

***CIRCLEVILLE TOWNSHIP
PICKAWAY COUNTY, OHIO***

AUDIT REPORT

FOR THE YEARS ENDED DECEMBER 31, 2014 & 2013





Dave Yost • Auditor of State

Board of Trustees
Circleville Township
934 S. Washington Street
Circleville, Ohio 43113

We have reviewed the *Independent Auditor's Report* of Circleville Township, Pickaway County, prepared by Charles E. Harris & Associates, Inc., for the audit period January 1, 2013 through December 31, 2014. 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 is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost
Auditor of State

June 9, 2015

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CIRCLEVILLE TOWNSHIP
PICKAWAY COUNTY, OHIO
Audit Report
For the Years Ended December 31, 2014 & 2013

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Charles E. Harris & Associates, Inc.
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

Circleville Township
Pickaway County
934 S. Washington Street
Circleville, Ohio 43113

To the Board of Trustees:

Report on the Financial Statements

We have audited the accompanying financial statements and related notes of Circleville Township, Pickaway County, Ohio (the Township), as of and for the years ended December 31, 2014 and 2013.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Township's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Township's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinion.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 1 of the financial statements, the Township prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America, to satisfy requirements.

Although the effects on the financial statements of the variances between the regulatory accounting basis and GAAP are not reasonably determinable, we presume they are material.

Though the Township does not intend these statements to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. Our opinion on this accounting basis is in the *Opinion on Regulatory Basis of Accounting* paragraph below.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Township as of December 31, 2014 and 2013, or changes in financial position for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash balances of Circleville Township, Pickaway County, as of December 31, 2014 and 2013, and its combined cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 1.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 30, 2015, 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 grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township's internal control over financial reporting and compliance.



Charles E. Harris & Associates, Inc.

April 30, 2015

CIRCLEVILLE TOWNSHIP
PICKAWAY COUNTY
COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
All Governmental Fund Types
For the Year Ended December 31, 2014

	<u>Governmental Fund Types</u>		<u>Totals- (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
Receipts:			
Property Taxes and Other Local Taxes	\$ 94,664	\$ 142,620	\$ 237,284
Licenses, Permits and Fees	35,849	12,537	48,386
Intergovernmental	19,074	109,571	128,645
Payments-in-Lieu of Taxes	6,364	-	6,364
Special Assessments	-	13,570	13,570
Earnings on Investments	377	95	472
Miscellaneous	2,694	-	2,694
	<u>159,022</u>	<u>278,393</u>	<u>437,415</u>
Total Receipts			
Disbursements:			
Current:			
General Government	97,626	5,599	103,225
Public Safety	31,000	50,806	81,806
Public Works	9,091	164,007	173,098
Health	9,759	-	9,759
Conservation-Recreation	1,658	400	2,058
Other	750	-	750
Debt Service:			
Principal Retirement	3,520	-	3,520
Interest and Fiscal Charges	1,801	-	1,801
Capital Outlay	153,735	-	153,735
	<u>308,940</u>	<u>220,812</u>	<u>529,752</u>
Total Disbursements			
Total Receipts Over/(Under) Disbursements	(149,918)	57,581	(92,337)
Other Financing Receipts/(Disbursements):			
Loan Proceeds	140,000	-	140,000
Total Other Financing Sources/(Uses)	<u>140,000</u>	<u>-</u>	<u>140,000</u>
Excess of Receipts and Other Sources Over/(Under) Disbursements and Other Uses	(9,918)	57,581	47,663
Fund Cash Balance, January 1, 2014	<u>292,671</u>	<u>315,719</u>	<u>608,390</u>
Fund Balances:			
Restricted	-	373,300	373,300
Unassigned	282,753	-	282,753
	<u>282,753</u>	<u>-</u>	<u>282,753</u>
Fund Cash Balance, December 31, 2014	<u>\$ 282,753</u>	<u>\$ 373,300</u>	<u>\$ 656,053</u>

See Accompanying Notes to the Financial Statements.

**CIRCLEVILLE TOWNSHIP
PICKAWAY COUNTY
COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
All Governmental Fund Types
For the Year Ended December 31, 2013**

	<u>Governmental Fund Types</u>		<u>Totals- (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
Receipts:			
Property Taxes and Other Local Taxes	\$ 99,424	\$ 142,260	\$ 241,684
Licenses, Permits and Fees	47,855	6,805	54,660
Intergovernmental	56,605	107,959	164,564
Payments-in-Lieu of Taxes	6,364	-	6,364
Special Assessments	-	12,261	12,261
Earnings on Investments	383	74	457
	<u>210,631</u>	<u>269,359</u>	<u>479,990</u>
Total Receipts			
Disbursements:			
Current:			
General Government	109,138	981	110,119
Public Safety	31,000	51,022	82,022
Public Works	9,115	211,824	220,939
Health	9,796	-	9,796
Conservation-Recreation	1,140	1,077	2,217
Capital Outlay	3,000	-	3,000
	<u>163,189</u>	<u>264,904</u>	<u>428,093</u>
Total Disbursements			
Total Receipts Over/(Under)			
Disbursements	47,442	4,455	51,897
Other Financing Receipts/(Disbursements):			
Sale of Capital Assets	-	6,000	6,000
Other Financing Sources	5,994	5,661	11,655
Total Other Financing Sources/(Uses)	<u>5,994</u>	<u>11,661</u>	<u>17,655</u>
Excess of Receipts and Other Sources Over/(Under) Disbursements and Other Uses			
	53,436	16,116	69,552
Fund Cash Balance, January 1, 2013	<u>239,235</u>	<u>299,603</u>	<u>538,838</u>
Fund Balances:			
Restricted	-	315,719	315,719
Unassigned	292,671	-	292,671
	<u>292,671</u>	<u>-</u>	<u>292,671</u>
Fund Cash Balance, December 31, 2013	<u>\$ 292,671</u>	<u>\$ 315,719</u>	<u>\$ 608,390</u>

See Accompanying Notes to the Financial Statements.

CIRCLEVILLE TOWNSHIP
PICKAWAY COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2014 and 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. DESCRIPTION OF THE ENTITY

Circleville Township, Pickaway County, Ohio (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 and emergency services and police services.

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

B. BASIS OF ACCOUNTING

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D). This basis is similar to the cash receipts and disbursements accounting basis. 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.)

The statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

C. DEPOSIT AND INVESTMENTS

Investments are included in fund cash balances. 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.

D. FUND ACCOUNTING

The Township maintains its accounting records in accordance with the principles of "Fund" accounting. Fund accounting is a concept developed to meet the needs of governmental entities in which legal or other restraints require the recording of specific receipts and disbursements. The transactions of each fund are reflected in a self-balancing group of accounts, an accounting entity, which stands separate from the activities reported in other funds.

**CIRCLEVILLE TOWNSHIP
PICKAWAY COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2014 and 2013**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

D. FUND ACCOUNTING – (Continued)

The restrictions associated with each class of funds are as follows:

Governmental Fund Types:

General Fund: The general operating fund of the Township. It is used to account for all financial resources except those required by law or contract to be accounted for in another fund.

Special Revenue Funds: These funds are used to account for proceeds from specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Township has the following significant Special Revenue funds:

- Gasoline Tax Fund - This fund receives gasoline excise taxes to pay for constructing, maintaining and repairing Township roads.
- Road and Bridge Fund- Receives property taxes for constructing, maintaining and repairing Township roads and bridges.
- Fire District Fund- Receives taxes levied to provide fire protection to 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. Unencumbered 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 approve estimated resources.

**CIRCLEVILLE TOWNSHIP
PICKAWAY COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2014 and 2013**

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 carried over, and need not be reappropriated.

A summary of 2014 and 2013 budgetary activity appears in Note 4.

F. FUND BALANCE

Fund balance is divided into five classifications based primarily on the extent to which the Township must observe constraints imposed upon the use of its governmental-fund resources.

1. **Nonspendable**

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

2. **Restricted**

Fund balance is restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

3. **Committed**

The Trustees can commit amounts via formal action (resolution). The Township must adhere to these commitments unless the Trustees amend the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

4. **Assigned**

Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as restrict or committed. Governmental funds other than the general fund report all fund balances as assigned unless they are restricted or committed. In the general fund, assigned amounts represent intended uses established by the Township Trustees.

**CIRCLEVILLE TOWNSHIP
PICKAWAY COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2014 and 2013**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

F. FUND BALANCE – (Continued)

5. **Unassigned**

Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The Township applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

G. PROPERTY, PLANT AND EQUIPMENT

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

H. ACCUMULATED LEAVE

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

2. EQUITY IN POOLED CASH AND CASH EQUIVALENTS

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

	<u>2014</u>	<u>2013</u>
Demand Deposits	\$ 65,709	\$118,226
STAR OHIO	590,344	490,164
Total	\$656,053	\$608,390

Deposits: Deposits are either (1) insured by the Federal Deposit Insurance Corporation, (2) collateralized by securities specifically pledged by the financial institution to the Township, or (3) collateralized by the financial institution's public entity deposit pool.

**CIRCLEVILLE TOWNSHIP
PICKAWAY COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2014 and 2013**

2. EQUITY IN POOLED CASH AND CASH EQUIVALENTS – (Continued)

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

3. PROPERTY TAXES

Real property taxes become a lien on January 1 preceding the October 1 date for which the Trustees adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. The financial statements include homestead and rollback amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31.

If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

Public utilities are also taxed on personal and real property located within the Township.

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

4. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2014 and 2013 follows:

2014 Budgeted vs Actual Receipts

<u>Fund:</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General Fund	\$ 294,200	\$ 299,022	\$ 4,822
Special Revenue Funds	252,250	278,393	26,143

2014 Budgeted vs Actual Budgetary Basis Disbursements

<u>Fund:</u>	<u>Appropriation Authority</u>	<u>Budgetary Disbursements</u>	<u>Variance</u>
General Fund	\$ 424,000	\$ 308,940	\$ 115,060
Special Revenue Funds	488,297	239,117	249,180

2013 Budgeted vs Actual Receipts

<u>Fund:</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General Fund	\$ 135,350	\$ 216,625	\$ 81,275
Special Revenue Funds	252,530	281,020	28,490

**CIRCLEVILLE TOWNSHIP
PICKAWAY COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2014 and 2013**

4. BUDGETARY ACTIVITY – (Continued)

<u>2013 Budgeted vs Actual Budgetary Basis Disbursements</u>			
<u>Fund:</u>	<u>Appropriation Authority</u>	<u>Budgetary Disbursements</u>	<u>Variance</u>
General Fund	\$ 349,500	\$ 163,189	\$ 186,311
Special Revenue Funds	461,297	264,904	196,393

5. RETIREMENT SYSTEMS

The Township’s employees belong to the Ohio Public Employees Retirement System (OPERS), a state operated, cost sharing, multiple employer plan. The plan provides retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

The 2013 and 2014 member contribution rates were 10.0% of covered payroll for members in state and local classifications. The 2013 and 2014 employer contribution rate for state and local employers was 14.0% for covered payroll.

The Township paid all required contributions through 2014.

6. RISK MANAGEMENT

The Township is exposed to various risks of property and casualty losses, and injuries to employees.

The Township insures against injuries to employees through the Ohio Bureau of Worker’s Compensation.

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. York Risk Pooling Services, Inc. (formerly known as American Risk Pooling Consultants, Inc.). York functions as the administrator of the Pool. 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 and Property Coverage

APEEP provides OTARMA with an excess risk-sharing program. Under this arrangement, OTARMA retains insured risks up to an amount specified in the contracts. At December 31, 2014, OTARMA retained \$350,000 for casualty claims and \$250,000 for property claims.

**CIRCLEVILLE TOWNSHIP
PICKAWAY COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2014 and 2013**

6. RISK MANAGEMENT – (Continued)

RISK POOL MEMBERSHIP – (Continued)

The aforementioned casualty and property reinsurance agreement does 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 reported the following assets, liabilities and retained earnings at December 31, 2013 and 2014:

	<u>2013</u>	<u>2014</u>
Assets	\$ 34,954,286	\$ 35,970,263
Liabilities	<u>(8,486,363)</u>	<u>(8,912,432)</u>
Member’s Equity	<u>\$ 26,467,923</u>	<u>\$ 27,057,831</u>

At December 31, 2013 and 2014, respectively, the liabilities above include approximately \$7.9 and \$8.2 million of estimated incurred claims payable. The assets above also include approximately \$7.4 and \$7.2 million of unpaid claims to be billed to approximately 957 member governments in the future, as of December 31, 2013 and 2014, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2014, the Township’s share of these unpaid claims collectible in future years is approximately \$5,000.

Based on discussions with OTARMA, the expected rates OTARMA charges to compute member contributions, which are used to pay claims as they become due, are not expected to change significantly from those used to determine the historical contributions detailed below. By contract, the annual liability of each member is limited to the amount of financial contributions required to be made to OTARMA for each year of membership.

<u>Contributions to OTARMA</u>	
<u>2013</u>	<u>2014</u>
\$6,885	\$8,817

After one year of membership, a member may withdraw on the anniversary of the date of joining OTARMA, if the member notifies OTARMA in writing 60 days prior to the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year’s contribution. Withdrawing members have no other future obligation to the pool. Also upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim occurred or was reported prior to the withdrawal.

**CIRCLEVILLE TOWNSHIP
PICKAWAY COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2014 and 2013**

7. DEBT

Debt outstanding at December 31, 2014 is as follows:

<u>Description:</u>	<u>Principal</u>	<u>Interest Rate</u>
Bank Loan	<u>\$136,480</u>	4.56%

The Township borrowed \$140,000 for the purchase of land in May 2014. This loan requires semi-annual payments of \$5,322 on October 1 and April 1 of each year for 20 years, beginning on November 1, 2014 with the final payment due on April 1, 2034.

Principal and interest requirements for debt outstanding at December 31, 2014 is as follows:

<u>Year Ended</u>	<u>Bank Loan</u>
2015	\$ 10,643
2016	10,643
2017	10,643
2018	10,643
2019	10,643
2020-2024	53,215
2025-2029	53,215
2030-2034	47,896
Total	<u><u>\$207,541</u></u>

8. CONTINGENT LIABILITES/SUBSEQUENT EVENTS

Management believes there are no pending claims or lawsuits.

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Charles E. Harris & Associates, Inc.
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY
GOVERNMENT AUDITING STANDARDS

Circleville Township
Pickaway County
934 S. Washington Street
Circleville, Ohio 43113

To the Board of Trustees:

We have audited in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of Circleville Township, Pickaway County (the Township), as of and for the years ended December 31, 2014 and 2013, and the related notes to the financial statements and have issued our report thereon dated April 30, 2015, wherein we noted the Township followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 permit.

Internal Controls Over Financial Reporting

As part of our financial statement audit, we considered the Township's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the Township's internal control. Accordingly, we have not opined on it.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. *A material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Township's financial statements. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

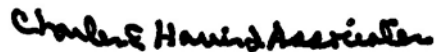
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

Compliance and Other Matters

As part of 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 affect the determination of financial statement amounts. However, opining 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 instances of noncompliance or other matters we must report under *Government Auditing Standards*.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Township's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Township's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Charles E. Harris & Associates, Inc.
April 30, 2015



Dave Yost • Auditor of State

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
JUNE 23, 2015**