



**Auditor of State  
Betty Montgomery**



**CIRCLEVILLE TOWNSHIP  
PICKAWAY COUNTY**

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**Auditor of State  
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT**

Circleville Township  
Pickaway County  
934 South Washington Street  
P.O. Box 121  
Circleville, Ohio 43113

To the Board of Trustees:

We have audited the accompanying financial statements of Circleville Township, Pickaway County, Ohio, (the Township) as of and for the years ended December 31, 2002, and December 31, 2001. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the 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.

As discussed in Note 1, the Township prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of Circleville Township, Pickaway County, Ohio, as of December 31, 2002, and December 31, 2001, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 7, 2003, on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

This report is intended solely for the information and use of management, the Board of Trustees, 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.

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

**BETTY MONTGOMERY**  
Auditor of State

March 7, 2003

**CIRCLEVILLE TOWNSHIP  
PICKAWAY COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES AND FIDUCIARY FUND TYPE  
FOR THE YEAR ENDED DECEMBER 31, 2002**

	<u>Governmental Fund Types</u>		<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Expendable Trust</u>	
<b>Cash Receipts:</b>				
Local Taxes	\$66,313	\$158,089	\$0	\$224,402
Intergovernmental	52,123	81,354	0	133,477
Special Assessments	0	4,753	0	4,753
Licenses, Permits, and Fees	0	3,515	0	3,515
Earnings on Investments	22,905	4,285	0	27,190
Other Revenue	12,889	550	400	13,839
<b>Total Cash Receipts</b>	<u>154,230</u>	<u>252,546</u>	<u>400</u>	<u>407,176</u>
<b>Cash Disbursements:</b>				
Current:				
General Government	62,013	7,766	0	69,779
Public Safety	30,000	66,643	0	96,643
Public Works	91	182,708	0	182,799
Health	11,194	0	0	11,194
Conservation - Recreation	12,969	9,926	0	22,895
Capital Outlay	500	14,970	0	15,470
<b>Total Cash Disbursements</b>	<u>116,767</u>	<u>282,013</u>	<u>0</u>	<u>398,780</u>
Total Receipts Over/(Under) Disbursements	<u>37,463</u>	<u>(29,467)</u>	<u>400</u>	<u>8,396</u>
<b>Other Financing Receipts:</b>				
Other	1,567	0	0	1,567
<b>Total Other Financing Receipts</b>	<u>1,567</u>	<u>0</u>	<u>0</u>	<u>1,567</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements	39,030	(29,467)	400	9,963
Fund Cash Balances, January 1	<u>237,747</u>	<u>389,462</u>	<u>2,200</u>	<u>629,409</u>
<b>Fund Cash Balances, December 31</b>	<u><b>\$276,777</b></u>	<u><b>\$359,995</b></u>	<u><b>\$2,600</b></u>	<u><b>\$639,372</b></u>

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

**CIRCLEVILLE TOWNSHIP  
PICKAWAY COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES AND FIDUCIARY FUND TYPE  
FOR THE YEAR ENDED DECEMBER 31, 2001**

	<u>Governmental Fund Types</u>			<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Expendable Trust</u>	
<b>Cash Receipts:</b>					
Local Taxes	\$77,584	\$163,542	\$0	\$0	\$241,126
Intergovernmental	16,286	79,504	0	0	95,790
Special Assessments	0	4,592	0	0	4,592
Licenses, Permits, and Fees	0	5,474	0	0	5,474
Earnings on Investments	32,748	3,433	0	0	36,181
Other Revenue	13,058	0	0	400	13,458
	<u>139,676</u>	<u>256,545</u>	<u>0</u>	<u>400</u>	<u>396,621</u>
Total Cash Receipts					
	<u>139,676</u>	<u>256,545</u>	<u>0</u>	<u>400</u>	<u>396,621</u>
<b>Cash Disbursements:</b>					
Current:					
General Government	86,140	10,567	0	0	96,707
Public Safety	27,500	67,575	0	0	95,075
Public Works	192	104,709	0	0	104,901
Health	11,071	0	0	0	11,071
Conservation - Recreation	17,627	3,784	0	0	21,411
Capital Outlay	12,143	31,321	8,500	0	51,964
	<u>154,673</u>	<u>217,956</u>	<u>8,500</u>	<u>0</u>	<u>381,129</u>
Total Cash Disbursements					
	<u>154,673</u>	<u>217,956</u>	<u>8,500</u>	<u>0</u>	<u>381,129</u>
Total Receipts Over/(Under) Disbursements	<u>(14,997)</u>	<u>38,589</u>	<u>(8,500)</u>	<u>400</u>	<u>15,492</u>
<b>Other Financing Receipts:</b>					
Sale of Fixed Assets	0	0	8,500	0	8,500
Other	1,342	0	0	0	1,342
	<u>1,342</u>	<u>0</u>	<u>8,500</u>	<u>0</u>	<u>9,842</u>
Total Other Financing Receipts					
	<u>1,342</u>	<u>0</u>	<u>8,500</u>	<u>0</u>	<u>9,842</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements	(13,655)	38,589	0	400	25,334
Fund Cash Balances, January 1	251,402	350,873	0	1,800	604,075
<b>Fund Cash Balances, December 31</b>	<b><u>\$237,747</u></b>	<b><u>\$389,462</u></b>	<b><u>\$0</u></b>	<b><u>\$2,200</u></b>	<b><u>\$629,409</u></b>

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

**CIRCLEVILLE TOWNSHIP  
PICKAWAY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002 AND 2001**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

Circleville Township, Pickaway County, (the Township) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Township is directed by a publicly-elected three-member Board of Trustees. The Township provides road and bridge maintenance, fire protection and emergency medical services. The Township contracts with the City of Circleville and Pickaway Township to provide fire services, Pickaway Plains Ambulance Service to provide ambulance services, and the Sheriff of Pickaway County to provide police protection.

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

**B. Basis of Accounting**

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

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

**C. Cash and Investments**

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or disbursements, respectively.

Certificates of deposit are valued at cost. The investment in STAR Ohio is recorded at share value reported by the mutual fund.

**D. Fund Accounting**

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

**1. General Fund**

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

**2. Special Revenue Funds**

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

**CIRCLEVILLE TOWNSHIP  
PICKAWAY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002 AND 2001  
(Continued)**

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

**D. Fund Accounting** (Continued)

**Special Revenue Funds** (Continued)

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

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

*Fire District Fund* – This fund receives property tax money to pay for fire protection of the Township.

**3. Capital Projects Fund**

This fund is 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 Township had the following significant capital project fund:

*Permanent Improvement Fund* - The Township sold an old truck and used the proceeds to purchase a new truck.

**4. Fiduciary Fund (Expendable Trust Fund)**

This fund is used to account for resources restricted by a legally binding trust agreement. The Township had the following significant fiduciary fund:

M. Brown Expendable Trust for the Blind – This fund receives money from a trust to assist blind citizens of the Township.

**E. Budgetary Process**

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

**1. Appropriations**

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control, and appropriations may not exceed estimated resources. The Board of Trustees must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Appropriations lapse at year end.

**2. Estimated Resources**

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

**CIRCLEVILLE TOWNSHIP  
PICKAWAY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002 AND 2001  
(Continued)**

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

**E. Budgetary Process (Continued)**

**3. Encumbrances**

The Ohio Revised Code requires the Township to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year.

A summary of 2002 and 2001 budgetary activity appears in Note 3.

**F. Property, Plant and Equipment**

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

**2. EQUITY IN POOLED CASH AND INVESTMENTS**

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

	2002	2001
Demand deposits	\$29,677	\$68,253
Certificates of deposit	0	500,000
Total deposits	29,677	568,253
STAR Ohio	609,695	61,156
Total investments	609,695	61,156
Total deposits and investments	\$639,372	\$629,409

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

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

**CIRCLEVILLE TOWNSHIP  
PICKAWAY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002 AND 2001  
(Continued)**

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ending December 31, 2002 and December 31, 2001 follows:

2002 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$106,504	\$155,797	\$49,293
Special Revenue	217,813	252,546	34,733
Fiduciary	400	400	0
Total	<u>\$324,717</u>	<u>\$408,743</u>	<u>\$84,026</u>

2002 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$323,700	\$116,767	\$206,933
Special Revenue	516,700	282,013	234,687
Fiduciary	1,800	0	1,800
Total	<u>\$842,200</u>	<u>\$398,780</u>	<u>\$443,420</u>

2001 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$130,504	\$141,018	\$10,514
Special Revenue	218,013	256,545	38,532
Capital Projects	8,500	8,500	0
Fiduciary	400	400	0
Total	<u>\$357,417</u>	<u>\$406,463</u>	<u>\$49,046</u>

2001 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$357,500	\$154,673	\$202,827
Special Revenue	526,500	217,956	308,544
Capital Projects	8,500	8,500	0
Fiduciary	1,800	0	1,800
Total	<u>\$894,300</u>	<u>\$381,129</u>	<u>\$513,171</u>

**CIRCLEVILLE TOWNSHIP  
PICKAWAY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002 AND 2001  
(Continued)**

**4. PROPERTY TAX**

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

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

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

**5. RETIREMENT SYSTEMS**

The Township's employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-employer plan. This plan provides retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 2002 and 2001, members of PERS members contributed 8.5% of their gross salaries. The Township contributed an amount equal to 13.55% of participants' gross salaries. The Township has paid all contributions required through December 31, 2002.

**6. RISK MANAGEMENT**

**Risk Pool Membership**

The Township belongs to the Ohio Township Association Risk Management Authority (OTARMA), a risk-sharing pool available to Ohio townships. OTARMA provides property and casualty coverage for its members. OTARMA is a member of the American Public Entity Excess Pool (APEEP). Member governments pay annual contributions to fund OTARMA. OTARMA pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

Casualty Coverage

OTARMA retains casualty risks up to \$250,000 per occurrence. Claims exceeding \$250,000 are reinsured with APEEP up to \$1,750,000 per claim and \$5,000,000 in the aggregate per year. Governments can elect additional coverage, from \$2,000,000 to \$10,000,000, which the General Reinsurance Corporation will reinsure.

If losses exhaust OTARMA's retained earnings, APEEP covers OTARMA losses up to \$5,000,000 per year, subject to a per-claim limit of \$2,000,000.

**CIRCLEVILLE TOWNSHIP  
PICKAWAY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002 AND 2001  
(Continued)**

**6. RISK MANAGEMENT (Continued)**

Property Coverage

OTARMA retains property risks including automobile physical damage up to \$100,000 on any specific loss. The Travelers Indemnity Company reinsures specific losses exceeding \$100,000. The Travelers Indemnity Company also provides aggregate excess coverage for property including automobile physical damage subject to an annual stop loss. When the stop loss is reached in any year, The Travelers Indemnity Company provides coverage in excess of \$10,000.

The aforementioned casualty and property reinsurance agreements do not discharge OTARMA's primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective government.

Financial Position

OTARMA's financial statements (audited by other accountants) conform with generally accepted accounting principles, and report the following assets, liabilities and retained earnings at December 31, which is the latest information available:

<u>Casualty Coverage</u>	<u>2001</u>	<u>2000</u>
Assets	\$23,703,776	\$22,684,383
Liabilities	<u>9,379,003</u>	<u>8,924,977</u>
Retained earnings	<u>\$14,324,773</u>	<u>\$13,759,406</u>

<u>Property Coverage</u>	<u>2001</u>	<u>2000</u>
Assets	\$5,011,131	\$4,156,784
Liabilities	<u>647,667</u>	<u>497,831</u>
Retained earnings	<u>\$4,363,464</u>	<u>\$3,658,953</u>



## **Auditor of State Betty Montgomery**

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

Circleville Township  
Pickaway County  
934 South Washington Street  
P.O. Box 121  
Circleville, OH 43113

To the Board of Trustees:

We have audited the accompanying financial statements of Circleville Township, Pickaway County, Ohio, (the Township) as of and for the years ended December 31, 2002, and December 31, 2001, and have issued our report thereon dated March 7, 2003. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

#### **Compliance**

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

#### **Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Township's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted a matter involving the internal control over financial reporting that does not require inclusion in this report that we have reported to management of the Township in a separate letter dated March 7, 2003.

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Circleville Township  
Pickaway County  
Independent Accountants' Report on Compliance and on Internal Control  
Required by *Government Auditing Standards*  
Page 2

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

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

**BETTY MONTGOMERY**  
Auditor of State

March 7, 2003



**Auditor of State  
Betty Montgomery**

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800-282-0370

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**CIRCLEVILLE TOWNSHIP**

**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  
MAY 8, 2003**