



**VIOLET TOWNSHIP
FAIRFIELD COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2009-2008



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, 2009 and 2008, 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, 2009 and 2008, and the respective changes in cash financial position and the respective budgetary comparisons for the General Fund, Fire District Fund, and Wages and Benefits Stabilizations 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 August 6, 2010, 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 cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

August 6, 2010

**VIOLET TOWNSHIP
FAIRFIELD COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008
UNAUDITED**

This discussion and analysis of Violet Township (the Township) financial performance provides an overall review of the Township's financial activities for the year ended December 31, 2009 and 2008, within the limitations of the Township's 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 decreased \$986,376, or eight percent from 2007 to 2008 and decreased \$1,002,935 or nine percent from 2008 to 2009. The fund most affected by the decrease in cash and cash equivalents was the General Fund and Fire District Fund. The decrease in the General Fund and Fire District Fund was due to the lower interest earnings on investments and the closing of two investments accounts.

The Township's general receipts are primarily property, intergovernmental and interest receipts or 2009 and 2008. These receipts represent respectively \$10,356,427 or 92 percent and \$9,806,302 or 97 percent of the total cash received for Governmental activities during the 2009 and 2008.

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 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 Township-wide and fund financial statements and provide expanded explanation and detail regarding the information reported in the statements.

Basis of Accounting

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

**VIOLET TOWNSHIP
FAIRFIELD COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008
UNAUDITED**

As a result of using the 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 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 2009 and 2008, within the limitations of cash basis accounting. The statement of net assets presents the cash balances of the Governmental activities of the Township at year end. The statement of activities compares cash disbursements with program receipts for each Governmental program activity. 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 activity 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 cash basis of accounting, you can think of these changes as one way to measure the Township's financial health. Over time, increases or decreases in the Township's cash position is one indicator of whether the Township's financial health is improving or deteriorating. When evaluating the Township's financial condition, you should also consider other nonfinancial factors as well such as the Township's property tax base, the condition of the Township's capital assets and infrastructure, the extent of the Township's debt obligations, the reliance on non-local financial resources for operations and the need for continued growth in the major local revenue sources such as property and income taxes.

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 funds are governmental.

Governmental Funds - Most of the Township's activities are reported in Governmental funds. The Governmental fund financial statements provide a detailed view of the Township's Governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the Township's programs. The Township's significant Governmental funds are presented on the financial statements in separate columns. The information for nonmajor funds (funds whose activity or balances are not large enough to warrant separate reporting) is combined and presented in total in a single column. The Township's major Governmental funds in fiscal year 2009 and 2008 are the General Fund, Fire District Fund, and Wages and Benefits Stabilizations Fund. Also in 2008 the Building fund was major and in 2009 the Fixed Asset-Fire fund was major.

**VIOLET TOWNSHIP
FAIRFIELD COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008
UNAUDITED**

The Township as a Whole

Table 1 provides a summary of the Township's net assets compared for 2009, 2008, and 2007 on a cash basis:

(Table 1)

Net Assets

	Governmental Activities		
	2009	2008	2007
Assets			
Cash and Cash Equivalents	\$11,027,911	\$12,030,846	\$13,017,219
Total Assets	\$11,027,911	\$12,030,846	\$13,017,219
Net Assets			
Restricted for:			
Debt Service	\$534,830	\$0	0
Capital Outlay	2,212,496	2,332,204	2,400,023
Other Purposes	5,829,992	6,638,204	7,371,872
Unrestricted	2,450,593	3,060,438	3,245,324
Total Net Assets	\$11,027,911	\$12,030,846	\$13,017,219

As mentioned previously, net assets of Governmental activities decreased \$1,002,935 or nine percent during 2009 and a decrease of \$986,373 or eight percent occurred during 2008. The primary reasons contributing to the decreases in cash balances are as follows:

- Decrease in interest receipts due to the Township maintaining a lower balance on interest earning accounts.
- Decrease in miscellaneous receipts due to the Township receiving a large payment from Ohio Police and Fire Fund (OP&F) in 2008.
- Increase in expenditures in 2008.

**VIOLET TOWNSHIP
FAIRFIELD COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008
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Table 2 reflects the changes in net assets on a cash basis in 2009, 2008, and 2007 for Governmental activities of the Township.

	Governmental		
	Activities		
	2009	2008	2007
Receipts:			
Program Receipts:			
Charges for Services and Sales	\$82,173	\$129,178	\$128,261
Operating Grants and Contributions	1,666,572	1,679,227	538,256
Capital Grants and Contributions	0	0	527,000
Total Program Receipts	1,748,745	1,808,405	1,193,517
General Receipts:			
Property and Other Local Taxes	7,378,226	7,096,473	7,177,633
Grants and Entitlements Not Restricted			
to Specific Programs	816,928	820,208	1,655,268
Sale of Fixed Assets	31,500	0	20,000
Cable Franchise Fees	163,765	98,365	69,711
Earnings on Investments	106,407	378,808	645,337
Miscellaneous	39,219	691,301	53,386
Total General Receipts	8,536,045	9,085,155	9,621,335
Total Receipts	10,284,790	10,893,560	10,814,852
Disbursements:			
General Government	1,227,960	1,198,468	1,074,082
Public Safety	7,211,924	6,318,412	5,606,297
Public Works	1,416,744	1,327,360	1,143,748
Health	115,193	108,666	104,820
Capital Outlay	1,139,294	2,748,020	982,149
Debt Service:			
Principal Retirement	58,305	60,000	95,000
Interest and Fiscal Charges	118,305	119,010	123,110
Total Disbursements	11,287,725	11,879,936	9,129,206
Net Assets, January 1	12,030,846	13,017,222	11,331,572
Net Assets, December 31	\$11,027,911	\$12,030,846	\$13,017,222

**VIOLET TOWNSHIP
FAIRFIELD COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008
UNAUDITED**

Program receipts represent only five percent of total receipts in 2009 and 2008 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 95 percent of the Township's total receipts in 2009 and 2008, and of these amounts, over 75 and 69 percent are local taxes, respectively. State and federal grants and entitlements make up the balance of the Township's general receipts. Other receipts are very insignificant and somewhat unpredictable revenue sources.

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 expenditures 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 pages 12 and 18, 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 64 and 13 percent respectively in 2009 and 53 and 11 percent respectively in 2008. General Government also represents a significant cost, about eight percent. The next three columns of the Statement entitled Program Receipts identify amounts paid by people who are directly charged for the service and grants received by the Township that must be used to provide a specific service. The net Receipt (Disbursement) column compares the program receipts to the cost of the service. 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	Net Cost	Total Cost	Net Cost
	of Services	of Services	of Services	of Services
	2009	2009	2008	2008
General Government	\$1,227,960	\$1,172,795	\$1,198,468	\$1,080,216
Public Safety	7,211,924	6,164,235	6,318,412	5,377,185
Public Works	1,416,744	760,855	1,327,360	578,434
Health	115,193	115,193	108,666	108,666
Capital Outlay	1,139,294	1,139,294	2,748,020	2,748,020
Debt Service				
Principal Retirement	58,305	58,305	60,000	60,000
Interest and Fiscal Charges	118,305	118,305	119,010	119,010
Total Expenses	\$11,287,725	\$9,528,982	\$11,879,936	\$10,071,531

**VIOLET TOWNSHIP
FAIRFIELD COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008
UNAUDITED**

The dependence upon property tax receipts is apparent as over 72 percent and 65 percent of governmental activities are supported through these general receipts.

The Township's Funds

Total Governmental funds had receipts of \$10,253,290 and disbursements of \$11,287,725 in 2009 while total governmental funds had receipts of \$10,893,560 and disbursements of \$11,879,933 in 2008. The greatest change within Governmental funds occurred within the General Fund and Fire District Fund. The decrease in the General Fund and Fire District Fund was due to the lower interest earnings on investments and the closing of two investments accounts.

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 2009 and 2008, the Township amended its General Fund budget several times to reflect changing circumstances. Final budgeted receipts were below original budgeted receipts due to unexpected slow growth in tax receipts. The difference between final budgeted receipts and actual receipts was not significant.

Final disbursements were budgeted at \$2,899,069 and \$2,768,851 while actual disbursements were \$2,416,702 and \$2,106,080 in 2009 and 2008 respectively. The Township's actual revenue exceeded their budgeted revenue in both fiscal year 2009 and 2008. The results were a decrease in fund balance of \$609,845 and \$184,887 in 2009 and 2008 respectively.

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, 2009, the Township's outstanding debt included \$2,710,000 in general obligation bonds issued for improvements to buildings and structures. For further information regarding the Township's debt, refer to Note 9 to the basic financial statements.

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.

**VIOLET TOWNSHIP
FAIRFIELD COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008
UNAUDITED**

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, 2009

	Governmental Activities
Assets	
Equity in Pooled Cash and Cash Equivalents	\$11,027,911
<i>Total Assets</i>	<u>\$11,027,911</u>
Net Assets	
Restricted for:	
Capital Projects	\$2,212,496
Debt Service	534,830
Other Purposes	5,829,992
Unrestricted	<u>2,450,593</u>
<i>Total Net Assets</i>	<u>\$11,027,911</u>

See accompanying notes to the basic financial statements

**VIOLET TOWNSHIP
FAIRFIELD COUNTY**

**STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2009**

	Program Cash Receipts			Net (Disbursements) Receipts and Changes in Net Assets
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities
Governmental Activities				
General Government	\$1,227,960	\$55,167	\$0	(\$1,172,793)
Public Safety	7,211,924	27,006	1,010,683	(6,174,235)
Public Works	1,416,744	0	655,889	(760,855)
Health	115,193	0	0	(115,193)
Capital Outlay	1,139,294	0	0	(1,139,294)
Debt Service:				
Principal Retirement	58,305	0	0	(58,305)
Interest and Fiscal Charges	118,305	0	0	(118,305)
<i>Total Governmental Activities</i>	<u>\$ 11,287,725</u>	<u>\$ 82,173</u>	<u>\$ 1,666,572</u>	(9,538,980)
		General Receipts		
		Property Taxes		
		General Purposes		550,446
		Fire Levy		5,831,231
		Other Purposes		996,549
		Grants and Entitlements not Restricted to Specific Programs		816,928
		Sale of Fixed Asset		31,500
		Cable Franchise Fee		163,765
		Earnings on Investments		106,407
		Miscellaneous		39,219
		<i>Total General Receipts</i>		8,536,045
		Change in Net Assets		(1,002,935)
		<i>Net Assets Beginning of Year</i>		12,030,846
		<i>Net Assets End of Year</i>		<u>\$11,027,911</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, 2009

	General	Fire District	Wages and Benefits	Fixed Assets - Fire	Other Governmental Funds	Total Governmental Funds
Assets						
Equity in Pooled Cash and Cash Equivalents	\$2,450,593	\$3,377,123	\$1,859,517	\$1,450,000	\$1,890,678	\$11,027,911
<i>Total Assets</i>	<u>\$2,450,593</u>	<u>\$3,377,123</u>	<u>\$1,859,517</u>	<u>\$1,450,000</u>	<u>\$1,890,678</u>	<u>\$11,027,911</u>
Fund Balances						
Reserved:						
Reserved for Encumbrances	\$18,500	\$285,532	\$0	\$0	\$0	\$304,032
Unreserved:						
Designated:						
For Future Payroll Liabilities	0	0	1,859,517	0	0	1,859,517
For Future Capital Expenditures	0	0	0	1,450,000	762,496	2,212,496
Undesignated, Reported in:						
General Fund	2,432,093	0	0	0	0	2,432,093
Special Revenue Funds	0	3,091,591	0	0	593,352	3,684,943
Debt Service Fund	0	0	0	0	534,830	534,830
Capital Projects Funds	0	0	0	0	0	0
<i>Total Fund Balances</i>	<u>\$2,450,593</u>	<u>\$3,377,123</u>	<u>\$1,859,517</u>	<u>\$1,450,000</u>	<u>\$1,890,678</u>	<u>\$11,027,911</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 or the Year Ended December 31, 2009

	General	Fire District	Wages and Benefits	Fixed Assets - Fire	Other Governmental Funds	Total Governmental Funds
Receipts						
Property and Other Local Taxes	\$550,446	\$5,831,231	\$0	\$0	\$996,549	\$7,378,226
Charges for Services	0	27,005	0	0	0	\$27,005
Licenses, Permits and Fees	218,031	0	0	0	900	\$218,931
Intergovernmental	816,928	1,004,936	0	0	655,889	\$2,477,753
Special Assessments	0	0	0	0	5,747	\$5,747
Interest	105,612	0	0	0	797	\$106,409
Other	10,840	7,477	0	0	20,902	\$39,219
<i>Total Receipts</i>	<u>1,701,857</u>	<u>6,870,649</u>	<u>0</u>	<u>0</u>	<u>1,680,784</u>	<u>10,253,290</u>
Disbursements						
Current:						
General Government	1,137,072	0	0	0	90,888	1,227,960
Public Safety	3	7,160,409	51,512	0	0	7,211,924
Public Works	0	0	0	0	1,416,744	1,416,744
Health	115,193	0	0	0	0	115,193
Capital Outlay	0	212,197	0	0	927,097	1,139,294
Debt Service:						
Principal Retirement	0	0	0	0	58,305	58,305
Interest and Fiscal Charges	0	0	0	0	118,305	118,305
<i>Total Disbursements</i>	<u>1,252,268</u>	<u>7,372,606</u>	<u>51,512</u>	<u>0</u>	<u>2,611,339</u>	<u>11,287,725</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>449,589</u>	<u>(501,957)</u>	<u>(51,512)</u>	<u>0</u>	<u>(930,555)</u>	<u>(1,034,435)</u>
Other Financing Sources (Uses)						
Sale of Fixed Assets	0	17,500	0	0	14,000	31,500
Transfers In	0	0	435,000	450,000	1,059,434	1,944,434
Transfers Out	(1,059,434)	(850,000)	0	0	(35,000)	(1,944,434)
Advances In	105,000	0	0	0	105,000	210,000
Advances Out	(105,000)	0	0	0	(105,000)	(210,000)
<i>Total Other Financing Sources (Uses)</i>	<u>(1,059,434)</u>	<u>(832,500)</u>	<u>435,000</u>	<u>450,000</u>	<u>1,038,434</u>	<u>31,500</u>
<i>Net Change in Fund Balances</i>	<u>(609,845)</u>	<u>(1,334,457)</u>	<u>383,488</u>	<u>450,000</u>	<u>107,879</u>	<u>(1,002,935)</u>
<i>Fund Balances Beginning of Year</i>	<u>3,060,438</u>	<u>4,711,580</u>	<u>1,476,029</u>	<u>1,000,000</u>	<u>1,782,799</u>	<u>12,030,846</u>
<i>Fund Balances End of Year</i>	<u>\$2,450,593</u>	<u>\$3,377,123</u>	<u>\$1,859,517</u>	<u>\$1,450,000</u>	<u>\$1,890,678</u>	<u>\$11,027,911</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, 2009**

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget Positive (Negative)
Receipts				
Property and Other Local Taxes	\$505,000	\$505,000	\$550,446	\$45,446
Licenses, Permits and Fees	0	0	218,031	218,031
Intergovernmental	914,672	888,459	816,928	(71,531)
Interest	0	0	105,612	105,612
Miscellaneous	0	0	10,840	10,840
<i>Total receipts</i>	<u>1,419,672</u>	<u>1,393,459</u>	<u>1,701,857</u>	<u>308,398</u>
Disbursements				
Current:				
General Government	1,584,003	1,554,442	1,155,575	398,867
Health	115,193	115,193	115,193	0
<i>Total Disbursements</i>	<u>1,699,196</u>	<u>1,669,635</u>	<u>1,270,768</u>	<u>398,867</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(279,524)</u>	<u>(276,176)</u>	<u>431,089</u>	<u>707,265</u>
Other Financing Sources (Uses)				
Transfers Out	(396,610)	(1,124,434)	(1,059,434)	65,000
Advances In	0	0	105,000	105,000
Advances Out	0	(105,000)	(105,000)	0
<i>Total Other Financing Sources (Uses)</i>	<u>(396,610)</u>	<u>(1,229,434)</u>	<u>(1,059,434)</u>	<u>170,000</u>
<i>Net Change in Fund Balance</i>	<u>(676,134)</u>	<u>(1,505,610)</u>	<u>(628,345)</u>	<u>877,265</u>
<i>Fund Balance Beginning of Year</i>	<u>3,060,438</u>	<u>3,060,438</u>	<u>3,060,438</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$2,384,304</u>	<u>\$1,554,828</u>	<u>\$2,432,093</u>	<u>\$877,265</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
FIXED ASSET - FIRE FUND
FOR THE YEAR ENDED DECEMBER 31, 2009**

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
Receipts				
Property and Other Local Taxes	\$5,577,000	\$5,662,600	\$5,831,231	\$168,631
Charges for Services	0	10,000	27,006	17,006
Intergovernmental	965,700	865,000	1,004,936	139,936
Miscellaneous	0	5,100	7,477	2,377
<i>Total receipts</i>	<u>6,542,700</u>	<u>6,542,700</u>	<u>6,870,650</u>	<u>327,950</u>
Disbursements				
Current:				
General Government				
Public Safety	7,799,835	7,846,335	7,178,760	667,575
Capital Outlay	553,000	700,508	479,380	221,128
<i>Total Disbursements</i>	<u>8,352,835</u>	<u>8,546,843</u>	<u>7,658,140</u>	<u>888,703</u>
<i>Excess of Receipts (Under) Disbursements</i>	<u>(1,810,135)</u>	<u>(2,004,143)</u>	<u>(787,490)</u>	<u>1,216,653</u>
Other Financing Sources (Uses)				
Sale of Capital Assets	0	0	17,500	17,500
Transfers Out	(100,000)	(850,000)	(850,000)	0
<i>Total Other Financing Sources (Uses)</i>	<u>(100,000)</u>	<u>(850,000)</u>	<u>(832,500)</u>	<u>17,500</u>
<i>Net Change in Fund Balance</i>	(1,910,135)	(2,854,143)	(1,619,990)	1,234,153
<i>Fund Balance Beginning of Year</i>	4,644,761	4,644,761	4,644,761	0
Prior Year Encumbrances Appropriated	66,819	66,819	66,819	0
<i>Fund Balance End of Year</i>	<u><u>\$2,801,445</u></u>	<u><u>\$1,857,437</u></u>	<u><u>\$3,091,590</u></u>	<u><u>\$1,234,153</u></u>

See accompanying notes to the basic financial statements

**VIOLET TOWNSHIP
FAIRFIELD COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS
WAGES AND BENEFITS STABILIZATION
FOR THE YEAR ENDED DECEMBER 31, 2009**

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Disbursements				
Current:				
Public Safety	\$ 290,000	\$ 290,000	\$ 51,512	\$ 238,488
Public Works	10,000	10,000	0	10,000
<i>Total Disbursements</i>	<u>300,000</u>	<u>300,000</u>	<u>51,512</u>	<u>248,488</u>
<i>Excess of Receipts (Under) Disbursements</i>	<u>(300,000)</u>	<u>(300,000)</u>	<u>(51,512)</u>	<u>248,488</u>
Other Financing Sources				
Transfers In	120,000	520,000	435,000	(85,000)
<i>Total Other Financing Sources</i>	<u>120,000</u>	<u>520,000</u>	<u>435,000</u>	<u>(85,000)</u>
<i>Net Change in Fund Balance</i>	(180,000)	220,000	383,488	163,488
<i>Fund Balance Beginning of Year</i>	<u>1,476,029</u>	<u>1,476,029</u>	<u>1,476,029</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$1,296,029</u>	<u>\$1,696,029</u>	<u>\$1,859,517</u>	<u>\$163,488</u>

See accompanying notes to the basic financial statements

VIOLET TOWNSHIP
FAIRFIELD COUNTY

STATEMENT OF NET ASSETS - CASH BASIS
DECEMBER 31, 2008

	Governmental Activities
Assets	
Equity in Pooled Cash and Cash Equivalents	\$ 12,030,846
<i>Total Assets</i>	<u>12,030,846</u>
Net Assets	
Restricted for:	
Capital Projects	2,332,204
Other Purposes	6,638,204
Unrestricted	<u>3,060,438</u>
<i>Total Net Assets</i>	<u>\$ 12,030,846</u>

See accompanying notes to the basic financial statements

**VIOLET TOWNSHIP
FAIRFIELD COUNTY**

**STATEMENT OF ACTIVITIES - CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2008**

	Program Cash Receipts			Net (Disbursements) Receipts and Changes in Net Assets
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities
Governmental Activities				
General Government	\$1,198,468	\$118,252	\$0	(\$1,080,216)
Public Safety	6,318,412	10,926	930,301	(5,377,185)
Public Works	1,327,360	0	748,926	(578,434)
Health	108,666	0	0	(108,666)
Capital Outlay	2,748,020	0	0	(2,748,020)
Debt Service:				
Principal Retirement	60,000	0	0	(60,000)
Interest and Fiscal Charges	119,010	0	0	(119,010)
<i>Total Governmental Activities</i>	<u>11,879,936</u>	<u>129,178</u>	<u>1,679,227</u>	<u>(10,071,531)</u>
		General Receipts		
		General Receipts		
		Property Taxes		
		General Purposes		531,575
		Fire Levy		5,763,647
		Other Purposes		801,250
		Grants and Entitlements not Restricted to Specific Programs		820,208
		Cable Franchise Fees		98,365
		Earnings on Investments		378,808
		Miscellaneous		691,301
		<i>Total General Receipts</i>		<u>9,085,154</u>
		Change in Net Assets		(986,377)
		<i>Net Assets Beginning of Year</i>		<u>13,017,222</u>
		<i>Net Assets End of Year</i>		<u>\$12,030,845</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, 2008

	General	Fire District	Wages & Benefits Stabilization	Building	Other Governmental Funds	Total Governmental Funds
Assets						
Equity in Pooled Cash and Cash Equivalents	\$3,060,438	\$4,711,580	\$1,476,029	\$632,204	\$2,150,595	\$12,030,846
<i>Total Assets</i>	<u>\$3,060,438</u>	<u>\$4,711,580</u>	<u>\$1,476,029</u>	<u>\$632,204</u>	<u>\$2,150,595</u>	<u>\$12,030,846</u>
Fund Balances						
Reserved:						
Reserved for Encumbrances	\$0	\$66,819	\$0	\$0	\$79,481	\$146,300
Unreserved:						
Designated:						
For Future Payroll Liabilities	0	0	1,476,029	0	0	1,476,029
For Future Capital Expenditures	0	0	0	0	1,668,961	1,668,961
Undesignated, Reported in:						
General Fund	3,060,438	0	0	0	0	3,060,438
Special Revenue Funds	0	4,644,761	0	0	402,153	5,046,914
Capital Projects Funds	0	0	0	632,204	0	632,204
<i>Total Fund Balances</i>	<u>\$3,060,438</u>	<u>\$4,711,580</u>	<u>\$1,476,029</u>	<u>\$632,204</u>	<u>\$2,150,595</u>	<u>\$12,030,846</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, 2008**

	General	Fire District	Wages & Benefits Stabilization	Building	Other Governmental Funds	Total Governmental Funds
Receipts						
Property and Other Local Taxes	\$531,575	\$5,763,647	\$0	\$0	\$801,250	\$7,096,472
Charges for Services	0	10,926	0	0	0	10,926
Licenses, Permits and Fees	213,292	0	0	0	3,325	216,617
Intergovernmental	820,208	924,434	0	0	748,926	2,493,568
Special Assessments	0	0	0	0	5,867	5,867
Earnings on Investments	340,371	0	0	31,083	7,354	378,808
Miscellaneous	15,747	653,058	0	0	22,497	691,302
<i>Total Receipts</i>	<u>1,921,193</u>	<u>7,352,065</u>	<u>0</u>	<u>31,083</u>	<u>1,589,219</u>	<u>10,893,560</u>
Disbursements						
Current:						
General Government	1,198,459	0	0	0	9	1,198,468
Public Safety	0	6,318,411	0	0	0	6,318,411
Public Works	0	0	0	0	1,327,358	1,327,358
Health	108,666	0	0	0	0	108,666
Capital Outlay	13,945	503,784	0	1,798,902	431,389	2,748,020
Debt Service:						
Principal Retirement	0	0	0	0	60,000	60,000
Interest and Fiscal Charges	0	0	0	0	119,010	119,010
<i>Total Disbursements</i>	<u>1,321,070</u>	<u>6,822,195</u>	<u>0</u>	<u>1,798,902</u>	<u>1,937,766</u>	<u>11,879,933</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>600,123</u>	<u>529,870</u>	<u>0</u>	<u>(1,767,819)</u>	<u>(348,547)</u>	<u>(986,373)</u>
Other Financing Sources (Uses)						
Transfers In	0	0	1,015,458	0	1,955,010	2,970,468
Transfers Out	(785,010)	(1,985,458)	0	0	(200,000)	(2,970,468)
<i>Total Other Financing Sources (Uses)</i>	<u>(785,010)</u>	<u>(1,985,458)</u>	<u>1,015,458</u>	<u>0</u>	<u>1,755,010</u>	<u>0</u>
<i>Net Change in Fund Balances</i>	<u>(184,887)</u>	<u>(1,455,588)</u>	<u>1,015,458</u>	<u>(1,767,819)</u>	<u>1,406,463</u>	<u>(986,373)</u>
<i>Fund Balances Beginning of Year</i>	<u>3,245,325</u>	<u>6,167,168</u>	<u>460,571</u>	<u>2,400,023</u>	<u>744,132</u>	<u>13,017,219</u>
<i>Fund Balances End of Year</i>	<u>\$ 3,060,438</u>	<u>\$ 4,711,580</u>	<u>\$ 1,476,029</u>	<u>\$ 632,204</u>	<u>\$ 2,150,595</u>	<u>\$ 12,030,846</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, 2008**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Property and Other Local Taxes	\$509,000	\$469,000	\$531,575	\$62,575
Charges for Services	0	214,000	0	(214,000)
Licenses, Permits and Fees	0	0	213,292	213,292
Intergovernmental	1,097,140	537,300	820,208	282,908
Earnings on Investments	0	327,740	340,371	12,631
Miscellaneous	0	58,100	15,747	(42,353)
<i>Total receipts</i>	<u>1,606,140</u>	<u>1,606,140</u>	<u>1,921,193</u>	<u>315,053</u>
Disbursements				
Current:				
General Government	1,388,130	1,545,175	1,198,459	346,716
Health	108,666	108,666	108,666	0
Capital Outlay	0	16,000	13,945	2,055
<i>Total Disbursements</i>	<u>1,496,796</u>	<u>1,669,841</u>	<u>1,321,070</u>	<u>348,771</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>109,344</u>	<u>(63,701)</u>	<u>600,123</u>	<u>663,824</u>
Other Financing (Uses)				
Transfers Out	(599,010)	(1,099,010)	(785,010)	314,000
<i>Total Other Financing (Uses)</i>	<u>(599,010)</u>	<u>(1,099,010)</u>	<u>(785,010)</u>	<u>314,000</u>
<i>Net Change in Fund Balance</i>	(489,666)	(1,162,711)	(184,887)	977,824
<i>Fund Balance Beginning of Year</i>	3,237,805	3,237,805	3,237,805	0
Prior Year Encumbrances Appropriated	7,520	7,520	7,520	0
<i>Fund Balance End of Year</i>	<u>\$ 2,755,659</u>	<u>\$ 2,082,614</u>	<u>\$ 3,060,438</u>	<u>\$ 977,824</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 FUND
FOR THE YEAR ENDED DECEMBER 31, 2008**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Property and Other Local Taxes	\$ 5,669,000	\$ 5,744,000	\$ 5,763,647	\$ 19,647
Charges for Services	0	0	10,926	10,926
Intergovernmental	906,500	828,000	924,434	96,434
Miscellaneous	0	3,500	653,058	649,558
<i>Total receipts</i>	<u>6,575,500</u>	<u>6,575,500</u>	<u>7,352,065</u>	<u>776,565</u>
Disbursements				
Current:				
Public Safety	7,683,478	6,512,585	6,318,412	194,173
Capital Outlay	677,357	677,357	570,603	106,754
<i>Total Disbursements</i>	<u>8,360,835</u>	<u>7,189,942</u>	<u>6,889,015</u>	<u>300,927</u>
Excess of Receipts Over (Under) Disbursements	<u>(1,785,335)</u>	<u>(614,442)</u>	463,050	1,077,492
Other Financing (Uses)				
Transfers Out	<u>(92,000)</u>	<u>(1,985,458)</u>	<u>(1,985,458)</u>	<u>0</u>
<i>Total Other Financing (Uses)</i>	<u>(92,000)</u>	<u>(1,985,458)</u>	<u>(1,985,458)</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	(1,877,335)	(2,599,900)	(1,522,408)	1,077,492
<i>Fund Balance Beginning of Year</i>	5,816,059	5,816,059	5,816,059	0
Prior Year Encumbrances Appropriated	<u>351,110</u>	<u>351,110</u>	<u>351,110</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$ 4,289,834</u>	<u>\$ 3,567,269</u>	<u>\$ 4,644,761</u>	<u>\$ 1,077,492</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
WAGES AND BENEFITS STABLIZATION
FOR THE YEAR ENDED DECEMBER 31, 2008**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Other Financing Sources				
Transfers In	\$ 112,000	\$ 112,000	\$ 1,015,458	\$ 903,458
<i>Total Other Financing Sources</i>	112,000	112,000	1,015,458	903,458
<i>Net Change in Fund Balance</i>	112,000	112,000	1,015,458	903,458
<i>Unencumbered Cash Balance Beginning of Year</i>	460,571	460,571	460,571	0
<i>Unencumbered Cash Balance End of Year</i>	<u>\$ 572,571</u>	<u>\$ 572,571</u>	<u>\$ 1,476,029</u>	<u>\$ 903,458</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, 2009 AND 2008**

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

B. Component Units

Component units are legally separate organizations for which the Township is financially accountable. The Township is financially accountable for an organization if the Township appoints a voting majority of the organization's governing board and (1) the Township is able to significantly influence the programs or services performed or provided by the organization; or (2) the Township is legally entitled to or can otherwise access the organization's resources; the Township is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide support to, the organization; or the Township is obligated for the debt of the organization. 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. Joint Ventures, Jointly Governed Organizations and Public Entity Risk Pools

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

A jointly governed organization is a regional government or other multi-governmental arrangement that is governed by representatives from each of the governments that create the organization, but that is not a joint venture because the participants do not retain an ongoing financial interest. The Township participates in the Fairfield Regional Planning Commission, a forty-eight member board. Note 11 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, 2009 AND 2008
(Continued)**

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 balances of the Township at year end. The statement of activities compares disbursements with program receipts for each of the Township's governmental activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the Township is responsible. Program receipts include charges paid by the recipient of the program's goods or services, grants and contributions restricted to meeting the operational 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 2009 and 2008, the Township segregates transactions related to certain Township functions or activities in separate funds to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Township at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column.

B. Fund Accounting

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

**VIOLET TOWNSHIP
FAIRFIELD COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008
(Continued)**

Note 2 – Summary of Significant Accounting Policies (continued)

B. Fund Accounting (continued)

Governmental Funds

The Township classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants), and other nonexchange transactions as governmental funds. The Township's major governmental funds in 2009 are the General, Fire Operation, Wages and Benefits Stabilization, and Fixed Assets – Fire Funds and in 2008 are the General, Fire Operation, Wages and Benefits Stabilization, 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 Wages & Benefits Stabilization Fund receives transfers from the General, Building and Fire Operation Funds for the purpose of paying any liability owed an employee who has left service (i.e. sick leave buy outs). The Fixed Assets – Fire Fund receives transfers from the Fire Operations Fund for the purpose of purchasing fire trucks and the construction of a new firehouse.

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. Receipts are recorded in the Township's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred.

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

D. Budgetary Process

All funds are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations ordinance, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The 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, 2009 AND 2008
(Continued)**

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 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 2009 and 2008, the Township invested in Certificates of Deposit, STAR Ohio and a repurchase agreement. The certificates of deposits and repurchase agreement are valued at cost.

STAR Ohio is an investment pool, managed by the State Treasurer’s Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio’s share price, which is the price the investment could be sold for on December 31, 2009.

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 2009 was \$105,612 which includes \$797 assigned from other Township funds. Interest receipts credited to the General Fund during 2008 was \$340,371 which includes \$38,437 assigned from other Township funds.

F. Restricted Assets

Cash, cash equivalents and investments are reported as restricted when limitations on their use change the nature or normal understanding of their use. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments, or imposed by law through constitutional provisions or enabling legislation. Restricted assets represent \$8,577,318 in 2009 and \$8,970,408 in 2008.

G. Inventory and Prepaid Items

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

**VIOLET TOWNSHIP
FAIRFIELD COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008
(Continued)**

Note 2 – Summary of Significant Accounting Policies (continued)

H. Capital Assets

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

I. Interfund Receivables/Payables

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

J. Accumulated Leave

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

K. Employer Contributions to Cost-Sharing Pension Plans

The Township recognizes the disbursement for employer contributions to cost-sharing pension plans when they are paid. As described in Notes 7 and 8, the employer contributions include portions for pension benefits and for postretirement healthcare benefits.

L. Long-Term Obligations

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

M. Net Assets

Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. 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 \$8,577,318 of restricted net assets in 2009 and \$8,970,408 of restricted net assets in 2008.

N. Fund Balance Reserves

The Township reserves any portion of fund balances which is not available for appropriation or which is legally segregated for a specific future use. Township has established earmarked monies for future payroll liabilities in the Wages and Benefits Stabilization Fund and capital expenditures in other governmental funds for 2009 and 2008. Unreserved and undesignated fund balance indicates that portion of fund balance which is available for appropriation in future periods. Fund balance reserves have been established for encumbrances.

**VIOLET TOWNSHIP
FAIRFIELD COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008
(Continued)**

Note 2 – Summary of Significant Accounting Policies (continued)

O. 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 – 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 budgetary basis to provide a meaningful comparison of actual results with the budget. The difference between the budgetary basis and the cash basis are outstanding year end encumbrances are treated as disbursements (budgetary basis) rather than as a reservation of fund balance (cash basis). The encumbrances outstanding at year end (budgetary basis) amounted to \$18,500 for the General Fund, and \$285,532 for the Fire District Fund in 2009, and the encumbrances outstanding at year end (budgetary basis) amounted to \$66,819 for the Fire District Fund in 2008.

Note 4 – 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
FAIRFIELD COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008
(Continued)**

Note 4 – 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, 2009 and 2008, the Township had the following investments:

	12/31/2009 Carrying Value	12/31/2008 Carrying Value	Maturity
STAR Ohio	\$3,279,365	\$7,976,267	35 Days
Sweep Account	498,000	558,000	Daily
	\$3,777,365	\$8,534,267	

**VIOLET TOWNSHIP
FAIRFIELD COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008
(Continued)**

Note 4 – Deposits and Investments (continued)

Interest rate risk arises because the fair value of investments changes as interest rates change. The Township's investment policy addresses interest rate risk by requiring that the Township's investment portfolio be structured so that securities mature to meet cash requirements for ongoing operations and/or long-term debt payments, thereby avoiding that need to sell securities on the open market prior to maturity, and by investing operating funds primarily in short-term investments.

STAR Ohio carries a rating of AAAM by Standard and Poor's. The Township's investment policy is limited to requiring compliance with state statutes. 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."

Note 5 – Property Taxes

Property taxes include amounts levied against all real property, public utility property, and tangible personal property located in the Township. Property tax receipts received in 2008 and 2009 for real and public utility property taxes represents collections of the 2007 and 2008 taxes. Property tax payments received during 2009 and 2008 for tangible personal property (other than public utility property) is for 2008 and 2009 taxes.

2009 and 2008 real property taxes are levied after October 1, 2009 and October 1, 2008 on the assessed values as of January 1, 2009 and January 1, 2008, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. 2009 and 2008 real property taxes are collected in and intended to finance 2010 and 2009.

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 tangible personal property is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2009 and 2008 public utility property taxes which became a lien on December 31, 2008 and December 31, 2007, are levied after October 1, 2009 and October 2008, and are collected in 2010 and 2009 with real property taxes.

2009 and 2008 tangible property taxes are levied after October 1, 2008 and October 1, 2007, on the value as of December 31, 2008 and December 31, 2007. Collections are made in 2009 and 2008. Tangible personal property assessments are being phased out – the assessment percentage for all property including inventory for 2007 is 12.5 percent. This will be reduced to 6.25 percent for 2008, and zero for 2009. Payments by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 3, with the remainder due September 20.

**VIOLET TOWNSHIP
FAIRFIELD COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008
(Continued)**

Note 5 – Property Taxes (continued)

The full tax rate for all Township operations for the year ended December 31, 2009 and December 31, 2008, was \$12.35 per \$1,000 of assessed value in the corporation and \$14.05 per \$1,000 of assessed value outside of the corporation. The assessed values of real and personal property upon which 2009 and 2008 property tax receipts were based are as follows:

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

<u>Real Property</u>	<u>FY09</u>	<u>FY08</u>
Residential	\$857,539,150	\$850,237,950
Agricultural	18,161,720	16,482,230
Commercial	144,039,080	135,739,740
Industrial	1,381,230	1,824,620
Mineral	293,590	188,650
<u>Tangible Personal Property</u>		
Public Utility Real Estate	66,160	61,800
Public Utility Personal	12,102,540	12,086,160
Tangible Personal	785,490	0
Tangible Personal Exempt	144,112,030	139,628,330
<u>Total Assessed Value</u>	\$1,034,368,960	\$1,016,621,240

Note 6 – Risk Management

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

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

The Township belongs to the Ohio Township Association Risk Management Authority (OTARMA), a risk-sharing pool available to Ohio townships. OTARMA provides property and casualty coverage for its members. American Risk Pooling Consultants, Inc. (ARPCO), a division of York Insurance Services Group, Inc. (York), functions as the administrator of OTARMA and provides underwriting, claims, loss control, risk management, and reinsurance services for OTARMA. OTARMA is a member of the American Public Entity Excess Pool (APEEP), which is also administered by ARPCO. Member governments pay annual contributions to fund OTARMA. OTARMA pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

Casualty and Property Coverage

APEEP provides OTARMA with an excess risk-sharing program. Under this arrangement, OTARMA retains insured risks up to an amount specified in the contracts. At December 31, 2009, OTARMA retained \$350,000 for casualty claims and \$150,000 for property claims.

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

**VIOLET TOWNSHIP
FAIRFIELD COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008
(Continued)**

Note 6 – Risk Management (continued)

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, 2009 and 2008:

	<u>2009</u>	<u>2008</u>
Assets	\$38,982,088	\$40,737,740
Liabilities	(12,880,766)	(12,981,818)
Net Assets	<u>\$26,101,322</u>	<u>\$27,755,922</u>

At December 31, 2009 and 2008, respectively, the liabilities above include approximately \$12.0 and \$12.1 million of estimated incurred claims payable. The assets above also include approximately \$11.5 and \$10.9 million of unpaid claims to be billed to approximately 950 member governments in the future, as of December 31, 2009 and 2008, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2009, the Township's share of these unpaid claims collectible in future years is approximately \$41,000.

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

<u>Contributions to OTARMA</u>	
<u>2009</u>	<u>2008</u>
\$47,327	\$51,161

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

Note 7 – Defined Benefit Pension Plan

A. Ohio Public Employees Retirement System

Plan Description - The Township participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional 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.

**VIOLET TOWNSHIP
FAIRFIELD COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008
(Continued)**

Note 7 – Defined Benefit Pension Plan (continued)

A. Ohio Public Employees Retirement System (continued)

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. While members in the State and local divisions may participate in all three plans, law enforcement (generally sheriffs, deputy sheriffs and township police) and public safety divisions exist only in the traditional plans.

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.

Funding Policy – The Ohio Revised Code provides statutory authority for member and employer contributions. For the year ended December 31, 2008, members in state and local classifications contributed 14 percent of covered payroll, public safety members contributed 10 percent and law enforcement members contributed 10.1 percent.

The Township's contribution rate for 2009 and 2008 was 14 percent and 14 percent, except for those plan members in law enforcement or public safety, for whom the Township's contribution rate was 17.63 percent and 17.4 percent of covered payroll. For the period January 1, through June 30, 2008 and January 1, 2009 through March 31, 2009, a portion of the Township's contribution equal to 7 percent of covered payroll was allocated to fund the postemployment healthcare plan; for the period April 1, 2009 through December 31, 2009 this amount was decreased to 5.5 percent. Employer contribution rates are actuarially determined. State statute sets a maximum contribution rate for the Township of 14 percent, except for public safety and law enforcement, where the maximum employer contribution rate is 18.1 percent.

The Township's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2009, 2008, and 2007 were \$124,225, \$103,653, and \$52,322 respectively. The full amount has been contributed for 2009, 2008 and 2007.

B. Ohio Police and Fire Pension Fund

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

Funding Policy - Plan members are required to contribute 10 percent of their annual covered salary to fund pension obligations while the Township is required to contribute 19.5 percent for firefighters. Contributions are established by State statute. For 2009 and 2008, a portion of the Township's contribution equal to 6.75 percent and 7 percent, respectively, of covered payroll was allocated to fund the postemployment healthcare plan.

**VIOLET TOWNSHIP
FAIRFIELD COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008
(Continued)**

Note 7 – Defined Benefit Pension Plan (continued)

B. Ohio Police and Fire Pension Fund (continued)

The Township's contributions to OP&F for firefighters were \$840,038 for the year ended December 31, 2009, \$747,157 for the year ended December 31, 2008 and \$957,670 for the year ended December 31, 2007. The full amount has been contributed for 2009, 2008 and 2007.

Note 8 - Postemployment Benefits

A. Ohio Public Employees Retirement System

Plan Description - 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.

Funding Policy – 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 2009 and 2008, local government employers contributed 14 percent and 14 percent, respectively, of covered payroll (17.63 percent and 17.4 percent for public safety and law enforcement). Each year, the OPERS retirement board determines the portion of the employer contribution that will be set aside for funding postemployment healthcare benefits. The amount of the employer contributions which was allocated to fund postemployment healthcare was 7 percent, of covered payroll from January 1 through December 31, 2009 and January 1 through December 31, 2008.

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, 2009, 2008, and 2007 were \$41,948, \$40,723, and \$39,537 respectively; 100 percent has been contributed for 2009, 2008 and 2007.

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.

**VIOLET TOWNSHIP
FAIRFIELD COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008
(Continued)**

Note 8 - Postemployment Benefits (continued)

B. Ohio Police and Fire Pension Fund

Plan Description – 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.

Funding Policy – 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, 19.5 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, 2009, the employer contribution allocated to the healthcare plan was 6.75 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 \$555,085 and \$318,644 for the years ended December 31, 2009 and 2008 respectively, and \$349,296 for the year ended December 31, 2007. The full amount has been contributed for 2009, 2008, and 2007.

**VIOLET TOWNSHIP
FAIRFIELD COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008
(Continued)**

Note 9 – Debt

The Township’s long-term debt activity for the year ended December 31, 2009, was as follows:

	Interest Rate	Balance December 31, 2007	Additions	Reductions	Balance December 31, 2009	Due Within One Year
<u>Governmental Activities</u>						
General Obligation Bonds						
2006 Issue (Original Amount \$2,925,000)	4.00%	\$2,830,000	\$0.00	\$120,000	\$2,710,000	\$65,000

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

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

Year	G.O. Bonds	
	Principal	Interest
2010	\$65,000	\$114,210
2011	65,000	111,610
2012	70,000	109,010
2013	70,000	106,210
2014	75,000	103,410
2015–2019	425,000	465,050
2020–2024	525,000	364,190
2025–2029	630,000	248,235
2030–2034	785,000	102,777
Totals	<u>\$2,710,000</u>	<u>\$1,724,702</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, 2009, were an overall debt margin of \$90,383,206.

**VIOLET TOWNSHIP
FAIRFIELD COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008
(Continued)**

Note 10– Interfund Transfers

During 2009 and 2008 the following transfers were made:

	2009
Transfers from the General Fund to:	
General Bond Retirement	\$777,564
Road and Bridge	125,000
Mingo Estates Phase 2	57,000
Building	58,006
Jefferson Culvert	26,315
Safe Route to School Project	12,049
Busey Road Culvert	3,500
	<u>\$1,059,434</u>
Transfers from the Fire District to:	
Fixed Assets – Fire	\$450,000
Wages & Benefits Stabilization	400,000
	<u>\$850,000</u>
Transfers from the Road and Bridge to:	
Wages & Benefits Stabilization	\$35,000
Total Transfers in 2009	<u>\$1,944,434</u>
	2008
Transfers from the General Fund to:	
Fixed Assets - General	\$500,000
General Bond Retirement	179,010
Road and Bridge	75,000
Wages & Benefits Stabilization	30,000
Busey Road Realignment	1,000
	<u>\$785,010</u>
Transfers from the Fire District Fund to:	
Fixed Assets - Fire	\$1,000,000
Wages & Benefits Stabilization	985,458
	<u>\$1,985,458</u>
Transfers from the Road and Bridge Fund to:	
Fixed Assets – R&B	\$200,000
Total Transfers in 2008	<u>\$2,970,468</u>

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

**VIOLET TOWNSHIP
FAIRFIELD COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008
(Continued)**

Note 11 – 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 2009 and 2008, the Township contributed \$3,379 and \$3,379 to the Commission each year. Continued existence of the Commission is not dependent on the Township's continued participation, no equity interest exists, and no debt is outstanding.



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 year ended December 31, 2009 and 2008, which collectively comprise the Township's basic financial statements and have issued our report thereon dated August 6, 2010, wherein we noted the Township follow a comprehensive accounting basis other than accounting principles generally accepted in the United States of America. 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 the purpose of expressing our opinion on the financial statements, but not for the purpose of opining on the effectiveness of the Township's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Township's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in more than a reasonable possibility that a material misstatement of the Township's financial statements will not be prevented, or detected and timely corrected.

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

Compliance and Other Matters

As part of reasonably assuring whether the Township's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

We did note certain matters not requiring inclusion in this report that we reported to the Township's management in a separate letter dated August 6, 2010.

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

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

August 6, 2010

**VIOLET TOWNSHIP
FAIRFIELD COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2009 AND 2008**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2007-001	ORC 5705.41(D)- Prior Certification	Yes	
2007-002	ORC 9.38 – Timely Deposit of Public Monies	Yes	
2007-003	ORC 5705.39 – Appropriations Exceed Total Estimated Resources	Yes	

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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
NOVEMBER 4, 2010**