

**VIOLET TOWNSHIP**  
**FAIRFIELD COUNTY, OHIO**

**Financial Statements**  
**(Audited)**

**For the Years Ended**  
**December 31, 2019 and 2018**



OHIO AUDITOR OF STATE  
KEITH FABER



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Board of Trustees  
Violet Township  
10190 Blacklick Eastern Road  
Pickerington, Ohio 43147

We have reviewed the *Independent Auditor's Report* of Violet Township, Franklin County, prepared by Julian & Grube, Inc., for the audit period January 1, 2018 through December 31, 2019. 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 cursive script that reads "Keith Faber".

Keith Faber  
Auditor of State  
Columbus, Ohio

October 12, 2020

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**VIOLET TOWNSHIP  
FAIRFIELD COUNTY**

TABLE OF CONTENTS

	<u>PAGE</u>
Independent Auditor's Report .....	1 - 2
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Regulatory Cash Basis) - All Governmental Fund Types - For the Year Ended December 31, 2019.....	3
Notes to the Financial Statements For the Year Ended December 31, 2019 .....	4 - 15
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Regulatory Cash Basis) - All Governmental Fund Types - For the Year Ended December 31, 2018.....	16
Notes to the Financial Statements For the Year Ended December 31, 2018 .....	17 - 28
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i> .....	29 - 30
Schedule of Findings and Responses.....	31
Summary Schedule of Prior Audit Findings.....	32

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## Independent Auditor's Report

Violet Township  
Fairfield County  
10190 Blacklick Eastern Road  
Pickerington, Ohio 43147

To the Township Trustees:

### *Report on the Financial Statements*

We have audited the accompanying financial statements of the cash balances, receipts and disbursements by fund type, and related notes of Violet Township, Fairfield County, Ohio, as of and for the years ended December 31, 2019 and 2018.

### *Management's Responsibility for the Financial Statements*

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

### *Auditor's Responsibility*

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

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to 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 Violet Township's internal control. Accordingly, we express no such 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.

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

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

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

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

***Adverse Opinion on U.S. Generally Accepted Accounting Principles***

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of Violet Township as of December 31, 2019 and 2018, and the respective changes in financial position thereof for the years then ended.

***Opinion on Regulatory Basis of Accounting***

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements by fund type, and related notes of Violet Township, Fairfield County as of December 31, 2019 and 2018, for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 2.

***Emphasis of Matters***

As discussed in Note 14 to the financial statements for the year ended December 31, 2019, the financial impact of COVID-19 and the ensuing emergency measure will impact subsequent period of Violet Township. As discussed in Note 15 to the financial statements for the year ended December 31, 2018, Violet Township has elected to change its financial presentation from reporting on a cash basis of accounting comparable to the requirements of Governmental Accounting Standards No. 34 and report in accordance with standards established by the Auditor of State for governmental entities that are not required to prepare reports in accordance with GAAP which is similar to the cash receipts and disbursements basis of accounting (regulatory cash basis). We did not modify our opinion regarding these matters.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated August 24, 2020, 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 Violet Township's internal control over financial reporting and compliance.





**VIOLET TOWNSHIP  
FAIRFIELD COUNTY, OHIO**

COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND  
CHANGES IN FUND BALANCES (REGULATORY CASH BASIS) - ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2019

	Governmental Fund Types				Total (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	
<b>Cash Receipts:</b>					
Property and Other Taxes	\$ 618,842	\$ 12,787,209	\$ -	\$ -	\$ 13,406,051
Charges for Services	-	906,318	-	-	906,318
Licenses, Permits, & Fees	513,109	8,400	-	-	521,509
Intergovernmental	564,952	1,549,330	-	145,965	2,260,247
Special Assessments	28,398	5,787	-	-	34,185
Earnings on Investments	257,674	7,429	-	-	265,103
Miscellaneous	77,166	11,862	-	-	89,028
<b>Total Cash Receipts</b>	<b>2,060,141</b>	<b>15,276,335</b>	<b>-</b>	<b>145,965</b>	<b>17,482,441</b>
<b>Cash Disbursements:</b>					
Current:					
General Government	1,597,020	204,547	-	-	1,801,567
Public Safety	243,894	11,096,577	-	-	11,340,471
Public Works	-	2,273,701	-	-	2,273,701
Health	126,756	-	-	-	126,756
Conservation - Recreation	1,451	-	-	-	1,451
Capital Outlay	5,384	55,068	-	1,688,605	1,749,057
Debt Service:					
Principal Retirement	-	145,355	360,000	3,500,000	4,005,355
Interest and Fiscal Charges	-	19,123	380,189	12,100	411,412
<b>Total Cash Disbursements</b>	<b>1,974,505</b>	<b>13,794,371</b>	<b>740,189</b>	<b>5,200,705</b>	<b>21,709,770</b>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>85,636</u>	<u>1,481,964</u>	<u>(740,189)</u>	<u>(5,054,740)</u>	<u>(4,227,329)</u>
<b>Other Financing Receipts (Disbursements)</b>					
Sale of Notes and Bonds	-	-	3,589,343	3,520,089	7,109,432
Other Debt Proceeds	-	-	-	122,252	122,252
Discount on Debt	-	-	(21,719)	-	(21,719)
Sale of Capital Assets	572,539	4,779	-	-	577,318
Transfers-In	-	150,000	357,990	1,050,000	1,557,990
Transfers-Out	-	(1,500,000)	-	(57,990)	(1,557,990)
<b>Total Other Financing Receipts (Disbursements)</b>	<b>572,539</b>	<b>(1,345,221)</b>	<b>3,925,614</b>	<b>4,634,351</b>	<b>7,787,283</b>
<b>Net Change in Fund Cash Balances</b>	<b>658,175</b>	<b>136,743</b>	<b>3,185,425</b>	<b>(420,389)</b>	<b>3,559,954</b>
<b>Fund Cash Balances, January 1, 2019, restated</b>	<b>1,888,352</b>	<b>7,591,950</b>	<b>1,044,485</b>	<b>3,531,220</b>	<b>14,056,007</b>
<b>Fund Cash Balances, December 31, 2019</b>					
Restricted	-	7,728,693	4,229,910	3,110,831	15,069,434
Assigned	172,515	-	-	-	172,515
Unassigned (Deficit)	2,374,012	-	-	-	2,374,012
<b>Fund Cash Balances, December 31, 2019</b>	<b>\$ 2,546,527</b>	<b>\$ 7,728,693</b>	<b>\$ 4,229,910</b>	<b>\$ 3,110,831</b>	<b>\$ 17,615,961</b>

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

**Violet Township**  
*Fairfield County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*

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**Note 1 – Reporting Entity**

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

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

***Primary Government***

The primary government consists of all funds, departments, boards and agencies that are not legally separate from the Township. The primary government of the Township provides the following services to its citizens: general government services, maintenance of Township roads and bridges, and fire protection and emergency medical services.

***Joint Ventures, Jointly Governed Organizations and Public Entity Risk Pools***

The Township participates in jointly governed organizations, joint ventures and a public entity risk pool and is associated with a related organization.

The Township participates in two jointly governed organizations, the Fairfield County Regional Planning Commission and the Metropolitan Emergency Communication Consortium (MECC) Regional Council of Governments. Note 13 to the financial statements provides additional information for these entities.

The Township participates in a Public Entity Risk Pool, the Ohio Township Association Risk Management Authority (OTARMA). Note 6 to the financial statements provides additional information for this entity.

The Township participates in a joint venture with the City of Canal Winchester. Note 12 to the financial statements provides additional information about this venture.

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

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

***Basis of Presentation***

The Township's financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types.

**Violet Township**  
*Fairfield County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*

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***Fund Accounting***

The Township uses funds 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. The funds of the Township are presented below:

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

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

***Fire District Fund*** This fund receives property tax receipts to pay for the operation of the Township Fire Department.

***Road and Bridge Fund*** This fund receives property tax receipts to pay for constructing, maintaining, and repairing of Township roads.

***Debt Service Funds*** These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest. The Township had the following significant Debt Service Funds:

***Fire Bond Retirement Fund*** This fund receives transfers from other funds to pay the bonds issued for the construction of the new Township fire station.

***General Bond Retirement Fund*** This fund receives transfers from other funds to pay the bonds issued for the construction of the Township service center.

***Capital Project Funds*** These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Township had the following significant capital project funds:

***Wigwam Fund*** This fund receives other financing sources to pay for cost associated with the purchase of the Wigwam Event Center.

***Fixed Assets - General*** This fund is used to purchase equipment for the Township.

***Fixed Assets - Fire*** This fund is used to purchase fire equipment and vehicles for the Township.

***Fixed Assets - R&B*** This fund is used to purchase equipment and vehicles for the road department for the Township.

**Violet Township**  
*Fairfield County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*

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***Basis of Accounting***

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D). This basis is similar to the cash receipts and disbursements accounting basis. The Township recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

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

***Budgetary Process***

The Ohio Revised Code requires that each fund be budgeted annually.

***Appropriations*** Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control, and appropriations may not exceed estimated resources. The Board of Trustees must annually approve appropriation measures and subsequent amendments. Unencumbered appropriations lapse at year end.

***Estimated Resources*** Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered cash as of January 1. The County Budget Commission must approve estimated resources.

***Encumbrances*** The Ohio Revised Code requires the Township to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated.

A summary of 2019 budgetary activity appears in Note 3.

***Deposits and Investments***

The Township's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

The Township values negotiable certificate of deposits, federal securities and municipal bonds at cost. Money market mutual funds are recorded at share value the mutual funds report. Investment in STAR Ohio is measured at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximated fair value.

***Capital Assets***

The Township records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

**Violet Township**  
*Fairfield County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*

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***Accumulated Leave***

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

***Fund Balance***

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

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

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

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

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

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

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

**Violet Township**  
*Fairfield County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*

**Note 3 – Budgetary Activity**

Budgetary activity for the year ending December 31, 2019 follows:

2019 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$2,212,675	\$2,632,680	\$420,005
Special Revenue	14,529,400	15,431,114	901,714
Debt Service	417,535	3,947,333	3,529,798
Capital Projects	4,963,470	4,838,306	(125,164)
Total	\$22,123,080	\$26,849,433	\$4,726,353

2019 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$2,297,459	\$1,988,330	\$309,129
Special Revenue	16,758,724	15,323,253	1,435,471
Debt Service	765,964	761,908	4,056
Capital Projects	5,863,780	5,324,244	539,536
Total	\$25,685,927	\$23,397,735	\$2,288,192

**Violet Township**  
*Fairfield County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*

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**Note 4 – Deposits and Investments**

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

	2019
Demand deposits	\$3,417,804
Total deposits	3,417,804
U.S. Treasury Notes	3,927,570
STAR Ohio	5,897,094
Money Markets	704,492
Negotiable CDs	3,669,000
Total investments	14,198,157
Total deposits and investments	\$17,615,961

***Deposits***

Deposits are insured by the Federal Deposit Insurance Corporation; or collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

***Investments***

The Township utilizes certificates of deposit, US treasury notes, and federal securities for investments. Investments in STAR Ohio are not evidenced by securities that exist in physical or book-entry form.

**Note 5 – Property Taxes**

Real property taxes become a lien on January 1 preceding the October 1 date for which the Trustees adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable non-business, owner occupancy, and homestead exemption credits and/or homestead and rollback deductions. The financial statements include these credits and/or deduction amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

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

**Violet Township**  
*Fairfield County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*

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**Note 6 – Risk Management**

***Workers' Compensation***

Workers' Compensation coverage is provided by the State of Ohio. The Township pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

***Risk Pool Membership***

The Township is a member of the Ohio Township Association Risk Management Authority (The Pool). The Pool assumes the risk of loss up to the limits of the (local entity's) policy. The Pool covers the following risks:

- General liability and casualty
- Public official's liability
- Cyber
- Law enforcement liability
- Automobile liability
- Vehicles
- Property
- Equipment breakdown

The Pool reported the following summary of assets and actuarially-measured liabilities available to pay those liabilities as of December 31:

		<u>2019</u>
Cash and Investments	\$	35,207,320
Actuarial liabilities	\$	10,519,942

**Note 7 – Defined Benefit Pension Plans**

***Ohio Public Employees Retirement System***

Employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postemployment health care and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent of their gross salaries, and the Township contributed an amount equaling 14 percent of participants' gross salaries. The Township has paid all contributions required through December 31, 2019.



**Violet Township**  
*Fairfield County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*

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***Ohio Police and Fire Retirement System***

Township’s certified Fire Fighters belong to the Ohio Police and Fire Pension Fund (OP&F). OP&F is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan’s benefits, which include postemployment health care and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OP&F participants contributed 12.25 percent of their wages. The Township contributed to OP&F an amount equal to 24 percent of full-time fire fighters’ wages, respectively. The Township has paid all contributions required through December 31, 2019.

***Social Security***

Some Township’s employees contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2 percent of their gross salaries. The Township contributed an amount equal to 6.2 percent of participants’ gross salaries. The Township has paid all contributions required through December 31, 2019.

**Note 8 – Postemployment Benefits**

Both OPERS and OP&F offer cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement, and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the traditional pension plan and combined plan was 0 percent during calendar year 2019. The portion of employer contributions allocated to health care for OPERS members in the member-directed plan was 4.0 percent during calendar year 2019. OP&F contributes 0.5 percent to fund these benefits.

**Note 9 – Debt**

Debt outstanding at December 31, 2019, was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
General Obligation Bonds, Series 2015	1,805,000	2.44%
General Obligation Bonds, Series 2016	4,210,000	2.00-4.00%
OPWC Loan #CQ35S	239,857	0.00%
OPWC Loan #CQ44R	750,999	0.00%
OPWC Loan #CQ18V	135,120	0.00%
Rescue Engine 593 Capital Lease	478,945	3.12%
Capital Facilities Bonds, Series 2019	3,565,000	2.45 - 4.00%
Capital Facilities BANs, Series 2019	3,500,000	1.90%
Total	<u>14,684,920</u>	

**Violet Township**  
*Fairfield County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*

General Obligation Refunding Bonds – 2015 - On March 19, 2015, the Township issued \$2,495,000 in general obligation refunding bonds to advance refund \$2,290,000 of the Series 2006 General Obligation Bonds. The debt issue is comprised of current interest serial bonds (par value \$2,495,000). The interest rate on the serial bonds is 2.44%. Interest payments on the bonds are due on June 1 and December 1 of each year. The final maturity of the issue is December 1, 2029. The Series 2015 General Obligation Refunding Bonds are being retired from the General Bond Retirement Fund. The net proceeds of the Series 2015 General Obligations Refunding Bonds related to the advance refunding portion have been invested in obligations guaranteed as to both principal and interest by the United States Government and placed in irrevocable escrow accounts which, including interest earned, will be used to pay the principal and interest on the refunded bonds. The refunded bonds have an outstanding balance of \$1,805,000 at December 31, 2019.

General Obligation Bonds – Series 2016 - These bonds were issued in 2016 for the purpose of paying the costs of improving the township’s public safety facilities by constructing, furnishing and equipping a new fire station. The bonds had interest rates ranging from 2.00-4.00%. Interest payments on the bonds are due on June 1 and December 1 of each year. The final maturity of the issue is December 1, 2035. The Series 2016 General Obligation Bonds are being retired from the Fire Bond Retirement Fund.

Ohio Public Works Commission (OPWC) Loan (CQ35S) was issued in 2016 for street improvements along Stone Creek Drive. OPWC approved up to \$261,662 in a loan to the Township for this project. The Township repays the loan in semiannual installments of \$4,361 over 30 years. The interest-free loan will be retired from the Road and Bridge Fund.

Ohio Public Works Commission (OPWC) Loan (CQ44R) was issued in 2017 for Mingo Estates Infrastructure Improvements. OPWC approved up to \$850,187 in a loan to the Township for this project. The Township repays the loan in semiannual installments of \$14,169.78 over 30 years. The interest-free loan will be retired from the Road and Bridge Fund.

Ohio Public Works Commission (OPWC) Loan (CQ18V) was issued in 2018 for Subdivision Curb and Pavement Replacement. OPWC approved up to \$135,120 in a loan to the Township for this project. The Township repays the loan in semiannual installments of \$2,252 over 30 years. The interest-free loan will be retired from the Road and Bridge Fund.

Capital Facilities Bonds – Series 2019 - On December 19, 2019, the Township entered into capital facilities bonds in the amount of \$3,565,000. The bonds will mature on December 1, 2048 and carry an interest rate of 2.45 – 4.00%. The Capital Facilities Bonds are being retired from the General Bond Retirement Fund.

	Balance		Balance	
	January 1, 2019	Additions	Retirements	December 31, 2019
Capital Facilities Bond				
Anticipation Notes, Series 2018	\$ 3,500,000	\$ -	\$ (3,500,000)	\$ -
Capital Facilities Bond				
Anticipation Notes, Series 2019	\$ -	\$ 3,500,000	\$ -	\$ 3,500,000
<b>Total</b>	<b>\$ 3,500,000</b>	<b>\$ 3,500,000</b>	<b>\$ (3,500,000)</b>	<b>\$ 3,500,000</b>

**Violet Township**  
*Fairfield County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*

Capital Facilities Bond Anticipation Notes – Series 2018 - On July 11, 2018, the Township entered into bond anticipation notes for \$3,500,000 to finance the improvements to the Township’s administration facilities. The notes carried an interest rate of 1.90% and matured on July 10, 2019.

Capital Facilities Bond Anticipation Notes – Series 2019 - On July 9, 2019, the Township entered into bond anticipation notes for \$3,500,000 to finance the purchase of the Wigwam Event Center to be the Township administration building. The notes carry an interest rate of 3.00% and mature on January 9, 2020. The Series 2019 notes are to be paid off in January of 2020 with the proceeds from the Capital Facilities Bonds, Series 2019 issued on December 19, 2019.

***Leases***

The Township leases a fire engine under a noncancelable lease. The Township records principal and interest payments in the Fire district Fund. The Township disbursed \$125,075 (\$108,293 in principal) to pay lease costs for the year ended December 31, 2019.

***Amortization***

Amortization of the above debt, including interest, is scheduled as follows:

Year Ending December 31:	General Obligation Bonds, Series 2015	
	Principal	Interest
2020	160,000	44,042
2021	165,000	40,138
2022	170,000	36,112
2023	175,000	31,964
2024	180,000	27,694
2025-2029	955,000	71,370
Total	<u>\$ 1,805,000</u>	<u>\$ 251,320</u>

Year Ending December 31:	General Obligation Bonds, Series 2016	
	Principal	Interest
2020	205,000	156,000
2021	205,000	151,900
2022	210,000	147,800
2023	215,000	143,600
2024	225,000	135,000
2025-2029	1,270,000	532,400
2030-2034	1,535,000	257,800
2035	345,000	13,800
Total	<u>\$ 4,210,000</u>	<u>\$ 1,538,300</u>

Year Ending December 31:	OPWC Loan #CQ35S	
	Principal	Interest
2020	8,722	-
2021	8,722	-
2022	8,722	-
2023	8,722	-
2024	8,722	-
2025-2029	43,610	-
2030-2034	43,610	-
2035-2039	43,610	-
2040-2044	43,610	-
2045-2047	21,805	-
Total	<u>\$ 239,857</u>	<u>\$ -</u>

Year Ending December 31:	OPWC Loan #CQ44R	
	Principal	Interest
2020	28,340	-
2021	28,340	-
2022	28,340	-
2023	28,340	-
2024	28,340	-
2025-2029	141,698	-
2030-2034	141,698	-
2035-2039	141,698	-
2040-2044	141,698	-
2045-2046	42,509	-
Total	<u>\$ 750,999</u>	<u>\$ -</u>

**Violet Township**  
*Fairfield County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*

Year Ending December 31:	Capital Facilities Bonds, Series 2019		Year Ending December 31:	OPWC Loan #CQ18V	
	Principal	Interest		Principal	Interest
2020	85,000	95,388	2020	4,504	-
2021	85,000	97,859	2021	4,504	-
2022	85,000	95,309	2022	4,504	-
2023	85,000	92,759	2023	4,504	-
2024	90,000	90,209	2024	4,504	-
2025-2029	505,000	405,994	2025-2029	22,520	-
2030-2034	570,000	329,476	2030-2034	22,520	-
2035-2039	650,000	253,463	2035-2039	22,520	-
2040-2044	740,000	160,044	2040-2044	22,520	-
2045-2048	670,000	48,875	2045-2049	22,520	-
Total	<u>\$ 3,565,000</u>	<u>\$ 1,669,375</u>	Total	<u>\$ 135,120</u>	<u>\$ -</u>

Year Ending December 31:	Engine Rescue 593 Lease	
	Principal	Interest
2020	111,720	13,354
2021	115,256	9,819
2022	118,904	6,171
2023	122,668	2,407
2024	10,396	27
Total	<u>\$ 478,945</u>	<u>\$ 31,778</u>

**Note 10 – Interfund Balances and Transfers**

During 2019, the following transfers were made:

Transfers to	Transfers from		
	Special Revenue	Capital Project	Total
Special Revenue	150,000	-	150,000
Debt Service	350,000	7,990	357,990
Capital Project	1,000,000	50,000	1,050,000
Total Funds	<u>1,500,000</u>	<u>57,990</u>	<u>1,557,990</u>

\$150,000 Transfers From/ To were used to move restricted receipts for the fire district to finance wages and benefits in the wage and benefits stabilization fund for the fire department.

\$1,350,000 Transfers From/ To were used to move restricted receipts for the Fire District Fund to other Debt Service and Capital Projects Funds to make debt payments and to purchase capital assets for the fire department.

\$7,990 Transfers From/ To were used to move the remaining monies from paying costs for the 2019 bond issuance for the Wigwam Fund to the bond retirement fund.

\$50,000 Transfers From/ To were used to move restricted receipts for the Road and Bridge Capital Project Fund to another capital project fund to finance the completion of a road and bridge project.

**Violet Township**  
*Fairfield County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*

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**Note 11 – Contingent Liabilities**

At December 31, 2019, the Township was not involved in any lawsuits that would have a material adverse effect on the Township's financial position.

Amounts grantor agencies pay to the Township are subject to audit and adjustment by the grantor, principally the federal government. Grantors may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

**Note 12 – Joint Ventures**

A Cooperative Economic Development Agreement (CEDA) exists between Violet Township and the City of Canal Winchester that provides a percentage of revenue based on income tax collection for this area. The agreement was established in February 2004, and is in effect until 2040, at which time without prior notice, renews for a period of 25 years.

**Note 13 – Jointly Governed Organizations**

Violet Township joined the newly formed MECC Regional Council of Governments (COG) as a founding member in 2015 to effectively manage shared services and programs that include public safety dispatch operation, technology services and to promote cooperative services and agreements between its members and other governmental agencies.

The Township appoints two members to represent the Township on the 47 member board of the Fairfield County Regional Planning Commission. The Township pays a small membership fee annually based on the per capita of the Township. There is no ongoing financial responsibility by the Township.

**Note 14 – Subsequent Events**

The United States of America and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Township. The Impact on the Township's future operating costs, receipts, and recovery from emergency funding, either federal or state cannot be estimated.

**Note 15 – Beginning Fund Balances**

The General Fund and Special Revenue Funds beginning fund balances are off \$262 and \$4,976, respectively, due to voiding of checks.

**VIOLET TOWNSHIP  
FAIRFIELD COUNTY, OHIO**

COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND  
CHANGES IN FUND BALANCES (REGULATORY CASH BASIS) - ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2018

	Governmental Fund Types				Total (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	
<b>Cash Receipts:</b>					
Property and Other Taxes	\$ 602,806	\$ 12,471,348	\$ -	\$ -	\$ 13,074,154
Charges for Services	-	844,908	-	-	844,908
Licenses, Permits, & Fees	452,569	5,650	-	-	458,219
Intergovernmental	601,735	1,536,425	-	277,775	2,415,935
Special Assessments	2,583	5,963	-	-	8,546
Earnings on Investments	162,797	840	-	-	163,637
Miscellaneous	1,541	86,285	-	-	87,826
<b>Total Cash Receipts</b>	<b>1,824,031</b>	<b>14,951,419</b>	<b>-</b>	<b>277,775</b>	<b>17,053,225</b>
<b>Cash Disbursements:</b>					
Current:					
General Government	1,386,418	209,566	-	-	1,595,984
Public Safety	228,989	10,611,905	-	-	10,840,894
Public Works	-	2,022,969	-	-	2,022,969
Health	120,916	-	-	-	120,916
Conservation - Recreation	1,840	-	-	-	1,840
Capital Outlay	399,445	416,481	-	4,412,806	5,228,732
Debt Service:					
Principal Retirement	-	150,633	350,000	461,689	962,322
Interest and Fiscal Charges	-	16,429	215,628	14,735	246,792
<b>Total Cash Disbursements</b>	<b>2,137,608</b>	<b>13,427,983</b>	<b>565,628</b>	<b>4,889,230</b>	<b>21,020,449</b>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(313,577)</u>	<u>1,523,436</u>	<u>(565,628)</u>	<u>(4,611,455)</u>	<u>(3,967,224)</u>
<b>Other Financing Receipts (Disbursements)</b>					
Sale of Notes	-	-	-	3,519,489	3,519,489
Other Debt Proceeds	-	-	-	12,868	12,868
Premium on Debt	-	-	18,172	-	18,172
Sale of Capital Assets	-	20,380	-	-	20,380
Transfers-In	-	300,000	500,024	1,693,865	2,493,889
Transfers-Out	(428,200)	(2,060,560)	-	(5,129)	(2,493,889)
<b>Total Other Financing Receipts (Disbursements)</b>	<b>(428,200)</b>	<b>(1,740,180)</b>	<b>518,196</b>	<b>5,221,093</b>	<b>3,570,909</b>
<b>Net Change in Fund Cash Balances</b>	<b>(741,777)</b>	<b>(216,744)</b>	<b>(47,432)</b>	<b>609,638</b>	<b>(396,315)</b>
<b>Fund Cash Balances, January 1, 2018, restated</b>	<b>2,629,867</b>	<b>7,803,718</b>	<b>1,091,917</b>	<b>2,921,582</b>	<b>14,447,084</b>
<b>Fund Cash Balances, December 31, 2018</b>					
Restricted	-	7,586,974	1,044,485	3,531,220	12,162,679
Unassigned (Deficit)	1,888,090	-	-	-	1,888,090
<b>Fund Cash Balances, December 31, 2018</b>	<b>\$ 1,888,090</b>	<b>\$ 7,586,974</b>	<b>\$ 1,044,485</b>	<b>\$ 3,531,220</b>	<b>\$ 14,050,769</b>

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

**Violet Township**  
*Fairfield County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*

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**Note 1 – Reporting Entity**

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

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

***Primary Government***

The primary government consists of all funds, departments, boards and agencies that are not legally separate from the Township. The primary government of the Township provides the following services to its citizens: general government services, maintenance of Township roads and bridges, and fire protection and emergency medical services.

***Joint Ventures, Jointly Governed Organizations and Public Entity Risk Pools***

The Township participates in jointly governed organizations, joint ventures and a public entity risk pool and is associated with a related organization.

The Township participates in two jointly governed organizations, the Fairfield County Regional Planning Commission and the Metropolitan Emergency Communication Consortium (MECC) Regional Council of Governments. Note 13 to the financial statements provides additional information for these entities.

The Township participates in a Public Entity Risk Pool, the Ohio Township Association Risk Management Authority (OTARMA). Note 6 to the financial statements provides additional information for this entity.

The Township participates in a joint venture with the City of Canal Winchester. Note 12 to the financial statements provides additional information about this venture.

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

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

***Basis of Presentation***

The Township's financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types.

**Violet Township**  
*Fairfield County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*

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***Fund Accounting***

The Township uses funds 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. The funds of the Township are presented below:

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

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

***Fire District Fund*** This fund receives property tax receipts to pay for the operation of the Township Fire Department.

***Road and Bridge Fund*** This fund receives property tax receipts to pay for constructing, maintaining, and repairing of Township roads.

***Debt Service Funds*** These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest. The Township had the following significant Debt Service Funds:

***Fire Bond Retirement Fund*** This fund receives transfers from other funds to pay the bonds issued for the construction of the new Township fire station.

***General Bond Retirement Fund*** This fund receives transfers from other funds to pay the bonds issued for the construction of the Township Service Center.

***Capital Project Funds*** These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Township had the following significant capital project funds:

***Wigwam Fund*** This fund receives other financing sources to pay for cost associated with the purchase of the Wigwam Event Center.

***Fixed Assets - General*** This fund is used to purchase equipment for the Township.

***Fixed Assets - Fire*** This fund is used to purchase fire equipment and vehicles for the Township.

***Fixed Assets - R&B*** This fund is used to purchase equipment and vehicles for the road department for the Township.



**Violet Township**  
*Fairfield County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*

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***Basis of Accounting***

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D). This basis is similar to the cash receipts and disbursements accounting basis. The Township recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

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

***Budgetary Process***

The Ohio Revised Code requires that each fund be budgeted annually.

***Appropriations*** Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control, and appropriations may not exceed estimated resources. The Board of Trustees must annually approve appropriation measures and subsequent amendments. Unencumbered appropriations lapse at year end.

***Estimated Resources*** Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered cash as of January 1. The County Budget Commission must approve estimated resources.

***Encumbrances*** The Ohio Revised Code requires the Township to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated.

A summary of 2018 budgetary activity appears in Note 3.

***Deposits and Investments***

The Township's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

The Township values negotiable certificate of deposits, federal securities and municipal bonds at cost. Money market mutual funds are recorded at share value the mutual funds report. Investment in STAR Ohio is measured at net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

***Capital Assets***

The Township records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

**Violet Township**  
*Fairfield County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*

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***Accumulated Leave***

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

***Fund Balance***

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

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

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

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

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

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

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

**Violet Township**  
*Fairfield County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*

**Note 3 – Budgetary Activity**

Budgetary activity for the year ending December 31, 2018 follows:

2018 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,591,200	\$1,824,031	\$232,831
Special Revenue	14,200,775	15,271,799	1,071,024
Debt Service	500,024	518,196	18,172
Capital Projects	6,147,404	5,503,997	(643,407)
Total	\$22,439,403	\$23,118,023	\$678,620

2018 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$3,344,982	\$2,571,344	\$773,638
Special Revenue	16,963,417	15,539,687	1,423,730
Debt Service	565,900	565,628	272
Capital Projects	7,197,357	5,138,181	2,059,176
Total	\$28,071,656	\$23,814,840	\$4,256,816

**Violet Township**  
*Fairfield County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*

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**Note 4 – Deposits and Investments**

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

	2018
Demand deposits	\$3,617,162
Total deposits	3,617,162
Federal Securities	4,618,555
STAR Ohio	2,293,522
Money Markets	48,530
Negotiable CDs	3,473,000
Total investments	10,433,607
Total deposits and investments	\$14,050,769

***Deposits***

Deposits are insured by the Federal Deposit Insurance Corporation; or collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

***Investments***

The Township utilizes certificates of deposit, money markets, and federal securities for investments. Investments in STAR Ohio are not evidenced by securities that exist in physical or book-entry form.

**Note 5 – Property Taxes**

Real property taxes become a lien on January 1 preceding the October 1 date for which the Trustees adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable non-business, owner occupancy, and homestead exemption credits and/or homestead and rollback deductions. The financial statements include these credits and/or deduction amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

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

**Violet Township**  
*Fairfield County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*

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**Note 6 – Risk Management**

***Workers' Compensation***

Workers' Compensation coverage is provided by the State of Ohio. The Township pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

***Risk Pool Membership***

The Township is a member of the Ohio Township Association Risk Management Authority (The Pool). The Pool assumes the risk of loss up to the limits of the (local entity's) policy. The Pool covers the following risks:

- General liability and casualty
- Public official's liability
- Cyber
- Law enforcement liability
- Automobile liability
- Vehicles
- Property
- Equipment breakdown

The Pool reported the following summary of assets and actuarially-measured liabilities available to pay those liabilities as of December 31:

	<u>2018</u>
Cash and Investments \$	33,097,416
Actuarial liabilities \$	7,874,610

**Note 7 – Defined Benefit Pension Plans**

***Ohio Public Employees Retirement System***

Employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postemployment health care and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent of their gross salaries, and the Township contributed an amount equaling 14 percent of participants' gross salaries. The Township has paid all contributions required through December 31, 2018.

**Violet Township**  
*Fairfield County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*

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***Ohio Police and Fire Retirement System***

Township’s certified Fire Fighters belong to the Ohio Police and Fire Pension Fund (OP&F). OP&F is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan’s benefits, which include postemployment health care and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OP&F participants contributed 12.25 percent of their wages. The Township contributed to OP&F an amount equal to 24 percent of full-time fire fighters’ wages, respectively. The Township has paid all contributions required through December 31, 2018.

***Social Security***

Some Township’s employees contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2 percent of their gross salaries. The Township contributed an amount equal to 6.2 percent of participants’ gross salaries. The Township has paid all contributions required through December 31, 2018.

**Note 8 – Postemployment Benefits**

Both OPERS and OP&F offer cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement, and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the traditional pension plan and combined plan was 0 percent during calendar year 2018. The portion of employer contributions allocated to health care for OPERS members in the member-directed plan was 4.0 percent during calendar year 2018. OP&F contributes 0.5 percent to fund these benefits.

**Note 9 – Debt**

Debt outstanding at December 31, 2018, was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
General Obligation Bonds, Series 2015	1,965,000	2.44%
General Obligation Bonds, Series 2016	4,410,000	2.00-4.00%
OPWC Loan #CQ35S	248,579	0.00%
OPWC Loan #CQ44R	779,337	0.00%
OPWC Loan #CQ18V	12,868	0.00%
Rescue Engine 593 Capital Lease	587,238	3.12%
Capital Facilities BANs, Series 2018	3,500,000	1.90%
Total	<u>11,503,022</u>	

**Violet Township**  
*Fairfield County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*

General Obligation Refunding Bonds – 2015 - On March 19, 2015, the Township issued \$2,495,000 in general obligation refunding bonds to advance refund \$2,290,000 of the Series 2006 General Obligation Bonds. The debt issue is comprised of current interest serial bonds (par value \$2,495,000). The interest rate on the serial bonds is 2.44%. Interest payments on the bonds are due on June 1 and December 1 of each year. The final maturity of the issue is December 1, 2029. The Series 2015 General Obligation Refunding Bonds are being retired from the General Bond Retirement Fund. The net proceeds of the Series 2015 General Obligations Refunding Bonds related to the advance refunding portion have been invested in obligations guaranteed as to both principal and interest by the United States Government and placed in irrevocable escrow accounts which, including interest earned, will be used to pay the principal and interest on the refunded bonds. The refunded bonds have an outstanding balance of \$1,965,000 at December 31, 2018.

General Obligation Bonds – Series 2016 - These bonds were issued in 2016 for the purpose of paying the costs of improving the township’s public safety facilities by constructing, furnishing and equipping a new fire station. The bonds had interest rates ranging from 2.00-4.00%. Interest payments on the bonds are due on June 1 and December 1 of each year. The final maturity of the issue is December 1, 2035. The Series 2016 General Obligation Bonds are being retired from the Fire Bond Retirement Fund.

Ohio Public Works Commission (OPWC) Loan (CQ35S) was issued in 2016 for street improvements along Stone Creek Drive. OPWC approved up to \$261,662 in a loan to the Township for this project. The Township repays the loan in semiannual installments of \$4,361 over 30 years. The interest-free loan will be retired from the Road and Bridge Fund.

Ohio Public Works Commission (OPWC) Loan (CQ44R) was issued in 2017 for Mingo Estates Infrastructure Improvements. OPWC approved up to \$850,187 in a loan to the Township for this project. The Township repays the loan in semiannual installments of \$14,169.78 over 30 years. The interest-free loan will be retired from the Road and Bridge Fund.

Ohio Public Works Commission (OPWC) Loan (CQ18V) was issued in 2018 for Subdivision Curb and Pavement Replacement. OPWC approved up to \$135,120 in a loan to the Township for this project. The project was not finalized and an amortization schedule was not available.

	Balance January 1, 2018	Additions	Retirements	Balance December 31, 2018
Capital Facilities Bond				
Anticipation Notes, Series 2018	\$ -	\$ 3,500,000	\$ -	\$ 3,500,000
<b>Total</b>	\$ -	\$ 3,500,000	\$ -	\$ 3,500,000

Bond Anticipation Notes – Series 2018 - On July 11, 2018, the Township entered into bond anticipation notes for \$3,500,000 to finance the improvements to the Township’s administration facilities. The notes carry an interest rate of 1.90% and mature on July 10, 2019.

**Violet Township**  
*Fairfield County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*

**Leases**

The Township leases fire engines under noncancelable leases. The Township records principal and interest payments in the Fire District and Fixed Assets - Fire funds. In 2018, the Township paid off in full one of the fire engines leases. The Township disbursed \$611,922 (\$575,260 in principal) to pay lease costs for the year ended December 31, 2018.

**Amortization**

Amortization of the above debt, including interest, is scheduled as follows:

Year Ending December 31:	General Obligation Bonds, Series 2015		Year Ending December 31:	General Obligation Bonds, Series 2016	
	Principal	Interest		Principal	Interest
2019	160,000	47,946	2019	200,000	160,000
2020	160,000	44,042	2020	205,000	156,000
2021	165,000	40,138	2021	205,000	151,900
2022	170,000	36,122	2022	210,000	147,800
2023	175,000	31,964	2023	215,000	143,600
2024-2028	930,000	94,062	2024-2028	1,220,000	581,200
2029	205,000	5,002	2029-2033	1,480,000	317,000
Total	\$ 1,965,000	\$ 299,276	2034-2035	675,000	40,800
			Total	\$ 4,410,000	\$ 1,698,300

Year Ending December 31:	OPWC Loan #CQ35S		Year Ending December 31:	OPWC Loan #CQ44R	
	Principal	Interest		Principal	Interest
2019	8,722	-	2019	28,340	-
2020	8,722	-	2020	28,340	-
2021	8,722	-	2021	28,340	-
2022	8,722	-	2022	28,340	-
2023	8,722	-	2023	28,340	-
2024-2028	43,610	-	2024-2028	141,698	-
2029-2033	43,610	-	2029-2033	141,698	-
2034-2038	43,610	-	2034-2038	141,698	-
2039-2043	43,610	-	2039-2043	141,698	-
2044-2047	30,527	-	2044-2046	70,849	-
Total	\$ 248,579	\$ -	Total	\$ 779,337	\$ -

Year Ending December 31:	Engine Rescue 593 Lease	
	Principal	Interest
2019	108,293	16,782
2020	111,720	13,354
2021	115,256	9,819
2022	118,904	6,171
2023	122,668	2,407
2024	10,396	27
Total	\$ 587,238	\$ 48,560



**Violet Township**  
*Fairfield County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*

**Note 10 – Interfund Balances and Transfers**

During 2018, the following transfers were made:

Transfers to	Transfers from			Total
	General	Special Revenue	Capital Project	
Special Revenue	-	300,000	-	300,000
Debt Service	200,024	300,000	-	500,024
Capital Project	228,176	1,460,560	5,129	1,693,865
Total Funds	428,200	2,060,560	5,129	2,493,889

\$428,200 Transfers From/To were used to move unrestricted receipts collected in the General Fund to other Debt Service and Capital Projects Funds to make debt payments and finance the purchase of capital assets for the fire department.

\$1,600,000 Transfers From/ To were used to move restricted receipts for the Fire District Fund to other Debt Service and Capital Projects Funds to make debt payments and to purchase capital assets for the fire department.

\$160,560 Transfers From/ To were used to move restricted receipts for the Road and Bridge Fund to other capital project funds for the completion of a road and bridge project.

\$300,000 Transfers From/ To were used to move restricted receipts for the Fire District Fund to finance wages and benefits in the Fire Wage & Benefits Stabilization Fund.

\$5,129 Transfers From/ To were used to move the remaining restricted receipts for the Mingo Estate Road improvement fund after the completion of a road and bridge project to the Road and Bridge Fund capital asset fund.

**Note 11 – Contingent Liabilities**

At December 31, 2018, the Township was not involved in any lawsuits that would have a material adverse effect on the Township’s financial position.

Amounts grantor agencies pay to the Township are subject to audit and adjustment by the grantor, principally the federal government. Grantors may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

**Note 12 – Joint Ventures**

A Cooperative Economic Development Agreement (CEDA) exists between Violet Township and the City of Canal Winchester that provides a percentage of revenue based on income tax collection for this area. The agreement was established in February 2004, and is in effect until 2040, at which time without prior notice, renews for a period of 25 years.

**Violet Township**  
*Fairfield County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*

**Note 13 – Jointly Governed Organizations**

Violet Township joined the newly formed MECC Regional Council of Governments (COG) as a founding member in 2015 to effectively manage shared services and programs that include public safety dispatch operation, technology services and to promote cooperative services and agreements between its members and other governmental agencies.

The Township appoints two members to represent the Township on the 47 member board of the Fairfield County Regional Planning Commission. The Township pays a small membership fee annually based on the per capita of the Township. There is no ongoing financial responsibility by the Township.

**Note 14 – Beginning Fund Balances**

The General Fund and Special Revenue Funds beginning fund balances are off \$491 and \$1,314, respectively, due to voiding of checks.

**Note 15 – Change in Financial Statement Presentation**

In 2017, the Township reported financial statements on a cash basis of accounting comparable to the requirements of GASB Statement No. 34. Starting in 2018, the Township reported on a regulatory cash basis. For the basis used in 2017, certain funds were grouped together and reported as one fund. When the Township elected to utilize the regulatory accounting basis in 2018, all funds were reported separately based on their budgeted fund types, with the exception of the general wages and stabilization fund, which is combined with the general fund. The following adjustments are required to net cash position/fund cash balances as previously reported due to the change in accounting basis.

<u>Investment Type</u>	Fund Financial Statements									
	<u>Governmental Activities</u>	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Fire District</u>	<u>Road and Bridge</u>	<u>General Bond Retirement</u>	<u>Other Governmental</u>	<u>Total</u>
Net cash position/fund cash balances as previously reported at December 31, 2017 (cash basis)	\$ 14,445,279	\$ 3,184,255	\$ -	\$ -	\$ -	\$ 8,370,668	\$ 1,029,559	\$ 995,459	\$ 865,338	\$ 14,445,279
Change in accounting basis	(14,445,279)	(554,879)	7,802,404	1,091,917	2,921,582	(8,370,668)	(1,029,559)	(995,459)	(865,338)	-
Voiding of checks	-	491	1,314	-	-	-	-	-	-	1,805
Restated net cash position/fund cash balances at January 1, 2018 (regulatory basis)	\$ -	\$ 2,629,867	\$ 7,803,718	\$ 1,091,917	\$ 2,921,582	\$ -	\$ -	\$ -	\$ -	\$ 14,447,084

**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  
10190 Blacklick Eastern Road  
Pickerington, Ohio 43147

To the Township 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 cash balances, receipts, and disbursements by fund type of Violet Township, Fairfield County, Ohio, as of and for the years ended December 31, 2019 and 2018, and the related notes to the financial statements, and have issued our report thereon dated August 24, 2020 wherein we noted Violet Township followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. Furthermore, as discussed in Note 14 to the financial statements for the year ended December 31, 2019, the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods. We also noted in Note 15 to the financial statements for the year ended December 31, 2018, Violet Township has elected to change its financial presentation from reporting on a cash basis of accounting comparable to the requirements of Governmental Accounting Standard No. 34 and report in accordance with standards established by the Auditor of State for governmental entities that are not required to prepare reports in accordance with GAAP, which is similar to the cash receipts and disbursements basis of accounting (regulatory cash basis).

***Internal Control Over Financial Reporting***

As part of our financial statement audit, we considered 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 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 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. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and responses that we consider a material weakness. We consider finding 2019-001 to be a material weakness.

***Compliance and Other Matters***

As part of reasonably assuring whether 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, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

***Violet Township's Response to Finding***

Violet Township's response to the finding identified in our audit is described in the accompanying schedule of findings and responses. We did not subject Violet Township's response to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

***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 Violet Township's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering Violet Township's internal control and compliance. Accordingly, this report is not suitable for any other purpose.



Julian & Grube, Inc.  
August 24, 2020

**VIOLET TOWNSHIP  
FAIRFIELD COUNTY, OHIO**

**SCHEDULE OF FINDINGS AND RESPONSES  
DECEMBER 31, 2019 AND 2018**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENT REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>	
Finding Number	2019-001

Material Weakness - Financial Statement Presentation

Accurate financial reporting is required in order to provide management and other stakeholders with objective and timely information to enable well-informed decisions. Presentation of materially correct financial statements and the related footnotes is the responsibility of management. This responsibility remains intact even if management decides to outsource this function for efficiency purposes or any other reason. In either case, it is important that control procedures are developed related to the financial statements that enable management to identify, prevent, detect and correct potential misstatements in the financial statements and footnotes.

Certain adjustments were made to the financial statements and note disclosures for the years ended December 31, 2018 and December 31, 2019, to properly state financial statement amounts.

The audited financial statements, note disclosures and Township records have been adjusted for the misstatements identified during the audit.

A lack of control procedures associated with the period end financial reporting process could lead to financial statement and note disclosure adjustments, which if uncorrected, could lead to a misrepresentation of the Township's activity.

We recommend Violet Township implement additional control procedures that enable management to more timely prevent or detect and correct potential misstatements in the basic financial statements prior to presenting them to the auditors. Further, we recommend the Township review the adjustments noted during the audit and incorporate them into future reports.

Client Response: The Fiscal Officer will work to provide a sound fiscal environment for the Township and has implemented additional policies and procedures to help with financial statement presentation.

**VIOLET TOWNSHIP  
FAIRFIELD COUNTY, OHIO**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2019 AND 2018**

<b>Finding Number</b>	<b>Year Initially Occurred</b>	<b>Finding Summary</b>	<b>Status</b>	<b>Additional Information</b>
2017-001	2015	<u>Financial Statement Presentation - Material Weakness</u> – A monitoring system by the Fiscal Officer and Trustees should be in place to prevent or detect material misstatements for the accurate presentations to the Township’s financial statements. The Township had several audit adjustments.	Not Corrected	Finding repeated as 2019-001 as audit adjustments were posted in the current audit period.

# OHIO AUDITOR OF STATE KEITH FABER



**VIOLET TOWNSHIP**

**FAIRFIELD COUNTY**

## **AUDITOR OF STATE OF OHIO CERTIFICATION**

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



**Certified for Release 10/20/2020**

88 East Broad Street, Columbus, Ohio 43215  
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at  
[www.ohioauditor.gov](http://www.ohioauditor.gov)