

CIRCLEVILLE TOWNSHIP

PICKAWAY COUNTY, OHIO

AUDITED FINANCIAL STATEMENTS

JANUARY 1, 2004 – DECEMBER 31, 2004



**Auditor of State
Betty Montgomery**

Board of Trustees
Circleville Township, Pickaway County
934 D. Washington St.
P.O. Box 121
Circleville, OH 43113-0121

We have reviewed the *Report of Independent Accountants* of Circleville Township, Pickaway County, prepared by Vanessa L. Blevins, CPA, for the audit period January 1, 2004 through December 31, 2004. 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. Circleville Township, Pickaway County is responsible for compliance with these laws and regulations.

A handwritten signature in cursive script that reads "Betty Montgomery".

BETTY MONTGOMERY
Auditor of State

August 8, 2006

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**CIRCLEVILLE TOWNSHIP
PICKAWAY COUNTY, OHIO**

JANUARY 1, 2004 TO DECEMBER 31, 2004

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REPORT OF INDEPENDENT ACCOUNTANTS

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

To the Board of Township Trustees:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Circleville Township, Pickaway County, Ohio, (the Township) as of and for the years ended December 31, 2004, which collectively comprise the Township's basic financial statements as listed in the table of contents. 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 the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audits to reasonably assure 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 accompanying financial statements and notes follow the cash accounting basis. This is a comprehensive accounting basis other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash basis financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Circleville Township, Pickaway County, Ohio, as December 31, 2004, and the respective changes in cash basis financial position and the respective budgetary comparison for the General and Special Funds thereof for the year then ended in conformity with the accounting basis Note 1 describes Circleville Township.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 10, 2005, on our consideration of the Government'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 testing of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Management's discussion and analysis is not a required part of the basic financial statements but is supplementary information the Governmental Accounting Standards Board requires. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.

Vanessa L. Blevins
Certified Public Accountant

September 10, 2005

Circleville Township
Pickaway County
Management's Discussion and Analysis
For the Year Ended December 31, 2004
Unaudited

This discussion and analysis of Circleville Township's financial performance provides an overall review of the Township's financial activities for the year ended December 31, 2004, within the limitations of the Township's modified cash basis accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the Township's financial performance.

Highlights

Key highlights for 2004 are as follows:

Net assets of governmental activities decreased \$ 142,248, or 20.6 percent, a significant change from the prior year. The fund most affected by the decrease in cash and cash equivalents was the General Fund, which realized the greatest burden of increased costs in 2004; however, cost increases affected most funds.

The Township's general receipts are primarily property and income taxes. These receipts represent respectively 51.9 and 29.0 percent of the total cash received for governmental activities during the year. Property and income tax receipts for 2004 changed very little compared to 2003 as development within the Township has slowed.

Using the Basic Financial Statements

This annual report is presented in a format consistent with the presentation requirements of Governmental Accounting Standards Board Statement No. 34, as applicable to the Township's modified cash basis of accounting.

Report Components

The statement of net assets and the statement of activities provide information about the cash activities of the Township as a whole.

Fund financial statements provide a greater level of detail. Funds are created and maintained on the financial records of the Township as a way to segregate money whose use is restricted to a particular specified purpose. These statements present financial information by fund, presenting funds with the largest balances or most activity in separate columns.

The notes to the financial statements are an integral part of the government-wide and fund financial statements and provide expanded explanation and detail regarding the information reported in the statements.

Circleville Township
Pickaway County
Management's Discussion and Analysis
For the Year Ended December 31, 2004
Unaudited

Basis of Accounting

The basis of accounting is a set of guidelines that determine when financial events are recorded. The Township has elected to present its financial statements on a cash basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles. Under the Township's cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

Reporting the Township as a Whole

The statement of net assets and the statement of activities reflect how the Township did financially during 2004, within the limitations of modified cash basis accounting. The statement of net assets presents the cash balances and investments of the governmental activities of the Township at year end. The statement of activities compares cash disbursements with program receipts for each governmental program. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function draws from the Township's general receipts.

These statements report the Township's cash position and the changes in cash position. Keeping in mind the limitations of the modified cash basis of accounting, you can think of these changes as one way to measure the Township's financial health. Over time, increases or decreases in the Township's cash position is one indicator of whether the Township's financial health is improving or deteriorating. When evaluating the Township's financial condition, you should also consider other nonfinancial factors as well such as the Township's property tax base, the condition of the Township's capital assets and infrastructure, the extent of the Township's debt obligations, the reliance on non-local financial resources for operations and the need for continued growth in the major local revenue sources such as property and income taxes.

It is important to note that the township has a carry-over on 12/31/2004 equal to 100% of the expenditures for 2004. In addition, the Township's major assets (vehicles, buildings, and roads) are for the most part in excellent condition allowing for reduced expenditures if necessary.

Circleville Township
 Pickaway County
 Management's Discussion and Analysis
 For the Year Ended December 31, 2004
 Unaudited

Reporting the Township's Most Significant Funds

Fund financial statements provide detailed information about the Township's major funds – not the Township as a whole. The Township establishes separate funds to better manage its many activities and to help demonstrate that money that is restricted as to how it may be used is being spent for the intended purpose. The funds of the Township are split into three categories: governmental, proprietary and fiduciary.

Governmental Funds – Most of the Township's activities are reported in governmental funds. The governmental fund financial statements provide a detailed view of the Township's governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the Township's programs. The Township's significant governmental funds are presented on the financial statements in separate columns. The information for nonmajor funds (funds whose activity or balances are not large enough to warrant separate reporting) is combined and presented in total in a single column. The Government's major governmental funds are the General, Gasoline and Road and Bridge funds. The programs reported in governmental funds are closely related to those reported in the governmental activities section of the entity-wide statements. We describe this relationship in reconciliations presented with the governmental fund financial statements.

Fiduciary Funds – The Township has one trust fund which will be converted to a special revenue fund (2903) on 12/31/2005 per instruction from the AOS as part of full implementation of GASB 34. Fiduciary funds are used to account for resources held for the benefit of parties outside the Township. Fiduciary funds are not reflected on the government-wide financial statements because the resources of these funds are not available to support the Township's programs.

The Government as a Whole

Table 1 provides a summary of the Government's net assets for 2004:

	<u>Governmental Activities</u>	<u>Total</u>
	<u>2004</u>	<u>2004</u>
Assets		
Cash and Cash Equivalents	56,735	56,735
Investments	492,290	492,290
Total Assets	<u>549,025</u>	<u>549,025</u>
Net Assets		
Restricted	309,549	309,549
Unrestricted	239,476	239,476
Total Net Assets	<u>549,025</u>	<u>549,025</u>

Circleville Township
 Pickaway County
 Management's Discussion and Analysis
 For the Year Ended December 31, 2004
 Unaudited

As mentioned previously, net assets of governmental activities decreased \$ 142,248, or 20.6 percent during 2004. The primary reasons contributing to the decreases in cash balances are as follows:

- Increases in costs of which the General Fund realized the greatest burden.
- The Township had major road projects that were conducted in 2004.

Table 2 reflects the changes in net assets in 2004. Since the Township did not prepare financial statements in this format for 2003, a comparative analysis of government-wide data has not been presented. In future years, when prior year information is available a comparative analysis will be presented.

(Table 2)

Changes in Net Assets

	Governmental Activities 2004	Total 2004
General Receipts:		
Property and Other Local Taxes	208,794	209,794
Licenses Permits and Fees	41,343	41,343
Interest	9,031	9,031
Special Assesments	9,297	9,297
Intergovernmental	116,633	116,633
Total General Receipts	<u>16,714</u>	<u>16,714</u>
Total Receipts	401,812	401,812
Disbursments:		
General Government	77,615	77,615
Security of Persons and Property:		
Public Safety	99,202	99,202
Public Works	346,566	346,566
Public Health	11,139	11,139
Human Service	8,162	8,162
Conservation Recreation	1,180	1,180
Capital Outlay	<u>852</u>	<u>852</u>
Total Disbursments	544,716	544,716
Excess (Dificiency) Before Other Financing Service	-142,904	-142,904
	<u>657</u>	<u>657</u>
Increase (Decrease) in Net Assets	-142,247	-142,247
Net Assets, January 1, 2004	<u>691,272</u>	<u>691,272</u>
Net Assets, December 31, 2004	549,025	549,025

Circleville Township
 Pickaway County
 Management's Discussion and Analysis
 For the Year Ended December 31, 2004
 Unaudited

General receipts represent 23.4 percent of the Township's total receipts. Major sources or receipts in the general fund are Real Estate, Franchise Fees, and Bed Tax. Other receipts are very insignificant and somewhat unpredictable revenue sources such as Estate Tax.

Disbursements for General Government represents the overhead costs of running the Township and the support services provided for the other Township activities. These include the costs of the trustees and clerk, supplemental payment for the police contract, Health Department payment and EMS contract.

The statement of cash receipts and disbursement shows the distribution between the various major programs within the Township.

Township Activities

If you look at the Statement of Activities you will see that the first column lists the major services provided by the Township. The next column identifies the costs of providing these services. General government represents a significant cost, about 14.2 percent. The next three columns of the Statement entitled Program Receipts identify amounts paid by people who are directly charged for the service and grants received by the Township that must be used to provide a specific service. The net Receipt (Disbursement) column compares the program receipts to the cost of the service.

(Table 3)

Governmental Activities

	Total Cost of Services 2004	Net Cost of Services 2004
General Government	77,615	77,615
Security of Persons and Property		
Public Safety	99,202	99,202
Public Works	346,566	346,566
Public Health	11,139	11,139
Human Services	8,162	8,162
Conservation Recreation	1,180	1,180
Capital Outlay	<u>852</u>	<u>852</u>
Total Expenses	544,716	544,716

The dependence upon property and income tax receipts is apparent as over 52 % percent of governmental activities are supported through these general receipts.

Circleville Township
Pickaway County
Management's Discussion and Analysis
For the Year Ended December 31, 2004
Unaudited

The Township's Funds

Total governmental funds had receipts of \$ 401,812 and disbursements of \$ 544,717. The greatest change within governmental funds occurred within the Road and Bridge Fund. The fund balance of the Road and Bridge Fund decreased \$ 141,827 as the result of major road projects.

General Fund disbursements exceeded receipts by \$ 29,040. The General fund still has a balance on 12/31/2004 of \$ 239,476.

General Fund Budgeting Highlights

The Township's budget is prepared according to Ohio law and is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted funds are the General Fund, Road and Bridge, and Gas Tax funds.

During 2004, the Government amended its General Fund budget several times to reflect changing circumstances. Final budgeted receipts were above original budgeted receipts. The difference between final budgeted receipts and actual receipts was not significant.

Capital Assets and Debt Administration

Capital Assets

The Government does not currently keep track of its capital assets and infrastructure.

Debt

At December 31, 2004, the Township had no outstanding debt.

Current Issues

The challenge for all Governments is to provide quality services to the public while staying within the restrictions imposed by limited, and in some cases shrinking, funding. We rely heavily on local taxes and have very little industry to support the tax base. Our newly prepared financial forecast predicts a balanced budget for 2006.

Contacting the Township's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the Government's finances and to reflect the Township's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Jeffrey R. Palm, Clerk, P.O. Box 121, Circleville, Ohio 43113.

Circleville Township, Pickaway County
Statement of Net Assets - Modified Cash Basis
December 31, 2004

	<u>Governmental Activities</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	\$53,272
Investments	492,290
<i>Total Assets</i>	<u><u>\$545,561</u></u>
Net Assets	
Restricted for:	
Other Purposes	309,549
Unrestricted	236,013
<i>Total Fund Balances</i>	<u><u>\$545,561</u></u>

See accompanying notes to the basic financial statements.

Circleville Township, Pickaway County

Statement of Activities - Cash Basis

For the Year Ended December 31, 2004

	Program Cash Receipts			Net (Disbursements)	
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	
				Governmental Activities	
Governmental Activities					
General Government	\$77,616	\$41,343	\$9,297	(\$26,975)	
Public Safety	99,203		0	(99,203)	
Public Works	346,566		77,656	(268,910)	
Health	11,139			(11,139)	
Economic Development	0			0	
Human Services	0			0	
Conservation-Recreation	9,342			(9,342)	
Capital Outlay	852			(852)	
Debt Service				0	
<i>Total Governmental Activities</i>	<u>544,717</u>	<u>41,343</u>	<u>86,953</u>	<u>0</u>	<u>(416,421)</u>
Total	<u>\$544,717</u>	<u>\$41,343</u>	<u>\$86,953</u>	<u>\$0</u>	<u>(416,421)</u>

See accompanying notes the basic financial statements.

	Net (Disbursements) Receipts and Changes in Net Assets
	Governmental Activities
Governmental Activities	
General Government	(\$26,975)
Public Safety	(99,203)
Public Works	(268,910)
Health	(11,139)
Conservation-Recreation	(9,342)
Capital Outlay	(852)
<i>Total Governmental Activities</i>	(416,421)
Business Type Activity	0
Total	(416,421)
General Receipts	
Property Taxes Levied for:	
General Purposes	179,265
Other Taxes	29,529
Grants and Entitlements not Restricted to Specific Programs	38,977
Interest	9,031
Miscellaneous	17,370
<i>Total General Receipts</i>	274,173
Transfers	0
Advances	0
Total General Receipts, Special Item, Transfers and Advances	274,173
Change in Net Assets	(142,248)
<i>Net Assets Beginning of Year</i>	687,809
<i>Net Assets End of Year</i>	\$545,562

See accompanying notes the basic financial statements.

Circleville Township, Pickaway County
Statement of Modified Cash Basis Assets and Fund Balances
Governmental Funds
December 31, 2004

	<u>General</u>	<u>Gasoline Tax</u>	<u>Road and Bridge</u>	<u>Zoning</u>	<u>Other Governmental Funds</u>
Assets					
Equity in Pooled Cash and Cash Equivalents	\$9,476	\$8,625	\$8,616	\$5,313	\$24,706
Investments	230,000	38,610	129,500	32,000	58,717
<i>Total Assets</i>	<u>\$239,476</u>	<u>\$47,234</u>	<u>\$138,116</u>	<u>\$37,313</u>	<u>\$83,423</u>
Fund Balances					
Unreserved:					
Undesignated (Deficit) Reported in:					
General fund	239,476	0	0	0	0
Special Revenue Funds	0	47,234	138,116	37,313	83,423
<i>Total Fund Balances</i>	<u>\$239,476</u>	<u>\$47,234</u>	<u>\$138,116</u>	<u>\$37,313</u>	<u>\$83,423</u>

See accompanying notes the basic financial statements.

Circleville Township, Pickaway County
Statement of Modified Cash Basis Assets and Fund Balances
Governmental Funds
December 31, 2004

	<u>Total</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	\$56,735
Investments	488,828
<i>Total Assets</i>	<u><u>\$545,562</u></u>
Fund Balances	
Unreserved:	
Undesignated (Deficit) Reported in:	
General fund	239,476
Special Revenue Funds	306,087
<i>Total Fund Balances</i>	<u><u>\$545,562</u></u>

See accompanying notes the basic financial statements.

Circleville Township, Pickaway County
Statement of Fiduciary Net Assets – Modified Cash Basis
Fiduciary Funds
December 31, 2004

	<u>Private Purpose Trust</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	\$ 0
Investments	<u>3,463</u>
<i>Total Assets</i>	<u>\$ 3,463</u>
 Net Assets	
Restricted	\$ 0
Unrestricted	<u>3,463</u>
<i>Total Net Assets</i>	<u>\$ 3,463</u>

See accompanying notes the basic financial statements.

Circleville Township, Pickaway County
Statement of Fiduciary Net Assets - Modified Cash Basis
Fiduciary Funds
December 31, 2004

	Private Purpose Trust
Additions	
Contributions	
Interest	0
<i>Total Additions</i>	0
Deductions	
Payments in Accordance with Trust Agreements	0
<i>Total Deductions</i>	0
Change in Net Assets	0
Net Assets - Beginning of Year	3,463
Net Assets - End of Year	\$ 3,463

See accompanying notes the basic financial statements.

Circleville Township, Pickaway County
Statement of Cash Receipts, Disbursements and Changes in Modified-Cash Basis Fund Balances
Governmental Funds
For the Year Ended December 31, 2004

	General	Gasoline Tax	Road and Bridge	Zoning	Other Governmental Funds	Total Governmental Funds
Receipts						
Property and Other Local Taxes	\$48,264	\$0	\$95,137	\$0	\$65,393	\$208,794
Charges for Services	0	0	0	0	0	0
Licenses, Permits and Fees	0	0	0	41,343	0	41,343
Fines and Forfeitures	0	0	0	0	0	0
Intergovernmental	21,537	64,431	10,840	0	19,825	116,633
Special Assessments	0	0	0	0	9,297	9,297
Interest	8,048	781	0	0	202	9,031
Other	16,314	0	0	0	400	16,714
Total Receipts	94,162	65,212	105,977	41,343	95,117	401,812
Disbursements						
Current:						
General Government	67,632	0	0	9,984	0	77,615
Public Safety	43,000	0	0	0	56,203	99,202
Public Works	0	60,239	247,204	0	39,124	346,566
Health	11,139	0	0	0	0	11,139
Economic Development	0	0	0	0	0	0
Human Services	0	0	0	0	8,162	8,162
Conservation-Recreation	1,180	0	0	0	0	1,180
Other	0	0	0	0	0	0
Capital Outlay	252	0	600	0	0	852
Total Disbursements	123,202	60,239	247,804	9,984	103,489	544,716
Excess of Receipts Over (Under) Dis	(29,040)	4,974	(141,827)	31,359	(8,371)	(142,905)
Other Financing Sources (Uses)						
Other Financing Sources	657	0	0	0	0	657
Total Other Financing Sources (Uses)	657	0	0	0	0	657
Net Change in Fund Balances	(28,383)	4,974	(141,827)	31,359	(8,371)	(142,248)
Fund Balances Beginning of Year	267,859	42,261	279,942	5,954	91,793	687,808
Fund Balances End of Year	\$239,476	\$47,234	\$138,116	\$37,313	\$83,421	\$545,561

See accompanying notes the basic financial statements.

Circleville Township, Pickaway County
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual -Budget Basis
General Fund
For the Year Ended December 31, 2004

	Budgeted Amounts		Actual	(Optional)
	Original	Final		Variance with Final Budget Positive (Negative)
Receipts				
Property and Other Local Taxes	\$65,573	\$65,572	\$48,264	(\$17,307)
Intergovernmental	12,777	12,775	21,537	8,762
Interest	12,120	12,120	8,048	(4,072)
Other	1,010	1,010	16,314	15,304
Total receipts	91,479	91,476	94,162	2,686
Disbursements				
Current:				
General Government	168,100	168,100	67,632	100,468
Public Safety	50,000	50,000	43,000	7,000
Public Works	65,000	65,000	0	65,000
Health	14,000	14,000	11,139	2,861
Conservation-Recreation	21,000	21,000	1,180	19,820
Capital Outlay	33,900	33,600	252	33,348
Total Disbursements	352,000	351,700	123,202	228,498
Excess of Receipts Over (Under) Disbursements	(260,521)	(260,224)	(29,040)	231,184
Other Financing Sources (Uses)				
Other Financing Sources	0	0	657	657
Total Other Financing Sources (Uses)	0	0	657	657
Net Change in Fund Balance	(260,521)	(260,224)	(28,383)	231,841
Fund Balance Beginning of Year	267,859	267,859	267,859	0
Prior Year Encumbrances Appropriated	0	0	0	0
Fund Balance End of Year	\$7,338	\$7,635	\$239,476	\$231,841

See accompanying notes the basic financial statements.

Circleville Township, Pickaway County
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual -Budget Basis
Road and Bridge
For the Year Ended December 31, 2004

	Budgeted Amounts			(Optional)
	Original	Final	Actual	Variance with Final Budget Positive (Negative)
Receipts				
Property and Other Local Taxes	\$99,000	\$98,999	\$95,137	(\$3,862)
Intergovernmental	-	0	10840	10,840
Other	-	0	0	0
Total receipts	<u>99,000</u>	<u>98,999</u>	<u>105,977</u>	<u>6,978</u>
Disbursements				
Current:				
Public Works	343,500	343,500	247,204	96,296
Capital Outlay	26,000	26,000	600	25,400
Total Disbursements	<u>369,500</u>	<u>369,500</u>	<u>247,804</u>	<u>121,696</u>
Excess of Receipts Over (Under) Disbursements	<u>(270,500)</u>	<u>(270,501)</u>	<u>(141,827)</u>	<u>128,674</u>
Net Change in Fund Balance	(270,500)	(270,501)	(141,827)	128,674
Fund Balance Beginning of Year	279,942	279,942	279,942	0
Prior Year Encumbrances Appropriated	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance End of Year	<u>\$9,442</u>	<u>\$9,441</u>	<u>\$138,116</u>	<u>\$128,674</u>

See accompanying notes the basic financial statements.

Circleville Township, Pickaway County
Statement of Receipts, Disbursements and Changes
Gasoline Tax
For the Year Ended December 31, 2004

	<u>Budgeted Amounts</u>			(Optional)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Receipts				
Property and Other Local Taxes	\$0	\$0	\$0	\$0
Intergovernmental	48,480	48,480	64,431	15,951
Interest	-	0	781	781
Other	-	0	0	0
Total receipts	<u>48,480</u>	<u>48,480</u>	<u>65,212</u>	<u>16,732</u>
Disbursements				
Current:				
Public Works	83,000	83,000	60,239	22,761
Other				0
Capital Outlay	0	0	0	0
Total Disbursements	<u>83,000</u>	<u>83,000</u>	<u>60,239</u>	<u>22,761</u>
Excess of Receipts Over (Under) Disbursements	<u>(34,520)</u>	<u>(34,520)</u>	<u>4,974</u>	<u>39,494</u>
Net Change in Fund Balance	(34,520)	(34,520)	4,974	39,494
Fund Balance Beginning of Year	42,261	42,261	42,261	0
Prior Year Encumbrances Appropriated	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance End of Year	<u>\$7,741</u>	<u>\$7,741</u>	<u>\$47,234</u>	<u>\$39,494</u>

See accompanying notes the basic financial statements.

Circleville Township, Pickaway County
Statement of Receipts, Disbursements and Changes
Zoning
For the Year Ended December 31, 2004

	<u>Budgeted Amounts</u>			(Optional) Variance with Final Budget
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	Positive (Negative)
Receipts				
Property and Other Local Taxes	\$0	\$0	\$0	\$0
Licenses, permits and fees	33,030	33,030	41,343	8,313
Interest	0	0	0	0
Other	0	0	0	0
Total receipts	<u>33,030</u>	<u>33,030</u>	<u>41,343</u>	<u>8,313</u>
Disbursements				
Current:				
Public Works	16,000	16,000	9,984	6,016
Other				0
Capital Outlay	0	0	0	0
Total Disbursements	<u>16,000</u>	<u>16,000</u>	<u>9,984</u>	<u>6,016</u>
Excess of Receipts Over (Under) Disbursements	<u>17,030</u>	<u>17,030</u>	<u>31,359</u>	<u>2,297</u>
Net Change in Fund Balance	17,030	17,030	31,359	2,297
Fund Balance Beginning of Year	5,954	5,954	5,954	0
Prior Year Encumbrances Appropriated	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance End of Year	<u><u>\$22,984</u></u>	<u><u>\$22,984</u></u>	<u><u>\$37,313</u></u>	<u><u>\$2,297</u></u>

See accompanying notes the basic financial statements.

CIRCLEVILLE TOWNSHIP
PICKAWAY COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2004

Note 1 – Reporting Entity

Circleville Township, Pickaway County, Ohio (the Township), is a body politic and corporate established in Ohio 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 also has an elected Township Clerk.

The reporting entity is comprised of the primary government, component units and other organizations that were included to ensure that the financial statements are not misleading.

A. Primary Government

The primary government consists of all funds, departments, boards and agencies that are not legally separate from the Township. The Township provides general government services, fire protection, maintenance of Township roads and bridges, and cemetery maintenance.

B. Component Units

Component units are legally separate organizations for which the Township is financially accountable. The Township is financially accountable for an organization if the Township appoints a voting majority of the organization's governing board and (1) the Township is able to significantly influence the programs or services performed or provided by the organization; or (2) the Township is legally entitled to or can otherwise access the organization's resources; the Township is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide support to, the organization; or the Township is obligated for the debt of the organization. The Township is also financially accountable for any organizations that are fiscally dependent on the Township in that the Township approves their budget, the issuance of their debt or the levying of their taxes. Component units also include legally separate, tax-exempt entities whose resources are for the direct benefit of the Township, are accessible to the Township and are significant in amount to the Township. Circleville Township has no component units.

Note 2 – Summary of Significant Accounting Policies

As discussed further in Note 2.C, these financial statements are presented on a modified cash basis of accounting. This modified cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the modified cash basis of accounting. In the government-wide financial statements and the fund financial statements for the proprietary funds, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied, to the extent they are applicable to the modified cash basis of accounting, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails. The Township does not apply FASB statements issued after November 30, 1989, to its business-type activities and to its enterprise funds. Following are the more significant of the Township's accounting policies.

A. Basis of Presentation

The Township's basic financial statements consist of government-wide financial statements, including a statement of net assets and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

CIRCLEVILLE TOWNSHIP
PICKAWAY COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2004

Note 2 – Summary of Significant Accounting Policies (continued)

Government-Wide Financial Statements

The statement of net assets and the statement of activities display information about the Township as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The activity of the internal service fund is eliminated to avoid “doubling up” receipts and disbursements. The statements distinguish between those activities of the Township that are governmental and those that are considered business-type. Governmental activities generally are financed through taxes, intergovernmental receipts or other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

The statement of net assets presents the cash balance, *and investments* of the governmental activity of the Township at year end. The statement of activities compares disbursements with program receipts for each of the Township's governmental and business-type activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the Township is responsible. Program receipts include charges paid by the recipient of the program's goods or services, grants and contributions restricted to meeting the operational or capital requirements of a particular program and receipts of interest earned on grants that is required to be used to support a particular program. General receipts are all receipts not classified as program receipts, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function or business-type activity is self-financing on a modified cash basis or draws from the Township's general receipts.

Fund Financial Statements

During the year, the Township segregates transactions related to certain Township functions or activities in separate funds to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Township at this more detailed level. The focus of governmental and enterprise fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. The internal service funds are presented in a single column on the face of the proprietary fund statements. Fiduciary funds are reported by type.

Proprietary fund statements distinguish operating transactions from nonoperating transactions. Operating receipts generally result from exchange transactions such as charges for services directly relating to the funds' principal services. Operating disbursements include costs of sales and services and administrative costs. The fund statements report all other receipts and disbursements as nonoperating.

B. Fund Accounting

The Township uses fund accounting to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. Funds are used to segregate resources that are restricted as to use. The funds of the Township are divided into three categories, governmental, proprietary and fiduciary.

Governmental Funds

The Township classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants), and other nonexchange transactions as governmental funds. The Township's major governmental funds are the General Fund, Gasoline Tax Fund and the Road and Bridge Fund. The General Fund is used to account for all financial resources, except those required to be accounted for in another fund. The General Fund balance is available to the Township for any purpose provided it is expended or transferred according to the general laws of Ohio. The Gasoline Tax fund balance is available for constructing, maintaining and repairing Township roads. The Road and Bridge Fund is available for constructing, maintaining and repairing Township roads and bridges.

The other governmental funds of the Township account for grants and other resources whose use is restricted to a particular purpose.

CIRCLEVILLE TOWNSHIP
PICKAWAY COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2004

Note 2 – Summary of Significant Accounting Policies (continued)

Fiduciary Funds

Fiduciary funds include pension trust funds, investment trust funds, private purpose trust funds, and agency funds. Trust funds are used to account for assets held under a trust agreement for individuals, private organizations, or other governments which are not available to support the Township's own programs. The Township's private purpose trust fund accounts for the M. Brown Expendable Trust for the Blind. This fund receives proceeds from interest earned on principal to be used for assisting blind citizens.

C. Basis of Accounting

The Township's financial statements are prepared using the modified cash basis of accounting. Except for modifications having substantial support, receipts are recorded in the Township's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred. Any such modifications made by the Township are described in the appropriate section in this note.

As a result of the use of this modified cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements.

D. Budgetary Process

All funds, except agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations ordinance, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount the Township may appropriate.

The appropriations ordinance is the Township's authorization to spend resources and sets limits on disbursements plus encumbrances at the level of control selected by the Township. The legal level of control has been established at the fund, department, and object level for all funds.

The certificate of estimated resources may be amended during the year if projected increases or decreases in receipts are identified by the Township Clerk. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the amended certificated of estimated resources in effect at the time final appropriations were passed by the Township.

The appropriations ordinance is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation ordinance for that fund that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Township during the year.

CIRCLEVILLE TOWNSHIP
PICKAWAY COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2004

Note 2 – Summary of Significant Accounting Policies (continued)

E. Cash and Investments

To improve cash management, cash received by the Township is pooled and invested. Individual fund integrity is maintained through Township records. Interest in the pool is presented as “Equity in Pooled Cash and Cash Equivalents”.

Investments of the cash management pool and investments with an original maturity of three months or less at the time of purchase are presented on the financial statements as cash equivalents. Investments with an initial maturity of more than three months that were not purchased from the pool are reported as 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 negative receipts (contra revenue), respectively.

During 2004, the Township invested in nonnegotiable certificates of deposit, and STAR Ohio. The nonnegotiable certificates of deposit.

STAR Ohio is an investment pool, managed by the State Treasurer’s Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio’s share price, which is the price the investment could be sold for on December 31, 2004.

Interest earnings are allocated to Township funds according to State statutes, grant requirements, or debt related restrictions. Interest receipts credited to the General Fund during 2004 was \$8,048.

F. Restricted Assets

Cash, cash equivalents and investments are reported as restricted when limitations on their use change the nature or normal understanding of their use. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments, or imposed by law through constitutional provisions or enabling legislation. Restricted assets represent a trust fund restricted to be used for assisting blind citizens.

G. Inventory and Prepaid Items

The Township reports disbursements for inventories and prepaid items when paid. These items are not reflected as assets in the accompanying financial statements.

H. Capital Assets

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

CIRCLEVILLE TOWNSHIP
PICKAWAY COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2004

Note 2 – Summary of Significant Accounting Policies (continued)

I. Interfund Receivables/Payables

The Township reports advances-in and advances-out for interfund loans. These items are not reflected as assets and liabilities in the accompanying financial statement.

J. Accumulated Leave

In certain circumstances, such as upon leaving employment or retirement, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the Township's modified cash basis of accounting.

K. Employer Contributions to Cost-Sharing Pension Plans

The Township recognizes the disbursement for employer contributions to cost-sharing pension plans when they are paid. As described in Notes 11 and 12, the employer contributions include portions for pension benefits and for postretirement health care benefits.

L. Long-Term Obligations

The Township's modified cash basis financial statements do not report liabilities for bonds or other long-term obligations. Proceeds of debt are reported when the cash is received and principal and interest payments are reported when paid. Since recording a capital asset when entering into a capital lease is not the result of a cash transaction, neither an other financing source nor a capital outlay expenditure are reported at inception. Lease payments are reported when paid.

M. Net Assets

Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The Township's policy is to first apply restricted resources when an obligation is incurred for purposes for which both restricted and unrestricted net assets are available.

N. Fund Balance Reserves

The Township reserves any portion of fund balances which is not available for appropriation or which is legally segregated for a specific future use. Unreserved fund balance indicates that portion of fund balance which is available for appropriation in future periods. Fund balance reserves have been established for encumbrances.

O. Interfund Transactions

Transfers between governmental and business-type activities on the government-wide financial statements are reported in the same manner as general receipts.

Exchange transactions between funds are reported as receipts in the seller funds and as disbursements in the purchaser funds. Subsidies from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after nonoperating receipts/disbursements in proprietary funds. Repayments from funds responsible for particular disbursements to the funds that initially paid for them are not presented in the financial statements.

CIRCLEVILLE TOWNSHIP
PICKAWAY COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2004

Note 3 – Change in Basis of Accounting and Restatement of Fund Equity

Last year the Township reported fund financial statements by fund type using the regulatory basis of accounting as prescribed by the State Auditor's Office. This year the Township has implemented the modified cash basis of accounting described in note 2. The fund financial statements now present each major fund in a separate column with nonmajor funds aggregated and presented in a single column, rather than a column for each fund type.

Note 4 – Budgetary Basis of Accounting

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budgetary Basis presented for the general fund, gasoline tax, and road and bridge is prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference(s) between the budgetary basis and the modified cash basis is (are) outstanding year end encumbrances are treated as disbursements (budgetary basis) rather than as a reservation of fund balance (modified cash basis) (and outstanding year end advances are treated as an other financing source or use (budgetary basis) rather than as an interfund receivable or payable (modified cash basis)).

Note 5 – Deposits and Investments *(For 2004 if GASB Statement 40 has not been implemented.)*

Monies held by the Township are classified by State statute into three categories.

Active monies are public monies determined to be necessary to meet current demands upon the Township treasury. Active monies must be maintained either as cash in the Township treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that the Trustees have identified as not required for use within the current five year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts, including passbook accounts.

Interim monies held by the Township can be deposited or invested in the following securities:

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;

CIRCLEVILLE TOWNSHIP
PICKAWAY COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2004

Note 5- Deposits and Investments (Continued)

3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2 percent and be marked to market daily, and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio or Ohio local governments;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio).

Protection of the Township's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by collateral pledged to the Township by the financial institution, or by a collateral pool established by the financial institution to secure the repayment of all public monies deposited with the institution.

As of December 31, 2004, the Township had the following investments:

	Carrying Value	Maturity
Certificates of Deposit	250,000	12/16/05
STAR Ohio	<u>242,290</u>	06/18/10
Total Portfolio	<u>492,290</u>	

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Township will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Township has no investment policy dealing with investment custodial risk beyond the requirements in ORC 135.14(M)(2) which states, "Payment for investments shall be made only upon the delivery of securities representing such investments to the treasurer, investing authority, or qualified trustee. If the securities transferred are not represented by a certificate, payment shall be made only upon receipt of confirmation of transfer from the custodian by the treasurer, governing board, or qualified trustee."

**CIRCLEVILLE TOWNSHIP
PICKAWAY COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2004**

Note 6 – Property Taxes

Property taxes include amounts levied against all real property, public utility property, and tangible personal property located in the Township. Real property tax receipts received in 2004 represent the collection of 2003 taxes. Real property taxes received in 2004 were levied after October 1, 2003, on the assessed values as of January 1, 2003, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax receipts received in 2004 represent the collection of 2003 taxes. Public utility real and tangible personal property taxes received in 2003 became a lien on December 31, 2002, were levied after October 1, 2003, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

Tangible personal property tax receipts received in 2004 (other than public utility property) represent the collection of 2004 taxes. Tangible personal property taxes received in 2004 were levied after October 1, 2003, on the true value as of December 31, 2003. Tangible personal property is currently assessed at 25 percent of true value for capital assets and 23 percent for inventory. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, the first payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20.

Note 7 – Risk Management

The Township is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During 2004 the Township contracted with the Ohio Township Association Risk Management Authority (OTARMA), a risk sharing pool available to Ohio Townships. OTAMRA provides property and casualty coverage for its members. OTAMRA is a member of the American Public Entity Excess Pool (APEEP). Member governments pay annual contributions to fund OTAMRA. OTAMRA pays judgments, settlements, and other expenses resulting from covered claims that exceed the members' deductibles. Coverage provided by OTAMRA is as follows:

Legal Liability	\$2,000,000	Per Occurrence
Automobile Liability	2,000,000	Per Occurrence
Wrongful Acts	2,000,000	Per Occurrence
Real Property	104,300	Coverage Unit

There were no significant reductions in coverage from prior years and claims have not exceeded insurance coverage in any of the past three years. The Township pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is based on accident history and administrative costs.

CIRCLEVILLE TOWNSHIP
PICKAWAY COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2004

Note 8 – Defined Benefit Pension Plan

A. Ohio Public Employees Retirement System

The Township participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the member directed plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings.

The combined plan is a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and a defined contribution plan. Under the combined plan, employer contributions are invested by the retirement system to provide a formula retirement benefit similar to the traditional plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the member directed plan.

OPERS provides retirement, disability, survivor and death benefits and annual cost of living adjustments to members of the traditional and combined plans. Members of the member directed plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642 or by calling (614) 222-6705 or (800) 222-7377.

For the year ended December 31, 2004, the members of all three plans, except those in law enforcement or public safety participating in the traditional plan, were required to contribute 8.5 percent of their annual covered salaries. Members participating in the traditional plan who were in law enforcement contributed 10.1 percent of their annual covered salary; members in public safety contributed 9 percent. The Township's contribution rate for pension benefits for 2004 was 9.55 percent, except for those plan members in law enforcement or public safety. For those classifications, the Township's pension contributions were 12.7 percent of covered payroll. The Ohio Revised Code provides statutory authority for member and employer contributions.

Note 9 – Postemployment Benefits

A. Ohio Public Employees Retirement System

The Ohio Public Employees Retirement System (OPERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit with either the traditional or combined plans. Health care coverage for disability recipients and primary survivor recipients is available. Members of the member-directed plan do not qualify for postretirement health care coverage. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit as described in *GASB Statement No. 12*. A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of postretirement health care based on authority granted by State statute. The 2004 local government employer contribution rate was 13.55 percent of covered payroll (16.7 percent for public safety and law enforcement); 4.00 percent of covered payroll was the portion that was used to fund health care.

CIRCLEVILLE TOWNSHIP
PICKAWAY COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2004

Note 9 – Postemployment Benefits (Continued)

Benefits are advance-funded using the entry age normal actuarial cost method. Significant actuarial assumptions, based on OPERS's latest actuarial review performed as of December 31, 2003, include a rate of return on investments of 8.00 percent, an annual increase in active employee total payroll of 4.00 percent compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between .50 percent and 6.3 percent based on additional annual pay increases. Health care premiums were assumed to increase between 1.00 and 6.00 percent annually for the next eight years and 4.00 percent annually after eight years.

All investments are carried at market. For actuarial valuation purposes, a smoothed market approach is used. Assets are adjusted to reflect 25 percent of unrealized market appreciation or depreciation on investment assets annually.

The number of active contributing participants in the traditional and combined plans was 369,885. Actual employer contributions for 2004 which were used to fund postemployment benefits were \$210,421. The actual contribution and the actuarially required contribution amounts are the same. OPERS's net assets available for payment of benefits at December 31, 2003, (the latest information available) were \$10.5 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$26.9 billion and \$16.4 billion, respectively.

On September 9, 2004, the OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP) with an effective date of January 1, 2007. The HCPP restructures OPERS' health care coverage to improve the financial solvency of the fund in response to increasing health care costs.

Vanessa L. Blevins, CPA

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Washington C.H., OH 43160

Phone: 740-333-1318
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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, Ohio 43113

To the Board of Township Trustees:

We have audited the financial statements of Circleville Township, Pickaway County, Ohio (the Township) as of and for the years ended December 31, 2004 and 2003, which collectively comprise the Township's basic financial statements and have issued our report thereon dated September 10, 2005, wherein we noted that the Township uses the Auditor of State's Uniform Accounting Network (UAN) to process its financial transactions. *Government Auditing Standards* considers this service to impair the Auditor of State's independence to audit the Township because the Auditor of State designed, developed, implemented, and, as requested, operates UAN. 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 the Comptroller General of the United States' *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 to express our opinion on the financial statements and not to opine on the internal control over financial reporting. Our consideration of the internal control would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable 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 caused by error or fraud in amounts material to the financial statements we audited may occur and not be timely detected by employees when 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.

COMPLIANCE

As part of reasonably assuring whether the Township's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could directly and materially effect 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 an opinion. The results of our tests disclosed no instance of noncompliance that is required to be reported under *Government Auditing Standards*.

We intend this report solely for the information and use of the audit committee, management, and the Board of Trustees. It is not intended for anyone other than these specified parties.

Vanessa L. Blevins
Certified Public Accountant

September 10, 2005



**Auditor of State
Betty Montgomery**

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140

Telephone 614-466-4514
800-282-0370

Facsimile 614-466-4490

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
AUGUST 22, 2006**