



Dave Yost • Auditor of State

**VIOLET TOWNSHIP
FAIRFIELD COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Independent Accountants' Report.....	1
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Assets - Cash Basis - December 31, 2011	3
Statement of Activities - Cash Basis - For the Year Ended December 31, 2011	4
Fund Financial Statements:	
Statement of Assets and Fund Balances – Cash Basis – Governmental Funds - December 31, 2011	5
Statement of Receipts, Disbursements, and Changes in Fund Balances – Cash Basis – Governmental Funds - For the Year Ended December 31, 2011	6
Statement of Receipts, Disbursements, and Changes in Fund Balance – Budget and Actual (Budget Basis) - General Fund – For the Year Ended December 31, 2011	7
Statement of Receipts, Disbursements, and Changes in Fund Balance – Budget and Actual (Budget Basis) – Road and Bridge Fund – For the Year Ended December 31, 2011	8
Statement of Receipts, Disbursements, and Changes in Fund Balance – Budget and Actual (Budget Basis) - Fire District Fund – For the Year Ended December 31, 2011	9
Statement of Receipts, Disbursements, and Changes in Fund Balance – Budget and Actual (Budget Basis) – Fire and Rescue Ambulance EMS Service Fund – For the Year Ended December 31, 2011	10
Government-Wide Financial Statements:	
Statement of Net Assets - Cash Basis - December 31, 2010.....	11
Statement of Activities - Cash Basis - For the Year Ended December 31, 2010	12
Fund Financial Statements:	
Statement of Assets and Fund Balances – Cash Basis – Governmental Funds - December 31, 2010	13
Statement of Receipts, Disbursements, and Changes in Fund Balances – Cash Basis – Governmental Funds - For the Year Ended December 31, 2010.....	14
Statement of Receipts, Disbursements, and Changes in Fund Balance – Budget and Actual (Budget Basis) - General Fund – For the Year Ended December 31, 2010.....	15
Statement of Receipts, Disbursements, and Changes in Fund Balance – Budget and Actual (Budget Basis) – Road and Bridge Fund – For the Year Ended December 31, 2010.....	16

VIOLET TOWNSHIP
FAIRFIELD COUNTY

TABLE OF CONTENTS
(Continued)

TITLE	PAGE
Statement of Receipts, Disbursements, and Changes in Fund Balance – Budget and Actual (Budget Basis) - Fire District Fund – For the Year Ended December 31, 2010.....	17
Notes to the Basic Financial Statements	19
Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	39
Schedule of Findings.....	41



Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Violet Township
Fairfield County
12970 Rustic Drive
Pickerington, Ohio 43147

To the Board of Trustees:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Violet Township, Fairfield County, Ohio (the Township), as of and for the years ended December 31, 2011 and 2010, 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 opinions 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 audit 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. The Township processes its financial transactions with the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to audit the Township because the Auditor of State designed, developed, implemented, and as requested, operates UAN. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code § 117.11(A) mandates the Auditor of State to audit Ohio governments. We believe our audit provides a reasonable basis for our opinions.

As discussed in Note 2, 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 financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Violet Township, Fairfield County, Ohio, as of December 31, 2011 and 2010, and the respective changes in cash financial position, thereof and the respective budgetary comparisons for the General, Road and Bridge, Fire District, and Fire and Rescue Ambulance EMS Service Funds thereof for the years then ended in conformity with the basis of accounting Note 2 describes.

As described in Note 12, during 2011 and 2010 the Township adopted Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 11, 2012, 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. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. 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.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

Dave Yost
Auditor of State

October 11, 2012

VIOLET TOWNSHIP
FAIRFIELD COUNTY

STATEMENT OF NET ASSETS - CASH BASIS
DECEMBER 31, 2011

	Governmental Activities
Assets	
Equity in Pooled Cash and Cash Equivalents	\$10,544,973
<i>Total Assets</i>	<u>\$10,544,973</u>
Net Assets	
Restricted for:	
Capital Projects	\$2,288,009
Fire	3,088,321
Transportation	311,767
Other Purposes	271,091
Unrestricted	<u>4,585,785</u>
<i>Total Net Assets</i>	<u>\$10,544,973</u>

See accompanying notes to the basic financial statements

**VIOLET TOWNSHIP
FAIRFIELD COUNTY**

**STATEMENT OF ACTIVITIES - CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2011**

	Program Cash Receipts			Net (Disbursements) Receipts and Changes in Net Assets
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities
Governmental Activities				
General Government	\$1,167,132	\$119,029	\$0	(\$1,048,103)
Public Safety	7,527,219	1,198,284	5,730	(6,323,205)
Public Works	1,374,168	0	424,261	(949,907)
Health	126,716	0	0	(126,716)
Conservation-Recreation	29,903	0	0	(29,903)
Capital Outlay	706,864	0	0	(706,864)
Debt Service:				
Principal Retirement	65,000	0	0	(65,000)
Interest and Fiscal Charges	111,610	0	0	(111,610)
Total Governmental Activities	\$11,108,612	\$1,317,313	\$429,991	(9,361,308)
		General Receipts		
		Property Taxes Levied for:		
		General Purposes	534,981	
		Fire Levy	6,053,368	
		Other Purposes	961,903	
		Other Local Taxes	248,537	
		Grants and Entitlements not Restricted to Specific Programs	1,705,809	
		Earnings on Investments	33,924	
		Miscellaneous	100,530	
		Total General Receipts	9,639,052	
		Change in Net Assets		277,744
		<i>Net Assets Beginning of Year</i>		10,267,229
		<i>Net Assets End of Year</i>		\$10,544,973

See accompanying notes to the basic financial statements

VIOLET TOWNSHIP
FAIRFIELD COUNTY

STATEMENT OF ASSETS AND FUND BALANCES - CASH BASIS
GOVERNMENTAL FUNDS
DECEMBER 31, 2011

	General	Road & Bridge	Fire District	Fire and Rescue Ambulance EMS Service	Other Governmental Funds	Total Governmental Funds
Assets						
Equity in Pooled Cash and Cash Equivalents	\$4,451,989	\$318,644	\$4,000,935	\$537,386	\$1,236,019	\$10,544,973
<i>Total Assets</i>	<u>\$4,451,989</u>	<u>\$318,644</u>	<u>\$4,000,935</u>	<u>\$537,386</u>	<u>\$1,236,019</u>	<u>\$10,544,973</u>
Fund Balances						
Restricted	758,009	318,644	4,000,935	537,386	344,213	\$5,959,187
Committed	1,838,216	0	0	0	886,450	\$2,724,666
Assigned	823,394	0	0	0	5,356	828,750
Unassigned	1,032,370	0	0	0	0	1,032,370
<i>Total Fund Balances</i>	<u>\$4,451,989</u>	<u>\$318,644</u>	<u>\$4,000,935</u>	<u>\$537,386</u>	<u>\$1,236,019</u>	<u>\$10,544,973</u>

See accompanying notes to the basic financial statements

**VIOLET TOWNSHIP
FAIRFIELD COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCES - CASH BASIS
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2011**

	General	Road & Bridge	Fire District	Fire and Rescue Ambulance EMS Service	Other Governmental Funds	Total Governmental Funds
Receipts						
Property and Other Local Taxes	\$783,518	\$782,140	\$6,053,368	\$0	\$179,763	\$7,798,789
Charges for Services	0	0	428,113	770,171	0	1,198,284
Licenses, Permits and Fees	101,239	17,790	0	0	0	119,029
Intergovernmental	679,726	127,721	874,959	0	447,482	2,129,888
Special Assessments	0	0	0	0	5,730	5,730
Earnings on Investment	33,872	0	0	0	234	34,106
Miscellaneous	8,961	45,349	46,220	0	0	100,530
<i>Total Receipts</i>	<u>1,607,316</u>	<u>973,000</u>	<u>7,402,660</u>	<u>770,171</u>	<u>633,209</u>	<u>11,386,356</u>
Disbursements						
Current:						
General Government	1,059,470	0	0	0	107,662	1,167,132
Public Safety	42,749	0	6,826,498	657,972	0	7,527,219
Public Works	0	964,108	0	0	410,060	1,374,168
Health	126,716	0	0	0	0	126,716
Conservation-Recreation	29,903	0	0	0	0	29,903
Capital Outlay	29,069	8,298	643,027	2,218	24,252	706,864
Debt Service:						
Principal Retirement	0	0	0	0	65,000	65,000
Interest and Fiscal Charges	0	0	0	0	111,610	111,610
<i>Total Disbursements</i>	<u>1,287,907</u>	<u>972,406</u>	<u>7,469,525</u>	<u>660,190</u>	<u>718,584</u>	<u>11,108,612</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>319,409</u>	<u>594</u>	<u>(66,865)</u>	<u>109,981</u>	<u>(85,375)</u>	<u>277,744</u>
Other Financing Sources (Uses)						
Transfers In	0	0	0	0	531,230	531,230
Transfers Out	(531,230)	0	0	0	0	(531,230)
<i>Total Other Financing Sources (Uses)</i>	<u>(531,230)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>531,230</u>	<u>0</u>
<i>Net Change in Fund Balances</i>	<u>(211,821)</u>	<u>594</u>	<u>(66,865)</u>	<u>109,981</u>	<u>445,855</u>	<u>277,744</u>
<i>Fund Balances Beginning of Year</i>	<u>4,663,810</u>	<u>318,050</u>	<u>4,067,800</u>	<u>427,405</u>	<u>790,164</u>	<u>10,267,229</u>
<i>Fund Balances End of Year</i>	<u><u>\$4,451,989</u></u>	<u><u>\$318,644</u></u>	<u><u>\$4,000,935</u></u>	<u><u>\$537,386</u></u>	<u><u>\$1,236,019</u></u>	<u><u>\$10,544,973</u></u>

See accompanying notes to the basic financial statements

**VIOLET TOWNSHIP
FAIRFIELD COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2011**

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
Receipts				
Property and Other Local Taxes	\$508,000	\$513,000	\$783,518	\$270,518
Licenses, Permits and Fees	237,400	237,400	101,239	(136,161)
Intergovernmental	404,500	389,610	679,726	290,116
Interest	60,000	60,000	33,872	(26,128)
Other	5,000	5,000	8,961	3,961
<i>Total receipts</i>	<u>1,214,900</u>	<u>1,205,010</u>	<u>1,607,316</u>	<u>402,306</u>
Disbursements				
Current:				
General Government	1,457,350	1,457,850	1,059,470	398,380
Health	139,871	139,871	126,716	13,155
Conservation-Recreation	100,000	100,000	29,903	70,097
Capital Outlay	20,000	20,000	599	19,401
<i>Total Disbursements</i>	<u>1,717,221</u>	<u>1,717,721</u>	<u>1,216,688</u>	<u>501,033</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(502,321)</u>	<u>(512,711)</u>	<u>390,628</u>	<u>903,339</u>
Other Financing Uses				
Transfers Out	(200,000)	(741,230)	(741,230)	0
<i>Total Other Financing Uses</i>	<u>(200,000)</u>	<u>(741,230)</u>	<u>(741,230)</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	<u>(702,321)</u>	<u>(1,253,941)</u>	<u>(350,602)</u>	<u>903,339</u>
<i>Fund Balance Beginning of Year</i>	<u>2,206,367</u>	<u>2,206,367</u>	<u>2,206,367</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$1,504,046</u>	<u>\$952,426</u>	<u>\$1,855,765</u>	<u>\$903,339</u>

See accompanying notes to the basic financial statements

**VIOLET TOWNSHIP
FAIRFIELD COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS
ROAD AND BRIDGE FUND
FOR THE YEAR ENDED DECEMBER 31, 2011**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Property and Other Local Taxes	\$787,000	\$785,500	\$782,140	(\$3,360)
Licenses, Permits and Fees	1,000	16,500	17,790	1,290
Intergovernmental	129,300	121,800	127,721	5,921
Other	28,200	45,200	45,349	149
<i>Total receipts</i>	945,500	969,000	973,000	4,000
Disbursements				
Current:				
Public Works	1,174,920	1,167,420	964,108	203,312
Capital Outlay	95,000	8,300	8,298	2
<i>Total Disbursements</i>	1,269,920	1,175,720	972,406	203,314
<i>Excess of Receipts Over (Under) Disbursements</i>	(324,420)	(206,720)	594	207,314
Other Financing Sources				
Transfers In	100,000	0	0	0
<i>Total Other Financing Sources</i>	100,000	0	0	0
<i>Net Change in Fund Balance</i>	(224,420)	(206,720)	594	207,314
<i>Fund Balance Beginning of Year</i>	238,050	238,050	238,050	0
<i>Fund Balance End of Year</i>	\$13,630	\$31,330	\$238,644	\$207,314

See accompanying notes to the basic financial statements

**VIOLET TOWNSHIP
FAIRFIELD COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS
FIRE DISTRICT FUND
FOR THE YEAR ENDED DECEMBER 31, 2011**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Property and Other Local Taxes	\$5,794,500	\$5,836,500	\$6,053,368	\$216,868
Charges for Services	20,000	20,000	428,113	408,113
Intergovernmental	966,000	810,300	874,959	64,659
Other	2,000	2,000	46,220	44,220
<i>Total receipts</i>	6,782,500	6,668,800	7,402,660	733,860
Disbursements				
Current:				
Public Safety	7,175,156	7,228,156	6,847,430	380,726
Capital Outlay	290,000	887,341	643,027	244,314
<i>Total Disbursements</i>	7,465,156	8,115,497	7,490,457	625,040
<i>Net Change in Fund Balance</i>	(682,656)	(1,446,697)	(87,797)	1,358,900
<i>Fund Balance Beginning of Year</i>	2,590,905	2,590,905	2,590,905	0
Prior Year Encumbrances Appropriated	26,895	26,895	26,895	0
<i>Fund Balance End of Year</i>	\$1,935,144	\$1,171,103	\$2,530,003	\$1,358,900

See accompanying notes to the basic financial statements

**VIOLET TOWNSHIP
FAIRFIELD COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS
FIRE AND RESCUE AMBULANCE EMS SERVICE FUND
FOR THE YEAR ENDED DECEMBER 31, 2011**

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Receipts				
Charges for Services	\$750,000	\$750,000	\$770,171	\$20,171
<i>Total receipts</i>	<u>750,000</u>	<u>750,000</u>	<u>770,171</u>	<u>20,171</u>
Disbursements				
Current:				
Public Safety	740,000	744,000	657,972	86,028
Capital Outlay	110,000	110,000	2,218	107,782
<i>Total Disbursements</i>	<u>850,000</u>	<u>854,000</u>	<u>660,190</u>	<u>193,810</u>
<i>Net Change in Fund Balance</i>	(100,000)	(104,000)	109,981	213,981
<i>Fund Balance Beginning of Year</i>	<u>427,405</u>	<u>427,405</u>	<u>427,405</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$327,405</u></u>	<u><u>\$323,405</u></u>	<u><u>\$537,386</u></u>	<u><u>\$213,981</u></u>

See accompanying notes to the basic financial statements

VIOLET TOWNSHIP
FAIRFIELD COUNTY

STATEMENT OF NET ASSETS - CASH BASIS
DECEMBER 31, 2010

	Governmental Activities
Assets	
Equity in Pooled Cash and Cash Equivalents	\$10,267,229
<i>Total Assets</i>	<u>\$10,267,229</u>
Net Assets	
Restricted for:	
Capital Projects	\$2,116,479
Fire	3,045,205
Transportation	291,638
Other Purposes	189,138
Unrestricted	<u>4,624,769</u>
<i>Total Net Assets</i>	<u>\$10,267,229</u>

See accompanying notes to the basic financial statements

**VIOLET TOWNSHIP
FAIRFIELD COUNTY**

**STATEMENT OF ACTIVITIES - CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2010**

	Program Cash Receipts			Net (Disbursements) Receipts and Changes in Net Assets
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities
Governmental Activities				
General Government	\$1,287,204	\$61,571	\$0	(\$1,225,633)
Public Safety	7,350,229	453,331	5,851	(6,891,047)
Public Works	1,486,722	0	393,358	(1,093,364)
Health	120,072	0	0	(120,072)
Conservation-Recreation	34,216	0	0	(34,216)
Capital Outlay	1,064,264	0	0	(1,064,264)
Debt Service:				
Principal Retirement	57,105	0	0	(57,105)
Interest and Fiscal Charges	122,105	0	0	(122,105)
<i>Total Governmental Activities</i>	<u>\$11,521,917</u>	<u>\$514,902</u>	<u>\$399,209</u>	<u>(10,607,806)</u>
		General Receipts		
		Property Taxes Levied for:		
		General Purposes		553,493
		Fire Levy		5,929,069
		Other Purposes		999,469
		Other Local Taxes		240,777
		Grants and Entitlements not Restricted to Specific Programs		1,921,431
		Sale of Fixed Assets		2,000
		Earnings on Investments		74,766
		Miscellaneous		126,119
		<i>Total General Receipts</i>		<u>9,847,124</u>
		Change in Net Assets		(760,682)
		<i>Net Assets Beginning of Year</i>		<u>11,027,911</u>
		<i>Net Assets End of Year</i>		<u>\$10,267,229</u>

See accompanying notes to the basic financial statements

**VIOLET TOWNSHIP
FAIRFIELD COUNTY**

**STATEMENT OF ASSETS AND FUND BALANCES - CASH BASIS
GOVERNMENTAL FUNDS
DECEMBER 31, 2010**

	General	Road & Bridge	Fire District	Other Governmental Funds	Total Governmental Funds
Assets					
Equity in Pooled Cash and Cash Equivalents	\$4,663,810	\$318,050	\$4,067,800	\$1,217,569	\$10,267,229
<i>Total Assets</i>	<u>\$4,663,810</u>	<u>\$318,050</u>	<u>\$4,067,800</u>	<u>\$1,217,569</u>	<u>\$10,267,229</u>
Fund Balances					
Restricted	586,479	318,050	4,067,800	670,131	\$5,642,460
Committed	1,870,964	0	0	531,830	\$2,402,794
Assigned	0	0	0	15,608	15,608
Unassigned	2,206,367	0	0	0	2,206,367
<i>Total Fund Balances</i>	<u>\$4,663,810</u>	<u>\$318,050</u>	<u>\$4,067,800</u>	<u>\$1,217,569</u>	<u>\$10,267,229</u>

See accompanying notes to the basic financial statements

**VIOLET TOWNSHIP
FAIRFIELD COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCES - CASH BASIS
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2010**

	General	Road & Bridge	Fire District	Other Governmental Funds	Total Governmental Funds
Receipts					
Property and Other Local Taxes	\$794,270	\$818,997	\$5,929,069	\$180,472	\$7,722,808
Charges for Services	0	0	25,926	427,405	453,331
Licenses, Permits and Fees	60,471	1,100	0	0	61,571
Intergovernmental	780,081	132,854	984,896	416,952	2,314,783
Special Assessments	0	0	0	5,851	5,851
Earnings on Investment	74,761	0	0	11	74,772
Miscellaneous	5,333	46,332	74,454	0	126,119
<i>Total Receipts</i>	<u>1,714,916</u>	<u>999,283</u>	<u>7,014,345</u>	<u>1,030,691</u>	<u>10,759,235</u>
Disbursements					
Current:					
General Government	1,190,097	0	0	97,107	1,287,204
Public Safety	61,657	0	7,288,572	0	7,350,229
Public Works	0	1,065,829	0	420,893	1,486,722
Health	120,072	0	0	0	120,072
Conservation-Recreation	34,216	0	0	0	34,216
Capital Outlay	232,440	225,203	487,096	119,525	1,064,264
Debt Service:					
Principal Retirement	0	0	0	57,105	57,105
Interest and Fiscal Charges	0	0	0	122,105	122,105
<i>Total Disbursements</i>	<u>1,638,482</u>	<u>1,291,032</u>	<u>7,775,668</u>	<u>816,735</u>	<u>11,521,917</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>76,434</u>	<u>(291,749)</u>	<u>(761,323)</u>	<u>213,956</u>	<u>(762,682)</u>
Other Financing Sources (Uses)					
Sale of Fixed Assets	0	0	2,000	0	2,000
Transfers In	0	0	0	222,734	222,734
Transfers Out	(222,734)	0	0	0	(222,734)
<i>Total Other Financing Sources (Uses)</i>	<u>(222,734)</u>	<u>0</u>	<u>2,000</u>	<u>222,734</u>	<u>2,000</u>
<i>Net Change in Fund Balances</i>	<u>(146,300)</u>	<u>(291,749)</u>	<u>(759,323)</u>	<u>436,690</u>	<u>(760,682)</u>
<i>Fund Balances Beginning of Year, Restated (Note 12)</i>	<u>4,810,110</u>	<u>609,799</u>	<u>4,827,123</u>	<u>780,879</u>	<u>11,027,911</u>
<i>Fund Balances End of Year</i>	<u><u>\$4,663,810</u></u>	<u><u>\$318,050</u></u>	<u><u>\$4,067,800</u></u>	<u><u>\$1,217,569</u></u>	<u><u>\$10,267,229</u></u>

See accompanying notes to the basic financial statements

**VIOLET TOWNSHIP
FAIRFIELD COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2010**

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
Receipts				
Property and Other Local Taxes	\$508,000	\$508,000	\$794,270	\$286,270
Licenses, Permits and Fees	200,000	200,000	60,471	(139,529)
Intergovernmental	387,700	387,700	756,977	369,277
Interest	80,000	80,000	74,761	(5,239)
Other	11,300	11,300	5,333	(5,967)
<i>Total receipts</i>	<u>1,187,000</u>	<u>1,187,000</u>	<u>1,691,812</u>	<u>504,812</u>
Disbursements				
Current:				
General Government	1,513,983	1,544,221	1,205,132	339,089
Health	143,500	143,500	120,072	23,428
Conservation-Recreation	100,000	100,000	34,217	65,783
Capital Outlay	0	23,000	18,918	4,082
<i>Total Disbursements</i>	<u>1,757,483</u>	<u>1,810,721</u>	<u>1,378,339</u>	<u>432,382</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(570,483)</u>	<u>(623,721)</u>	<u>313,473</u>	<u>937,194</u>
Other Financing Uses				
Transfers Out	(200,000)	(575,000)	(572,734)	2,266
<i>Total Other Financing Uses</i>	<u>(200,000)</u>	<u>(575,000)</u>	<u>(572,734)</u>	<u>2,266</u>
<i>Net Change in Fund Balance</i>	<u>(770,483)</u>	<u>(1,198,721)</u>	<u>(259,261)</u>	<u>939,460</u>
<i>Fund Balance Beginning of Year</i>	2,447,128	2,447,128	2,447,128	0
Prior Year Encumbrances Appropriated	<u>18,500</u>	<u>18,500</u>	<u>18,500</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$1,695,145</u></u>	<u><u>\$1,266,907</u></u>	<u><u>\$2,206,367</u></u>	<u><u>\$939,460</u></u>

See accompanying notes to the basic financial statements

**VIOLET TOWNSHIP
FAIRFIELD COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS
ROAD AND BRIDGE FUND
FOR THE YEAR ENDED DECEMBER 31, 2010**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Property and Other Local Taxes	\$787,000	\$787,000	\$818,997	\$31,997
Licenses, Permits and Fees	2,000	2,000	1,100	(900)
Intergovernmental	129,500	129,500	155,958	26,458
Other	3,200	3,200	46,332	43,132
<i>Total receipts</i>	<u>921,700</u>	<u>921,700</u>	<u>1,022,387</u>	<u>100,687</u>
Disbursements				
Current:				
Public Works	179,800	1,196,371	1,066,332	130,039
Capital Outlay	125,000	30,000	25,203	4,797
<i>Total Disbursements</i>	<u>304,800</u>	<u>1,226,371</u>	<u>1,091,535</u>	<u>134,836</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>616,900</u>	<u>(304,671)</u>	<u>(69,148)</u>	<u>235,523</u>
Other Financing Uses				
Transfers Out	(15,000)	(103,104)	(103,104)	0
<i>Total Other Financing Uses</i>	<u>(15,000)</u>	<u>(103,104)</u>	<u>(103,104)</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	601,900	(407,775)	(172,252)	235,523
<i>Fund Balance Beginning of Year</i>	<u>410,302</u>	<u>410,302</u>	<u>410,302</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$1,012,202</u></u>	<u><u>\$2,527</u></u>	<u><u>\$238,050</u></u>	<u><u>\$235,523</u></u>

See accompanying notes to the basic financial statements

**VIOLET TOWNSHIP
FAIRFIELD COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS
FIRE DISTRICT FUND
FOR THE YEAR ENDED DECEMBER 31, 2010**

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget Positive (Negative)
Receipts				
Property and Other Local Taxes	\$5,596,500	\$5,596,500	\$5,929,069	\$332,569
Charges for Services	10,000	10,000	25,926	15,926
Intergovernmental	961,200	961,200	984,896	23,696
Other	4,800	4,800	74,454	69,654
<i>Total receipts</i>	<u>6,572,500</u>	<u>6,572,500</u>	<u>7,014,345</u>	<u>441,845</u>
Disbursements				
Current:				
Public Safety	8,390,544	7,939,185	7,315,674	623,511
Capital Outlay	413,824	512,824	487,096	25,728
<i>Total Disbursements</i>	<u>8,804,368</u>	<u>8,452,009</u>	<u>7,802,770</u>	<u>649,239</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(2,231,868)</u>	<u>(1,879,509)</u>	<u>(788,425)</u>	<u>1,091,084</u>
Other Financing Sources (Uses)				
Sale of Fixed Assets	0	0	2,000	2,000
Transfers Out	(100,000)	0	0	0
<i>Total Other Financing Sources (Uses)</i>	<u>(100,000)</u>	<u>0</u>	<u>2,000</u>	<u>2,000</u>
<i>Net Change in Fund Balance</i>	(2,331,868)	(1,879,509)	(786,425)	1,093,084
<i>Fund Balance Beginning of Year</i>	3,091,798	3,091,798	3,091,798	0
Prior Year Encumbrances Appropriated	285,532	285,532	285,532	0
<i>Fund Balance End of Year</i>	<u>\$1,045,462</u>	<u>\$1,497,821</u>	<u>\$2,590,905</u>	<u>\$1,093,084</u>

See accompanying notes to the basic financial statements

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**VIOLET TOWNSHIP
FAIRFIELD COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010**

Note 1 – Reporting Entity

Violet Township, Fairfield County, Ohio (the “Township”) is a body politic and corporate established for the purpose of exercising 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 Fiscal Officer.

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, maintenance of Township roads and bridges, and emergency medical services. The Township has its own fire department with 43 active full-time firefighters/paramedics and 27 part-time firefighters. Police protection is provided by the City of Pickerington.

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. Component units may also include organizations for which the Township authorizes the issuance of debt or the levying of taxes or determines the budget if there is also the potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the Township. 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. The Township has no component units.

C. Joint Ventures, Jointly Governed Organizations and Public Entity Risk Pools

The Township participates in one public entity risk pool. This organization is the Ohio Township Association Risk Management Authority (OTARMA), a risk sharing pool available to Ohio Townships. OTARMA provides property, casualty and liability coverage. Note 6 to the basic financial statements provides additional information for this entity.

A jointly governed organization is a regional government or other multi-governmental arrangement that is governed by representatives from each of the governments that create the organization, but that is not a joint venture because the participants do not retain an ongoing financial interest. The Township participates in the Fairfield Regional Planning Commission, a forty-eight member board. Note 14 to the basic financial statements provides additional information for this entity.

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

**VIOLET TOWNSHIP
FAIRFIELD COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010
(Continued)**

Note 2 - Summary of Significant Accounting Policies

As discussed further in Note 2C, these financial statements are presented on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. In the government-wide financial statements 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 cash basis of accounting, unless those pronouncements conflict with or contradict GASB pronouncements. The Township does not apply FASB statements issued after November 30, 1989, to its business-type activities. 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.

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. Governmental activities generally are financed through taxes, intergovernmental receipts or other nonexchange transactions.

The Statement of Net Assets presents the cash and investment balances of the governmental activities of the Township at year end. The Statement of Activities compares disbursements with program receipts for each of the Township's governmental 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 is self-financing on a 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 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.

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 Township only has governmental funds.

**VIOLET TOWNSHIP
FAIRFIELD COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010
(Continued)**

Note 2 - Summary of Significant Accounting Policies (Continued)

B. Fund Accounting (Continued)

Governmental Funds

The Township classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants), and other nonexchange transactions as governmental funds. The following are the Township's major governmental funds.

General Fund – The General Fund accounts for and reports all financial resources not accounted for and reported 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.

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

Fire District - The Fire District Fund receives property tax money and intergovernmental revenues for fire protection services for the Township.

Fire and Rescue Ambulance EMS Service (2011 only) - This fund receives EMS monies for the purpose of maintaining emergency services for the Township.

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

C. Basis of Accounting

The Township's financial statements are prepared using the cash basis of accounting. 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.

As a result of the use of this 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 liabilities and the related expenses) are not recorded in these financial statements.

D. Budgetary Process

All 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 amended 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 object level for all funds.

**VIOLET TOWNSHIP
FAIRFIELD COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010
(Continued)**

Note 2 - Summary of Significant Accounting Policies (Continued)

D. Budgetary Process (Continued)

The certificate of estimated resources may be amended during the year if projected increases or decreases in receipts are identified by the Township Fiscal Officer. 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 certificate 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.

E. Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the Township is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

Nonspendable The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or are legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of interfund loans.

Restricted Fund balance is reported as 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.

Committed The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by formal action (resolution) of Township Trustees. Those committed amounts cannot be used for any other purpose unless the Township Trustees remove or change the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned Amounts in the assigned fund balance classification are intended to be used by the Township for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by Township Trustees or a Township official delegated that authority by resolution, or by State Statute.

**VIOLET TOWNSHIP
FAIRFIELD COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010
(Continued)**

Note 2 - Summary of Significant Accounting Policies (Continued)

E. Fund Balance (Continued)

Unassigned Unassigned fund balance is the residual classification for the General Fund and includes amounts not contained 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. The Township does not have a formal fund balance policy.

F. 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 with an original maturity of three months or less at the time of purchase and investments of the cash management pool 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, respectively.

During 2011 and 2010, the Township invested in STAR Ohio, federal securities, and a repurchase agreement. The federal securities and repurchase agreement are reported at cost.

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 shares price, which is the price the investment could be sold for on December 31, 2011 and 2010.

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 2011 were \$33,872, which includes \$19,036 assigned from other Township funds. Interest receipts credited to the General Fund during 2010 were \$74,761, which includes \$41,501 assigned from other Township funds.

G. 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. The Township has no restricted assets.

**VIOLET TOWNSHIP
FAIRFIELD COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010
(Continued)**

Note 2 - Summary of Significant Accounting Policies (Continued)

H. 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.

I. Capital Assets

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

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 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 7 and 8, the employer contributions include portions for pension benefits and for postretirement health care benefits.

L. Long-term Obligations

The Township's 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 disbursement is 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. Net assets restricted for other purposes include resources restricted for fire protection, road maintenance, EMS service, senior services, and lighting. 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. Interfund Transactions

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. Repayments from funds responsible for particular disbursements to the funds that initially paid for them are not presented in the financial statements.

**VIOLET TOWNSHIP
FAIRFIELD COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010
(Continued)**

Note 3 – 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 – Budget Basis presented for the General Fund, Fire District Fund, Road and Bridge Fund, and Fire and Rescue Ambulance EMS Fund are prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference between the budgetary basis and the cash basis is outstanding year end encumbrances are treated as disbursements (budgetary basis) rather than as restricted, committed or assigned fund balance (cash basis). The encumbrances outstanding at year end (budgetary basis) amounted to \$20,932 and \$26,895 for the Fire District Fund in 2011 and 2010, respectively.

Note 4 – Deposits and Investments

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

Active deposits are public deposits 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 Township has 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 may be deposited or invested in the following securities:

1. United States Treasury Notes, Bills, Bonds, 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 obligations or securities 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;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio or Ohio local governments;

**VIOLET TOWNSHIP
FAIRFIELD COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010
(Continued)**

Note 4 – Deposits and Investments (Continued)

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)

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the Township, and must be purchased with the expectation that it will be held to maturity.

Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the Fiscal Officer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

Deposits

Custodial credit risk is the risk that in the event of bank failure, the Township will not be able to recover deposits or collateral securities that are in the possession of an outside party. At December 31, 2011 and 2010, none of the Township's bank balances of \$3,429,186 and \$5,661,337 respectively, were exposed to custodial credit risk.

The Township has no deposit policy for custodial credit risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the Township or a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secured.

Investments

As of December 31, 2011, the Township had the following investments:

Investment type	Balance at Carrying Value	Investment Maturities				
		6 months or less	7 to 12 months	13 to 18 months	19 to 24 months	Greater than 24 months
Star Ohio	\$ 1,048,064	\$ 1,048,064	\$ -	\$ -	\$ -	\$ -
Negotiable CDs	5,500,000	500,000	1,750,000	1,500,000	750,000	1,000,000
Repurchase Agreement	1,296,518	1,296,518	-	-	-	-
Total	\$ 7,844,582	\$ 2,844,582	\$ 1,750,000	\$ 1,500,000	\$ 750,000	\$ 1,000,000

**VIOLET TOWNSHIP
FAIRFIELD COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010
(Continued)**

Note 4 – Deposits and Investments (Continued)

As of December 31, 2010, the Township had the following investments:

<u>Investment type</u>	<u>Balance at Carrying Value</u>	<u>Investment Maturities</u>				
		<u>6 months or less</u>	<u>7 to 12 months</u>	<u>13 to 18 months</u>	<u>19 to 24 months</u>	<u>Greater than 24 months</u>
Star Ohio	\$ 1,447,428	\$ 1,447,428	\$ -	\$ -	\$ -	\$ -
Negotiable CDs	2,845,000	1,095,000	1,250,000	-	-	500,000
Repurchase Agreement	<u>702,063</u>	<u>702,063</u>	-	-	-	-
Total	<u>\$ 4,994,491</u>	<u>\$ 3,244,491</u>	<u>\$ 1,250,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 500,000</u>

Interest Rate Risk: Interest rate risk arises because potential purchasers of debt securities will not agree to pay face value for those securities if interest rates subsequently increase. The Township's investment policy addresses interest rate risk by requiring that the Township's investment portfolio be structured so that securities mature to meet cash requirements for ongoing operations and/or long-term debt payments, thereby avoiding the need to sell securities on the open market prior to maturity, and by investing operating funds primarily in short term investments.

Credit Risk: Star Ohio carries a rating of AAAM by Standard & Poor's. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard service rating. The Township's investments in federal agency securities were rated AAA and Aaa by Standard & Poor's and Moody's Investor Services, respectively.

Custodial Credit Risk: 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 investment or collateral securities that are in the possession of an outside party. The repurchase agreement is exposed to custodial credit risk in that they are uninsured, unregistered and held by the counterparty's trust department or agent but not in the Township's name.

The Township has no investment policy dealing with investment custodial risk beyond the requirements in State statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the Fiscal Officer or qualified trustee.

Concentration of Credit Risk: The Township places no limit on the amount that may be invested in any one issuer. The following table includes the percentage of each investment type held by the Township at December 31, 2011 and 2010:

<u>Investment type</u>	<u>2011</u>		<u>2010</u>	
	<u>Carrying Value</u>	<u>% of Total</u>	<u>Carrying Value</u>	<u>% of Total</u>
STAR Ohio	\$ 1,048,064	13.36	\$ 1,447,428	28.98
Negotiable CD's	5,500,000	70.11	2,845,000	56.96
Repurchase Agreement	<u>1,296,518</u>	<u>16.53</u>	<u>702,063</u>	<u>14.06</u>
Total	<u>\$ 7,844,582</u>	<u>100.00</u>	<u>\$ 4,994,491</u>	<u>100.00</u>

**VIOLET TOWNSHIP
FAIRFIELD COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010
(Continued)**

Note 5 - Property Taxes

Property taxes include amounts levied against all real and public utility property located in the Township. Property tax revenue received during 2011 and 2010 for real and public utility property taxes represents collections of 2010 and 2009 taxes.

2011 and 2010 real property taxes are levied after October 1, 2011 and October 1, 2010 on the assessed values as of January 1, 2011 and January 1, 2010, the lien date. Assessed values are established by State statute at 35 percent of appraised market value. 2011 and 2010 real property taxes are collected in and intended to finance 2012 and 2011.

Public utility tangible personal property is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2011 and 2010 public utility property taxes which became a lien on December 31, 2010 and December 31, 2009, are levied after October 1, 2011 and October 1, 2010, and are collected in 2011 and 2010 with real property taxes.

2011 and 2010 tangible property taxes are levied after October 1, 2010 and October 1, 2009, on the value as of December 31, 2010 and December 31, 2009. Collections are made in 2011 and 2010. Tangible personal property assessments are being phased out – the assessment percentage for all property including inventory for 2009 is 12.5 percent. This will be reduced to 6.25 percent for 2010, and zero for 2011. Payments by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 3, with the remainder due September 20.

The full tax rate for all Township operations for the year ended December 31, 2011 and December 31, 2010, was \$12.35 per \$1,000 of assessed value in the corporation and \$14.05 per \$1,000 of assessed value outside the corporation. The assessed values of real and public utility tangible property upon which 2011 and 2010 property tax receipts were based are as follows:

	<u>2011</u>	<u>2010</u>
Real property tax	\$ 996,455,910	\$ 1,033,583,470
Public utility tangible personal property	-	785,490
 Total assessed valuation	 \$ 996,455,910	 \$ 1,034,368,960

The County Treasurer collects property taxes on behalf of all taxing districts in the county, including the Township. The County Auditor periodically remits to the Township its portion of the taxes collected.

Note 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.

**VIOLET TOWNSHIP
FAIRFIELD COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010
(Continued)**

Note 6 - Risk Management (Continued)

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. American Risk Pooling Consultants, Inc. (ARPCO), a division of York Insurance Services Group, Inc. (York), functions as the administrator of OTARMA and provides underwriting, claims, loss control, risk management, and reinsurance services for OTARMA. OTARMA is a member of the American Public Entity Excess Pool (APEEP), which is also administered by ARPCO. 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, 2010, OTARMA retained \$350,000 for casualty claims and \$150,000 for property claims.

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, 2011 and 2010:

	<u>2011</u>	<u>2010</u>
Assets	\$35,086,165	\$35,855,252
Liabilities	(9,718,792)	(10,664,724)
Net Assets	<u>\$25,367,373</u>	<u>\$25,190,528</u>

At December 31, 2011 and 2010, respectively, the liabilities above include approximately \$9.1 and \$9.9 million of estimated incurred claims payable. The assets above also include approximately \$8.6 and \$9.5 million of unpaid claims to be billed to approximately 938 member governments in the future, as of December 31, 2011 and 2010, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2011, the Township's share of these unpaid claims collectible in future years is approximately \$37,000.

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>2011</u>	<u>2010</u>
\$55,923	\$48,151

**VIOLET TOWNSHIP
FAIRFIELD COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010
(Continued)**

Note 6 - Risk Management (Continued)

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.

Note 7 – Defined Benefit Pension Plan

Ohio Public Employees Retirement System

Plan Description - The Township participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The Traditional Pension 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. Under the Combined Plan, OPERS invests employer contributions to provide a formula retirement benefit similar in nature to, but less than, the Traditional Pension Plan benefit. Member contributions, the investment of which is self-directed by the members, 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 Pension 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. Interested parties may obtain a copy by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 614-222-5601 or 800-222-7377.

Funding Policy – The Ohio Revised Code provides statutory authority for member and employer contributions and currently limits the employer contribution to a rate not to exceed 14 percent of covered payroll for state and local employer units. Member contribution rates, as set forth in the Ohio Revised Code, are not to exceed 10 percent of covered payroll for members in the State and local divisions. For the year ended December 31, 2011 and 2010, members in the state and local divisions contributed 10 percent of covered payroll. For 2011 and 2010, member and employer contribution rates were consistent across all three plans.

The Township's 2011 and 2010 contribution rate was 14.0 percent of covered payroll. The portion of employer contributions used to fund pension benefits is net of post-employment health care benefits. The portion of employer contribution allocated to health care for members in the Traditional Plan was 5.5 percent from January 1 through February 28, 2010, and 5 percent from March 1, 2010 through December 31, 2011. The portion of employer contributions allocated to health care for members in the Combined Plan was 4.73 percent from January 1 through February 28, 2010, and 4.23 percent from March 1, 2010 through December 31, 2011. Employer contribution rates are actuarially determined.

The Township's required contributions for pension obligations to the Traditional Pension and Combined Plans for the years ended December 31, 2011, 2010, and 2009 were \$135,148, \$136,551, and \$124,225, respectively. The full amount has been contributed for 2011, 2010 and 2009.

**VIOLET TOWNSHIP
FAIRFIELD COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010
(Continued)**

Note 7 – Defined Benefit Pension Plan (Continued)

Ohio Police and Fire Pension Fund

Plan Description – The Township contributes to the Ohio Police and Fire Pension Fund (OP&F), a cost-sharing multiple-employer defined benefit pension plan. OP&F provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by the Ohio State Legislature and are codified in Chapter 742 of the Ohio Revised Code. OP&F issues a publicly available financial report that includes financial information and required supplementary information for the plan. That report may be obtained by writing to OP&F, 140 East Town Street, Columbus, Ohio 43215-5164.

Funding Policy – The Ohio Revised Code requires plan members to contribute 10.0 percent of their annual covered salary, while employers are required to contribute 24.0 percent for firefighters.

The OP&F Pension Fund is authorized by the Ohio Revised Code to allocate a portion of the employer contributions to retiree health care benefits. The portion of employer contributions used to fund pension benefits was 17.25 percent of covered payroll for firefighters. The Township's contributions to OP&F for firefighters pension were \$1,055,131, \$1,056,401, and \$840,038 for the years ended December 31, 2011, 2010 and 2009, respectively. The full amount has been contributed for 2011, 2010 and 2009.

Note 8 – Postemployment Benefits

Ohio Public Employees Retirement System

Plan Description – Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: The Traditional Pension Plan—a cost-sharing, multiple-employer defined benefit pension plan; the Member-Directed Plan—a defined contribution plan; and the Combined Plan—a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

OPERS maintains a cost-sharing multiple-employer defined benefit post-employment health care plan for qualifying members of both the Traditional Pension and the Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including post-employment health care coverage. The plan includes a medical plan, prescription drug program and Medicare Part B premium reimbursement.

In order to qualify for post-employment health care coverage, age-and-service retirees under the Traditional Pension and Combined Plans must have 10 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The Ohio Revised Code permits, but does not mandate, OPERS to provide health care benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

Disclosures for the health care plan are presented separately in the OPERS financial report which may be obtained by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 614-222-5601 or 800-222-7377.

Funding Policy – The post-employment health care plan was established under, and is administrated in accordance with, Internal Revenue Code 401(h). The Ohio Revised Code provides the statutory authority requiring public employers to fund post-retirement health care through contributions to OPERS. A portion of each employer's contribution to OPERS is set aside for the funding of post-retirement health care.

**VIOLET TOWNSHIP
FAIRFIELD COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010
(Continued)**

Note 8 – Postemployment Benefits (Continued)

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2011 and 2010, state and local employers contributed at a rate of 14.0 percent of covered payroll. The Ohio Revised Code currently limits the employer contribution to a rate not to exceed 14 percent of covered payroll for state and local employer units.

Each year, the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding of post-employment health care benefits. The portion of employer contributions allocated to health care for members in the Traditional Plan was 5.5 percent from January 1 through February 28, 2010, and 5 percent from March 1, 2010 through December 31, 2011. The portion of employer contributions allocated to health care for members in the Combined Plan was 4.73 percent from January 1 through February 28, 2010, and 4.23 percent from March 1, 2010 through December 31, 2011.

The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care benefits provided, by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected. Active members do not make contributions to the post-employment health care plan.

The Township's contributions allocated to fund post-employment health care benefits for the years ended December 31, 2011, 2010, and 2009 were \$58,947, \$68,126 and \$41,948, respectively. The full amount has been contributed for 2011, 2010 and 2009.

The Health Care Preservation Plan (HCPP) adopted by the OPERS Retirement Board on September 9, 2004, was effective January 1, 2007. Member and employer contribution rates increased on January 1 of each year from 2006 to 2008. These rate increases allowed additional funds to be allocated to the health care plan.

Ohio Police and Fire Pension Fund

Plan Description – The Township contributes to the Ohio Police and Fire Pension Fund (OP&F) sponsored health care program, a cost-sharing multiple-employer defined post-employment health care plan administered by OP&F. OP&F provides health care benefits including coverage for medical, prescription drugs, dental, vision, Medicare Part B Premium and long-term care to retirees, qualifying benefit recipients and their eligible dependents.

OP&F provides access to post-retirement health care coverage for any person who receives or is eligible to receive a monthly service, disability, or survivor benefit check or is a spouse or eligible dependent child of such person. The health care coverage provided by OP&F meets the definition of an Other Post-Employment Benefit (OPEB) as described in GASB Statement No. 45.

The Ohio Revised Code allows, but does not mandate OP&F to provide OPEB benefits. Authority for the OP&F Board of Trustees to provide health care coverage to eligible participants and to establish and amend benefits is codified in Chapter 742 of the Ohio Revised Code.

OP&F issues a publicly available financial report that includes financial information and required supplementary information for the plan. That report may be obtained by writing to OP&F, 140 East Town Street, Columbus, Ohio 43215-5164.

**VIOLET TOWNSHIP
FAIRFIELD COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010
(Continued)**

Note 8 – Postemployment Benefits (Continued)

Funding Policy – The Ohio Revised Code provides for contribution requirements of the participating employers and of plan members to the OP&F defined benefit pension plan. Participating employers are required by Ohio Revised Code to contribute to the pension plan at rates expressed as percentages of the payroll of active pension plan members, currently, 24.0 percent of covered payroll for fire employers. Active members do not make contributions to the OPEB Plan.

OP&F maintains funds for health care in two separate accounts. One for health care benefits under an IRS Code Section 115 trust and one for Medicare Part B reimbursements administrated as an Internal Revenue Code 401(h) account, both of which are within the defined benefit pension plan, under the authority granted by the Ohio Revised Code to the OP&F Board of Trustees.

The Board of Trustees is authorized to allocate a portion of the total employer contributions made into the pension plan to the Section 115 trust and the Section 401(h) account as the employer contribution for retiree health care benefits. For the year ended December 31, 2011 and 2010, the employer contribution allocated to the health care plan was 6.75 percent of covered payroll. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees' primary responsibility to ensure that pension benefits are adequately funded and is limited by the provisions of Sections 115 and 401(h).

The OP&F Board of Trustees also is authorized to establish requirements for contributions to the health care plan by retirees and their eligible dependents, or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

The Township's contributions to OP&F which were allocated to fund post-employment health care benefits for firefighters were \$562,665, \$580,793 and \$555,085 for the years ended December 31, 2011, 2010, and 2009, respectively. The full amount has been contributed for 2011, 2010 and 2009.

Note 9 – Debt Obligations

The Township's long-term debt activity for the year ended December 31, 2011 was as follows:

	<u>Balance</u>	<u>Proceeds</u>	<u>Payments</u>	<u>Balance</u>
<u>Governmental Activities</u>	<u>December 31, 2010</u>			<u>December 31, 2011</u>
General Obligation Bonds (4%)				
2006 Issue (Original Amount \$2,925,000)	2,645,000	-	(65,000)	2,580,000

The general obligation bonds are supported by the full faith and credit of the Township and are payable from unvoted property tax receipts to the extent that other resources are not available to meet annual principal and interest payments.

**VIOLET TOWNSHIP
FAIRFIELD COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010
(Continued)**

Note 9 – Debt Obligations (Continued)

The following is a summary of the Township's future annual debt service requirements:

<u>Year Ending December 31,</u>	<u>G.O Bonds</u>	
	<u>Principal</u>	<u>Interest</u>
2012	\$ 70,000	\$ 109,010
2013	70,000	106,210
2014	75,000	103,410
2015	75,000	100,410
2016	80,000	97,410
2017 - 2021	465,000	425,150
2022 - 2026	565,000	320,825
2027 - 2031	690,000	194,170
2032 - 2034	<u>490,000</u>	<u>42,288</u>
Total	<u>\$ 2,580,000</u>	<u>\$ 1,498,883</u>

The Ohio Revised Code provides that net general obligation debt of the Township, exclusive of certain exempt debt, issued without a vote of the electors shall never exceed 5.5 percent of the tax valuation of the Township. The Revised Code further provides that total voted and unvoted net debt of the Township less the same exempt debt shall never exceed an amount equal to 10.5 percent of its tax valuation. The effects of the debt limitations at December 31, 2011 and 2010, were an overall and unvoted debt margin of \$54,805,075 and \$56,890,293, respectively.

During 2011 the Township failed to meet continuing disclosure requirements with the Electronic Municipal Marketing Access (EMMA) and State Information Depository (SID) as called for the in the 2006 General Obligation Bonds debt covenants.

Note 10 – Contingencies

Litigation - The Township is currently not party to any pending litigation.

Note 11 – Interfund Transactions

During 2011 and 2010 the following transfers were made:

<u>Transfer from General Fund to:</u>	<u>2011</u>	<u>2010</u>
Nonmajor governmental funds	\$ 531,230	\$ 222,734

Transfers represent the allocation of unrestricted receipts collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

**VIOLET TOWNSHIP
FAIRFIELD COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010
(Continued)**

Note 12 – Changes in Accounting Principles and Restatement of Net Assets/Fund Equity

For 2011 and 2010, the Township implemented Governmental Accounting Standard Board (GASB) Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions." GASB Statement No. 54 enhances the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. This statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. The implementation of GASB Statement No. 54 had the following effect on fund balances of the major governmental funds and all other governmental funds as previously reported, which includes the Wages and Benefits and Fixed Assets Fire funds no longer being presented as individual funds, but rather being rolled up with the General and Fire District Funds, respectively.

	General	Road and Bridge	Fire District	Wages & Benefits	Fixed Assets Fire	Other Governmental Funds	Total Governmental Funds
Fund Balance at December 31, 2010	\$2,450,593	\$409,799	\$3,377,123	\$1,859,517	\$1,450,000	\$1,480,879	\$11,027,911
GASB 54 Change in in Fund Structure	2,359,517	200,000	1,450,000	(1,859,517)	(1,450,000)	(700,000)	0
Adjusted Fund Balance at December 31, 2010	<u>\$4,810,110</u>	<u>\$609,799</u>	<u>\$4,827,123</u>	<u>\$0</u>	<u>\$0</u>	<u>\$780,879</u>	<u>\$11,027,911</u>

Note 13 – Fund Balances

Fund balance is classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the Township is bound to observe constraints imposed upon the use of the resources in the government funds. The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented below:

**VIOLET TOWNSHIP
FAIRFIELD COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010
(Continued)**

Note 13 – Fund Balances (Continued)

Fund Balances December 31, 2011	General	Road & Bridge	Fire District	EMS Service	Other Governmental Funds	Total
Restricted for						
Capital Projects	758,009	80,000	1,450,000			2,288,009
Fire & EMS Service			2,550,935	537,386		3,088,321
Transportation		238,644			73,123	311,767
Other					271,091	271,091
<i>Total Restricted</i>	<u>758,009</u>	<u>318,644</u>	<u>4,000,935</u>	<u>537,386</u>	<u>344,214</u>	<u>5,959,188</u>
Committed to						
Wages and Benefits	1,838,216					1,838,216
Bond Retirement					886,450	886,450
<i>Total Committed</i>	<u>1,838,216</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>886,450</u>	<u>2,724,666</u>
Assigned to						
General Fund use in 2012	823,394					823,394
Mingo Estates					5,356	5,356
<i>Total Assigned</i>	<u>823,394</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>5,356</u>	<u>828,750</u>
Unassigned (Deficit)	<u>1,032,370</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,032,370</u>
<i>Total Fund Balances</i>	<u>\$4,451,989</u>	<u>\$318,644</u>	<u>\$4,000,935</u>	<u>\$537,386</u>	<u>\$1,236,020</u>	<u>\$10,544,974</u>

Fund Balances December 31, 2010	General	Road & Bridge	Fire District	Other Governmental Funds	Total
Restricted for					
Capital Projects	586,479	80,000	1,450,000		2,116,479
Fire & EMS Service			2,617,800	427,405	3,045,205
Transportation		238,050		53,588	291,638
Other				189,138	189,138
<i>Total Restricted</i>	<u>586,479</u>	<u>318,050</u>	<u>4,067,800</u>	<u>670,131</u>	<u>5,642,460</u>
Committed to					
Wages and Benefits	1,870,964				1,870,964
Bond Retirement				531,830	531,830
<i>Total Committed</i>	<u>1,870,964</u>	<u>0</u>	<u>0</u>	<u>531,830</u>	<u>2,402,794</u>
Assigned to					
Building Fund				10,252	10,252
Mingo Estates				5,356	5,356
<i>Total Assigned</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>15,608</u>	<u>15,608</u>
Unassigned (Deficit)	<u>2,206,367</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>2,206,367</u>
<i>Total Fund Balances</i>	<u>\$4,663,810</u>	<u>\$318,050</u>	<u>\$4,067,800</u>	<u>\$1,217,569</u>	<u>\$10,267,229</u>

**VIOLET TOWNSHIP
FAIRFIELD COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010
(Continued)**

Note 14 – Jointly Governed Organizations

The Township participates in the Fairfield County Regional Planning Commission, a statutorily created political subdivision of the State. Fairfield County, its municipalities, and its townships jointly govern the Commission. All of the County Commissioners are members of the 48-member board, and the County appoints seven of the members of the board. Each member's control over the operation of the Commission is limited to its representation of the board. The Commission makes studies, maps, plans, recommendations, and reports concerning physical, environmental, social, economic, and governmental characteristics, functions, and services of the County. During 2011 and 2010, the Township contributed \$4,748 and \$3,379 to the Commission each year. Continued existence of the Commission is not dependent on the Township's continued participation, no equity interest exists, and no debt is outstanding.

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Dave Yost • Auditor of State

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

Violet Township
Fairfield County
12970 Rustic Drive
Pickerington, Ohio 43147

To the Board of Trustees:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Violet Township, Fairfield County, Ohio (the Township), as of and for the years ended December 31, 2011 and 2010, which collectively comprise the Township's basic financial statements, and have issued our report thereon dated October 11, 2012, wherein we noted the Township uses a comprehensive accounting basis other than generally accepted accounting principles. We also noted the Township adopted the provisions of Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. Furthermore, we also noted the Township processes its financial transactions with the Auditor of State's Uniform Accounting Network (UAN). *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. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code § 117.11(A) mandates the Auditor of State to audit Ohio governments. 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 as a basis for designing our audit procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of opining on the effectiveness of the Township's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Township's internal control over financial reporting.

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 more than a reasonable possibility that a material misstatement of the Township's financial statements will not be prevented, or detected and timely corrected.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

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, 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 an instance of noncompliance or other matter we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2011-001.

We also noted certain matters not requiring inclusion in this report that we reported to the Township's management in a separate letter dated October 11, 2012.

We intend this report solely for the information and use of management, the Board of Trustees, and others within the Township. We intend it for no one other than these specified parties.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

Dave Yost
Auditor of State

October 11, 2012

**VIOLET TOWNSHIP
FAIRFIELD COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2011 AND 2010**

**FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS**

FINDING NUMBER 2011-001

Continuing Disclosure - Noncompliance Finding

17 C.F.R. Section 240.15c2-12 provides, in part, that the issuer of bonds must provide a copy of annual financial information to Electronic Municipal Marketing Access (EMMA) both as a continuing disclosure and for any material events. 17 C.F.R. 240.15c2-12 no longer requires filing with the SID. However, the continuing disclosure covenant in the Bond Agreement requires the Township to file with the SID.

The Township did not submit the 2010 annual financial report to EMMA and the SID in 2011.

Failure to meet continuing disclosure requirements may result in early redemption of debt called due to covenant violations.

We recommend the Township report provide annual financial reports to EMMA and SID on an annual basis.

Officials' Response: We did not receive a response from Officials to this finding.

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Dave Yost • Auditor of State

VIOLET TOWNSHIP

FAIRFIELD 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
DECEMBER 4, 2012