514,737	903,036	31,102	5,090,268	110	9,539,253
Fund Cash Balances, December 31						
Nonspendable	-	-	-	-	110	110
Restricted	-	963,374	38,954	-	-	1,002,328
Committed	-	-	-	2,165,338	-	2,165,338
Assigned	745,848	-	-	-	-	745,848
Unassigned (Deficit)	3,284,306	-	-	-	-	3,284,306
<i>Fund Cash Balances, December 31</i>	<u>\$ 4,030,154</u>	<u>\$ 963,374</u>	<u>\$ 38,954</u>	<u>\$ 2,165,338</u>	<u>\$ 110</u>	<u>\$ 7,197,930</u>

See accompanying notes to the basic financial statements

Village of Granville, Ohio
Licking County
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
All Proprietary and Fiduciary Fund Types
For the Year Ended December 31, 2019

	Proprietary Fund Types		Fiduciary Fund Types		Totals (Memorandum Only)
	Enterprise		Agency		
Operating Cash Receipts					
Charges for Services	\$ 1,953,405		\$ -		\$ 1,953,405
Fines, Licenses and Permits	-		123,296		123,296
Miscellaneous	13,716		-		13,716
<i>Total Operating Cash Receipts</i>	1,967,121		123,296		2,090,417
Operating Cash Disbursements					
Personal Services	429,284		-		429,284
Employee Fringe Benefits	175,293		-		175,293
Contractual Services	604,284		114,693		718,977
Supplies and Materials	219,978		-		219,978
Claims	374		-		374
<i>Total Operating Cash Disbursements</i>	1,429,213		114,693		1,543,906
<i>Operating Income (Loss)</i>	537,908		8,603		546,511
Non-Operating Receipts (Disbursements)					
Capital Outlay	(228,173)		-		(228,173)
Principal Retirement	(23,230)		-		(23,230)
Interest and Other Fiscal Charges	(8,428)		-		(8,428)
<i>Total Non-Operating Receipts (Disbursements)</i>	(259,831)		-		(259,831)
<i>Income (Loss) before Transfers</i>	278,077		8,603		286,680
Transfers In	227,000		-		227,000
Transfers Out	(267,000)		-		(267,000)
<i>Net Change in Fund Cash Balances</i>	238,077		8,603		246,680
<i>Fund Cash Balances, January 1</i>	2,222,709		2,558		2,225,267
<i>Fund Cash Balances, December 31</i>	\$ 2,460,786		\$ 11,161		\$ 2,471,947

See accompanying notes to the basic financial statements

**VILLAGE OF GRANVILLE
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019**

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 participates in a jointly governed organization, and a public entity risk pool. Notes 9 and 10 to the financial statements provide additional information for these entities.

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

B. Basis of Presentation

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

C. Accounting Basis

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 Board recognizes receipts when received in cash rather than when earned, and it recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentation reports budgetary disbursements 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.

D. 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.

**VILLAGE OF GRANVILLE
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

E. Fund Accounting

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

1. General Fund

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

2. Special Revenue Funds

These funds are used to account for proceeds from specific sources (other than from trusts or for capital projects) that are restricted to 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.

3. Debt Service Funds

These funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest. These funds are also used for payment of special assessments. The Village had the following Debt Service Funds:

Service Complex Bond Retirement Fund – This fund was established in 2018 to account for premiums earned from the sale of a \$2.9 M note. The note will be used to construct a new Service Center Building. The Village will paydown the note and rollover the balance to a new note each year.

4. Capital Project Funds

These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Village had the following significant Capital Project Funds:

Capital Improvement Reserve Fund – This fund receives transfers from the General Fund that are then used for construction of and improvements to the Village.

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

Road Improvement Reserve Fund – This fund receives transfers from the General Fund and is used to repair, construct, and maintain Village streets.

**VILLAGE OF GRANVILLE
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

Service Center Construction Fund – This fund received revenue from the sale of a \$2.9 M note that was used in 2019 to pay for the building of a new Service Center Building.

5. Enterprise Funds

These funds account for operations that are similar to private business enterprises, where management intends to recover the significant costs of providing certain goods or services 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 the water utility.

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

6. 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:

Mayor's 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.

F. Budgetary Process

The Ohio Revised Code requires the Village to budget each fund (except certain agency funds) annually.

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control, and appropriations may not exceed estimated resources. The 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.

2. Estimated Resources

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

3. Encumbrances

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

VILLAGE OF GRANVILLE
LICKING COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019
(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

A summary of 2019 budgetary activity appears in Note 3.

G. 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:

1. Nonspendable

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

2. 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.

3. Committed

Council can *commit* amounts via formal action (ordinance or resolution). The Village must adhere to these commitments unless the Council amends the ordinance or 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.

4. 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 the 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 resolution, or by State Statute. The Village may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget in the General Fund.

5. Unassigned

Unassigned fund balance is the residual classification for the general fund and includes amounts not included 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 (committed, assigned, and 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.

**VILLAGE OF GRANVILLE
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

H. Property, Plant, and Equipment

The Village records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

I. 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 DEPOSITS AND INVESTMENTS

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

	<u>2019</u>
Demand deposits	<u>(\$66,226)</u>
Total deposits	(66,226)
CDARS	2,400,000
Sweep Accounts	7,051,970
US Treasury Notes	<u>284,133</u>
Total investments	<u>9,736,103</u>
Total deposits and investments	<u><u>\$9,669,877</u></u>

Negative demand deposits are covered by the sweep account balance.

Deposits: Deposits are insured by the Federal Deposit Insurance Corporation; or collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

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

**VILLAGE OF GRANVILLE
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019
(Continued)**

3. BUDGETARY ACTIVITY

Budgetary activity for the year ended December 31, 2019 is as follows:

2019 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$4,734,529	\$5,273,676	\$539,147
Special Revenue	409,633	474,151	64,518
Debt Service	2,994,609	2,994,610	1
Capital Projects	342,680	317,500	(25,180)
Enterprise	2,175,155	2,194,121	18,966

2019 Budgeted vs. Actual Budgetary Basis Disbursements			
Fund Type	Appropriation Authority	Budgetary Disbursements	Variance
General	\$5,352,886	\$4,765,033	\$587,853
Special Revenue	567,833	413,813	154,020
Debt Service	3,003,887	2,986,758	17,129
Capital Projects	3,380,601	3,242,430	138,171
Enterprise	3,548,077	2,772,141	775,936

4. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which the Council adopted tax 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 pay semiannually, the first half is due 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. 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, 2019
(Continued)**

6. DEBT

Debt outstanding at December 31, 2019 was as follows:

	Principal	Interest Rate
Bond Anticipation Note	\$ 2,765,000	3%
Ohio Water Development Authority Loan	341,179	2.13%
Ohio Public Works Commission Note	15,493	0%
Ohio Public Works Commission Note	197,584	0%
Total	\$ 3,319,256	

The Bond Anticipation Note relates to the sale of \$2.765 M in notes for the construction of a new Service Center Complex. Construction on the project started in late 2018, and was completed in 2019. The note will be rolled over annually until the sale of municipal property (133 N Prospect Street), which will be used to pay down the note and bond the remaining amount due.

The Ohio Water Development Authority (OWDA) loan relates to the Ultraviolet Disinfection & Air Piping WWTP Upgrade. The OWDA approved a \$482,912 loan to the Village for this project. The loan will be repaid in semiannual installments, payable in various amounts, including interest, over 20 years. The loan is collateralized by water and sewer receipts.

The first Ohio Public Works Commission Note is a 0% note used for South Main Street Improvements. The second Ohio Public Works Commission note is a 0% note used for East and West Broadway Improvements.

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

Year ending December 31:	OWDA Loan	OPWC Loan	OPWC Loan	Bond Anticipation Note
2020	\$ 31,658	\$ 12,349	\$ 15,493	\$ 2,823,756
2021	31,658	12,349	-	-
2022	31,658	12,349	-	-
2023	31,658	12,349	-	-
2024	31,658	12,349	-	-
2025-2029	158,290	61,745	-	-
2030-2034	47,487	61,745	-	-
2035-2039	-	12,349	-	-
Total	\$364,068	\$197,584	\$15,493	\$2,823,756

**VILLAGE OF GRANVILLE
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019
(Continued)**

7. RETIREMENT SYSTEMS

The Village full time law enforcement officers belong to the Ohio Police and Fire Pension Fund (OP&F). Other employees belong to the Ohio Public Employees Retirement System (OPERS). OP&F and OPERS are cost-sharing, multiple-employer plans. These plans provide retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. OP&F members contributed 12.25% of their wages to OP&F. The Village contributed an amount equal to 19.5% of their wages.

OPERS members contributed 10% of their gross salaries for 2019. The Village contributed an amount equal to 14% of participant's gross salaries for 2019. The Village has paid all contributions required through December 31, 2019.

8. POSTEMPLOYMENT BENEFITS

OPERS offers a cost-sharing, multiple-employer defined benefit postemployment plan, which includes 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. The portion of employer contributions allocated to health care for members in the traditional pension plan and combined plan was 0 percent during calendar year 2019. The portion of employer contributions allocated to health care for members in the member-directed plan was 4.0 percent during calendar year 2019.

9. RISK MANAGEMENT

Commercial Insurance

The Village has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles
- Cyber

The Village has not reduced coverage from last year. Settlement amounts did not exceed insurance coverage for the past two years.

Workers' Compensation

Workers' Compensation coverage is provided by the State of Ohio. The Township pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

Self Insurance

The Village joined the Central Ohio Health 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 ten 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.

**VILLAGE OF GRANVILLE
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019
(Continued)**

9. RISK MANAGEMENT – (Continued)

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 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% 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. 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 five 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 Board 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 Pool 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 2019 was \$576,008.

10. 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**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019
(Continued)**

11. SUBSEQUENT EVENT

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Village. The Village's investment portfolio has incurred a significant decline in fair value, consistent with the general decline in financial markets. However, because the values of individual investments fluctuate with market conditions, and due to market volatility, the amount of losses that will be recognized in subsequent periods, if any, cannot be determined. In addition, the impact on the Village's future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated.

12. INTERFUND TRANSFERS

During 2019, the following transfers were made in accordance with the Ohio Revised Code:

<u>Fund</u>	<u>Transfer In</u>	<u>Transfer Out</u>
General Fund	\$ 30,000	\$ 694,180
Special Revenue Funds:		
Bryn Du	130,000	-
Parkland Reserve	31,680	-
Debt Service Funds:		
Service Complex Bond Retirement Fund	225,000	-
Capital Projects Funds:		
Road Improvement Reserve	50,000	-
Capital Project Reserve	200,000	-
Equipment Reserve Fund	67,500	-
Enterprise Funds:		
Water Operating	-	92,500
Sewer Operating	-	174,500
Water Capital Improvement	70,000	-
Sewer Replacement and Improvement	<u>157,000</u>	<u>-</u>
Totals	<u>\$ 961,180</u>	<u>\$ 961,180</u>

Village of Granville, Ohio
Licking County
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
All Governmental Fund Types
For the Year Ended December 31, 2018

	General	Special Revenue	Debt Service	Capital Projects	Permanent	Totals (Memorandum Only)
Cash Receipts						
Property and Other Local Taxes	\$ 479,546	\$ -	\$ -	\$ -	\$ -	\$ 479,546
Municipal Income Tax	3,777,512	-	-	-	-	3,777,512
Intergovernmental	128,653	208,384	-	-	-	337,037
Fines, Licenses and Permits	108,820	525	-	-	-	109,345
Earnings on Investments	137,161	3,169	-	-	-	140,330
Miscellaneous	85,157	-	-	-	-	85,157
<i>Total Cash Receipts</i>	4,716,849	212,078	-	-	-	4,928,927
Cash Disbursements						
Current:						
Security of Persons and Property	1,421,802	-	-	-	-	1,421,802
Public Health Services	28,000	-	-	-	-	28,000
Leisure Time Activities	-	30,000	-	-	-	30,000
Community Environment	210,839	-	-	-	-	210,839
Transportation	1,342,652	155,147	-	-	-	1,497,799
General Government	1,156,773	21,433	-	-	-	1,178,206
Capital Outlay	-	54,831	-	228,234	-	283,065
Debt Service:						
Principal Retirement	43,335	-	-	-	-	43,335
<i>Total Cash Disbursements</i>	4,203,401	261,411	-	228,234	-	4,693,046
<i>Excess of Receipts Over (Under) Disbursements</i>	513,448	(49,333)	-	(228,234)	-	235,881
Other Financing Receipts (Disbursements)						
Sale of Notes	-	-	-	2,900,000	-	2,900,000
Premium and Accrued Interest on Debt	-	-	9,278	-	-	9,278
Transfers In	30,000	105,500	-	317,500	-	453,000
Transfers Out	(413,000)	-	-	-	-	(413,000)
<i>Total Other Financing Receipts (Disbursements)</i>	(383,000)	105,500	9,278	3,217,500	-	2,949,278
<i>Net Change in Fund Cash Balances</i>	130,448	56,167	9,278	2,989,266	-	3,185,159
<i>Fund Cash Balances, January 1, Restated</i>	3,384,289	846,869	21,824	2,101,002	110	6,354,094
Fund Cash Balances, December 31						
Nonspendable	-	-	-	-	110	110
Restricted	-	903,036	31,102	2,739,295	-	3,673,433
Committed	-	-	-	2,350,973	-	2,350,973
Assigned	201,968	-	-	-	-	201,968
Unassigned (Deficit)	3,312,769	-	-	-	-	3,312,769
<i>Fund Cash Balances, December 31</i>	<u>\$ 3,514,737</u>	<u>\$ 903,036</u>	<u>\$ 31,102</u>	<u>\$ 5,090,268</u>	<u>\$ 110</u>	<u>\$ 9,539,253</u>

See accompanying notes to the basic financial statements

Village of Granville, Ohio
Licking County
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
All Proprietary and Fiduciary Fund Types
For the Year Ended December 31, 2018

	<u>Proprietary Fund Types</u>	<u>Fiduciary Fund Types</u>	Totals
	<u>Enterprise</u>	<u>Agency</u>	(Memorandum Only)
Operating Cash Receipts			
Charges for Services	\$ 1,904,001	\$ -	\$ 1,904,001
Fines, Licenses and Permits	-	97,016	97,016
Miscellaneous	2,717	-	2,717
<i>Total Operating Cash Receipts</i>	1,906,718	97,016	2,003,734
Operating Cash Disbursements			
Personal Services	417,202	-	417,202
Employee Fringe Benefits	159,653	-	159,653
Contractual Services	666,675	104,559	771,234
Supplies and Materials	198,377	-	198,377
Claims	299	-	299
<i>Total Operating Cash Disbursements</i>	1,442,206	104,559	1,546,765
<i>Operating Income (Loss)</i>	464,512	(7,543)	456,969
Non-Operating Receipts (Disbursements)			
Capital Outlay	(200,456)	-	(200,456)
Principal Retirement	(22,694)	-	(22,694)
Interest and Other Fiscal Charges	(8,964)	-	(8,964)
<i>Total Non-Operating Receipts (Disbursements)</i>	(232,114)	-	(232,114)
<i>Income (Loss) before Transfers</i>	232,398	(7,543)	224,855
Transfers In	227,000	-	227,000
Transfers Out	(267,000)	-	(267,000)
<i>Net Change in Fund Cash Balances</i>	192,398	(7,543)	184,855
<i>Fund Cash Balances, January 1</i>	2,030,311	10,101	2,040,412
<i>Fund Cash Balances, December 31</i>	<u>\$ 2,222,709</u>	<u>\$ 2,558</u>	<u>\$ 2,225,267</u>

See accompanying notes to the basic financial statements

**VILLAGE OF GRANVILLE
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018**

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 participates in jointly governed organization and a public entity risk pool. Notes 9 and 10 to the financial statements provide additional information for these entities.

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

B. Basis of Presentation

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

C. Accounting Basis

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 Board recognizes receipts when received in cash rather than when earned, and it recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentation reports budgetary disbursements 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.

D. 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.

**VILLAGE OF GRANVILLE
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

E. Fund Accounting

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

1. General Fund

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

2. Special Revenue Funds

These funds are used to account for proceeds from specific sources (other than from trusts or for capital projects) that are restricted to 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.

3. Debt Service Funds

These funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest. These funds are also used for payment of special assessments. The Village had the following significant Debt Service Funds:

Service Complex Bond Retirement Fund – This fund was established in 2018 to account for premiums earned from the sale of a \$2.9 M note. The note will be used to construct a new Service Center Building.

4. Capital Project Funds

These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Village had the following significant Capital Project Funds:

Capital Improvement Reserve Fund – This fund receives transfers from the General Fund that are then used for construction of and improvements to the Village.

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

Road Improvement Reserve Fund – This fund receives transfers from the General Fund and is used to repair, construct, and maintain Village streets.

**VILLAGE OF GRANVILLE
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

Pathway Reserve Fund – This fund receives transfers from the General Fund and is used to repair, construct, and maintain pathways in the Village.

Service Center Construction Fund – This fund received revenue from the sale of a \$2.9 M note that will be used to pay for the building of a new Service Center Building.

5. Enterprise Funds

These funds account for operations that are similar to private business enterprises, where management intends to recover the significant costs of providing certain goods or services 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 the water utility.

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

Refuse Fund – This fund was created to account for residential trash service charges. The revenue is collected from charges for services from residents and then that revenue is paid to a contractor hired to provide trash service. In 2018, Republic Services was the contractor. The Village terminated its contract with Republic in late 2018 and has ceased billing for this service.

6. 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:

Mayor's 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.

F. Budgetary Process

The Ohio Revised Code requires the Village to budget each fund (except certain agency funds) annually.

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control, and appropriations may not exceed estimated resources. The 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.

VILLAGE OF GRANVILLE
LICKING COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018
(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

2. Estimated Resources

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

3. Encumbrances

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

A summary of 2018 budgetary activity appears in Note 3.

G. 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:

1. Nonspendable

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

2. 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.

3. Committed

Council can *commit* amounts via formal action (ordinance or resolution). The Village must adhere to these commitments unless the Council amends the ordinance or 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.

4. 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 the 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 resolution, or by State Statute. The Village may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget in the General Fund.

**VILLAGE OF GRANVILLE
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

5. Unassigned

Unassigned fund balance is the residual classification for the general fund and includes amounts not included 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 (committed, assigned, and 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.

H. Property, Plant, and Equipment

The Village records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

I. 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 DEPOSITS AND INVESTMENTS

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

	2018
Demand deposits	\$23,429
Total deposits	23,429
CDARS	2,400,000
Sweep Accounts	9,066,755
US Treasury Notes	274,336
Total investments	11,741,091
Total deposits and investments	\$11,764,520

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

**VILLAGE OF GRANVILLE
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018
(Continued)**

3. BUDGETARY ACTIVITY

Budgetary activity for the year ended December 31, 2018 is as follows:

2018 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$3,674,417	\$4,746,849	\$1,072,432
Special Revenue	310,400	317,578	7,178
Debt Service	8,778	9,278	500
Capital Projects	3,222,500	3,217,500	(5,000)
Enterprise	2,146,000	2,133,718	(12,282)

2018 Budgeted vs. Actual Budgetary Basis Disbursements			
Fund Type	Appropriation Authority	Budgetary Disbursements	Variance
General	\$5,533,248	\$4,684,510	\$848,738
Special Revenue	594,532	268,107	326,425
Debt Service	0	0	0
Capital Projects	3,803,554	3,276,236	527,318
Enterprise	3,054,313	2,156,031	898,282

4. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which the Council adopted tax 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 pay semiannually, the first half is due 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. 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, 2018
(Continued)**

6. DEBT

Debt outstanding at December 31, 2018 was as follows:

	Principal	Interest Rate
Bond Anticipation Note	\$ 2,900,000	3%
Ohio Water Development Authority Loan	364,409	2.35%
Ohio Public Works Commission Note	46,479	0%
Ohio Public Works Commission Note	209,933	0%
Total	\$ 3,520,821	

The Bond Anticipation Note relates to the sale of \$2.9 M in notes for the construction of a new Service Center Complex. Construction on the project started in late 2018, with a project completion date slated for May, 2019. The note will be rolled over annually until the sale of municipal property (133 N Prospect Street), which will be used to pay down the note and bond the remaining amount due.

The Ohio Water Development Authority (OWDA) loan relates to the Ultraviolet Disinfection & Air Piping WWTP Upgrade. The OWDA approved a \$482,912 loan to the Village for this project. The loan will be repaid in semiannual installments, payable in various amounts, including interest, over 20 years. The loan is collateralized by water and sewer receipts.

The first Ohio Public Works Commission Note is a 0% note used for South Main Street Improvements. The second Ohio Public Works Commission note is a 0% note used for East and West Broadway Improvements.

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

Year ending December 31:	OWDA Loan	OPWC Loan	OPWC Loan	Bond Anticipation Note
2019	\$ 31,658	\$ 12,349	\$ 30,986	\$2,908,758
2020	31,658	12,349	15,493	-
2021	31,658	12,349	-	-
2022	31,658	12,349	-	-
2023	31,658	12,349	-	-
2024-2028	158,290	61,745	-	-
2029-2033	79,145	61,745	-	-
2034-2037	-	24,698	-	-
Total	\$ 395,725	\$ 209,933	\$ 46,479	\$2,908,758

**VILLAGE OF GRANVILLE
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018
(Continued)**

7. RETIREMENT SYSTEMS

The Village full time law enforcement officers belong to the Ohio Police and Fire Pension Fund (OP&F). Other employees belong to the Ohio Public Employees Retirement System (OPERS). OP&F and OPERS are cost-sharing, multiple-employer plans. These plans provide retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. OP&F members contributed 12.25% of their wages to OP&F. The Village contributed an amount equal to 19.5% of their wages.

OPERS members contributed 10% of their gross salaries for 2018. The Village contributed an amount equal to 14% of participant's gross salaries for 2018. The Village has paid all contributions required through December 31, 2018.

8. POSTEMPLOYMENT BENEFITS

OPERS offers a cost-sharing, multiple-employer defined benefit postemployment plan, which includes 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. The portion of employer contributions allocated to health care for members in the traditional pension plan and combined plan was 0 percent during calendar year 2018. The portion of employer contributions allocated to health care for members in the member-directed plan was 0 percent during calendar year 2018.

9. RISK MANAGEMENT

Commercial Insurance

The Village has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles

The Village has not reduced coverage from last year. Settlement amounts did not exceed insurance coverage for the past two years.

Workers' Compensation

Workers' Compensation coverage is provided by the State of Ohio. The Township pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

Self Insurance

The Village joined the Central Ohio Health 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 ten 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 approval of the Board.

**VILLAGE OF GRANVILLE
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018
(Continued)**

9. RISK MANAGEMENT – (Continued)

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% 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. 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 five 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 Board 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 Pool 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 2018 was \$499,707.

10. 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.

11. FUND BALANCE RESTATEMENT

During 2018, the Village restated the beginning fund balances due to overstated Special Revenue receipts in a prior year. Below is the restated fund amounts:

	<u>Balance</u> <u>January 1, 2018</u>	<u>Adjustment</u>	<u>Restated Balance</u>
Special Revenue Funds	\$ 867,229	\$ (20,360)	\$ 846,869
Capital Projects Funds	2,080,642	20,360	2,101,002

**VILLAGE OF GRANVILLE
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018
(Continued)**

12. INTERFUND TRANSFERS

During 2018, the following transfers were made in accordance with the Ohio Revised Code:

Fund	Transfer In	Transfer Out
General Fund	\$ 30,000	\$ 413,000
Special Revenue Funds:		
Bryn Du	105,000	-
Parkland Reserve	500	-
Capital Projects Funds:		
Road Improvement Reserve	15,000	-
Capital Project Reserve	250,000	-
Equipment Reserve Fund	52,500	-
Enterprise Funds:		
Water Operating	-	92,500
Sewer Operating	-	174,500
Water Capital Improvement	70,000	-
Sewer Replacement and Improvement	157,000	-
Totals	\$ 680,000	\$ 680,000

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Village of Granville
Licking County
141 East Broadway
Granville, Ohio 43023

To the Village Council:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the cash balances, receipts and disbursements by fund type of the Village of Granville, Licking County, Ohio (the Village) as of and for the years ended December 31, 2019 and 2018, and the related notes to the financial statements and have issued our report thereon dated May 15, 2020, 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. We also noted the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Village.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Village's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control. Accordingly, we do not express an opinion on the effectiveness of the Village's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the Village's financial statements will not be prevented or detected and corrected on a timely basis. 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 of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

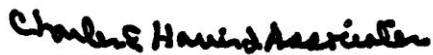
Compliance and Other Matters

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

We noted certain other matters not requiring inclusion in this report that we reported to the Village's management in a separate letter dated May 15, 2020.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Village's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Charles E. Harris & Associates, Inc.
May 15, 2020

OHIO AUDITOR OF STATE KEITH FABER



VILLAGE OF GRANVILLE

LICKING COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 9/1/2020

88 East Broad Street, Columbus, Ohio 43215
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at
www.ohioauditor.gov