



**CITY OF CIRCLEVILLE  
PICKAWAY COUNTY**

**SINGLE AUDIT**

**FOR THE YEAR ENDED DECEMBER 31, 2000**



**JIM PETRO**  
**AUDITOR OF STATE**  

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**STATE OF OHIO**



**CITY OF CIRCLEVILLE  
PICKAWAY COUNTY**

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STATE OF OHIO  
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

35 North Fourth Street  
Columbus, Ohio 43215  
Telephone 614-466-3402  
800-443-9275  
Facsimile 614-728-7199  
www.auditor.state.oh.us

## REPORT OF INDEPENDENT ACCOUNTANTS

City of Circleville  
Pickaway County  
133 South Court Street  
Circleville, Ohio 43113-1611

To the Members of Council:

We have audited the accompanying financial statements of the City of Circleville, Pickaway County, Ohio, (the City) as of and for the year ended December 31, 2000. These financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

Ohio Administrative Code Section 117-6-01 requires the City to prepare its annual financial report in accordance with generally accepted accounting principles. As discussed in Note 1, the City prepares its financial statements on the cash basis, which is a comprehensive basis of accounting other than generally accepted accounting principles. The accompanying financial statements omit assets, liabilities, fund equities, and disclosures that, while material, can not be determined at this time.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash, investments, and combined fund cash balances of the City of Circleville, Pickaway County, Ohio as of December 31, 2000, and the combined cash receipts and disbursements and its combined budgeted and actual receipts and its combined budget and actual disbursements and encumbrances for the year then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 9, 2001 on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*, and should be read in conjunction with this report in considering the results of our audit.

Our audit was performed for the purpose of forming an opinion on the financial statements of the City taken as a whole. The accompanying Schedule of Federal Awards Expenditures is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

Members of Council  
City of Circleville  
Pickaway County  
Report of Independent Accountants  
Page 2

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

**JIM PETRO**  
Auditor of State

April 9, 2001

**CITY OF CIRCLEVILLE  
PICKAWAY COUNTY**

**COMBINED STATEMENT OF CASH/INVESTMENTS  
AND FUND CASH BALANCES - ALL FUND TYPES  
AS OF DECEMBER 31, 2000**

Cash and Cash Equivalents	\$13,426,156
Investments	<u>12,000</u>
Total Cash and Investments	<u><u>13,438,156</u></u>

**FUND CASH BALANCE BY TYPE**

GOVERNMENTAL FUND TYPES

General	1,352,993
Special Revenue	1,419,133
Debt Service	14,504
Capital Project	6,134,314
Expendable Trust	56,187

PROPRIETARY FUND TYPES

Enterprise	4,332,335
Nonexpendable Trust	11,548
Agency	<u>117,142</u>
TOTAL ALL FUND TYPES	<u><u>13,438,156</u></u>

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

CITY OF CIRCLEVILLE  
PICKAWAY COUNTY

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL AND SIMILAR FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2000**

	Governmental Fund Types				Fiduciary Fund Type	Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust	
<b>Cash Receipts:</b>						
Property Tax and Other Local Taxes	\$2,191,154	\$1,991,921	\$95,900	\$1,510,507	\$0	\$5,789,482
Special Assessments	0	0	1,875	0	0	1,875
Intergovernmental Receipts	1,420,500	969,022	0	0	0	2,389,522
Charges for Services	219,449	12,690	0	0	0	232,139
Fines, Licenses, and Permits	606,648	119,812	0	0	559	727,019
Earnings on Investments	551,372	0	0	75,879	3,055	630,306
Miscellaneous	59,380	84,658	165,340	113,131	4,037	426,546
<b>Total Cash Receipts</b>	<b>5,048,503</b>	<b>3,178,103</b>	<b>263,115</b>	<b>1,699,517</b>	<b>7,651</b>	<b>10,196,889</b>
<b>Cash Disbursements:</b>						
Current:						
Security of Persons and Property	2,225,904	1,391,980	0	52,373	0	3,670,257
Public Health Services	140,189	0	0	0	0	140,189
Leisure Time Activities	216,285	26,468	0	0	0	242,753
Community Environment	73,822	115,077	0	0	0	188,899
Basic Utility Services	41,427	0	0	0	0	41,427
Transportation	14,900	490,315	0	55,370	500	561,085
General Government	2,116,742	221,881	511	0	850	2,339,984
Debt Service:						
Principal Payments	0	0	144,000	0	0	144,000
Interest Payments	0	0	121,835	0	0	121,835
Capital Outlay	122,502	765,998	0	1,633,606	0	2,522,106
<b>Total Disbursements</b>	<b>4,951,771</b>	<b>3,011,719</b>	<b>266,346</b>	<b>1,741,349</b>	<b>1,350</b>	<b>9,972,535</b>
<b>Total Receipts Over/(Under) Disbursements</b>	<b>96,732</b>	<b>166,384</b>	<b>(3,231)</b>	<b>(41,832)</b>	<b>6,301</b>	<b>224,354</b>
<b>Other Financing Receipts/(Disbursements):</b>						
Sale of Notes	0	0	0	3,706,782	0	3,706,782
Transfers-In	0	37,387	2,700	0	0	40,087
Transfers-Out	(12,387)	(25,000)	0	0	0	(37,387)
<b>Total Other Financing Receipts/(Disbursements)</b>	<b>(12,387)</b>	<b>12,387</b>	<b>2,700</b>	<b>3,706,782</b>	<b>0</b>	<b>3,709,482</b>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	84,345	178,771	(531)	3,664,950	6,301	3,933,836
Fund Cash Balances January 1	1,268,648	1,240,362	15,035	2,469,364	49,886	5,043,295
<b>Fund Cash Balances, December 31</b>	<b>\$1,352,993</b>	<b>\$1,419,133</b>	<b>\$14,504</b>	<b>\$6,134,314</b>	<b>\$56,187</b>	<b>\$8,977,131</b>
Reserve for Encumbrances, December 31	\$144,606	\$326,924	\$0	\$777,185	\$0	\$1,248,715

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



**CITY OF CIRCLEVILLE  
PICKAWAY COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL PROPRIETARY AND OTHER FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2000**

	Proprietary Fund Type	Fiduciary Fund Types		Totals (Memorandum Only)
	Enterprise	Nonexpendable Trust	Agency	
<b>Operating Cash Receipts:</b>				
Charges for Services	\$3,352,879	\$0	\$0	\$3,352,879
Miscellaneous	391	440	0	831
Total Operating Cash Receipts	<u>3,353,270</u>	<u>440</u>	<u>0</u>	<u>3,353,710</u>
<b>Operating Cash Disbursements:</b>				
Personal Services	1,524,571	0	0	1,524,571
Contractual Services	68,677	0	0	68,677
Supplies and Materials	612,517	0	0	612,517
Capital Outlay	601,166	0	0	601,166
Total Operating Cash Disbursements	<u>2,806,931</u>	<u>0</u>	<u>0</u>	<u>2,806,931</u>
Operating Income	<u>546,339</u>	<u>440</u>	<u>0</u>	<u>546,779</u>
<b>Non-Operating Cash Receipts:</b>				
Miscellaneous	9,442	0	1,137,906	1,147,348
Total Non-Operating Cash Receipts	<u>9,442</u>	<u>0</u>	<u>1,137,906</u>	<u>1,147,348</u>
<b>Non-Operating Cash Disbursements:</b>				
Debt Service	431,828	0	0	431,828
Other Non-Operating Cash Disbursements	32,640	0	1,139,102	1,171,742
Total Non-Operating Cash Disbursements	<u>464,468</u>	<u>0</u>	<u>1,139,102</u>	<u>1,603,570</u>
Excess of Receipts Over/(Under) Disbursements Before Interfund Transfers	91,313	440	(1,196)	90,557
Transfers-Out	<u>(2,700)</u>	<u>0</u>	<u>0</u>	<u>(2,700)</u>
Net Receipts Over/(Under) Disbursements	88,613	440	(1,196)	87,857
Fund Cash Balances, January 1	<u>4,243,722</u>	<u>11,108</u>	<u>118,338</u>	<u>4,373,168</u>
<b>Fund Cash Balances, December 31</b>	<b><u>\$4,332,335</u></b>	<b><u>\$11,548</u></b>	<b><u>\$117,142</u></b>	<b><u>\$4,461,025</u></b>
Reserve for Encumbrances, December 31	<u>\$412,725</u>	<u>\$0</u>	<u>\$12,198</u>	<u>\$424,923</u>

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

**CITY OF CIRCLEVILLE  
PICKAWAY COUNTY**

**COMBINED STATEMENT OF RECEIPTS - BUDGET AND ACTUAL  
FOR THE YEAR ENDED DECEMBER 31, 2000**

<u>Fund Types</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Governmental:			
General	\$4,428,589	\$5,048,503	\$619,914
Special Revenue	3,207,406	3,215,490	8,084
Debt Service	266,485	265,815	(670)
Capital Projects	1,566,689	5,581,299	4,014,610
Proprietary:			
Enterprise	4,316,612	3,362,712	(953,900)
Fiduciary:			
Expendable Trust	7,500	7,651	151
Non-Expendable Trust	600	440	(160)
Totals	<u>\$13,793,881</u>	<u>\$17,481,910</u>	<u>\$3,688,029</u>

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

**CITY OF CIRCLEVILLE  
PICKAWAY COUNTY**

**COMBINED STATEMENT OF DISBURSEMENTS AND ENCUMBRANCES  
COMPARED WITH EXPENDITURE AUTHORITY  
FOR THE YEAR ENDED DECEMBER 31, 2000**

Fund Types	Prior Year Carryover	2000 Appropriations	Total	Actual Disbursements	Encumbrances Outstanding At 12/31/00	Total
Governmental:						
General	\$214,642	\$5,442,537	\$5,657,179	\$4,964,158	\$144,606	\$5,108,764
Special Revenue	322,930	3,422,420	3,745,350	3,036,719	326,924	3,363,643
Debt Service	0	266,495	266,495	266,346	0	266,346
Capital Projects	701,998	6,349,321	7,051,319	1,741,349	777,185	2,518,534
Proprietary:						
Enterprise	360,320	5,509,821	5,870,141	3,274,099	412,725	3,686,824
Fiduciary:						
Expendable Trust	0	47,000	47,000	1,350	0	1,350
Non-Expendable Trust	0	600	600	0	0	0
Totals	<u>\$1,599,890</u>	<u>\$21,038,194</u>	<u>\$22,638,084</u>	<u>\$13,284,021</u>	<u>\$1,661,440</u>	<u>\$14,945,461</u>

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

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**CITY OF CIRCLEVILLE  
PICKAWAY COUNTY**

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The City of Circleville, Pickaway County, (the City) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The City operates under a Council-Mayor form of government and provides following: public safety services including police and fire protection, utilities consisting of water and sewer services, emergency medical services, and judicial services via a Municipal Court.

The City's management believes the financial statements included in this report represent all funds of the City over which it has the ability to exercise direct operating control.

**B. Basis of Accounting**

Although required by Ohio Administrative Code Section 117-6-01 to prepare its annual financial report in accordance with generally accepted accounting principles, the City chooses to prepare its financial statements on the basis of accounting formerly prescribed or permitted by the Auditor of State. This basis of accounting is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e. when an encumbrance is approved.)

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

**C. Equity in Pooled Cash**

Monies held in the City treasury are pooled for the purpose of investment management. The City is authorized to invest in those instruments identified in Section 135.35 of the Ohio Revised Code. Specifically, these authorized instruments consist of:

Bond, Notes or other obligations guaranteed by the United States or those for which the full faith and credit of the United States is pledged;

Bonds, Notes, debentures or other obligations or securities insured by any federal government agency;

Written repurchase agreements in the securities listed above;

Bonds and other obligations of Ohio, its political subdivisions, or other units or agencies of Ohio or its political subdivisions;

Time certificate of deposit or saving or deposit accounts, including but not limited to, passbook accounts;

No-load money market mutual funds consisting exclusively of obligations described in (1) or (2) above and repurchase agreements secured by such obligations provided that investment in securities are made only through eligible institutions;

The State Treasurer's investment pool (StarOhio).

**CITY OF CIRCLEVILLE  
PICKAWAY COUNTY**

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

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

**C. Equity in Pooled Cash (Continued)**

**Deposits:** Government Accounting Standards Board (GASB) Statement No. 3 requires that all deposits be classified as to risk. The following categories are most typically used:

1. Insured or collateralized with securities held by the entity or by its agent in the entity's name;
2. Collateralized with securities held by the pledging financial institution's trust department or agent in the entity's name;
3. Uncollateralized. (This includes any bank balance that is collateralized with securities held by the pledging financial institution, or by its trust department or agent but not in the entity's name)

The City deposits and investments are classified below using the criteria noted above.

At year-end, the carrying amount of the City's deposits were \$13,438,156 and the bank balance was \$13,906,603. Deposits are insured by the Federal Depository Insurance Corporation to \$ 800,000 and the balance is secured by pooled and pledged securities held by the Public Depository.

**Investments:** The City's investments include donated Common stock and United States series H Savings Bonds which are held by the City at the Fair Value at the time of donation ( carrying value).

	<b>Carrying Value</b>	<b>Fair Value</b>
Common Stock	\$ 2,000	\$ 2,308
U.S. Series "H" Savings Bonds	<u>10,000</u>	<u>9,400</u>
Total Investments	<u>\$12,000</u>	<u>\$11,708</u>

**D. Fund Accounting**

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

**1. General Fund**

The General Fund is the general operating fund. It is used to account for all financial resources except those .required by law or contract to be restricted.

**CITY OF CIRCLEVILLE  
PICKAWAY COUNTY**

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

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

**D. Fund Accounting (Continued)**

**2. Special Revenue Fund**

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

Street Construction, Maintenance and Repair Fund - This fund receives intergovernmental tax revenues for constructing, maintaining and repairing City roads.

Municipal Income Tax Fund this fund receives income tax revenue assessed to its citizens for the purpose of funding general activities of the City.

City Permissive and Motor Vehicle Tax Fund - this fund receives local government shared tax revenues for the purposes of repairing City roads.

**3. Debt Service Fund**

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

**4. Capital Project 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 City had the following significant capital project funds:

Capital Improvement Fund - this fund receives income tax receipts which are set aside for future capital improvement projects.

**5. 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 City 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.

**CITY OF CIRCLEVILLE  
PICKAWAY COUNTY**

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

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

**D. Fund Accounting (Continued)**

**6. Fiduciary Funds (Trust and Agency Funds)**

Trust funds are used to account for resources restricted by legally binding trust agreements. If the agreement requires the City to maintain the corpus of the trust, the fund is classified as a non-expendable trust fund. Other trust funds are classified as expendable. Funds for which the City is acting in an agency capacity are classified as agency funds. The City had the following significant fiduciary fund:

State Patrol Transfer Fund - is used for moneys collected by the City's Municipal Court which are due to the State Highway Patrol.

**E. Budgetary Process**

A budget of estimated cash receipts and cash disbursements is submitted to the county auditor as secretary of the county budget commission, by July 15 of each year, for the period January 1 to December 31 of the following year.

**1. Appropriations**

A temporary appropriation measure to control cash disbursements may be passed on or about January 1 of each year for the period January 1 to March 31. An annual appropriation measure must be passed by April 1 of each year for the period January 1 to December 31. The appropriation measure may be amended or supplemented during the year as new information becomes available. Appropriations may not exceed estimated resources.

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 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**

The county budget commission certifies its actions to the City by September 1. As part of this certification, the City receives the official certificate of estimated resources which states the projected receipts of each fund. On or about January 1, this certificate is amended to include any unencumbered balances from the preceding year. Prior to December 31, the City must revise its budget so that the total contemplated expenditures from a fund during the ensuing fiscal year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriation measure. Budget receipts as shown in the accompanying financial statements do not include January 1, 2000 unencumbered fund balances. However, those fund balances are available for appropriations.



**CITY OF CIRCLEVILLE  
PICKAWAY COUNTY**

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

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

**E. Budgetary Process (Continued)**

**3. Encumbrances**

The City utilizes the encumbrance method of accounting. Under this system, purchase orders, contracts and other commitments for the expenditure of funds are recorded in order to reserve the portion of the applicable appropriation. At the close of each fiscal year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriations. The encumbered appropriation balance is carried forward to the succeeding fiscal year and need not be re-appropriated.

**F. Property, Plant and Equipment**

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

**2. PROPERTY TAX**

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

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

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

**3. DEBT**

Debt outstanding at December 31, 2000 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
General Obligation Bonds	\$ 3,995,000	9.25%
Capital Improvement Bonds	3,706,782	4.25%
Hospital Improvement Bonds	<u>1,800,000</u>	3.85-5.4%
Total	<u><u>\$ 9,501,782</u></u>	

**CITY OF CIRCLEVILLE  
PICKAWAY COUNTY**

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

**3. DEBT (Continued)**

Outstanding general obligation bonds consist of an issue for the Justice Center construction, an issue for improvement of the water system. Capital Improvement bonds consisted of an issue for construction of a new service building, a safety facility to house a fire station, emergency management system facility, and the fire department offices. General Obligation and Capital Improvement bonds are direct obligations of the City for which its full faith, credit, and resources are pledged and are payable from taxes levied on all taxable property in the City.

The Hospital Improvement bonds were issued in 1998 for the benefit of Berger Hospital, the component unit. (See footnote No. 8) The Hospital Improvement Bonds are direct obligations of the City for which its full faith, credit, and resources are pledged and are payable from the operating revenues of Berger Hospital through the periodic billings from the City.

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

Year ending December 31:	General Obligation Bonds	Capital Improvement Bonds	Hospital Bonds
2001	\$ 89,425	\$ 317,139	\$ 162,645
2002	82,950	317,021	164,635
2003	76,475	316,621	161,335
2004	0	315,871	162,960
2005	0	314,826	164,280
Subsequent	<u>0</u>	<u>4,749,585</u>	<u>1,957,655</u>
Total	<u>\$ 248,850</u>	<u>\$ 6,331,063</u>	<u>\$ 2,773,510</u>

**4. RETIREMENT SYSTEMS**

The City contributes to the Public Employees Retirement System of Ohio (PERS) a cost-sharing multiple-employer defined benefit pension plan administered by the Public Employees Retirement Board. PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefits are established and amended by state statute and are contained in Chapter 145 of the Ohio Revised Code. PERS issues a stand-alone, publicly available annual financial report that includes financial statements and required supplementary information. This report may be obtained by writing to Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642.

Contribution rates are also prescribed by the Ohio Revised Code. Plan members, other than those engaged in law enforcement, are required to contribute 8.5% of their gross salaries. The City is required to contribute an amount equal to 10.84% of participants' gross salaries. For law enforcement employees, the member contribution is 9.0% and the City's contribution is 16.70%.

**CITY OF CIRCLEVILLE  
PICKAWAY COUNTY**

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

**4. RETIREMENT SYSTEMS (Continued)**

The PERS of Ohio also provides postemployment health care benefits to age and service retirees with 10 or more years of qualifying Ohio service credit and to primary survivor recipients of such retirees. Health care coverage for disability recipients. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit (OPEB) as described in GASB No. 12. A portion of each employer's contribution to PERS is set aside for the funding of postemployment health care. The Ohio Revised Code provides statutory authority for employer contributions and requires public employees to fund postemployment health care through their contributions to PERS.

OPEB is financed through employer contributions and the investment income earned thereon. The contributions allocated to retiree health care and Medicare, along with the investment income on allocated assets and periodic adjustments in health care provisions are expected to be sufficient to maintain the program indefinitely.

The City contributes to the Police and Firemen's Disability and Pension Fund of Ohio (PFDPF), a cost-sharing multiple-employer defined benefit pension plan administered by the Ohio Police and Firemen's Board of Trustees. PFDPF provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by the Ohio State Legislature and are codified in Chapter 742 of the Ohio Revised Code. The PFDPF issues a publicly available financial report that includes financial information and required supplementary information. This report may be obtained by writing to Police & Firemen's Disability and Pension Fund of Ohio, 140 East Town Street, Columbus, Ohio 43215-5164.

Plan members are required to contribute 10.0% of their annual covered salary, while the City is required to contribute 19.50% and 24.0%, respectively, for police officers and firefighters.

The PFDPF System of Ohio provides postemployment health care coverage to any person who receives or is eligible to receive a monthly benefit check or is a spouse or eligible dependent child of such person. An eligible dependent child is any child under the age of 18 whether or not the child is attending school or under the age of 22 if attending school full-time or on a 2/3 basis. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit (OPEB) as described in GASB Statement No. 12. The Ohio Revised Code provides that health care costs paid from the funds of PFDPF shall be included in the employer's contribution rate, which is 19.5% of covered payroll for police officers and 24.0% of covered payroll for firefighters. Of these employer contribution rates for the City, 6.5% was used to pay health care benefits for the year 2000.

The Ohio Revised Code provides the statutory authority allowing the PFDPF Board of Trustees to provide health care coverage to all eligible individuals. Health care funding and accounting is on a pay-as-you go basis. Currently, 6.5% of the covered payroll, as defined by the Board of Trustees, is used to pay retiree health care expenses. In addition, since July 1, 1997, most retirees have been required to contribute a portion of their health care coverage through a deduction from their monthly benefit amount.

**5. RISK MANAGEMENT**

The City maintains comprehensive insurance coverage with private carriers for real property, building contents and vehicles. Vehicle policies include liability coverage for bodily injury and property damage. Real property and contents are 90% coinsured.

**CITY OF CIRCLEVILLE  
PICKAWAY COUNTY**

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

**6. CONTINGENT LIABILITIES**

Amounts received from grantor agencies are subject to audit and adjustment by the grantor, principally the federal government. Any disallowed costs may require refunding to the grantor. Amounts which may be disallowed, if any, are not presently determinable. However, based on prior experience, management believes such refunds, if any, would not be material.

**7. COMPONENT UNITS**

Berger Health Systems (the Hospital) which provides diversified health care services to the city of Circleville and surrounding communities is a Component Unit of the City. The Hospital is governed by a 9 member Board of which the Pickaway County Commissioners and the City Council each appoint. The Mayor of the City acts as the president and votes in the event of a tie among the voting majority. The financial activity of the Hospital is not included as a part of the accompanying financial statements. To obtain the Hospital's financial statements contact Berger Health Systems, Finance Department, 600 North Pickaway Street, Circleville, Ohio 43113.

**8. RELATED PARTY TRANSACTIONS**

The City issued the Hospital Improvement Bonds issued in 1998 for the benefit of the component unit, Berger Health Systems ( the Hospital). The Hospital remits to the City, upon billing, monies for payment on the semi-annual debt payments due on the bond issuance.( See Note 3)

The City billed and received from the Hospital \$165,340 for the year ended December 31, 2000.

**CITY OF CIRCLEVILLE  
PICKAWAY COUNTY**

**SCHEDULE OF FEDERAL AWARDS EXPENDITURES  
FOR THE YEAR ENDED DECEMBER 31, 2000**

<u>Federal Grantor/ Pass Through Grantor Program Title</u>	<u>Pass Through Entity Number</u>	<u>Federal CFDA Number</u>	<u>Disbursements</u>
<b><u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u></b>			
<i>Direct:</i>			
HOME Investment Partnership	A-C-99-105-2	14.239	\$265,262
<i>Passed Through Ohio Department of Development:</i>			
Community Housing Improvement Project	A-C-99-105-1	14.228	149,568
CDBG Downtown Revitalization	A-T-98-105-1	14.228	34,687
HOME Investment Partnership	A-C-00-105-2	14.239	33,705
Sub Total Community Development Block Grants/ State's Program Passed through Ohio Department of Development			217,960
<i>Passed Through Pickaway County Commissioners</i>			
CDBG Formula Allocation Grant	B-F-98-060-01	14.228	79,000
Total U.S. Department of Housing and Urban Development			<b>562,222</b>
<b><u>U.S. DEPARTMENT OF JUSTICE</u></b>			
<i>Passed Through Ohio Department of Criminal Justice Services</i>			
Local Law Enforcement Block Grant	1999-LE-LEB-3232	16.592	2,377
<b>Total</b>			<b>\$564,599</b>

**NOTE A--SIGNIFICANT ACCOUNTING POLICIES**

The accompanying Schedule of Federal Awards Expenditures (the Schedule) summarizes activity of the City's federal award programs. The schedule has been prepared on the cash basis of accounting.

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STATE OF OHIO  
OFFICE OF THE AUDITOR  
JIM PETRO, AUDITOR OF STATE

35 North Fourth Street  
Columbus, Ohio 43215  
Telephone 614-466-3402  
800-443-9275  
Facsimile 614-728-7199  
www.auditor.state.oh.us

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

City of Circleville  
Pickaway County  
133 South Court Street  
Circleville, Ohio 43113-1611

To the Members of Council:

We have audited the accompanying financial statements of the City of Circleville, Pickaway County, Ohio (the City), as of and for the year ended December 31, 2000, and have issued our report thereon dated April 9, 2001, wherein we noted the City did not report under generally accepted accounting principles which reporting is required by the Ohio Administrative Code. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Compliance**

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance that is required to be reported under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2000-20665-001. We also noted certain immaterial instances of noncompliance that we have reported to management of the City in a separate letter dated April 9, 2001.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered City's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended for the information and use of the audit committee, management, City Council, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

**JIM PETRO**  
Auditor of State

April 9, 2001





STATE OF OHIO  
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

35 North Fourth Street  
Columbus, Ohio 43215  
Telephone 614-466-3402  
800-443-9275  
Facsimile 614-728-7199  
www.auditor.state.oh.us

**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR  
FEDERAL PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE  
IN ACCORDANCE WITH OMB CIRCULAR A-133**

City of Circleville  
Pickaway County  
133 South Court Street  
Circleville, Ohio 43113-1611

To the Members of Council:

**Compliance**

We have audited the compliance of the City of Circleville, Pickaway County, Ohio ( the City) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement* that are applicable to its major federal program for the year ended December 31, 2000. The City's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of the City's management. Our responsibility is to express an opinion on City's compliance based on our audit.

We conducted our audit of compliance in accordance with generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance occurred with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the City's compliance with those requirements.

In our opinion, the City complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended December 31, 2000. The results of our auditing procedures disclosed an instance of noncompliance with those requirements that is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying schedule of findings as item 2000-20665-002. We also noted an instance of noncompliance that does not require inclusion in this report that we have reported to management of the City in a separate letter dated April 9, 2001.

### **Internal Control Over Compliance**

The management of the City is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the City's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended for the information and use of the audit committee, management, City Council, and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

**JIM PETRO**  
Auditor of State

April 9, 2001

**CITY OF CIRCLEVILLE  
PICKAWAY COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2000**

**OMB CIRCULAR A-133, SECTION .505**

<b>1. SUMMARY OF AUDITOR'S RESULTS</b>
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<b>(d)(1)(i)</b>	<b>Type of Financial Statement Opinion</b>	Unqualified
<b>(d)(1)(ii)</b>	<b>Were there any material control weakness conditions reported at financial statement level (GAGAS)?</b>	No
<b>(d)(1)(ii)</b>	<b>Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(iii)</b>	<b>Was there any reported material noncompliance at the financial statement level (GAGAS)?</b>	Yes
<b>(d)(1)(iv)</b>	<b>Were there any material internal control weakness conditions reported for major federal programs?</b>	No
<b>(d)(1)(iv)</b>	<b>Were there any other reportable internal control weakness conditions reported for major federal programs?</b>	No
<b>(d)(1)(v)</b>	<b>Type of Major Programs' Compliance Opinion</b>	Unqualified
<b>(d)(1)(vi)</b>	<b>Are there any reportable findings under Section .510?</b>	Yes
<b>(d)(1)(vii)</b>	<b>Major Programs (list):</b>	HOME Investments Partnership Program # 14.239
<b>(d)(1)(viii)</b>	<b>Dollar Threshold: Type A/B Programs</b>	Type A: > \$300,000 Type B: all others
<b>(d)(1)(ix)</b>	<b>Low Risk Auditee?</b>	No

**CITY OF CIRCLEVILLE  
PICKAWAY COUNTY**

**DECEMBER 31, 2000**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A-133, SECTION .505  
(Continued)**

<b>2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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<b>Finding Number</b>	<b>2000-20665-001</b>
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Ohio Admin. Code Section 117-6-01 requires that all cities are to report and prepare its financial report in accordance with generally accepted accounting principles.

The City prepares its financial statements on the basis of accounting formerly permitted or prescribed by the Auditor of State, which is a basis of accounting other than generally accepted accounting principles. The accompanying financial statements omit assets, liabilities, fund equity and disclosures that, which material, can not be determined at this time. The City can be fined and various other administrative remedies may be taken against the City

It is recommended that the City file its annual financial report to the Auditor of State's office on the generally accepted accounting principle basis of accounting.

<b>3. FINDINGS FOR FEDERAL AWARDS</b>
---------------------------------------

<b>Finding Number</b>	<b>2000-20665-002</b>
CFDA Title and Number	Home Investments Partnership Program 14.239
Federal Award Number/ Year	A-C-99-105-2 A-C-00-105-2
Federal Agency	U.S. Department of Housing and Development
Pass-Through Agency	Ohio Department of Development ( Partially)

**Cash Management - Fifteen Day Rule**

24 CFR 92.502 and Section (A)(3)(F) of the Ohio Department of Development's Office of Housing and Community Partnership Financial Management Rules and Regulations Handbook requires grantees to develop a cash management system that ensures compliance with the 15-Day Rule relating to prompt disbursement of funds. This rule states that funds drawn down should be limited to amounts that will enable the grantee to disburse the funds on hand to a balance of less than \$5,000 within fifteen days of the receipt of funds.

Also, the grant agreements executed February 11, 1999 and October 13, 2000, by and between the City of Circleville and the State of Ohio, Department of Development, for the grant years January 1, 1999 through October 31, 2000 and August 1, 2000 through September 30, 2002, respectively, state in "Statement of the Agreement", Section 3, "...if the funds are not expended in accordance with terms, condition and time period set forth in the agreement... the amounts improperly expended or not expended shall be returned to the Grantor ( Ohio Department of Development) within thirty ( 30) days of termination of the agreement.

**CITY OF CIRCLEVILLE  
PICKAWAY COUNTY**

**DECEMBER 31, 2000**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A-133, SECTION .505  
(Continued)**

**3. FINDINGS FOR FEDERAL AWARDS (Continued)**

**Cash Management - Fifteen Day Rule ( Continued)**

The draws made by the City on the dates noted below for the Home Investments Partnership Program grant were not disbursed within fifteen days of receipt to a balance of less than \$5,000. The following table summarizes this activity:

Date of Receipt	Fifteen Days from Receipt	Cash on Hand
March 9, 2000	March 24, 200	\$30,284
May 17, 2000	June 3, 2000	\$101,875
September 14, 2000	September 29, 2000	\$74,038
December 11, 2000	December 26, 2000	\$15,885

The City did not report any interest earnings from the above monies held on deposit. The monies were held in a non-interest bearing account.

We recommend the City disburse federal funds within fifteen days of receipt to ensure they are promptly disbursing federal funds under this program.

**CITY OF CIRCLEVILLE  
PICKAWAY COUNTY**

<b>SCHEDULE OF PRIOR AUDIT FINDINGS OMB CIRCULAR A-133, SECTION .315 (b)</b>
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Finding Number	Finding Summary	Status	Not Corrected /Explanation
1999-20665-001	Ohio Admin Section 117-6-01 requires that all cities are to report and prepare its financial report in accordance with generally accepted accounting principles.	Not Corrected	City Council and City Auditor feel the added cost to convert to financial statements prepared in accordance with GAAP exceeds the added benefits
1999-20665-002	Ohio Rev. Code Section 5705.41(D) requires that all cities attach certificates of availability of funds by the fiscal officer to all contracts and expenditures.	Corrected	
1999-20665-003	Article Seven of the Grant agreement with the State of Ohio Home Investment Partnership program (CFDA # 14.239) requires the City to keep federal accounting records in a manner which is consistent with generally accepted accounting principles.	Not Corrected	See comments in 001 above.



STATE OF OHIO  
OFFICE OF THE AUDITOR  

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JIM PETRO, AUDITOR OF STATE

88 East Broad Street  
P.O. Box 1140  
Columbus, Ohio 43216-1140  
Telephone 614-466-4514  
800-282-0370  
Facsimile 614-466-4490

**CITY OF CIRCLEVILLE**

**PICKAWAY COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
JUNE 21, 2001**