



**VIOLET TOWNSHIP
FAIRFIELD COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 1999 - 1998



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

TABLE OF CONTENTS

TITLE	PAGE
Report of Independent Accountants	1
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – All Governmental Fund Types and Similar Fiduciary Fund For the Year Ended December 31, 1999	3
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – All Governmental Fund Types and Similar Fiduciary Fund For the Year Ended December 31, 1998	4
Notes to the Financial Statements	5
Report of Independent Accountants on Compliance and on Internal Control Required by <i>Government Auditing Standards</i>	11

This Page Intentionally Left Blank



STATE OF OHIO
OFFICE OF THE AUDITOR
JIM PETRO, AUDITOR OF STATE

35 N. Fourth St., 2nd Floor
Columbus, OH 43216
Telephone 614-466-3402
800-443-9275
Facsimile 614-728-7199
www.auditor.state.oh.us

REPORT OF INDEPENDENT ACCOUNTANTS

Violet Township
Fairfield County
12970 Rustic Drive
Pickerington, Ohio 43147

We have audited the accompanying financial statements of Violet Township, Fairfield County, Ohio, (the Township) as of and for the years ended December 31, 1999 and December 31, 1998. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As discussed in Note 1, the Township prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of the Violet Township, Fairfield County, Ohio as of December 31, 1999 and December 31, 1998, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 31, 2000 on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

This report is intended solely for the information and use of management and the Board of Trustees and other officials authorized to receive this report under § 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

JIM PETRO
Auditor of State

January 31, 2000

Violet Township

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN FUND
CASH BALANCES - ALL GOVERNMENTAL FUND TYPES AND SIMILAR FIDUCIARY FUND
FOR THE YEAR ENDED DECEMBER 31, 1999**

	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Expendable Trust</u>	<u>(Memorandum Only) Total</u>
Cash Receipts:					
Local Taxes	\$253,285	\$2,794,305	\$0	\$0	\$3,047,590
Intergovernmental	527,448	419,660	0	0	947,108
Special Assessment	0	7,703	0	0	7,703
Fines, Licenses and Permits	88,450	0	0	0	88,450
Interest	216,559	5,836	747	0	223,142
Miscellaneous	19,822	25,509	0	0	45,331
Total Cash Receipts	1,105,564	3,253,013	747	0	4,359,324
Cash Disbursements:					
Security of Persons and Property	0	2,322,450	0	0	2,322,450
Public Health Service	79,201	0	0	0	79,201
Public Works	9,905	741,381	0	0	751,286
General Government	443,388	0	0	0	443,388
Capital Outlay	49,425	167,649	0	0	167,074
Debt Service	55,105	0	0	0	55,105
Total Cash Disbursements	637,024	3,231,480	0	0	3,651,430
Total Cash Receipts over/(under) Cash Disbursements	468,540	21,533	747	0	490,820
Other Financing Receipts/(Disbursements):					
Transfers-in	0	145,000	0	0	145,000
Transfers-out	(145,000)	0	0	0	(145,000)
Total Other Financing Receipts/(Disbursements)	(145,000)	145,000	0	0	0
Excess of Cash Receipts over/(under) Cash Disbursements	323,540	166,533	747	0	490,820
Fund Cash Balances, January 1, 1999	1,422,913	2,300,928	19,575	3,177	3,746,593
Fund Cash Balances, December 31, 1999	\$1,746,453	\$2,467,461	\$20,322	\$3,177	\$4,237,413
Reserve for Encumbrances, December 31, 1999	\$0	\$114,217	\$0	\$0	\$114,217

The notes to the financial statements are an integral part of this statement.

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN FUND
CASH BALANCES - ALL GOVERNMENTAL FUND TYPES AND SIMILAR FIDUCIARY FUND
FOR THE YEAR ENDED DECEMBER 31, 1998**

	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Expendable Trust</u>	<u>(Memorandum Only) Total</u>
Cash Receipts:					
Local Taxes	\$232,793	\$2,711,053	\$0	\$0	\$2,943,846
Intergovernmental	478,341	400,162	0	0	878,503
Special Assessment	0	2,312	0	0	2,312
Fines, Licenses and Permits	92,839	0	0	0	92,839
Interest	179,596	9,727	351	0	189,674
Miscellaneous	129,391	73,916	0	0	203,307
Total Cash Receipts	<u>1,112,960</u>	<u>3,197,170</u>	<u>351</u>	<u>0</u>	<u>4,310,481</u>
Cash Disbursements:					
Security of Persons and Property	0	2,004,479	0	0	2,004,479
Public Health Service	62,763	0	0	0	62,763
Public Works	1,478	733,349	0	0	734,827
General Government	454,384	0	0	0	454,384
Capital Outlay	412,743	241,395	263	0	654,401
Total Cash Disbursements	<u>931,368</u>	<u>2,979,223</u>	<u>263</u>	<u>0</u>	<u>3,910,854</u>
Total Cash Receipts over/(under) Cash Disbursements	<u>181,592</u>	<u>217,947</u>	<u>88</u>	<u>0</u>	<u>399,627</u>
Other Financing Receipts/(Disbursements):					
Proceeds from Sale of Public Debt					
Sale of Bonds	360,000	0	0	0	360,000
Transfers-in	0	216,000	0	0	216,000
Transfers-out	(216,000)	0	0	0	(216,000)
Other Sources	4,145	0	0	0	4,145
Total Other Financing Receipts/(Disbursements)	<u>148,145</u>	<u>216,000</u>	<u>0</u>	<u>0</u>	<u>364,145</u>
Excess of Cash Receipts over/(under) Cash Disbursements	<u>329,737</u>	<u>433,947</u>	<u>88</u>	<u>0</u>	<u>763,772</u>
Fund Cash Balances, January 1, 1998	<u>1,093,176</u>	<u>1,866,981</u>	<u>19,487</u>	<u>3,177</u>	<u>2,982,821</u>
Fund Cash Balances, December 31, 1998	<u>\$1,422,913</u>	<u>\$2,300,928</u>	<u>\$19,575</u>	<u>\$3,177</u>	<u>\$3,746,593</u>
Reserve for Encumbrances, December 31, 1998	<u>\$33,235</u>	<u>\$80,000</u>	<u>\$0</u>	<u>\$0</u>	<u>\$113,235</u>

The notes to the financial statements are an integral part of this statement.

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Violet Township, Fairfield County, Ohio, (the Township) is a body corporate and politic 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 provides general governmental services, including road and bridge maintenance, cemetery maintenance, zoning, fire protection and emergency medical services.

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

B. Basis of Accounting

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized 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 prescribed or permitted by the Auditor of State.

C. Cash and Investments

The investment in STAR Ohio (the State Treasurer's investment pool) is valued at the investment cost, as reported by the State Treasurer.

Investments (sweep account) are reported as an asset. 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 disbursements, respectively.

D. Fund Accounting

The Township uses fund accounting to segregate cash and investments that are restricted as to use. The Township classifies its funds into the following types:

1. General Fund

The General Fund is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

2. Special Revenue Funds

These funds are used to account for proceeds from specific sources (other than from trusts or for capital projects) that are restricted to expenditure for specific purposes. The Township had the following significant Special Revenue Funds:

Fire District Fund - This fund receives tax money and various other grant money to provide fire protection services to the Township.

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

2. Special Revenue Funds (Continued)

Gasoline Tax Fund - This fund receives gasoline tax monies to repair and reconstruct Township roads.

Road and Bridge Fund - This fund receives real and personal property tax to repair and reconstruct Township roads.

3. Fiduciary Funds (Trust and Agency Funds)

These funds are used to account for resources restricted by legally binding trust agreements and funds for which the Township is acting in an agency capacity. The Township had the following significant fiduciary (Trust) fund:

Morris-Davis Fund - This fund consists of bequests from two families for the upkeep of cemetery plots.

E. Budgetary Process

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

1. 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. The County Budget Commission must also approve the annual appropriation measure. Unencumbered appropriations lapse at year end.

2. 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 also approve estimated resources.

3. 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 re-appropriated.

A summary of 1999 and 1998 budgetary activity appears in Note 3.

F. Property, Plant and Equipment

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

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. Unpaid Vacation and Sick Leave

Employees are entitled to cash payments for unused vacation and sick leave in certain circumstances, such as upon leaving employment. Unpaid vacation and sick leave are not reflected as liabilities under the basis of accounting used by the Township.

2. EQUITY IN POOLED CASH AND INVESTMENTS

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

	<u>1999</u>	<u>1998</u>
Demand deposits	<u>(\$26,021)</u>	<u>(\$137,379)</u>
Total deposits	<u>(26,021)</u>	<u>(137,379)</u>
Sweep Account	717,000	340,000
STAR Ohio	<u>3,546,434</u>	<u>3,543,972</u>
Total investments	<u>4,263,434</u>	<u>3,883,972</u>
Total deposits and investments	<u><u>\$4,237,413</u></u>	<u><u>\$3,746,593</u></u>

Deposits: Deposits are either (1) insured by the Federal Depository Insurance Corporation, or (2) collateralized by securities specifically pledged by the financial institution to the Township.

Investments: The Township's sweep account is held in book-entry form in the name of the Township's financial institution. The financial institution maintains records identifying the Township as owner of these securities. Investments in STAR Ohio are not evidenced by securities that exist in physical or book-entry form.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 1999 and December 31, 1998 follows:

1999 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$828,104	\$1,105,564	\$277,460
Special Revenue	3,471,800	3,398,013	(73,787)
Capital Projects	<u>10,000</u>	<u>747</u>	<u>(9,253)</u>
Total	<u><u>\$4,309,904</u></u>	<u><u>\$4,504,324</u></u>	<u><u>\$194,420</u></u>

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)**

3. BUDGETARY ACTIVITY (Continued)

1999 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$2,166,000	\$782,024	\$1,383,976
Special Revenue	5,617,856	3,345,697	2,272,159
Capital Projects	38,926	0	38,926
Total	<u>\$7,822,782</u>	<u>\$4,127,721</u>	<u>\$3,695,061</u>

1998 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$683,100	\$1,477,105	\$794,005
Special Revenue	3,465,600	3,413,170	(52,430)
Capital Projects	5,000	351	(4,649)
Total	<u>\$4,153,700</u>	<u>\$4,890,626</u>	<u>\$736,926</u>

1998 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,004,762	\$1,180,603	(\$175,841)
Special Revenue	4,172,338	3,059,223	1,113,115
Capital Projects	30,000	263	29,737
Total	<u>\$5,207,100</u>	<u>\$4,240,089</u>	<u>\$967,011</u>

4. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by Board of Trustees. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. Homestead and rollback amounts are then paid by the State, and are reflected in the accompanying financial statements as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to make semiannual payment, the first half is due December 31. The second half payment is due the following June 20.

Tangible personal property tax is assessed by the property owners, who must file a list of such property to the County by each April 30.

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)**

4. PROPERTY TAX (Continued)

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

5. DEBT

Debt outstanding at December 31, 1999 was as follows:

	Principal	Interest Rate
Building Acquisition & Improvement Note	\$320,000	4.75%

The Building Acquisition and Improvement Notes were issued on October 13, 1998 to pay costs of acquiring, improving and equipping a building to house offices, personnel, and functions of the Township, as well as all necessary appurtenances. The notes will be retired with revenue levied on all the taxable property of the Township.

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

Year ending December 31:	General Obligation Notes
2000	\$55,200
2001	53,300
2002	51,400
2003	49,500
2004	47,600
Subsequent	131,400
Total	\$388,400

6. RETIREMENT SYSTEMS

The Township's certified Fire Fighters belong to the Police and Firemen's Disability and Pension Funds (PFDPF). Other employees belong to the Public Employees Retirement System (PERS) of Ohio. PFDPF and PERS are cost-sharing, multiple-employer plans. These plans provide retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. Members of PFDPF are required to contribute 10% of their wages to the PFDPF. The Township is required to contribute an amount equal to 19.5% of their wages. PERS members are required to contribute 8.5% of their gross salaries. The Township is required to contribute an amount equal to 13.55% of participants' gross salaries. The Township has elected to pick up the cost (or portion of) the employees contribution, in addition to the employer contribution. The Township has paid all contributions required through December 31, 1999.

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)

7. RISK MANAGEMENT

The Township is a member of the Ohio Township Association Risk Management Authority Joint Self Insurance Pool (the Pool). The Pool assumes the risk of loss up to the limits of the Township's policy. The Pool may assess supplemental premiums. The following risks are covered by the Pool:

- General liability and casualty
- Public official's liability
- Vehicle

The Township also provides health insurance and dental and vision coverage to full-time employees through a private carrier.

8. CUSTODIAN OF OTHER TOWNSHIP ASSETS

The following funds are maintained by custodians, as legally required. These assets, and the related receipts and disbursements, are not reflected in the accompanying financial statements.

Deferred Compensation Assets

Certain employees may elect to participate in the Ohio Deferred Compensation Program (the Program). Amounts withheld from these employees are tax deferred, and are invested by the Program, as directed by the employees. Under the amended Internal Revenue Code Section 457 all assets and income of the plan are held in trust for the exclusive benefit of the participants and their beneficiaries. These assets are no longer the contingent assets of the Township. At December 31, 1999, the Program held \$128,598 in deferred compensation assets for the Township.

9. RELATED ORGANIZATIONS

The Violet Township Water and Sewer District (the District) is a governmental entity whose primary purpose is to provide water and sewer services to residents of Violet Township. The District was formed in May 1993 by an act of the Violet Township Trustees. The District's governing board consists of five members. The Township does not have an ongoing financial responsibility to the District.



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

35 N. Fourth St., 2nd Floor
Columbus, OH 43215

Telephone 614-466-3402
800-443-9275

Facsimile 614-728-7199
www.auditor.state.oh.us

**REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE AND ON INTERNAL CONTROL
REQUIRED BY GOVERNMENT AUDITING STANDARDS**

Violet Township
Fairfield County
12970 Rustic Drive
Pickerington, Ohio 43147

We have audited the accompanying financial statements of Violet Township, Fairfield County, Ohio (the Township), as of and for the years ended December 31, 1999 and December 31, 1998, and have issued our report thereon dated January 31, 2000. We conducted our audits in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Township's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audits and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However we note certain immaterial instances of noncompliance that we have reported to management in a separate letter dated January 31, 2000.

Internal Control Over Financial Reporting

In planning and performing our audits, we considered the Township's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Township in a separate letter dated January 31, 2000.

This report is intended for the information and use of management and the Board of Trustees, and is not intended to be and should not be used by anyone other than these specified parties.

JIM PETRO
Auditor of State

January 31, 2000



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140
Telephone 614-466-4514
800-282-0370
Facsimile 614-466-4490

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
MAY 4, 2000**