



**Mary Taylor, CPA**  
Auditor of State



**VIOLET TOWNSHIP  
FAIRFIELD COUNTY**

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# Mary Taylor, CPA

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, 2007 and 2006, 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 Section 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code Sections 117.11(B) and 115.56 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, 2007 and 2006, and the respective changes in cash financial position and the respective budgetary comparisons for the General and Fire District Funds thereof for the years then ended in conformity with the basis of accounting Note 2 describes.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 5, 2008 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.

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

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

**Mary Taylor, CPA**  
Auditor of State

December 5, 2008

**VIOLET TOWNSHIP  
FAIRFIELD COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEARS ENDED DECEMBER 31, 2007 and 2006  
UNAUDITED**

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This discussion and analysis of Violet Township (the Township) financial performance provides an overall review of the Township's financial activities for the years ended December 31, 2007 and 2006, within the limitations of the Township's modified cash basis accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the Township's financial performance.

**Highlights**

Key highlights are as follows:

Net assets of governmental activities increased \$4,292,518.84, or 61 percent from 2005 to 2006 and \$1,685,646.94, or 15 percent from 2006 to 2007. The funds most affected by the increase were the General Fund, and the Fire District Fund. These increases were offset by a decrease in the Permissive Motor Vehicle Fund. The increase in the General Fund was due to an increase in property tax receipts, intergovernmental receipts and interest receipts. The increase in the Fire District Fund was due to an increase in property tax receipts. The decrease in the Permissive Motor Vehicle License Tax Fund was due to a decrease in intergovernmental receipts.

The Township's general receipts are primarily property taxes, intergovernmental and interest receipts for 2007, and property taxes, intergovernmental revenue, earnings on investments and the sale of bonds for 2006. These receipts represent \$9,621,334.74 or 88.9 percent and \$11,932,265.29 or 95.1 percent of the total cash received for governmental activities during 2007 and 2006 respectively.

**Using the Basic Financial Statements**

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

**Report Components**

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

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

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

**VIOLET TOWNSHIP  
FAIRFIELD COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEARS ENDED DECEMBER 31, 2007 and 2006  
UNAUDITED  
(Continued)**

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**Basis of Accounting**

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

As a result of using the modified cash basis of accounting, certain assets and their related revenues (such as accounts receivable) and certain liabilities and their related expenses (such as accounts payable) are not recorded in the financial statements. Therefore, when reviewing the financial information and discussion within this report, the reader must keep in mind the limitations resulting from the use of the modified cash basis of accounting.

**Reporting the Township as a Whole**

The statement of net assets and the statement of activities reflect how the Township did financially during 2007 and 2006, within the limitations of modified cash basis accounting. The statement of net assets presents the cash balances and investments of the governmental activities of the Township at year end. The statement of activities compares cash disbursements with program receipts for each governmental program. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function draws from the Township's general receipts.

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

In the statement of net assets and the statement of activities, all of the Township's activities are governmental. Property taxes finance most of these activities. Benefits provided through governmental activities are not necessarily paid for by the people receiving them.

**Reporting the Township's Most Significant Funds**

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



**VIOLET TOWNSHIP  
FAIRFIELD COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEARS ENDED DECEMBER 31, 2007 and 2006  
UNAUDITED  
(Continued)**

**Governmental Funds** - The governmental fund financial statements provide a detailed view of the Township's governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the Township's programs. The Township's significant governmental funds are presented on the financial statements in separate columns. The information for non-major funds (funds whose activity or balances are not large enough to warrant separate reporting) is combined and presented in total in a single column. The Township's major governmental funds include the General Fund and the Fire District Fund. The programs reported in governmental funds are the same as those reported in governmental activities.

**The Township as a Whole**

Table 1 provides a summary of the Township's net assets for 2007 compared to 2006 on a modified cash basis:

(Table 1)  
**Net Assets**

	<b>Governmental Activities</b>		
	<b>2007</b>	<b>2006</b>	<b>2005</b>
<b>Assets</b>			
Cash and Cash Equivalents	\$13,017,219.25	\$11,331,572.31	\$7,039,053.47
Total Assets	\$13,017,219.25	\$11,331,572.31	\$7,039,053.47
<b>Net Assets</b>			
Restricted for:			
Capital Projects	\$2,400,023.21	\$2,474,092.11	\$96,696.50
Debt Service	0.00	43,800.00	0.00
Other Purposes	7,371,871.96	6,326,571.20	5,062,531.53
Unrestricted	3,245,324.08	2,487,109.00	1,879,825.44
Total Net Assets	\$13,017,219.25	\$11,331,572.31	\$7,039,053.47

As mentioned previously, net assets of governmental activities increased \$4,292,518.84, or 61 percent from 2005 to 2006 and \$1,685,646.94, or 15 percent from 2006 to 2007. The primary reasons contributing to the increases in cash balances are as follows:

- Increases in property taxes for the general operating levy, fire district levy and road and bridge levy.
- Increases in intergovernmental receipts primarily for estate taxes, gasoline taxes and homestead and rollback
- Increases in interest due to maintaining higher balances in higher earning accounts
- Expenditures stayed consistent from the prior year due to budget constraints

**VIOLET TOWNSHIP  
FAIRFIELD COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEARS ENDED DECEMBER 31, 2007 and 2006  
UNAUDITED  
(Continued)**

Table 2 reflects the changes in net assets in 2007 and 2006.

(Table 2)  
**Changes in Net Assets**

	Governmental Activities 2007	Governmental Activities 2006	Governmental Activities 2005
<b>Receipts:</b>			
Program Receipts:			
Charges for Services and Sales	\$128,261.49	\$385,422.87	\$202,020.72
Operating Grants and Contributions	538,255.93	226,600.18	1,225,306.71
Capital Grants and Contributions	527,000.00	0.00	11,623.96
Total Program Receipts	<u>1,193,517.42</u>	<u>612,023.05</u>	<u>1,438,951.39</u>
General Receipts:			
Property and Other Local Taxes	7,177,633.06	6,945,182.13	6,411,945.56
Grants and Entitlements Not Restricted to Specific Programs	1,655,267.56	1,390,939.41	560,643.20
Sale of Bonds	0.00	2,925,000.00	0.00
Discounts, Premiums & Accrued Interest on Debt	0.00	12,510.25	0.00
Sale of Fixed Assets	20,000.00	60,159.35	0.00
Cable Franchise Fees	69,711.23	64,549.00	0.00
Earnings on Investments	645,337.36	497,938.88	220,855.92
Miscellaneous	53,385.53	35,986.27	68,443.49
Total General Receipts	<u>9,621,334.74</u>	<u>11,932,265.29</u>	<u>7,261,888.17</u>
Total Receipts	<u>10,814,852.16</u>	<u>12,544,288.34</u>	<u>8,700,839.56</u>
<b>Disbursements:</b>			
General Government	1,074,082.10	928,995.34	913,663.82
Health	104,819.66	104,254.06	102,801.66
Public Works	1,143,747.80	1,020,325.79	1,104,708.84
Public Safety	5,606,297.07	5,045,517.86	4,634,411.57
Capital Outlay	982,148.59	852,007.09	302,271.64
Debt Service:			
Principal Retirement	95,000.00	80,000.00	40,000.00
Interest and Fiscal Charges	123,110.00	220,669.36	5,700.00
Total Disbursements	<u>9,129,205.22</u>	<u>8,251,769.50</u>	<u>7,103,557.53</u>
Increase (Decrease) in Net Assets	1,685,646.94	4,292,518.84	1,597,282.03
Net Assets, January 1	<u>11,331,572.31</u>	<u>7,039,053.47</u>	<u>5,441,771.44</u>
Net Assets, December 31	<u><u>\$13,017,219.25</u></u>	<u><u>\$11,331,572.31</u></u>	<u><u>\$7,039,053.47</u></u>

**VIOLET TOWNSHIP  
FAIRFIELD COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEARS ENDED DECEMBER 31, 2007 and 2006  
UNAUDITED  
(Continued)**

Program receipts represent only 11% of total receipts in 2007 and 5% of total receipts in 2006 and 17% in 2005 and are primarily comprised of zoning permit fees, cable franchise fees and restricted intergovernmental receipts such as motor vehicle license, gasoline tax, permissive tax money and homestead and rollback money.

General receipts represent 89% of the Township's total receipts in 2007, 95% of the Township's total receipts in 2006 and 83% in 2005, and of this amount, over 75, 58 and 88 percent respectively are property taxes. State and federal grants and entitlements made up 17, 12 and 8 percent respectively of the Township's general receipts. Other receipts are very insignificant and somewhat unpredictable revenue sources, including interest and miscellaneous receipts.

Disbursements for General Government represent the overhead costs of running the Township and the support services provided for the other Township activities. These include the costs of most of the Trustee and Fiscal Officer as well as the operation of the zoning and building departments.

Public Safety is the cost of fire protection; Public Works is the cost of Road Maintenance; Health is mainly the County Health Department; Capital Outlay are the costs of equipment and other improvements of the Township; and Debt Service are for the repayment of debt.

**Governmental Activities**

If you look at the Statement of Activities on page 10, you will see that the first column lists the major services provided by the Township. The next column identifies the costs of providing these services. The major program disbursements for governmental activities are for Public Safety and Public Works, which account for 61 and 13 percent of all governmental disbursements, respectively in 2007 and 61 and 12 percent of all governmental disbursements, respectively in 2006. General government also represents a significant cost, about 12 percent each year. The next three columns of the Statement entitled Program Receipts identify amounts paid by people who are directly charged for the service and grants received by the Township that must be used to provide a specific service. The net Receipt (Disbursement) column compares the program receipts to the cost of the service. This "net cost" amount represents the cost of the service which ends up being paid from money provided by local taxpayers. These net costs are paid from the general receipts which are presented at the bottom of the Statement. A comparison between the total cost of services and the net cost is presented in Table 3.

(Table 3)

**Governmental Activities**

	Total Cost Of Services	Net Cost of Services	Total Cost Of Services	Net Cost of Services
	2007	2007	2006	2006
General Government	\$1,074,082.10	(\$945,820.61)	\$928,995.34	(\$742,448.64)
Health	104,819.66	(104,819.66)	104,254.06	(104,254.06)
Public Safety	5,606,297.07	(5,600,668.29)	5,045,517.86	(5,042,986.23)
Public Works	1,143,747.80	(84,120.65)	1,020,325.79	(597,381.07)
Capital Outlay	982,148.59	(982,148.59)	852,007.09	(852,007.09)
Debt Service				
Principal Retirement	95,000.00	(95,000.00)	80,000.00	(80,000.00)
Interest and Fiscal Charges	123,110.00	(123,110.00)	220,669.36	(220,669.36)
Total Expenses	<u>\$9,129,205.22</u>	<u>(\$7,935,687.80)</u>	<u>\$8,251,769.50</u>	<u>(\$7,639,746.45)</u>

**VIOLET TOWNSHIP  
FAIRFIELD COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEARS ENDED DECEMBER 31, 2007 and 2006  
UNAUDITED  
(Continued)**

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The dependence upon property tax receipts is apparent as over 75 and 58 percent respectively of governmental activities are supported through these general receipts.

**The Township's Funds**

Total governmental funds had receipts of \$10,814,852 and disbursements of \$9,129,205 in 2007 while total governmental funds had receipts of \$12,544,288 and disbursements of \$8,251,770 in 2006. The greatest change within the governmental funds occurred within the General Fund, Fire District Fund and Building Fund. The increase in the General Fund was due to an increase in property tax receipts, intergovernmental receipts and interest receipts. The increase in the Fire District Fund was due to an increase in property tax receipts. The decrease in the Building Fund was due to a decrease in earnings on investments and only selling bonds in 2006.

**General Fund Budgeting Highlights**

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

During 2007 and 2006, the Township amended its General Fund budget several times to reflect changing circumstances. Final budgeted receipts were above original budgeted receipts due to unexpected increases in intergovernmental receipts and interest. The difference between final budgeted receipts and actual receipts were \$681,830 and \$472,464 for 2007 and 2006 respectively.

Final disbursements were budgeted at \$1,456,431.89 while actual disbursements were \$1,228,219.55 in 2007. Final disbursements were budgeted at \$1,356,416.55 while actual disbursements were \$1,076,281.16 in 2006. The township kept spending very conservative and within the range of expectation.

**Capital Assets and Debt Administration**

**Capital Assets**

The Township does not currently report its capital assets and infrastructure. The Township does perform an annual inventory valuation of assets.

**Debt**

At December 31, 2007, the Township's outstanding debt included \$2,870,000 in general obligation notes. For further information regarding the Township's debt, refer to Note 10 of the basic financial statements.

VIOLET TOWNSHIP  
FAIRFIELD COUNTY

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEARS ENDED DECEMBER 31, 2007 and 2006  
UNAUDITED  
(Continued)

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**Factors Affecting Financial Condition**

**Major Initiatives**

Five governmental entities have approved a memorandum of understanding showing a willingness to discuss development of Joint Economic Development Districts (JEDDs) along the Route 33 corridor. The Canal Winchester, Lancaster, Pickerington, Violet Township and Bloom Township have approved it. The townships will be able to levy and share income taxes on the businesses located within these districts. This initiative is important not only as a revenue enhancement tool, but also as means of promoting regional cooperation.

**Current Issues**

The challenge for all Townships is to provide quality services to the public while staying within the restrictions imposed by limited, and in some cases shrinking, funding. We rely heavily on local taxes and have very little industry to support the tax base.

**Contacting the Township's Financial Management**

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the Township's finances and to reflect the Township's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Chris Smith, Fiscal Officer, Violet Township, 12970 Rustic Drive, Pickerington, Ohio 43147.

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VIOLET TOWNSHIP  
FAIRFIELD COUNTY

**STATEMENT OF NET ASSETS - CASH BASIS**  
**DECEMBER 31, 2007**

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	<u>Governmental Activities</u>
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	<u>\$ 13,017,219.25</u>
<i>Total Assets</i>	<u>13,017,219.25</u>
<b>Net Assets</b>	
Restricted for:	
Capital Projects	2,400,023.21
Other Purposes	7,371,871.96
Unrestricted	<u>3,245,324.08</u>
<i>Total Net Assets</i>	<u>\$ 13,017,219.25</u>

See accompanying notes to the basic financial statements

**VIOLET TOWNSHIP  
FAIRFIELD COUNTY**

**STATEMENT OF ACTIVITIES - CASH BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2007**

	Cash Disbursements	Program Cash Receipts			Net (Disbursements) Receipts and Changes in Net Assets
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
<b>Governmental Activities</b>					
General Government	\$ 1,074,082.10	\$128,261.49	\$0.00	\$0.00	\$ (945,820.61)
Public Safety	5,606,297.07	0.00	5,628.78	0.00	(5,600,668.29)
Public Works	1,143,747.80	0.00	532,627.15	527,000.00	(84,120.65)
Health	104,819.66	0.00	0.00	0.00	(104,819.66)
Capital Outlay	982,148.59	0.00	0.00	0.00	(982,148.59)
Debt Service					
Principal	95,000.00	0.00	0.00	0.00	(95,000.00)
Interest	123,110.00	0.00	0.00	0.00	(123,110.00)
<b>Total Governmental Activities</b>	<b>9,129,205.22</b>	<b>128,261.49</b>	<b>538,255.93</b>	<b>527,000.00</b>	<b>(7,935,687.80)</b>
		<b>General Receipts</b>			
		Property Taxes Levied for:			
		General Purposes			7,177,633.06
		Grants and Entitlements not Restricted to Specific Programs			1,655,267.56
		Sale of Fixed Assets			20,000.00
		Cable Franchise Fees			69,711.23
		Interest			645,337.36
		Miscellaneous			53,385.53
		<b>Total General Receipts</b>			<b>9,621,334.74</b>
		Change in Net Assets			1,685,646.94
		<b>Net Assets Beginning of Year</b>			<b>11,331,572.31</b>
		<b>Net Assets End of Year</b>			<b>\$ 13,017,219.25</b>

See accompanying notes to the basic financial statements



VIOLET TOWNSHIP  
FAIRFIELD COUNTY

**STATEMENT OF CASH BASIS ASSETS AND FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**DECEMBER 31, 2007**

	General	Fire District Fund	Building Fund	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>					
Equity in Pooled Cash and Cash Equivalents	\$ 3,245,324.08	\$ 6,167,167.88	\$ 2,400,023.21	\$ 1,204,704.08	\$ 13,017,219.25
<i>Total Assets</i>	<u>3,245,324.08</u>	<u>6,167,167.88</u>	<u>2,400,023.21</u>	<u>1,204,704.08</u>	<u>13,017,219.25</u>
<b>Fund Balances</b>					
Reserved:					
Reserved for Encumbrances	7,518.72	351,109.18	28,687.50	13,297.20	400,612.60
Unreserved:					
Undesignated, Reported in:					
General Fund	3,237,805.36	0.00	0.00	0.00	3,237,805.36
Special Revenue Funds	0.00	5,816,058.70	0.00	1,191,406.88	7,007,465.58
Capital Projects Funds	0.00	0.00	2,371,335.71	0.00	2,371,335.71
<i>Total Fund Balances</i>	<u>\$ 3,245,324.08</u>	<u>\$ 6,167,167.88</u>	<u>\$ 2,400,023.21</u>	<u>\$ 1,204,704.08</u>	<u>\$ 13,017,219.25</u>

See accompanying notes to the basic financial statements

**VIOLET TOWNSHIP  
FAIRFIELD COUNTY**

**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH BASIS FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2007**

	General	Fire District Fund	Building Fund	Other Governmental Funds	Total Governmental Funds
<b>Receipts</b>					
Property and Other Local Taxes	\$ 500,442.93	\$ 5,918,709.60	\$0.00	\$ 758,480.53	\$ 7,177,633.06
Licenses, Permits and Fees	194,622.72	0.00	0.00	3,350.00	197,972.72
Intergovernmental	768,943.05	782,149.55	0.00	1,155,492.44	2,706,585.04
Special Assessments	0.00	0.00	0.00	5,628.78	5,628.78
Interest	641,028.30	0.00	0.00	12,618.73	653,647.03
Miscellaneous	6,388.91	8,458.53	0.00	38,538.09	53,385.53
<i>Total Receipts</i>	<u>2,111,425.91</u>	<u>6,709,317.68</u>	<u>0.00</u>	<u>1,974,108.57</u>	<u>10,794,852.16</u>
<b>Disbursements</b>					
Current:					
General Government	1,074,081.17	0.00	0.00	0.93	1,074,082.10
Public Safety	0.00	5,606,297.07	0.00	0.00	5,606,297.07
Public Works	0.00	0.00	0.00	1,143,747.80	1,143,747.80
Health	104,819.66	0.00	0.00	0.00	104,819.66
Capital Outlay	0.00	251,091.79	74,068.90	656,987.90	982,148.59
Debt Service:					
Principal Retirement	40,000.00	0.00	0.00	55,000.00	95,000.00
Interest and Fiscal Charges	1,900.00	0.00	0.00	121,210.00	123,110.00
<i>Total Disbursements</i>	<u>1,220,800.83</u>	<u>5,857,388.86</u>	<u>74,068.90</u>	<u>1,976,946.63</u>	<u>9,129,205.22</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>890,625.08</u>	<u>851,928.82</u>	<u>(74,068.90)</u>	<u>(2,838.06)</u>	<u>1,665,646.94</u>
<b>Other Financing Sources (Uses)</b>					
Sale of Fixed Asset	0.00	20,000.00	0.00	0.00	20,000.00
Transfers In	0.00	0.00	0.00	288,210.00	288,210.00
Transfers Out	(176,210.00)	(92,000.00)	0.00	(20,000.00)	(288,210.00)
Advances In	45,447.30	0.00	0.00	45,447.30	90,894.60
Advances Out	(45,447.30)	0.00	0.00	(45,447.30)	(90,894.60)
<i>Total Other Financing Sources (Uses)</i>	<u>(176,210.00)</u>	<u>(72,000.00)</u>	<u>0.00</u>	<u>268,210.00</u>	<u>20,000.00</u>
<i>Net Change in Fund Balances</i>	714,415.08	779,928.82	(74,068.90)	265,371.94	1,685,646.94
<i>Fund Balances Beginning of Year</i>	<u>2,530,909.00</u>	<u>5,387,239.06</u>	<u>2,474,092.11</u>	<u>939,332.14</u>	<u>11,331,572.31</u>
<i>Fund Balances End of Year</i>	<u>\$ 3,245,324.08</u>	<u>\$ 6,167,167.88</u>	<u>\$ 2,400,023.21</u>	<u>\$ 1,204,704.08</u>	<u>\$ 13,017,219.25</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, 2007**

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
<b>Receipts</b>				
Property and Other Local Taxes	\$ 469,000.00	\$ 469,000.00	\$ 500,442.93	\$ 31,442.93
Licenses, Permits and Fees	239,950.00	239,950.00	194,622.72	(45,327.28)
Intergovernmental	487,850.00	487,850.00	768,943.05	281,093.05
Interest	225,000.00	225,000.00	641,028.30	416,028.30
Miscellaneous	7,796.00	7,796.00	6,388.91	(1,407.09)
<i>Total receipts</i>	<u>1,429,596.00</u>	<u>1,429,596.00</u>	<u>2,111,425.91</u>	<u>681,829.91</u>
<b>Disbursements</b>				
Current:				
General Government	1,224,912.23	1,309,712.23	1,081,599.89	228,112.34
Health	104,819.66	104,819.66	104,819.66	0.00
Debt Service:				
Principal Retirement	40,000.00	40,000.00	40,000.00	0.00
Interest and Fiscal Charges	1,900.00	1,900.00	1,900.00	0.00
<i>Total Disbursements</i>	<u>1,371,631.89</u>	<u>1,456,431.89</u>	<u>1,228,319.55</u>	<u>228,112.34</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>57,964.11</u>	<u>(26,835.89)</u>	<u>883,106.36</u>	<u>909,942.25</u>
<b>Other Financing Sources (Uses)</b>				
Transfers In	0.00	0.00	0.00	0.00
Transfers Out	(176,210.00)	(176,210.00)	(176,210.00)	0.00
Advances In	0.00	0.00	45,447.30	45,447.30
Advances Out	0.00	0.00	(45,447.30)	(45,447.30)
<i>Total Other Financing Sources (Uses)</i>	<u>(176,210.00)</u>	<u>(176,210.00)</u>	<u>(176,210.00)</u>	<u>0.00</u>
<i>Net Change in Fund Balance</i>	(118,245.89)	(203,045.89)	706,896.36	909,942.25
<i>Fund Balance Beginning of Year</i>	2,524,746.77	2,524,746.77	2,524,746.77	0.00
Prior Year Encumbrances Appropriated	6,162.23	6,162.23	6,162.23	0.00
<i>Fund Balance End of Year</i>	<u>\$ 2,412,663.11</u>	<u>\$ 2,327,863.11</u>	<u>\$ 3,237,805.36</u>	<u>\$ 909,942.25</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, 2007**

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
<b>Receipts</b>				
Property and Other Local Taxes	\$ 5,641,000.00	\$ 5,641,000.00	\$ 5,918,709.60	\$ 277,709.60
Intergovernmental	804,700.00	804,700.00	782,149.55	(22,550.45)
Miscellaneous	1,500.00	1,500.00	8,458.53	6,958.53
<i>Total receipts</i>	<u>6,447,200.00</u>	<u>6,447,200.00</u>	<u>6,709,317.68</u>	<u>262,117.68</u>
<b>Disbursements</b>				
Current:				
Public Safety	6,808,574.21	6,866,224.21	5,708,594.25	1,157,629.96
Capital Outlay	670,600.00	660,600.00	499,903.79	160,696.21
<i>Total Disbursements</i>	<u>7,479,174.21</u>	<u>7,526,824.21</u>	<u>6,208,498.04</u>	<u>1,318,326.17</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(1,031,974.21)</u>	<u>(1,079,624.21)</u>	<u>500,819.64</u>	<u>1,580,443.85</u>
<b>Other Financing Sources (Uses)</b>				
Sale of Fixed Assets	0.00	0.00	20,000.00	20,000.00
Transfers Out	(92,000.00)	(92,000.00)	(92,000.00)	0.00
<i>Total Other Financing Sources (Uses)</i>	<u>(92,000.00)</u>	<u>(92,000.00)</u>	<u>(72,000.00)</u>	<u>20,000.00</u>
<i>Net Change in Fund Balance</i>	(1,123,974.21)	(1,171,624.21)	428,819.64	1,600,443.85
<i>Fund Balance Beginning of Year</i>	5,220,664.85	5,220,664.85	5,220,664.85	0.00
Prior Year Encumbrances Appropriated	166,574.21	166,574.21	166,574.21	0.00
<i>Fund Balance End of Year</i>	<u>\$ 4,263,264.85</u>	<u>\$ 4,215,614.85</u>	<u>\$ 5,816,058.70</u>	<u>\$ 1,600,443.85</u>

See accompanying notes to the basic financial statements

VIOLET TOWNSHIP  
FAIRFIELD COUNTY

**STATEMENT OF NET ASSETS - CASH BASIS**  
**DECEMBER 31, 2006**

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	<u>Governmental Activities</u>
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	<u>\$ 11,331,572.31</u>
<i>Total Assets</i>	<u>11,331,572.31</u>
<b>Net Assets</b>	
Restricted for:	
Capital Projects	2,474,092.11
Debt Service	43,800.00
Other Purposes	6,326,571.20
Unrestricted	<u>2,487,109.00</u>
<i>Total Net Assets</i>	<u>\$ 11,331,572.31</u>

See accompanying notes to the basic financial statements

**VIOLET TOWNSHIP  
FAIRFIELD COUNTY**

**STATEMENT OF ACTIVITIES - CASH BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2006**

	Program Cash Receipts			Net (Disbursements) Receipts and Changes in Net Assets
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities
<b>Governmental Activities</b>				
General Government	\$ 928,995.34	\$ 186,546.70	0.00	\$ (742,448.64)
Public Safety	5,045,517.86	0.00	2,531.63	(5,042,986.23)
Public Works	1,020,325.79	198,876.17	224,068.55	(597,381.07)
Health	104,254.06	0.00	0.00	(104,254.06)
Capital Outlay	852,007.09	0.00	0.00	(852,007.09)
Debt Service				
Principal	80,000.00	0.00	0.00	(80,000.00)
Interest	220,669.36	0.00	0.00	(220,669.36)
<i>Total Governmental Activities</i>	8,251,769.50	385,422.87	226,600.18	(7,639,746.45)
<b>General Receipts</b>				
Property Taxes Levied for:				
General Purposes				6,945,182.13
Grants and Entitlements not Restricted to Specific Programs				1,390,939.41
Sale of Bonds				2,925,000.00
Discounts, Premiums and Accrued Interest on Debt				12,510.25
Sale of Fixed Assets				60,159.35
Cable Franchise Fees				64,549.00
Interest				497,938.88
Miscellaneous				35,986.27
<i>Total General Receipts</i>				11,932,265.29
Change in Net Assets				4,292,518.84
<i>Net Assets Beginning of Year</i>				7,039,053.47
<i>Net Assets End of Year</i>				<u>\$ 11,331,572.31</u>

See accompanying notes to the basic financial statements

VIOLET TOWNSHIP  
FAIRFIELD COUNTY

**STATEMENT OF CASH BASIS ASSETS AND FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**DECEMBER 31, 2006**

	General	Fire District Fund	Building Fund	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>					
Equity in Pooled Cash and Cash Equivalents	\$ 2,530,909.00	\$ 5,387,239.06	\$2,474,092.11	\$ 939,332.14	\$ 11,331,572.31
<i>Total Assets</i>	<u>2,530,909.00</u>	<u>5,387,239.06</u>	<u>\$ 2,474,092.11</u>	<u>939,332.14</u>	<u>11,331,572.31</u>
<b>Fund Balances</b>					
Reserved:					
Reserved for Encumbrances	6,162.23	166,574.21	0.00	16,787.24	189,523.68
Unreserved:					
Undesignated (Deficit), Reported in:					
General Fund	2,524,746.77	0.00	0.00	0.00	2,524,746.77
Special Revenue Funds	0.00	5,220,664.85	0.00	922,544.90	6,143,209.75
Capital Projects Funds	0.00	0.00	2,474,092.11	0.00	2,474,092.11
<i>Total Fund Balances</i>	<u>\$ 2,530,909.00</u>	<u>\$ 5,387,239.06</u>	<u>\$ 2,474,092.11</u>	<u>\$ 939,332.14</u>	<u>\$ 11,331,572.31</u>

See accompanying notes to the basic financial statements

**VIOLET TOWNSHIP  
FAIRFIELD COUNTY**

**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH BASIS FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2006**

	General	Fire District Fund	Building Fund	Other Governmental Funds	Total Governmental Funds
<b>Receipts</b>					
Property and Other Local Taxes	\$ 480,662.38	\$ 5,721,858.82	\$0.00	\$ 941,537.10	\$ 7,144,058.30
Licenses, Permits and Fees	242,845.70	0.00	0.00	8,250.00	251,095.70
Intergovernmental	555,059.65	726,994.56	0.00	320,353.18	1,602,407.39
Special Assessments	0.00	0.00	0.00	2,531.63	2,531.63
Interest	465,969.76	0.00	28,337.32	7,997.37	502,304.45
Miscellaneous	1,043.46	30,214.19	0.00	12,963.62	44,221.27
<i>Total Receipts</i>	<u>1,745,580.95</u>	<u>6,479,067.57</u>	<u>28,337.32</u>	<u>1,293,632.90</u>	<u>9,546,618.74</u>
<b>Disbursements</b>					
Current:					
General Government	922,064.87	0.00	0.00	6,930.47	928,995.34
Public Safety	0.00	5,045,517.86	0.00	0.00	5,045,517.86
Public Works	0.00	0.00	0.00	1,020,325.79	1,020,325.79
Health	104,254.06	0.00	0.00	0.00	104,254.06
Capital Outlay	0.00	516,046.03	110,961.06	225,000.00	852,007.09
Debt Service:					
Principal Retirement	40,000.00	0.00	0.00	40,000.00	80,000.00
Interest and Fiscal Charges	3,800.00	0.00	127,490.90	89,378.46	220,669.36
<i>Total Disbursements</i>	<u>1,070,118.93</u>	<u>5,561,563.89</u>	<u>238,451.96</u>	<u>1,381,634.72</u>	<u>8,251,769.50</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>675,462.02</u>	<u>917,503.68</u>	<u>(210,114.64)</u>	<u>(88,001.82)</u>	<u>1,294,849.24</u>
<b>Other Financing Sources (Uses)</b>					
Sale of Bonds	0.00	0.00	2,925,000.00	0.00	2,925,000.00
Premium and Accrued Interest on Debt	0.00	0.00	12,510.25	0.00	12,510.25
Sale of Fixed Asset	0.00	25,000.00	0.00	35,159.35	60,159.35
Transfers In	0.00	0.00	0.00	438,405.00	438,405.00
Transfers Out	(346,405.00)	(92,000.00)	0.00	0.00	(438,405.00)
Advances In	350,000.00	0.00	0.00	27,973.46	377,973.46
Advances Out	(27,973.46)	0.00	(350,000.00)	0.00	(377,973.46)
<i>Total Other Financing Sources (Uses)</i>	<u>(24,378.46)</u>	<u>(67,000.00)</u>	<u>2,587,510.25</u>	<u>501,537.81</u>	<u>2,997,669.60</u>
<i>Net Change in Fund Balances</i>	651,083.56	850,503.68	2,377,395.61	413,535.99	4,292,518.84
<i>Fund Balances Beginning of Year</i>	<u>1,879,825.44</u>	<u>4,536,735.38</u>	<u>96,696.50</u>	<u>525,796.15</u>	<u>7,039,053.47</u>
<i>Fund Balances End of Year</i>	<u>\$ 2,530,909.00</u>	<u>\$ 5,387,239.06</u>	<u>\$ 2,474,092.11</u>	<u>\$ 939,332.14</u>	<u>\$ 11,331,572.31</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, 2006**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Receipts</b>				
Property and Other Local Taxes	\$ 434,000.00	\$ 457,500.00	\$ 480,662.38	\$ 23,162.38
Licenses, Permits and Fees	175,000.00	175,000.00	242,845.70	67,845.70
Intergovernmental	487,017.00	485,517.00	555,059.65	69,542.65
Interest	110,000.00	110,000.00	465,969.76	355,969.76
Miscellaneous	45,100.00	45,100.00	1,043.46	(44,056.54)
<i>Total receipts</i>	<u>1,251,117.00</u>	<u>1,273,117.00</u>	<u>1,745,580.95</u>	<u>472,463.95</u>
<b>Disbursements</b>				
Current:				
General Government	1,209,616.55	1,208,362.49	928,227.10	280,135.39
Health	103,000.00	104,254.06	104,254.06	0.00
Debt Service:				
Principal Retirement	40,000.00	40,000.00	40,000.00	0.00
Interest and Fiscal Charges	3,800.00	3,800.00	3,800.00	0.00
<i>Total Disbursements</i>	<u>1,356,416.55</u>	<u>1,356,416.55</u>	<u>1,076,281.16</u>	<u>280,135.39</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(105,299.55)</u>	<u>(83,299.55)</u>	<u>669,299.79</u>	<u>752,599.34</u>
<b>Other Financing Sources (Uses)</b>				
Transfers In	0.00	0.00	0.00	0.00
Transfers Out	0.00	(346,405.00)	(346,405.00)	0.00
Advances In	0.00	0.00	350,000.00	350,000.00
Advances Out	0.00	0.00	(27,973.46)	(27,973.46)
<i>Total Other Financing Sources (Uses)</i>	<u>0.00</u>	<u>(346,405.00)</u>	<u>(24,378.46)</u>	<u>322,026.54</u>
<i>Net Change in Fund Balance</i>	<u>(105,299.55)</u>	<u>(429,704.55)</u>	<u>644,921.33</u>	<u>1,074,625.88</u>
<i>Fund Balance Beginning of Year</i>	1,870,213.89	1,870,213.89	1,870,213.89	0.00
Prior Year Encumbrances Appropriated	9,611.55	9,611.55	9,611.55	0.00
<i>Fund Balance End of Year</i>	<u>\$ 1,774,525.89</u>	<u>\$ 1,450,120.89</u>	<u>\$ 2,524,746.77</u>	<u>\$ 1,074,625.88</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, 2006**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Receipts</b>				
Property and Other Local Taxes	\$ 5,250,000.00	\$ 5,504,000.00	\$ 5,721,858.82	\$ 217,858.82
Intergovernmental	666,000.00	633,000.00	726,994.56	93,994.56
Miscellaneous	1,500.00	1,500.00	30,214.19	28,714.19
<i>Total receipts</i>	<u>5,917,500.00</u>	<u>6,138,500.00</u>	<u>6,479,067.57</u>	<u>340,567.57</u>
<b>Disbursements</b>				
Current:				
Public Safety	6,009,532.50	6,168,862.50	5,141,342.07	1,027,520.43
Capital Outlay	794,484.00	990,984.00	586,796.03	404,187.97
<i>Total Disbursements</i>	<u>6,804,016.50</u>	<u>7,159,846.50</u>	<u>5,728,138.10</u>	<u>1,431,708.40</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(886,516.50)</u>	<u>(1,021,346.50)</u>	<u>750,929.47</u>	<u>1,772,275.97</u>
<b>Other Financing Sources (Uses)</b>				
Sale of Fixed Assets	0.00	0.00	25,000.00	25,000.00
Transfers Out	0.00	(92,000.00)	(92,000.00)	0.00
<i>Total Other Financing Sources (Uses)</i>	<u>0.00</u>	<u>(92,000.00)</u>	<u>(67,000.00)</u>	<u>25,000.00</u>
<i>Net Change in Fund Balance</i>	(886,516.50)	(1,113,346.50)	683,929.47	1,797,275.97
<i>Fund Balance Beginning of Year</i>	4,048,079.88	4,048,079.88	4,048,079.88	0.00
Prior Year Encumbrances Appropriated	488,655.50	488,655.50	488,655.50	0.00
<i>Fund Balance End of Year</i>	<u>\$ 3,650,218.88</u>	<u>\$ 3,423,388.88</u>	<u>\$ 5,220,664.85</u>	<u>\$ 1,797,275.97</u>

See accompanying notes to the basic financial statements

**VIOLET TOWNSHIP  
FAIRFIELD COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006**

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**Note 1 – Reporting Entity**

Violet Township, Fairfield County, Ohio (the Township), is a body politic and corporate 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 also has an elected Township Fiscal Officer.

The reporting entity is comprised of the primary government 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 and maintenance of Township roads and bridges. The Township has its own fire department with 42 active full-time firefighters/paramedics and 22 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. The Township is also financially accountable for any organizations that are fiscally dependent on the Township in that the Township approves their budget, the issuance of their debt or the levying of their taxes. Component units also include legally separate, tax-exempt entities whose resources are for the direct benefit of the Township, are accessible to the Township and are significant in amount to the Township. The Township has no component units.

**C. Jointly Governed Organizations**

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.

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 7 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, 2007 AND 2006  
(Continued)**

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**Note 2 – Summary of Significant Accounting Policies**

As discussed further in Note 2.C, 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). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the 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, in which case GASB prevails. 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 balance of the Governmental Statement of Activities. 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 2007 and 2006, the Township segregated transactions related to certain Township functions or activities in separate funds to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Township at this more detailed level. The focus of governmental and enterprise fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column.

**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, 2007 AND 2006  
(Continued)**

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**Note 2 – Summary of Significant Accounting Policies** (continued)

Governmental Funds

The Township classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants), and other nonexchange transactions as governmental funds. The Major Governmental Funds for 2007 and 2006 are the General, Fire Operation and Building Funds. The General Fund is used to account for all financial resources, except those required to be accounted for in another fund. The General Fund balance is available to the Township for any purpose provided it is expended or transferred according to the general laws of Ohio. The Fire Operation Fund receives property tax money and intergovernmental revenues for fire protection services for the Township. The Building Fund received revenue from the sale of bonds to build a maintenance building.

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

C. Basis of Accounting

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

As a result of the use of this 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 certificate of estimated resources establishes a limit on the amount the Township may appropriate.

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

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

**VIOLET TOWNSHIP  
FAIRFIELD COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006  
(Continued)**

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**Note 2 – Summary of Significant Accounting Policies** (continued)

D. Budgetary Process (continued)

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. Cash and Investments

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

Investments of the cash management pool and investments with an original maturity of three months or less at the time of purchase 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 2007 and 2006, the Township invested in Fifth Third Securities, STAR Ohio and a repurchase agreement investment sweep account.

Fifth Third Securities are investments in Federal Home Loan Mortgage's. Fifth Third acts as principal and they have various coupon rates and maturity dates. Interest is paid semi-annually. Fifth Third is registered with Moody's AAA and Standard & Poor's AAA.

STAR Ohio is an investment pool, managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price, which is the price the investment could be sold for on December 31, 2007.

The Township's financial institution transfer securities to the Township's agent to collateralize repurchase agreements.

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 2007 was \$641,028 and during 2006 was \$465,970. \$12,619 and \$35,335 were credited to other funds for 2007 and 2006 respectively.

F. 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.

**VIOLET TOWNSHIP  
FAIRFIELD COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006  
(Continued)**

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**Note 2 – Summary of Significant Accounting Policies** (continued)

**G. 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 8 and 9, the employer contributions include portions for pension benefits and for postretirement health care benefits.

**H. 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 expenditure are reported at inception. Lease payments are reported when paid.

**I. 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 and cemetery maintenance.

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.

The government-wide statement of net assets reports \$9,771,895.17 of restricted net assets in 2007 and \$8,844,463.31 of restricted net assets in 2006.

**J. Fund Balance Reserves**

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

**K. 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 and after nonoperating receipts/disbursements in proprietary funds. Repayments from funds responsible for particular disbursements to the funds that initially paid for them are not presented in the financial statements.

**Note 3 – Compliance**

Ohio Revised Code Section 5705.41(D) prohibits a subdivision or taxing entity from making any contract or ordering any expenditure of money unless a certificate signed by the fiscal officer is attached thereto. The fiscal officer must certify that the amount required to meet such contract or expenditure has been lawfully appropriated and is in the treasury, or is in the process of collection to the credit of an appropriate fund free from any previous encumbrance. The Township did not certify the availability of funds prior to the purchase commitment for a majority of expenditures during the audit period.

**VIOLET TOWNSHIP  
FAIRFIELD COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006  
(Continued)**

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**Note 3 – Compliance** (continued)

Ohio Revised Code Section 5705.39 limits a taxing authority's appropriations to the total estimated revenue. The Township had appropriations exceeding estimated resources in the Mingo Estates Fund in the amount of \$395,000 at December 31, 2006.

**Note 4 – Budgetary Basis of Accounting**

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budgetary Basis presented for the General Fund and Fire District Fund prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference(s) between the budgetary basis and the cash basis is (are) outstanding year end encumbrances are treated as disbursements (budgetary basis) rather than as a reservation of fund balance (cash basis) (and outstanding year end advances are treated as an other financing source or use (budgetary basis) rather than as an interfund receivable or payable (cash basis)). The encumbrances outstanding at year end (budgetary basis) amounted to \$7,519 for the General Fund, and \$351,109 for the Fire District Fund in 2007, and the encumbrances outstanding at year end (budgetary basis) amounted to \$6,162 for the General Fund, \$166,574 for the Fire District Fund in 2006.

**Note 5 – Deposits and Investments**

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

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

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

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

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

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



**VIOLET TOWNSHIP  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006  
(Continued)**

**Note 5 – Deposits and Investments** (continued)

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

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.

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 year end, the Township's bank balance was not exposed to custodial credit risk because those deposits were covered by the Federal Deposit Insurance Corporation.

The Township has no deposit policy for custodial 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 by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with 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, 2007, the Township had the following investments:

	12/31/2007	12/31/2006	Maturity
	<u>Carrying Value</u>	<u>Carrying Value</u>	
Fifth Third	\$ 6,606,239.56	\$ 6,249,654.47	Average
STAR Ohio	6,366,126.95	4,997,338.09	Average
Total Portfolio	<u>\$12,972,366.51</u>	<u>\$11,246,992.56</u>	

**VIOLET TOWNSHIP  
FAIRFIELD COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006  
(Continued)**

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**Note 5 – Deposits and Investments** (continued)

STAR Ohio carries a rating of AAAM by Standard and Poor's. The Township has no investment policy dealing with investment credit risk beyond the requirements in state statutes (the Township does not have an investment policy). Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service and that the money market fund be rated in the highest category at the time of purchase by at least one nationally recognized standard rating service.

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

Concentration of credit risk is defined by the Governmental Accounting Standards Board as having five percent or more invested in the securities of a single issuer. The Township places no limit on the amount it may invest in any one issuer.

**Note 6 – Property Taxes**

Property taxes include amounts levied against all real property, public utility property, and tangible personal property located in the Township. Real property tax receipts received in 2007 represent the collection of 2006 taxes, and real property tax receipts received in 2006 represent the collection of 2005 taxes. Real property taxes received in 2007 were levied after October 1, 2006, on the assessed values as of January 1, 2006, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax receipts received in 2007 represent the collection of 2006 taxes. Public utility real and tangible personal property taxes received in 2007 became a lien on December 31, 2006, were levied after October 1, 2005, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

Tangible personal property tax receipts received in 2007 (other than public utility property) represent the collection of 2006 taxes. Tangible personal property taxes received in 2006 were<sup>3</sup> levied after October 1, 2006, on the true value as of December 31, 2006. Tangible personal property is currently assessed at 25 percent of true value for capital assets and 23 percent for inventory. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, the first payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20.

The full tax rate for all Township operations for the year ended December 31, 2007 and 2006, was \$12.15 per \$1,000 of assessed value in the corporation and \$13.85 per \$1,000 of assessed value outside of the corporation. The assessed values of real and personal property upon which 2007 and 2006 property tax receipts were based are as follows:

**VIOLET TOWNSHIP  
FAIRFIELD COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006  
(Continued)**

**Note 6 – Property Taxes** (continued)

<b><u>Real Property</u></b>	<b><u>FY07</u></b>	<b><u>FY06</u></b>
Residential	\$833,347,910	\$765,128,440
Agricultural	18,180,910	17,019,270
Commercial	135,352,750	109,407,070
Industrial	1,765,750	1,339,810
Mineral	141,710	189,370
<b><u>Tangible Personal Property</u></b>		
Public Utility Real Estate	67,480	59,950
Public Utility Personal	11,855,970	13,907,220
Tangible Personal	7,782,395	8,021,551
Tangible Personal Exempt	0	826,012
<b><u>Total Assessed Value</u></b>	<b>\$1,008,494,875</b>	<b>\$915,898,693</b>

**Note 7 – 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. OTARMA is a member of the American Public Entity Excess Pool (APEEP). Member townships pay annual contributions to fund OTARMA. OTARMA pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

Casualty Coverage

For an occurrence prior to January 1, 2006 OTARMA retains casualty risks up to \$250,000 per occurrence, including claim adjustment expenses. OTARMA pays a percentage of its contributions to APEEP. APEEP reinsures claims exceeding \$250,000, up to \$1,750,000 per claim and \$10,000,000 in the aggregate per year. For an occurrence on or subsequent to January 1, 2006, the Pool retains casualty risk up to \$350,000 per occurrence, including loss adjustment expenses. Claims exceeding \$350,000 are reinsured with APEEP in an amount not to exceed \$2,650,000 for each claim and \$10,000,000 in the aggregate per year. Governments can elect up to \$10,000,000 in additional coverage with the General Reinsurance Corporation, through contracts with OTARMA.

If losses exhaust OTARMA's retained earnings, APEEP provides *excess of funds available* coverage up to \$5,000,000 per year, subject to a per-claim limit of \$2,000,000 (for claims prior to January 1, 2006) or \$3,000,000 (for claims on or after January 1, 2006) as noted above.

Property Coverage

Through 2004, OTARMA retained property risks, including automobile physical damage, up to \$100,000 on any specific loss in any one occurrence. The Travelers Indemnity Company reinsured losses exceeding \$100,000 up to \$500 million per occurrence.

**VIOLET TOWNSHIP  
FAIRFIELD COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006  
(Continued)**

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**Note 7 – Risk Management** (continued)

Beginning in 2005, Travelers reinsures specific losses exceeding \$250,000 up to \$600 million per occurrence. APEEP reinsures members for specific losses exceeding \$100,000 up to \$250,000 per occurrence, subject to an annual aggregate loss payment. Travelers provides aggregate stop-loss coverage based upon the combined members' total insurable value. If the stop loss is reached by payment of losses between \$100,000 and \$250,000, Travelers will reinsure specific losses exceeding \$100,000 up to their \$600 million per occurrence limit. The aggregate stop-loss limit for 2006 and 2007 was \$1,901,127 and \$2,104,548 respectively.

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

Property and casualty settlements did not exceed insurance coverage for the past three fiscal years.

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, 2007 and 2006:

<u>Casualty Coverage</u>	<u>2007</u>	<u>2006</u>
Assets	\$43,210,703	\$42,042,275
Liabilities	<u>(13,357,837)</u>	<u>(12,120,661)</u>
Retained earnings	<u>\$29,852,866</u>	<u>\$29,921,614</u>

At December 31, 2007 and 2006, respectively, casualty coverage liabilities noted above include approximately \$12.5 million and \$11.3 million of estimated incurred claims payable. The Casualty Coverage assets and retained earnings above also include approximately \$11.6 million and \$ 10.8 million of unpaid claims to be billed to approximately 950 member governments in the future, as of December 31, 2007 and 2006, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. The Township's share of these unpaid claims collectible in future years is approximately \$13,443. This payable includes the subsequent year's contribution due if the Township terminates participation, as described in the last paragraph below.

Based on discussions with OTARMA the expected rates charged by OTARMA 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 liability of each member is limited to the amount of financial contributions required to be made to OTARMA for each year of membership. The Townships contributions to OTARMA for the past three years are as follows:

<u>Year</u>	<u>Contribution</u>
2007	\$14,301
2006	19,399
2005	18,473

**VIOLET TOWNSHIP  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006  
(Continued)**

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**Note 7 – Risk Management** (continued)

After completing one year of membership, members may withdraw on each anniversary of the date they joined OTARMA provided they give written notice to OTARMA 60 days in advance of the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's budgetary 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 8 – Defined Benefit Pension Plan**

**A. Ohio Public Employees Retirement System**

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

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

OPERS provides retirement, disability, survivor and death benefits and annual cost-of-living adjustments to members of the traditional and combined plans. Members of the member-directed plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642 or by calling (614) 222-5601 or (800) 222-7377.

For the year ended December 31, 2007 and 2006, the members of all three plans, except those in law enforcement or public safety participating in the traditional plan, were required to contribute 9.5 and 9.0 percent respectively of their annual covered salaries. The Township's contribution rate for pension benefits for 2007 and 2006 was 13.85 and 13.70 percent respectively. The Ohio Revised Code provides statutory authority for member and employer contributions.

The Township's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2007, 2006, and 2005 were \$52,322, \$69,971, and \$61,995 respectively. The full amount has been contributed for 2007, 2006 and 2005.

**B. Ohio Police and Fire Pension Fund**

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 the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

**VIOLET TOWNSHIP  
FAIRFIELD COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006  
(Continued)**

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**Note 8 – Defined Benefit Pension Plan** (continued)

**B. Ohio Police and Fire Pension Fund** (continued)

Plan members are required to contribute 10 percent of their annual covered salary to fund pension obligations while the Township is required to contribute 24 percent for firefighters. Contributions are established by State statute. For 2007 and 2006, a portion of the Township's contribution equal to 7.75 and 6.75 percent, respectively, of covered payroll was allocated to fund the postemployment healthcare plan. The Township's contributions to OP&F for police and firefighters were \$949,296 for the year ended December 31, 2007, \$957,670 for the year ended December 31, 2006 and \$590,722 for the year ended December 31, 2005. The full amount has been contributed for 2007, 2006 and 2005.

**Note 9 - Postemployment Benefits**

**A. Ohio Public Employees Retirement System**

OPERS maintains a cost-sharing multiple-employer defined benefit postemployment healthcare plan for qualifying members of both the traditional and combined pension plans. Members of the member-directed plan do not qualify for ancillary benefits, including postemployment healthcare. The plan includes a medical plan, a prescription drug program and Medicare Part B premium reimbursement.

To qualify for postemployment healthcare coverage, age and service retirees under the traditional and combined plans must have ten years or more of qualifying Ohio service credit. Healthcare coverage for disability benefit recipients and qualified survivor benefit recipients is available. The Ohio Revised code permits, but does not require, OPERS to provide healthcare benefits to eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

Disclosures for the healthcare plan are provided 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.

The postemployment healthcare plan was established under, and is administered in accordance with, Internal Revenue Code 401 (h). State statute requires that public employers fund postemployment healthcare through contributions to OPERS. A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of postemployment healthcare.

Employer contribution rates are expressed as a percentage of the covered payroll of active employees. In 2007 and 2006, local government employers contribution rate was 13.85 and 13.70 percent respectively of covered payroll (17.17 and 16.93 percent for public safety and law enforcement); 4.50 percent of covered payroll was the portion that was used to fund health care.

The retirement board is also authorized to establish rules for the payment of a portion of the healthcare benefits by the retiree or retiree's surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and selected coverage.

The Township's contributions allocated to fund postemployment healthcare benefits for the years ended December 31, 2007, 2006, and 2005 were \$188,898, \$180,262, and \$104,432 respectively; 100 percent has been contributed for 2007, 2006 and 2005.

**VIOLET TOWNSHIP  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006  
(Continued)**

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**Note 9 - Postemployment Benefits** (continued)

**A. Ohio Public Employees Retirement System** (continued)

On September 9, 2004, the OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP) which was effective January 1, 2007. Member and employer contribution rates increased as of January 1, 2006. January 1, 2007, and January 1, 2008, which allowed additional funds to be allocated to the healthcare plan.

**B. Ohio Police and Fire Pension Fund**

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

OP&F provides access to post-retirement healthcare coverage for any person who receives or is eligible to receive a monthly service, disability, or survivor benefit or is a spouse or eligible dependent child of such person.

The Ohio Revised Code allows, but does not mandate, OP&F to provide OPEB benefits. Authority of the OP&F Board of Trustees to provide healthcare 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 information and required supplementary information for the Plan. That report may be obtained by writing to OP&F, 140 East Town Street, Columbus, Ohio 43215-5146.

OP&F's postemployment healthcare plan was established and is administered as an Internal Revenue Code 401 (h) account within the defined benefit pension plan, under the authority granted by the Ohio Revised Code to the OP&F Board of Trustees. The Ohio Revised Code sets the contribution rates for participating employers and for plan members to the OP&F. Participating employers are required to contribute to the pension plan at rates expressed as percentages of the payroll of active pension plan members, currently, 24 percent of covered payroll for fire employers.

The Board of Trustees is authorized to allocate a portion of the total employer contributions made to the pension plan to the 401 (h) account as the employer contribution for retiree healthcare benefits. For the year ended December 31, 2007, the employer contribution allocated to the healthcare plan was 7.75 percent of covered payroll. The amount of employer contributions allocated to the healthcare plan each year is subject to the trustees' primary responsibility to ensure that pension benefits are adequately funded and also is limited by the provisions of Section 401 (h).

The OP&F Board of Trustees is also authorized to establish requirements for contributions to the healthcare 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. Active members do not make contributions to the OPEB Plan.

The Township's contributions to OP&F which were allocated to fund postemployment healthcare benefits for firefighters were \$949,296 for the year ended December 31, 2007, \$957,670 for the year ended December 31, 2006 and \$590,722 for the year ended December 31, 2005. The full amount has been contributed for 2007, 2006, and 2005.

**VIOLET TOWNSHIP  
FAIRFIELD COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006  
(Continued)**

**Note 10 – Debt**

The Township's long-term debt activity for the year ended December 31, 2007, was as follows:

			Interest Rate	Balance December 31, 2005	Additions	Reductions	Balance December 31, 2007
<u>Governmental Activities</u>							
General Obligation Bonds							
1998	Issue	(Original Amount \$360,000)	4.75%	\$80,000	\$0	\$80,000	\$0
2006	Issue	(Original Amount \$2,925,000)	4.00%	-	2,925,000.00	95,000.00	2,830,000.00
<b>TOTAL</b>				<u>\$80,000</u>	<u>\$2,925,000</u>	<u>\$175,000</u>	<u>\$2,830,000</u>

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.

The 2006 issuance of bonds were utilized to build a maintenance building for the Township. These 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.

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

Year	G.O. Bonds	
	Principal	Interest
2008	\$60,000	\$179,010
2009	60,000	176,610
2010	65,000	179,210
2011	65,000	176,610
2012	65,000	179,010
2013–2017	385,000	885,850
2018–2022	485,000	889,800
2023–2027	585,000	882,645
2028–2032	720,000	885,115
2033-2034	170,000	356,463
<b>Totals</b>	<u>\$2,830,000</u>	<u>\$4,790,323</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 amount equal to 10.5 percent of its tax valuation. The effects of the debt limitations at December 31, 2007, were an overall debt margin of \$90,985,896..



**VIOLET TOWNSHIP  
FAIRFIELD COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006  
(Continued)**

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**Note 11 – Interfund Transfers**

During 2007 and 2006 the following transfers were made:

	<b>2007</b>
Transfer from the General Fund to:	
General Bond Retirement	\$176,210
Transfer from the Fire District Fund to:	
Wages & Stabilization	\$92,000
Transfer from Road & Bridge to:	
Wages & Stabilization	\$20,000
Total Transfers for 2007	<u>\$288,210</u>
	<b>2006</b>
Transfer from the General Fund to:	
General Bond Retirement	\$101,405
Diley Rd. Upgrade	\$225,000
Wages & Stabilization	\$20,000
Transfer from the Fire District Fund to:	
Wages & Stabilization	\$92,000
Total Transfers for 2006	<u>\$438,405</u>

Transfers represent the allocation of unrestricted receipts collected in the General, Fire Operation and Road & Bridge Funds to finance various programs accounted for in other funds in accordance with budgetary authorizations.

**Note 12 – 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 2007 and 2006, the Township contributed \$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.

**Note 13 – Subsequent Events**

- On February 20, 2008, the Township discussed the bid results for contractors with RP Hughes Architects to determine who would be best for the construction of the new service center. The total contract award amount will be \$2,063,200. Resolutions were accepted at the 3/5/08 meeting to award contracts to the lowest and best bidder.
- On April 2, 2008, the Township made a motion to increase their liability with OTARMA from 6 to 8 million dollars

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# Mary Taylor, CPA

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, 2007 and 2006, which collectively comprise the Township's basic financial statements and have issued our report thereon dated December 5, 2008. We also noted that the Township uses the Auditor of State's Uniform Accounting Network (UAN) to process its financial transactions. *Government Auditing Standards* considers this service to impair the Auditor of State's independence to audit the Township. 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(B) and 115.56 mandate 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 expressing our opinions on the financial statements, but not to opine 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 control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Township's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the Township's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the Township's internal control will not prevent or detect a material financial statement misstatement.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and accordingly, would not necessarily disclose all significant deficiencies that are also material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider a material weakness, as defined above.

We noted certain matters that we reported to the Township's management in a separate letter dated December 5, 2008.

### **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 instances of noncompliance or other matters that we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2007-001 through 2007-003.

We also noted a certain noncompliance or other matter not requiring inclusion in this report that we reported to the Township's management in a separate letter dated December 5, 2008.

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



**Mary Taylor, CPA**  
Auditor of State

December 5, 2008

**VIOLET TOWNSHIP  
FAIRFIELD COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2007 and 2006**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 2007-001**

Ohio Rev. Code Section 5705.41(D) prohibits a subdivision or taxing entity from making any contract or ordering any expenditure of money unless a certificate signed by the fiscal officer is attached thereto. The fiscal officer must certify that the amount required to meet any such contract or expenditure has been lawfully appropriated and is in the treasury, or is in the process of collection to the credit of an appropriate fund free from any previous encumbrance.

There are several exceptions to the standard requirement stated above that a fiscal officer's certificate must be obtained prior to a subdivision or taxing authority entering into a contract or order involving the expenditure of money. The main exceptions are: "then and now" certificates, blanket certificates and super blanket certificates, which are provided for in sections 5705.41(D)(1) and 5705.41(D)(3), respectively, of the Ohio Revised Code.

1. "Then and Now" certificates - If the fiscal officer can certify that both at the time that the contract or order was made ("then"), and at the time that the fiscal officer is completing the certification ("now"), that sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the Township can authorize the drawing of a warrant for the payment of the amount due. The Township has thirty days from the receipt of the "then and now" certificate to approve payment by resolution.

Amounts less than \$3,000 may be paid by the fiscal officer without a resolution upon completion of the "then and now" certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of the expenditures by the Township.

2. Blanket certificates - Fiscal officers may prepare "blanket" certificates for a certain sum of money not in excess of an amount established by resolution or ordinance adopted by a majority of the members of the legislative authority against any specific line item account over a period not running beyond the end of the current fiscal year. The blanket certificates may, but need not, be limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time for any one particular line item appropriation.
3. Super Blanket Certificate - The Township may also make expenditures and contracts for any amount from a specific line item appropriation account in a specified fund upon certification of the fiscal officer for most professional services, fuel, oil, food items, and any other specific recurring and reasonably predictable operation expense. This certification is not to extend beyond the current year. More than one so-called "super blanket" certificate may be outstanding at a particular time for any line item appropriation.

The Township did not certify the availability of funds prior to the purchase commitment for 46 percent of expenditures tested during 2007 and 2006.

Unless the exceptions noted above are used, prior certification is not only required by statute but is a key control in the disbursement process to assure that purchase commitments receive prior approval. To improve controls over disbursements and to help reduce the possibility of the Township's funds exceeding budgetary spending limitations, we recommend the Fiscal Officer certify that the funds are or will be available prior to obligation by the Fiscal Officer. When prior certification is not possible, "then and now" certification should be used.

VIOLET TOWNSHIP  
FAIRFIELD COUNTY

SCHEDULE OF FINDINGS  
DECEMBER 31, 2007 and 2006  
(Continued)

FINDINGS RELATED TO THE FINANCIAL STATEMENTS  
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS  
(Continued)

FINDING 2007-001 (continued)

We recommend the Township certify purchases to which section 5705.41(D) applies. The most convenient certification method is to use purchase orders that include the certification language 5705.41(D) requires to authorize disbursements. The Fiscal Officer should sign the certification at the time the Township incurs a commitment, and only when the requirements of 5705.41(D) are satisfied. The Fiscal Officer should post approved purchase commitments to the proper appropriation code, to reduce the available appropriation.

FINDING NUMBER 2007-002

Ohio Rev. Code Section 9.38 provides that public money must be deposited with the Fiscal Officer or with the designated depository on the business day next following the day of receipt, if the total amount of such moneys received exceeds one thousand dollars. If the total amount of the public moneys so received does not exceed one thousand dollars, the person shall deposit the moneys on the business day next following the day of the receipt, unless the public office of which that person is a public official adopts a policy permitting a different time period, not to exceed three business days next following the day of receipt, for making such deposits, and the person is able to safeguard the moneys until such time as the moneys are deposited. The policy shall include provisions and procedures to safeguard the public moneys until they are deposited.

Formal policies have not been adopted by the Board.

Five of 30 (17 percent) and four of 30 (13 percent) of zoning receipts were not deposited in a timely manner for 2006 and 2007 respectively. The receipts not deposited timely consisted of building and zoning permit fees.

We recommend the Township develop a written policy for depositing funds. The policy should include procedures to safeguard the assets during the intervening period and for the Fiscal Officer to ensure the policy is followed.

FINDING NUMBER 2007-003

Ohio Rev. Code Section 5705.39 states that total appropriations from each fund should not exceed the total estimated revenue. No appropriation measure is to become effective until the County Auditor files a certificate that the total appropriations from each fund do not exceed the total official estimate or amended official estimate.

Total appropriations exceeded the total estimated resources in the Mingo Estates Fund as follows:

<u>Date</u>	<u>Estimated Resources</u>	<u>Appropriations</u>	<u>Variance</u>
12/31/2006	\$0	\$395,000	(\$395,000)

This was the result of the Township appropriating funds in a fund that was created in fiscal year 2006 per resolution 2206-0906-02, however the fund was never created on the UAN system and there was no activity during fiscal year 2006. The Township did not request an amended certificate to increase estimated resources in this fund until fiscal year 2007, after appropriations were approved.

**VIOLET TOWNSHIP  
FAIRFIELD COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2007 and 2006  
(Continued)**

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

**FINDING 2007-003 (continued)**

We recommend the Township establish procedures to ensure that appropriations do not exceed estimated resources. The Board of Trustees should review the most recent Certificate of Estimated Resources when approving appropriations and amendments.

We did not receive a response from Officials to the findings reported above.

VIOLET TOWNSHIP  
FAIRFIELD COUNTY

SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2007 and 2006

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain</i></b>
2005-001	Certification of Funds	No	Not Corrected; Repeated in Finding Number 2007-001
2005-002	Timely Deposits of Funds	No	Not Corrected; Repeated in Finding Number 2007-002





**Mary Taylor, CPA**  
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  
JANUARY 13, 2009**