

**VIOLET TOWNSHIP
FAIRFIELD COUNTY, OHIO
BASIC FINANCIAL STATEMENTS
*(AUDITED)***

FOR THE YEARS ENDED
DECEMBER 31, 2013 AND 2012

BRIAN SAUER, FISCAL OFFICER



Dave Yost • Auditor of State

Board of Trustees
Violet Township
12970 Rustic Drive
Pickerington, Ohio 43147

We have reviewed the *Independent Auditor's Report* of Violet Township, Fairfield County, prepared by Julian & Grube, Inc., for the audit period January 1, 2012 through December 31, 2013. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. Violet Township is responsible for compliance with these laws and regulations.

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

Dave Yost
Auditor of State

July 22, 2014

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**VIOLET TOWNSHIP
FAIRFIELD COUNTY, OHIO**

**BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012**

TABLE OF CONTENTS

Independent Auditor's Report	1 - 2
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Position - Cash Basis - December 31, 2013	3
Statement of Activities - Cash Basis - For the Year Ended December 31, 2013.....	4
Fund Financial Statements:	
Statement of Assets and Fund Balances - Cash Basis - Governmental Funds - December 31, 2013.....	5
Statement of Receipts, Disbursements and Changes in Fund Balances - Cash Basis - Governmental Funds - For the Year Ended December 31, 2013.....	6
Statement of Receipts, Disbursements and Changes in Fund Balance - Budget and Actual - (Budget Basis) - General Fund - For the Year Ended December 31, 2013	7
Statement of Receipts, Disbursements and Changes in Fund Balance - Budget and Actual - (Budget Basis) - Road and Bridge Fund - For the Year Ended December 31, 2013.....	8
Statement of Receipts, Disbursements and Changes in Fund Balance - Budget and Actual - (Budget Basis) - Fire District Fund - For the Year Ended December 31, 2013	9
Statement of Receipts, Disbursements and Changes in Fund Balance - Budget and Actual - (Budget Basis) - Fire and Rescue Ambulance EMS Fund - For the Year Ended December 31, 2013	10
Government-Wide Financial Statements:	
Statement of Net Position - Cash Basis - December 31, 2012	11
Statement of Activities - Cash Basis - For the Year Ended December 31, 2012.....	12
Fund Financial Statements:	
Statement of Assets and Fund Balances - Cash Basis - Governmental Funds - December 31, 2012.....	13
Statement of Receipts, Disbursements and Changes in Fund Balances - Cash Basis - Governmental Funds - For the Year Ended December 31, 2012.....	14
Statement of Receipts, Disbursements and Changes in Fund Balance - Budget and Actual - (Budget Basis) - General Fund - For the Year Ended December 31, 2012	15
Statement of Receipts, Disbursements and Changes in Fund Balance - Budget and Actual - (Budget Basis) - Road and Bridge Fund - For the Year Ended December 31, 2012.....	16
Statement of Receipts, Disbursements and Changes in Fund Balance - Budget and Actual - (Budget Basis) - Fire District Fund - For the Year Ended December 31, 2012	17
Statement of Receipts, Disbursements and Changes in Fund Balance - Budget and Actual - (Budget Basis) - Fire and Rescue Ambulance EMS Fund - For the Year Ended December 31, 2012	18
Notes to the Basic Financial Statements.....	19 - 37
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	38 - 39
Status of Prior Audit Findings	40

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Julian & Grube, Inc.
Serving Ohio Local Governments

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Independent Auditor's Report

Violet Township
Fairfield County
12970 Rustic Drive
Pickerington, Ohio 43147

To the Board of Trustees:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Violet Township, Fairfield County, Ohio, as of and for the years ended December 31, 2013 and 2012, and the related notes to the financial statements, which collectively comprise the Violet Township's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the cash accounting basis Note 2 describes. This responsibility includes determining that the cash accounting basis is acceptable for the circumstances. Management is also responsible for designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Opinion

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 the Violet Township, Fairfield County, Ohio, as of December 31, 2013 and 2012, and the respective changes in cash financial position and the respective budgetary comparison for the General Fund, Road and Bridge Fund, Fire District Fund, and the Fire and Rescue Ambulance EMS Service Fund, thereof for the years then ended in accordance with the accounting basis described in Note 2.

Accounting Basis

We draw attention to Note 2 of the financial statements which describes the accounting basis, which differs from generally accepted accounting principles. We did not modify our opinion regarding this matter.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 20, 2014, on our consideration of the Violet Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Violet Township's internal control over financial reporting and compliance.



Julian & Grube, Inc.
June 20, 2014

Violet Township
Fairfield County, Ohio
Statement of Net Position - Cash Basis
December 31, 2013

	<u>Governmental Activities</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	<u>\$10,512,091</u>
<i>Total Assets</i>	<u><u>\$10,512,091</u></u>
Net Position	
Restricted for:	
Capital Projects	\$2,068,488
Fire & EMS	2,358,036
Transportation	537,934
Other Purposes	380,166
Unrestricted	<u>5,167,467</u>
<i>Total Net Position</i>	<u><u>\$10,512,091</u></u>

See accompanying notes to the basic financial statements

Violet Township
Fairfield County, Ohio
Statement of Activities - Cash Basis
For the Year Ended December 31, 2013

	Program Cash Receipts			Net (Disbursements) Receipts and Changes in Net Position
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities
Governmental Activities				
Current:				
General Government	\$ 1,391,891	\$ 444,499	\$ -	\$ (947,392)
Public Safety	8,277,218	926,126	5,830	(7,345,262)
Public Works	1,261,755	-	391,656	(870,099)
Health	127,672	-	-	(127,672)
Conservation-Recreation	41,661	-	-	(41,661)
Capital Outlay	520,716	-	-	(520,716)
Debt Service:				
Principal Retirement	70,000	-	-	(70,000)
Interest and Fiscal Charges	106,210	-	-	(106,210)
Total Governmental Activities	\$ 11,797,123	\$ 1,370,625	\$ 397,486	\$ (10,029,012)
General Receipts:				
Property Taxes Levied for:				
				535,162
				6,112,432
				969,237
				1,873,697
				1,000
				56,653
				216,164
				<u>9,764,345</u>
				(264,667)
				<u>10,776,758</u>
				<u>\$ 10,512,091</u>

See accompanying notes to the basic financial statements

Violet Township
 Fairfield County, Ohio
 Statement of Assets and Fund Balances - Cash Basis
 Governmental Funds
 December 31, 2013

	General	Road and Bridge	Fire District	Fire and Rescue Ambulance EMS Service	Other Governmental Funds	Total Governmental Funds
Assets						
Equity in Pooled Cash and Cash Equivalents	\$ 4,675,413	\$ 449,012	\$ 3,345,178	\$ 425,440	\$ 1,617,048	\$ 10,512,091
<i>Total Assets</i>	<u>\$ 4,675,413</u>	<u>\$ 449,012</u>	<u>\$ 3,345,178</u>	<u>\$ 425,440</u>	<u>\$ 1,617,048</u>	<u>\$ 10,512,091</u>
Fund Balances						
Restricted	575,906	449,012	3,345,178	425,440	\$ 549,088	5,344,624
Committed	1,803,216	-	-	-	1,067,960	2,871,176
Unassigned (Deficit)	2,296,291	-	-	-	-	2,296,291
<i>Total Fund Balances</i>	<u>\$ 4,675,413</u>	<u>\$ 449,012</u>	<u>\$ 3,345,178</u>	<u>\$ 425,440</u>	<u>\$ 1,617,048</u>	<u>\$ 10,512,091</u>

See accompanying notes to the basic financial statements

Violet Township
 Fairfield County, Ohio
 Statement of Receipts, Disbursements and Changes Fund Balances - Cash Basis
 Governmental Funds
 For the Year Ended December 31, 2013

	General	Road & Bridge	Fire District	Fire and Rescue Ambulance EMS Service	Other Governmental Funds	Total Governmental Funds
Receipts						
Property and Other Local Taxes	\$ 535,162	\$ 791,189	\$ 6,112,432	\$ -	\$ 178,048	\$ 7,616,831
Charges for Services	-	-	78,023	848,103	-	926,126
Licenses, Permits and Fees	440,975	3,525	-	-	-	444,500
Intergovernmental	892,583	132,718	815,359	-	424,693	2,265,353
Special Assessments	-	-	-	-	5,830	5,830
Earnings on Investments	55,569	-	-	-	1,084	56,653
Miscellaneous	57,516	79,523	79,125	-	-	216,164
Total Receipts	1,981,805	1,006,955	7,084,939	848,103	609,655	11,531,457
Disbursements						
Current:						
General Government	1,258,404	-	-	-	133,487	1,391,891
Public Safety	-	-	7,299,853	977,365	-	8,277,218
Public Works	-	881,669	-	-	380,086	1,261,755
Health	127,672	-	-	-	-	127,672
Conservation-Recreation	41,661	-	-	-	-	41,661
Capital Outlay	75,492	-	360,034	35,085	50,106	520,717
Debt Service:						
Principal Retirement	-	-	-	-	70,000	70,000
Interest and Fiscal Charges	-	-	-	-	106,210	106,210
Total Disbursements	1,503,229	881,669	7,659,887	1,012,450	739,889	11,797,124
Excess of Receipts Over (Under) Disbursements	478,576	125,286	(574,948)	(164,347)	(130,234)	(265,667)
Other Financing Sources (Uses)						
Sale of Assets	-	-	1,000	-	-	1,000
Transfers In	-	-	-	-	229,160	229,160
Transfers Out	(229,160)	-	-	-	-	(229,160)
Total Other Financing Sources (Uses)	(229,160)	-	1,000	-	229,160	1,000
Net Change in Fund Balances	249,416	125,286	(573,948)	(164,347)	98,926	(264,667)
Fund Balances Beginning of Year	4,425,997	323,726	3,919,126	589,787	1,518,122	10,776,758
Fund Balances End of Year	\$ 4,675,413	\$ 449,012	\$ 3,345,178	\$ 425,440	\$ 1,617,048	\$ 10,512,091

See accompanying notes to the basic financial statement

Violet Township
Violet County, Ohio
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
General Fund
For the Year Ended December 31, 2013

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Property and Other Local Taxes	\$ 512,000	\$ 512,000	\$ 535,162	\$ 23,162
Licenses, Permits and Fees	259,100	259,100	440,975	181,875
Intergovernmental	395,859	395,859	892,583	496,724
Earnings on Investments	32,000	32,000	55,569	23,569
Miscellaneous	5,000	5,000	57,516	52,516
<i>Total Receipts</i>	<u>1,203,959</u>	<u>1,203,959</u>	<u>1,981,805</u>	<u>777,846</u>
Disbursements				
Current:				
General Government	1,434,891	1,454,191	1,223,403	230,788
Health	138,767	138,767	127,672	11,095
Conservation-Recreation	45,000	45,000	41,661	3,339
Capital Outlay	20,000	20,000	595	19,405
<i>Total Disbursements</i>	<u>1,638,658</u>	<u>1,657,958</u>	<u>1,393,331</u>	<u>264,627</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(434,699)</u>	<u>(453,999)</u>	<u>588,474</u>	<u>1,042,473</u>
Other Financing Sources (Uses)				
Transfers Out	(179,160)	(229,160)	(229,160)	-
<i>Total Other Financing Sources (Uses)</i>	<u>(179,160)</u>	<u>(229,160)</u>	<u>(229,160)</u>	<u>-</u>
<i>Net Change in Fund Balance</i>	(613,859)	(683,159)	359,314	1,042,473
<i>Unencumbered Fund Balance Beginning of Year</i>	<u>1,936,978</u>	<u>1,936,978</u>	<u>1,936,978</u>	<u>-</u>
<i>Unencumbered Fund Balance End of Year</i>	<u>\$ 1,323,119</u>	<u>\$ 1,253,819</u>	<u>\$ 2,296,292</u>	<u>\$ 1,042,473</u>

See accompanying notes to the basic financial statements

Violet Township
Fairfield County, Ohio
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
Road and Bridge Fund
For the Year Ended December 31, 2013

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Receipts				
Property and Other Local Taxes	\$ 765,000	\$ 765,000	\$ 791,189	\$ 26,189
Licenses, Permits and Fees	1,200	1,200	3,525	2,325
Intergovernmental	119,500	119,500	132,718	13,218
Miscellaneous	38,000	38,000	79,523	41,523
<i>Total Receipts</i>	<u>923,700</u>	<u>923,700</u>	<u>1,006,955</u>	<u>83,255</u>
Disbursements				
Current:				
Public Works	938,040	961,040	893,373	67,667
Capital Outlay	33,500	45,500	-	45,500
<i>Total Disbursements</i>	<u>971,540</u>	<u>1,006,540</u>	<u>893,373</u>	<u>113,167</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(47,840)</u>	<u>(82,840)</u>	<u>113,582</u>	<u>196,422</u>
<i>Unencumbered Fund Balance Beginning of Year</i>	239,826	239,826	239,826	-
Prior Year Encumbrances Appropriated	<u>3,900</u>	<u>3,900</u>	<u>3,900</u>	<u>-</u>
<i>Unencumbered Fund Balance End of Year</i>	<u>\$ 195,886</u>	<u>\$ 160,886</u>	<u>\$ 357,308</u>	<u>\$ 196,422</u>

See accompanying notes to the basic financial statements

Violet Township
Fairfield County, Ohio
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
Fire District Fund
For the Year Ended December 31, 2013

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Receipts				
Property and Other Local Taxes	\$ 5,847,000	\$ 5,847,000	\$ 6,112,432	\$ 265,432
Charges for Services	25,000	25,000	78,023	53,023
Intergovernmental	783,000	783,000	815,359	32,359
Miscellaneous	2,000	2,000	79,125	77,125
<i>Total Receipts</i>	<u>6,657,000</u>	<u>6,657,000</u>	<u>7,084,939</u>	<u>427,939</u>
Disbursements				
Current:				
Public Safety	7,652,860	7,804,860	7,304,096	500,764
Capital Outlay	393,353	438,353	360,034	78,319
<i>Total Disbursements</i>	<u>8,046,213</u>	<u>8,243,213</u>	<u>7,664,130</u>	<u>579,083</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(1,389,213)</u>	<u>(1,586,213)</u>	<u>(579,191)</u>	<u>1,007,022</u>
Other Financing Sources (Uses)				
Sale of Capital Assets	-	-	1,000	1,000
<i>Total Other Financing Sources (Uses)</i>	<u>-</u>	<u>-</u>	<u>1,000</u>	<u>1,000</u>
<i>Net Change in Fund Balance</i>	(1,389,213)	(1,586,213)	(578,191)	1,008,022
<i>Unencumbered Fund Balance Beginning of Year</i>	2,368,044	2,368,044	2,368,044	-
Prior Year Encumbrances Appropriated	<u>138,500</u>	<u>138,500</u>	<u>138,500</u>	<u>-</u>
<i>Unencumbered Fund Balance End of Year</i>	<u>\$ 1,117,331</u>	<u>\$ 920,331</u>	<u>\$ 1,928,353</u>	<u>\$ 1,008,022</u>

See accompanying notes to the basic financial statements

Violet Township
Fairfield County, Ohio
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
Fire and Rescue Ambulance EMS Service Fund
For the Year Ended December 31, 2013

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Receipts				
Charges for Services	\$ 650,000	\$ 650,000	\$ 848,103	\$ 198,103
<i>Total Receipts</i>	<u>650,000</u>	<u>650,000</u>	<u>848,103</u>	<u>198,103</u>
Disbursements				
Current:				
Public Safety	783,754	1,087,254	977,365	109,889
Capital Outlay	<u>73,210</u>	<u>73,210</u>	<u>35,085</u>	<u>38,125</u>
<i>Total Disbursements</i>	<u>856,964</u>	<u>1,160,464</u>	<u>1,012,450</u>	<u>148,014</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(206,964)</u>	<u>(510,464)</u>	<u>(164,347)</u>	<u>346,117</u>
<i>Net Change in Fund Balance</i>	(206,964)	(510,464)	(164,347)	346,117
<i>Unencumbered Fund Balance Beginning of Year</i>	<u>589,787</u>	<u>589,787</u>	<u>589,787</u>	<u>-</u>
<i>Unencumbered Fund Balance End of Year</i>	<u>\$ 382,823</u>	<u>\$ 79,323</u>	<u>\$ 425,440</u>	<u>\$ 346,117</u>

See accompanying notes to the basic financial statements

Violet Township
Fairfield County, Ohio
Statement of Net Position -Cash Basis
December 31, 2012

	<u>Governmental Activities</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	<u>\$10,776,758</u>
<i>Total Assets</i>	<u><u>\$10,776,758</u></u>
Net Position	
Restricted for:	
Capital Projects	\$2,143,385
Fire & EMS	3,096,331
Transportation	374,137
Other Purposes	322,701
Unrestricted	<u>4,840,204</u>
<i>Total Net Position</i>	<u><u>\$10,776,758</u></u>

See accompanying notes to the basic financial statements

Violet Township
Fairfield County, Ohio
Statement of Activities -Cash Basis
For the Year Ended December 31, 2012

	Program Cash Receipts			Net (Disbursements) Receipts and Changes in Net
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities
Governmental Activities				
Current:				
General Government	\$ 1,364,993	\$ 342,220	\$ -	\$ (1,022,773)
Public Safety	7,541,253	910,896	5,735	(6,624,622)
Public Works	1,287,187	-	392,404	(894,783)
Health	119,923	-	-	(119,923)
Conservation-Recreation	19,824	-	-	(19,824)
Capital Outlay	534,802	-	-	(534,802)
Debt Service:				
Principal Retirement	70,000	-	-	(70,000)
Interest and Fiscal Charges	109,010	-	-	(109,010)
<i>Total Governmental Activities</i>	<u>\$ 11,046,992</u>	<u>\$ 1,253,116</u>	<u>\$ 398,139</u>	<u>(9,395,737)</u>
General Receipts:				
Property Taxes Levied for:				
				524,725
				5,984,515
				959,366
				2,029,085
				47,347
				82,484
				<u>9,627,522</u>
				231,785
				<u>10,544,973</u>
				<u>\$10,776,758</u>

See accompanying notes to the basic financial statements

Violet Township
 Fairfield County, Ohio
 Statement of Assets and Fund Balances - Cash Basis
 Governmental Funds
 December 31, 2012

	General	Road and Bridge	Fire District	Fire and Rescue Ambulance EMS Service	Other Governmental Funds	Total Governmental Funds
Assets						
Equity in Pooled Cash and Cash Equivalents	\$4,425,997	\$323,726	\$3,919,126	\$589,787	\$1,518,122	\$10,776,758
<i>Total Assets</i>	<u>\$4,425,997</u>	<u>\$323,726</u>	<u>\$3,919,126</u>	<u>\$589,787</u>	<u>\$1,518,122</u>	<u>\$10,776,758</u>
Fund Balances						
Restricted	\$ 650,803	\$ 323,726	\$ 3,919,126	\$ 589,787	\$ 453,112	\$ 5,936,554
Committed	1,838,216	-	-	-	1,065,010	2,903,226
Unassigned (Deficit)	1,936,978	-	-	-	-	1,936,978
<i>Total Fund Balances</i>	<u>\$4,425,997</u>	<u>\$323,726</u>	<u>\$3,919,126</u>	<u>\$589,787</u>	<u>\$1,518,122</u>	<u>\$10,776,758</u>

See accompanying notes to the basic financial statements

Violet Township
 Fairfield County, Ohio
 Statement of Receipts, Disbursements and Changes Fund Balances - Cash Basis
 Governmental Funds
 For the Year Ended December 31, 2012

	General	Road & Bridge	Fire District	Fire and Rescue Ambulance EMS Service	Other Governmental Funds	Total Governmental Funds
Receipts						
Property and Other Local Taxes	\$ 524,725	\$ 784,669	\$ 5,984,515	\$ -	\$ 174,697	\$ 7,468,606
Charges for Services	-	-	84,236	826,660	-	910,896
Licenses, Permits and Fees	340,026	2,195	-	-	-	342,221
Intergovernmental	1,073,674	127,241	805,197	-	415,376	2,421,488
Special Assessments	-	-	-	-	5,735	5,735
Earnings on Investments	46,903	-	-	-	444	47,347
Miscellaneous	22,520	31,835	28,129	-	-	82,484
<i>Total Receipts</i>	<u>2,007,848</u>	<u>945,940</u>	<u>6,902,077</u>	<u>826,660</u>	<u>596,252</u>	<u>11,278,777</u>
Disbursements						
Current:						
General Government	1,226,719	-	-	-	138,274	1,364,993
Public Safety	-	-	6,769,212	772,041	-	7,541,253
Public Works	-	940,858	-	-	346,329	1,287,187
Health	119,923	-	-	-	-	119,923
Conservation-Recreation	19,824	-	-	-	-	19,824
Capital Outlay	309,804	-	214,674	2,218	8,106	534,802
Debt Service:						
Principal Retirement	-	-	-	-	70,000	70,000
Interest and Fiscal Charges	-	-	-	-	109,010	109,010
<i>Total Disbursements</i>	<u>1,676,270</u>	<u>940,858</u>	<u>6,983,886</u>	<u>774,259</u>	<u>671,719</u>	<u>11,046,992</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>331,578</u>	<u>5,082</u>	<u>(81,809)</u>	<u>52,401</u>	<u>(75,467)</u>	<u>231,785</u>
Other Financing Sources (Uses)						
Transfers In	-	-	-	-	357,570	357,570
Transfers Out	(357,570)	-	-	-	-	(357,570)
<i>Total Other Financing Sources (Uses)</i>	<u>(357,570)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>357,570</u>	<u>-</u>
<i>Net Change in Fund Balances</i>	(25,992)	5,082	(81,809)	52,401	282,103	231,785
<i>Fund Balances Beginning of Year</i>	4,451,989	318,644	4,000,935	537,386	1,236,019	10,544,973
<i>Fund Balances End of Year</i>	<u>\$ 4,425,997</u>	<u>\$ 323,726</u>	<u>\$ 3,919,126</u>	<u>\$ 589,787</u>	<u>\$ 1,518,122</u>	<u>\$ 10,776,758</u>

See accompanying notes to the basic financial statements

Violet Township
Fairfield County, Ohio
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
General Fund
For the Year Ended December 31, 2012

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Property and Other Local Taxes	\$ 510,000	\$ 510,000	\$ 524,725	\$ 14,725
Licenses, Permits and Fees	253,400	253,400	340,024	86,624
Intergovernmental	430,904	430,904	1,073,674	642,770
Earnings on Investments	35,000	35,000	46,903	11,903
Miscellaneous	5,000	5,000	22,520	17,520
<i>Total Receipts</i>	<u>1,234,304</u>	<u>1,234,304</u>	<u>2,007,846</u>	<u>773,542</u>
Disbursements				
Current:				
General Government	1,385,329	1,449,784	1,226,718	223,066
Health	133,959	133,959	119,923	14,036
Conservation-Recreation	100,000	100,000	19,824	80,176
Capital Outlay	20,000	20,000	2,598	17,402
<i>Total Disbursements</i>	<u>1,639,288</u>	<u>1,703,743</u>	<u>1,369,063</u>	<u>334,680</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(404,984)</u>	<u>(469,439)</u>	<u>638,783</u>	<u>1,108,222</u>
Other Financing Uses				
Transfers Out	(378,410)	(557,570)	(557,570)	-
<i>Total Other Financing Uses</i>	<u>(378,410)</u>	<u>(557,570)</u>	<u>(557,570)</u>	<u>-</u>
<i>Net Change in Fund Balance</i>	(783,394)	(1,027,009)	81,213	1,108,222
<i>Unencumbered Fund Balance Beginning of Year</i>	<u>1,855,765</u>	<u>1,855,765</u>	<u>1,855,765</u>	<u>-</u>
<i>Unencumbered Fund Balance End of Year</i>	<u><u>\$1,072,371</u></u>	<u><u>\$828,756</u></u>	<u><u>\$1,936,978</u></u>	<u><u>\$1,108,222</u></u>

See accompanying notes to the basic financial statements

Violet Township
Fairfield County, Ohio
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
Road and Bridge Fund
For the Year Ended December 31, 2012

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Property and Other Local Taxes	\$ 765,000	\$ 765,000	\$ 784,669	\$ 19,669
Licenses, Permits and Fees	1,000	1,000	2,195	1,195
Intergovernmental	119,500	119,500	127,241	7,741
Miscellaneous	28,200	28,200	31,835	3,635
<i>Total Receipts</i>	913,700	913,700	945,940	32,240
Disbursements				
Current:				
Public Works	1,117,200	1,126,700	944,758	181,942
<i>Total Disbursements</i>	1,117,200	1,126,700	944,758	181,942
<i>Excess of Receipts Over (Under) Disbursements</i>	(203,500)	(213,000)	1,182	214,182
Other Financing Sources (Uses)				
Transfers In	100,000	100,000	-	(100,000)
<i>Total Other Financing Sources (Uses)</i>	100,000	100,000	-	(100,000)
<i>Net Change in Fund Balance</i>	(103,500)	(113,000)	1,182	114,182
<i>Unencumbered Fund Balance Beginning of Year</i>	238,644	238,644	238,644	-
<i>Unencumbered Fund Balance End of Year</i>	\$135,144	\$125,644	\$239,826	\$114,182

See accompanying notes to the basic financial statements

Violet Township
Fairfield County, Ohio
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
Fire District Fund
For the Year Ended December 31, 2012

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Receipts				
Property and Other Local Taxes	\$ 5,817,000	\$ 5,817,000	\$ 5,984,515	\$ 167,515
Charges for Services	25,000	25,000	84,236	59,236
Intergovernmental	764,000	764,000	805,197	41,197
Miscellaneous	2,000	2,000	28,129	26,129
<i>Total Receipts</i>	<u>6,608,000</u>	<u>6,608,000</u>	<u>6,902,077</u>	<u>294,077</u>
Disbursements				
Current:				
Public Safety	7,350,154	7,393,154	6,731,794	661,360
Capital Outlay	405,000	521,000	353,174	167,826
<i>Total Disbursements</i>	<u>7,755,154</u>	<u>7,914,154</u>	<u>7,084,968</u>	<u>829,186</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(1,147,154)</u>	<u>(1,306,154)</u>	<u>(182,891)</u>	<u>1,123,263</u>
<i>Net Change in Fund Balance</i>	(1,147,154)	(1,306,154)	(182,891)	1,123,263
<i>Unencumbered Fund Balance Beginning of Year</i>	2,530,003	2,530,003	2,530,003	-
Prior Year Encumbrances Appropriated	<u>20,932</u>	<u>20,932</u>	<u>20,932</u>	<u>-</u>
<i>Unencumbered Fund Balance End of Year</i>	<u>\$1,403,781</u>	<u>\$1,244,781</u>	<u>\$2,368,044</u>	<u>\$1,123,263</u>

See accompanying notes to the basic financial statements

Violet Township
Fairfield County, Ohio
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
Fire and Rescue Ambulance EMS Service Fund
For the Year Ended December 31, 2012

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Charges for Services	\$ 650,000	\$ 650,000	\$ 826,660	\$ 176,660
<i>Total Receipts</i>	<u>650,000</u>	<u>650,000</u>	<u>826,660</u>	<u>176,660</u>
Disbursements				
Current:				
Public Safety	907,191	922,191	772,041	150,150
Capital Outlay	41,300	41,300	2,218	39,082
<i>Total Disbursements</i>	<u>948,491</u>	<u>963,491</u>	<u>774,259</u>	<u>189,232</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(298,491)</u>	<u>(313,491)</u>	<u>52,401</u>	<u>365,892</u>
<i>Net Change in Fund Balance</i>	<u>(298,491)</u>	<u>(313,491)</u>	<u>52,401</u>	<u>365,892</u>
<i>Unencumbered Fund Balance Beginning of Year</i>	<u>537,386</u>	<u>537,386</u>	<u>537,386</u>	<u>-</u>
<i>Unencumbered Fund Balance End of Year</i>	<u><u>\$238,895</u></u>	<u><u>\$223,895</u></u>	<u><u>\$589,787</u></u>	<u><u>\$365,892</u></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, 2013 AND 2012**

NOTE 1 - REPORTING ENTITY

Violet Township, Fairfield County, Ohio (the “Township”) is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Township is directed by a publicly elected three-member Board of Trustees. The Township also has an elected Township Fiscal Officer.

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

A. Primary Government

The primary government consists of all funds, departments, boards and agencies that are not legally separate from the Township. The Township provides general government services, maintenance of Township roads and bridges, and emergency medical services. The Township has its own fire department with 43 active full-time firefighters/paramedics and 27 part-time firefighters. Police protection is provided by the City of Pickerington.

B. Component Units

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

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

The Township participates in one public entity risk pool. This organization is the Ohio Township Association Risk Management Authority (OTARMA), a risk sharing pool available to Ohio Townships. OTARMA provides property, casualty and liability coverage. Note 6 to the basic financial statements provide 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 12 to the basic financial statements provide 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, 2013 AND 2012

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

As discussed further in Note 2C, these financial statements are presented on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. 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 Position 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 Position 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 Position presents the cash and investment balances of the governmental activities of the Township at year end. The Statement of Activities compares disbursements with program receipts for each of the Township's governmental activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the Township is responsible. Program receipts include charges paid by the recipient of the program's goods or services, grants and contributions restricted to meeting the operational or capital requirements of a particular program and receipts of interest earned on grants that is required to be used to support a particular program. General receipts are all receipts not classified as program receipts, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function is self-financing on a cash basis or draws from the Township's general receipts.

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

B. Fund Accounting

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

**VIOLET TOWNSHIP
FAIRFIELD COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

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 following are the Township's major governmental funds.

General Fund - The general fund accounts for and reports all financial resources not accounted for and reported in another fund. The general fund balances is available to the Township for any purpose provided it is expended or transferred according to the general laws of Ohio.

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

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

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

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

C. Basis of Accounting

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

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

D. Budgetary Process

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

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

**VIOLET TOWNSHIP
FAIRFIELD COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

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

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

E. Fund Balance

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

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

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

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

Assigned - Amounts in the assigned fund balance classification are intended to be used by the Township for specific purposes but do not meet the criteria to be classified as restricted nor committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by policies of Township Trustees, which includes giving the Finance Director the authority to constrain monies for intended purposes.

Unassigned - Unassigned fund balance is the residual classification for the general fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is only used to report a deficit fund balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

**VIOLET TOWNSHIP
FAIRFIELD COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

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

F. Cash and Investments

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

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

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or negative receipts, respectively.

During 2013 and 2012, the Township invested in STAR Ohio, federal securities and a money market mutual fund. The federal securities and a repurchase agreement are reported at cost. The Township’s money market mutual fund investment is recorded at the amount by Fifth Third Securities on December 31, 2013 and 2012.

STAR Ohio is an investment pool, managed by the State Treasurer’s Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio’s shares price, which is the price the investment could be sold for on December 31, 2013 and 2012.

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 2013 were \$55,569, which includes \$43,209 assigned from other Township funds. Interest receipts credited to the General Fund during 2012 were \$46,903, which includes \$38,393 assigned from other Township funds.

G. Restricted Assets

Cash, cash equivalents and investments are reported as restricted when limitations on their use change the nature or normal understanding of their use. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments, or imposed by law through constitutional provisions or enabling legislation. The Township has no restricted assets.

**VIOLET TOWNSHIP
FAIRFIELD COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

H. Inventory and Prepaid Items

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

I. Capital Assets

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

J. Accumulated Leave

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

K. Employer Contributions to Cost-Sharing Pension Plans

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

L. Long-term Obligations

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

M. Net Position

Net position is 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 position restricted for other purposes include resources restricted for fire protection, road maintenance, EMS service, senior services, and lighting. The Township's policy is to first apply restricted resources when an obligation is incurred for purposes for which both restricted and unrestricted net position is available.

N. Interfund Transactions

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

**VIOLET TOWNSHIP
FAIRFIELD COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

NOTE 3 - BUDGETARY BASIS OF ACCOUNTING

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance - Budget and Actual - Budget Basis presented for the General Fund, Road and Bridge Fund, Fire District Fund, and Fire and Rescue Ambulance EMS Service Fund are prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference between the budgetary basis and the cash basis is outstanding year end encumbrances are treated as disbursements (budgetary basis) rather than as restricted, committed or assigned fund balance (cash basis). The encumbrances outstanding at year end (budgetary basis) amounted to \$11,704 and \$3,900 for the Road and Bridge fund in 2013 and 2012, respectively. The encumbrances outstanding at year end (budgetary basis) amounted to \$4,244 and \$138,500 for the Fire District Fund in 2013 and 2012, respectively. The General fund and Fire and Rescue Ambulance EMS Service fund had no outstanding encumbrances at December 31, 2013 and 2012.

Certain Funds that are legally budgeted in a separate fund are considered part of the General Fund, Road and Bridge and Fire fund on cash basis for financial reporting purposes.

NOTE 4 - DEPOSITS AND INVESTMENTS

Statutes require the classification of monies held by the Township into three categories:

Active deposits are public deposits necessary to meet current demands on the treasury. Such 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 the Township has identified as not required for use within the current five year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

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

Interim monies may be deposited or invested in the following securities:

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

**VIOLET TOWNSHIP
FAIRFIELD COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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

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

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

Deposits

Custodial credit risk is the risk that in the event of bank failure, the Township will not be able to recover deposits or collateral securities that are in the possession of an outside party. At December 31, 2013 and 2012, none of the Township's bank balances of \$1,616,952 and \$1,349,473 respectively, were exposed to custodial credit risk.

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

**VIOLET TOWNSHIP
FAIRFIELD COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

Investments

As of December 31, 2013, the Township had the following investments:

<u>Investment type</u>	<u>Carrying Value</u>	<u>6 months or less</u>	<u>7 to 12 months</u>	<u>13 to 18 months</u>	<u>19 to 24 months</u>	<u>Greater than 24 months</u>
STAR Ohio	\$ 1,049,272	\$ 1,049,272	\$ -	\$ -	\$ -	\$ -
Negotiable CD's	3,911,000	1,000,000	1,000,000	250,000	750,000	911,000
U.S. Government money market	2,839,304	2,839,304	-	-	-	-
U.S. Treasury agency securities	975,000	975,000	-	-	-	-
Repurchase agreement	523,383	523,383	-	-	-	-
Total	\$ 9,297,959	\$ 6,386,959	\$ 1,000,000	\$ 250,000	\$ 750,000	\$ 911,000

As of December 31, 2012, the Township had the following investments:

<u>Investment type</u>	<u>Carrying Value</u>	<u>Investment Maturities</u>				
		<u>6 months or less</u>	<u>7 to 12 months</u>	<u>13 to 18 months</u>	<u>19 to 24 months</u>	<u>Greater than 24 months</u>
STAR Ohio	\$ 1,048,863	\$ 1,048,863	\$ -	\$ -	\$ -	\$ -
Negotiable CD's	6,896,000	2,230,000	1,750,000	750,000	750,000	1,416,000
U.S. Government money market	777,912	777,912	-	-	-	-
Repurchase agreement	933,107	933,107	-	-	-	-
Total	\$ 9,655,882	\$ 4,989,882	\$ 1,750,000	\$ 750,000	\$ 750,000	\$ 1,416,000

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

Credit Risk: Star Ohio and the U.S. Government money market carry a rating of AAAM by Standard & Poor's. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard service rating. The Township's investments in federal agency securities were rated AAA and Aaa by Standard & Poor's and Moody's Investor Services, respectively. The federal agency securities that underlie the Township's repurchase agreement were rated AA+ and Aaa by Standard & Poor's and Moody's Investor Services, respectively. The U.S. Government money market mutual fund carries a rating of AAAM by Standard & Poor's.

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

**VIOLET TOWNSHIP
FAIRFIELD COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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

Concentration of Credit Risk: The Township places no limit on the amount that may be invested in any one issuer. The following table includes the percentage of each investment type held by the Township at December 31, 2013 and 2012:

<u>Investment type</u>	<u>2013</u>		<u>2012</u>	
	<u>Carrying Value</u>	<u>% of Total</u>	<u>Carrying Value</u>	<u>% of Total</u>
STAR Ohio	\$ 1,049,272	11.28	\$ 1,048,863	10.85
Negotiable CD's	3,911,000	42.05	6,896,000	71.45
U.S. Government money market	2,839,304	30.51	777,912	8.05
U.S. Treasury agency securities	975,000	10.53	-	-
Repurchase agreement	523,383	5.63	933,107	9.65
Total	<u>\$ 9,297,959</u>	<u>100.00</u>	<u>\$ 9,655,882</u>	<u>100.00</u>

NOTE 5 - PROPERTY TAXES

Property taxes include amounts levied against all real and public utility property located in the Township. Property tax revenue received during 2013 and 2012 for real and public utility property taxes represents collections of 2012 and 2011 taxes.

2013 and 2012 real property taxes are levied after October 1, 2013 and October 1, 2012 on the assessed values as of January 1, 2013 and January 1, 2012, the lien date. Assessed values are established by State statute at 35 percent of appraised market value. 2012 and 2011 real property taxes are collected in and intended to finance 2013 and 2012.

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. 2013 and 2012 public utility property taxes which became a lien on December 31, 2013 and December 31, 2012, are levied after October 1, 2012 and October 1, 2011, and are collected in 2013 and 2012 with real property taxes.

The full tax rate for all Township operations for the year ended December 31, 2013 and December 31, 2012, was \$12.35 per \$1,000 of assessed value in the corporation and \$14.05 per \$1,000 of assessed value outside the corporation. The assessed values of real and public utility tangible property upon which 2013 and 2012 property tax receipts were based are as follows:

	<u>2013</u>	<u>2012</u>
Real property tax	<u>\$ 988,841,370</u>	<u>\$ 1,010,810,130</u>
Total assessed valuation	<u>\$ 988,841,370</u>	<u>\$ 1,010,810,130</u>

The County Treasurer collects property tax 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.

**VIOLET TOWNSHIP
FAIRFIELD COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

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. York Risk Pooling Services, Inc. (formally known as American Risk Pooling Consultants, Inc.) (York or Management), functions as the administrator of the Pool and provides underwriting claims, loss control, risk management, and reinsurance services for the Pool. Member governments pay annual contributions to fund OTARMA. OTARMA pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

Casualty and Property Coverage

The Pool is a member of American Public Entity Excess Pool (APEEP), which is also administered by York. APEEP provides the Pool with an excess risk-sharing program. Under this arrangement, OTARMA retains insured risks up to an amount specified in the contracts. At December 31, 2013, OTARMA retained \$350,000 for casualty claims and \$250,000 for property claims.

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

Financial Position

OTARMA's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2013 and 2012 (the latest information available):

	<u>2013</u>	<u>2012</u>
Assets	\$34,954,286	\$34,771,270
Liabilities	8,486,363	9,355,082
Net Position	\$26,467,923	\$25,416,188

At December 31, 2013 and 2012, respectively, the liabilities above include approximately \$7.9 and \$8.7 million of estimated incurred claims payable. The assets above also include approximately \$7.4 and \$7.8 million of unpaid claims to be billed to approximately 948 member governments in the future, as of December 31, 2013 and 2012, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2013, the Township's share of these unpaid claims collectible in future years is approximately \$31,238.

**VIOLET TOWNSHIP
FAIRFIELD COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

NOTE 6 - RISK MANAGEMENT - (Continued)

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

<u>Contributions to OTARMA</u>	
<u>2013</u>	<u>2012</u>
\$56,796	\$61,073

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 - PENSION PLANS

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 Pension Plan is a cost-sharing, multiple-employer defined benefit pension plan. The Member-Directed Plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20% 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 Pension 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 Pension and the 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 which may be obtained by visiting <https://www.opers.org/investments/cafr.shtml>, 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 2013, member and contribution rates were consistent across all three plans. The 2013 member contribution rates were 10.00% for members. The Township's contribution rate for 2013 was 14.00% of covered payroll.

**VIOLET TOWNSHIP
FAIRFIELD COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

NOTE 7 - PENSION PLANS - (Continued)

The Township's contribution rate for pension benefits for members in the Traditional Plan for 2013 was 13.00%. The Township's contribution rate for pension benefits for members in the Combined Plan for 2013 was 13.00%. The Township's required contributions for pension obligations to the Traditional Pension and Combined Plans for the years ended December 31, 2013, 2012, and 2011 were \$156,784, \$120,602, and \$135,148, respectively; 100% has been contributed for 2013 and 100% has been contributed for 2012 and 2011. The remaining 2013 pension liability has been reported as due to other governments/pension obligation payable on the basic financial statements.

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 statements and required supplementary information for the plan. That report may be obtained by writing to the OP&F, 140 East Town Street, Columbus, Ohio 43215-5164 or by visiting the website at www.op-f.org.

Funding Policy - From January 1, 2013 through July 1, 2013, plan members were required to contribute 10.00% of their annual covered salary. From July 2, 2013 through December 31, 2013, plan members were required to contribute 10.75% of their annual covered salary. Throughout 2013, the Township was required to contribute 24.00% for firefighters. Contribution rates are established by State statute.

For 2013, the portion of the Township's contributions to fund pension obligations was 19.31% for January 1, 2013 through May 31, 2013 and 21.15% for June 1, 2013 through December 31, 2013 for firefighters. The Township's required contributions for pension obligations to OP&F for firefighters was \$809,233 for the year ended December 31, 2013, \$666,782 for the year ended December 31, 2012, and \$1,055,131, for the year ended December 31, 2011. The full amount has been contributed for 2012 and 2011. 86.69% has been contributed for firefighters for 2013.

NOTE 8 - POST-RETIREMENT BENEFIT PLANS

A. Ohio Public Employees Retirement System

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

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

**VIOLET TOWNSHIP
FAIRFIELD COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

NOTE 8 - POST-RETIREMENT BENEFIT PLANS - (Continued)

Disclosures for the healthcare plan are presented separately in the OPERS financial report which may be obtained by visiting <https://www.opers.org/investments/cafr.shtml>, writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642 or by calling (614) 222-5601 or (800) 222-7377.

Funding Policy - The post-employment healthcare plan was established under, and is administered in accordance with, Internal Revenue Code Section 401(h). State statute requires that public employers fund post-employment 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 post-employment health care.

Employer contribution rates are expressed as a percentage of the covered payroll of active employees. In 2013, local government employers contributed 14.00% of covered payroll. Each year the OPERS' Retirement Board determines the portion of the employer contribution rate that will be set aside for the funding of the postemployment health care benefits. The portion of employer contributions allocated to fund post-employment healthcare for members in the Traditional Plan for 2013 was 1.00%. The portion of employer contributions allocated to fund post-employment healthcare for members in the Combined Plan for 2013 was 1.00%.

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

The Township's contributions allocated to fund post-employment health care benefits for the years ended December 31, 2013, 2012, and 2011 were \$12,060, \$48,242, and \$58,947, respectively; 100% has been contributed for 2013 and 100% has been contributed for 2012 and 2011. The remaining 2013 post-employment health care benefits liability has been reported as due to other governments/pension obligation payable on the basic financial statements.

Changes to the health care plan were adopted by the OPERS Board of Trustees on September 19, 2012, with a transition plan commencing January 1, 2014. With the recent passage of pension legislation under State Bill 343 and the approved health care changes, OPERS expects to be able to consistently allocate 4 percent of the employer contributions toward the health care fund after the end of the transition period.

B. Ohio Police and Fire Pension Fund

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

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

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

**VIOLET TOWNSHIP
FAIRFIELD COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

NOTE 8 - POSTRETIREMENT BENEFIT PLANS - (Continued)

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

Funding Policy - The Ohio Revised Code provides for contribution requirements of the participating employers and of plan members to the OP&F (defined benefit pension plan). Participating employers are required to contribute to the pension plan at rates expressed as percentages of the payroll of active pension plan members, currently, 24.00% of covered payroll for fire employers. The Ohio Revised Code states that the employer contribution may not exceed 24.00% of covered payroll for fire employer units. Active members do not make contributions to the OPEB Plan.

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

The Board of Trustees is authorized to allocate a portion of the total employer contributions made into the pension plan into the Section 115 trust and the Section 401(h) account as the employer contribution for retiree health care benefits. The portion of employer contributions allocated to health care was 4.69% of covered payroll from January 1, 2013 through May 31, 2013 and 2.85% of covered payroll from June 1, 2013 through December 31, 2013. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees' primary responsibility to ensure that the pension benefits are adequately funded and is limited by the provisions of Sections 115 and 401(h).

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

The Township's contributions to OP&F which were allocated to fund post-employment healthcare benefits for firefighters was \$140,126 for the year ended December 31, 2013, \$260,915 for the year ended December 31, 2012, and \$562,665, for the year ended December 31, 2011. The full amount has been contributed for 2013, 2012 and 2011.

NOTE 9 - DEBT OBLIGATIONS

The Township's long-term debt activity for the year ended December 31, 2013 was as follows:

	<u>Balance</u> <u>December 31, 2012</u>	<u>Proceeds</u>	<u>Payments</u>	<u>Balance</u> <u>December 31, 2013</u>
<u>Governmental Activities</u>				
General Obligation Bonds (4%)				
2006 Issue (Original Amount \$2,925,000)	\$ 2,510,000	\$ -	\$ (70,000)	\$ 2,440,000

**VIOLET TOWNSHIP
FAIRFIELD COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

NOTE 9 - DEBT OBLIGATIONS - (Continued)

The Township's long-term debt activity for the year ended December 31, 2012 was as follows:

	<u>Balance</u>	<u>Proceeds</u>	<u>Payments</u>	<u>Balance</u>
	<u>December 31, 2011</u>			<u>December 31, 2012</u>
<u>Governmental Activities</u>				
General Obligation Bonds (4%)				
2006 Issue (Original Amount \$2,925,000)	\$ 2,580,000	\$ -	\$ (70,000)	\$ 2,510,000

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:

<u>Years Ending</u> <u>December 31,</u>	G.O. Bonds	
	<u>Principal</u>	<u>Interest</u>
2014	\$ 75,000	\$ 103,410
2015	75,000	100,410
2016	80,000	97,410
2017	85,000	93,410
2018	90,000	89,160
2019 - 2023	505,000	384,500
2024 - 2028	605,000	273,416
2029 - 2033	755,000	134,724
2034	170,000	7,226
Total	<u>\$ 2,440,000</u>	<u>\$ 1,283,666</u>

The Ohio Revised Code provides that net general obligation debt of the Township, exclusive of certain exempt debt, issued without a vote of the electors shall never exceed 5.5 percent of the tax valuation of the Township. The Revised Code further provides that total voted and unvoted net debt of the Township less the same exempt debt shall never exceed an amount equal to 10.5 percent of its tax valuation. The effects of the debt limitations at December 31, 2013 and 2012, were an overall and unvoted debt margin of \$54,386,275 and \$55,594,557 respectively.

NOTE 10 - CONTINGENCIES

Litigation - The Township is currently party to pending litigation, however management believes any liability will be covered by insurance.

**VIOLET TOWNSHIP
FAIRFIELD COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

NOTE 11 - INTERFUND TRANSACTIONS

	<u>Transfers Out</u>	<u>Transfers In</u>
<u>2013</u>		
<u>Fund Type/Fund</u>		
General	\$ 229,160	\$ -
<u>Fund Type/Fund</u>		
Debt Service/General Bond Retirement	\$ -	\$ 179,160
Capital Projects/CEDA	-	50,000
Total	<u>\$ 229,160</u>	<u>\$ 229,160</u>
<u>2012</u>		
<u>Fund Type/Fund</u>		
General	\$ 357,570	\$ -
<u>Fund Type/Fund</u>		
Debt Service/General Bond Retirement	\$ -	\$ 357,570
Total	<u>\$ 357,570</u>	<u>\$ 357,570</u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. All transfers were made in accordance with Ohio Revised Code Sections 5705.14, 5705.15 and 5705.16.

Interfund transfers between governmental funds are eliminated for reporting in the statement of activities.

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 2013 and 2012, the Township contributed \$4,749 and \$4,999 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.

**VIOLET TOWNSHIP
FAIRFIELD COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

NOTE 13 - CHANGE IN ACCOUNTING PRINCIPLE

For 2012, the Township implemented Governmental Accounting Standard Board (GASB) Statement No. 63, "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position". GASB Statement No. 63 identifies net position, rather than net assets, as the residual of all other elements presented in a statement of financial position. This change was incorporated in the Township's 2012 financial statements; however, there was no effect on beginning net position/fund balance.

NOTE 14 - FUND BALANCES

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

Fund Balances December 31, 2013	General	Road and Bridge	Fire District	EMS Service	Other Governmental Funds	Total Governmental Funds
Restricted for:						
Capital projects	\$ 575,906	\$ 80,000	\$ 1,412,582	\$ -	\$ -	\$ 2,068,488
Fire & EMS Service	-	-	1,932,596	425,440	-	2,358,036
Transportation	-	369,012	-	-	168,922	537,934
Other	-	-	-	-	380,166	380,166
Total Restricted	<u>575,906</u>	<u>449,012</u>	<u>3,345,178</u>	<u>425,440</u>	<u>549,088</u>	<u>5,344,624</u>
Committed to:						
Wages and Benefits	1,803,216	-	-	-	-	1,803,216
Bond Retirement	-	-	-	-	1,067,960	1,067,960
Total Committed	<u>1,803,216</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,067,960</u>	<u>2,871,176</u>
Unassigned	<u>2,296,291</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,296,291</u>
Total Fund Balances	<u>\$ 4,675,413</u>	<u>\$ 449,012</u>	<u>\$ 3,345,178</u>	<u>\$ 425,440</u>	<u>\$ 1,617,048</u>	<u>\$ 10,512,091</u>

**VIOLET TOWNSHIP
FAIRFIELD COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

NOTE 14 - FUND BALANCES - (Continued)

Fund Balances December 31, 2012	General	Road and Bridge	Fire District	EMS Service	Other Governmental Funds	Total Governmental Funds
Restricted for:						
Capital projects	\$ 650,803	\$ 80,000	\$ 1,412,582	\$ -	\$ -	\$ 2,143,385
Fire & EMS Service	-	-	2,506,544	589,787	-	3,096,331
Transportation	-	243,726	-	-	130,411	374,137
Other	-	-	-	-	322,701	322,701
Total Restricted	<u>650,803</u>	<u>323,726</u>	<u>3,919,126</u>	<u>589,787</u>	<u>453,112</u>	<u>5,936,554</u>
Committed to:						
Wages and Benefits	1,838,216	-	-	-	-	1,838,216
Bond Retirement	-	-	-	-	1,065,010	1,065,010
Total Committed	<u>1,838,216</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,065,010</u>	<u>2,903,226</u>
Unassigned	<u>1,936,978</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,936,978</u>
Total Fund Balances	<u>\$ 4,425,997</u>	<u>\$ 323,726</u>	<u>\$ 3,919,126</u>	<u>\$ 589,787</u>	<u>\$ 1,518,122</u>	<u>\$ 10,776,758</u>



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Independent Auditor's 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, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Violet Township, Fairfield County, Ohio, as of and for the years ended December 31, 2013 and 2012, and the related notes to the financial statements, which collectively comprise Violet Township's basic financial statements and have issued our report thereon dated June 20, 2014, wherein we noted the Violet Township uses a special purpose framework other than generally accepted accounting principles.

Internal Control Over Financial Reporting

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

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

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

Board of Trustees
Violet Township

Compliance and Other Matters

As part of reasonably assuring whether the Violet 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*.

Purpose of this Report

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

A handwritten signature in cursive script that reads "Julian & Grube, Inc.".

Julian & Grube, Inc.
June 20, 2014

**VIOLET TOWNSHIP
FAIRFIELD COUNTY, OHIO**

**STATUS OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2013 AND 2012**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain:</i>
2011-001	<u>Continuing Disclosure - Noncompliance Finding</u> - 17 C.F.R. Section 240.15c2-12 provides, in part, that the issuer of bonds must provide a copy of annual financial information to Electronic Municipal Marketing Access (EMMA) both as a continuing disclosure and for any material events. The Township did not submit the 2010 annual financial report to EMMA in 2011.	Yes	N/A



Dave Yost • Auditor of State

VIOLET TOWNSHIP

FAIRFIELD COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
AUGUST 5, 2014**