



Mary Taylor, CPA  
Auditor of State



WASHINGTON TOWNSHIP  
MONTGOMERY COUNTY

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# Mary Taylor, CPA

## Auditor of State

### INDEPENDENT ACCOUNTANTS' REPORT

Washington Township  
Montgomery County  
8200 McEwen Rd  
Dayton, Ohio 45458

To the Board of Trustees:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Washington Township, Montgomery County, (the Township), as of and for the year ended December 31, 2009, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Township's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

As discussed in Note 2, the accompanying financial statements and notes follow the modified cash accounting basis. This is a comprehensive accounting basis other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Washington Township, Montgomery County, as of December 31, 2009, and the respective changes in modified cash financial position and the respective budgetary comparison for the General, Road and Bridge, Police, and Fire Funds thereof for the year then ended in conformity with the basis of accounting Note 2 describes.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 30, 2010, on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Management's discussion and analysis is not a required part of the basic financial statements but is supplementary information accounting principles generally accepted in the United States of America requires. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.

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

**Mary Taylor, CPA**  
Auditor of State

April 30, 2010

**WASHINGTON TOWNSHIP  
MONTGOMERY COUNTY**

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

This discussion and analysis of Washington Township's financial performance provides an overall review of the Township's financial activities for the year ended December 31, 2009, within the limitations of the Township's modified cash basis accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the Township's financial performance.

**Highlights**

Key highlights for 2009 are as follows:

- Net assets of Township activities increased \$2,383,896 from the prior year. The funds most affected by the increase in net assets were the General Fund, whose \$1,664,385 increase was due mainly to an increase in inheritance tax receipts of \$479,194 over 2008 receipts. Even though expenses in the General Fund increased by \$243,688 over 2008 expenses, the General Fund still brought in more receipts than expenses due mainly to \$2,363,128 in inheritance tax receipts received in 2009. The Road & Bridge Fund's \$1,698,291 increase was due mainly to receipt of \$505,261 in FEMA funds for the fall 2008 windstorm (Hurricane Ike). The Road & Bridge Fund's expenses decreased by \$391,373 from 2008. The Road & Bridge Fund also received \$309,694 from the sale of bonds to finance the Sterling Cove road project. The Police Fund's \$789,978 decrease is due mainly to an increase in operating expense of \$387,814. To address this situation the township will place two replacement levies on the May 2010 ballot. One is a 5-year 2.0 mill replacement levy of an expiring 5-year 2.0 mill levy originally passed in 2005. The other is a 1.95 mill continuous levy to replace a 2.0 continuous levy originally passed in 1982. It is estimated that the two new levies will bring in an additional \$1,141,243 for the township. This will allow the Township to maintain our current level of police service.
- The Township's general receipts are primarily property taxes. In 2009 the Township received \$14,698,880 in property and other local taxes. These receipts represent 59 percent of the total cash received for Township activities during the year. Compared to 2008, property tax receipts for 2009 increased .4 percent.
- The Recreation Center, the Township's lone business-type activity, showed an \$11,176 loss or a 4 percent decrease in net assets.
- During 2009, the Township issued \$320,000 in bonds through the Ohio Capital Asset Financing Program for the Sterling Cove road project.
- The Township, as did many other communities throughout the State of Ohio, incurred extensive damage due to the windstorm of September 14, 2008. The storm was declared a disaster by both the State and Federal governments, qualifying us for FEMA funds. In 2009, the Township received a total of \$547,803 in FEMA Funds.
- In the spring of 2007, the township signed a contract with Montgomery County to dispose of surplus items via internet auctions. The total received in 2009 by the township through such sales was \$17,076. This is \$60,217 lower than the previous year. This was mainly due to the township waiting to sell vehicles in 2010 after we sign a contract to sell directly through GovDeals and not through Montgomery County.

**WASHINGTON TOWNSHIP  
MONTGOMERY COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2009  
UNAUDITED  
(Continued)**

- Ohio tax law changes from the 2003 and 2005 State bi-annual budgets will reduce tangible personal property tax revenue to a trickle in coming years. In 2009 the Township received approximately \$138,625 less in tangible personal property tax from the previous year and that loss will grow each year through year 2018 when it is estimated that the Township will lose \$872,000 a year thereafter.
- The Township's tax base in 2009 decreased to \$1,696,519,050, which is a decrease of 0.71 percent under 2008.

**Using the Basic Financial Statements**

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

**Report Components**

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

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

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

**Basis of Accounting**

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

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



**WASHINGTON TOWNSHIP  
MONTGOMERY COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2009  
UNAUDITED  
(Continued)**

**Reporting the Township as a Whole**

The statement of net assets and the statement of activities reflect how well the Township financially performed during 2009, within the limitations of modified cash basis accounting. The statement of net assets presents the pooled cash and investment balances of the government and business-type activities of the Township at year end. The statement of activities compares cash disbursements with program receipts for each Township program and business-type activity. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function or business-type activity draws from the Township's general receipts.

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

In the statement of net assets and the statement of activities, we divide the Township into two types of activities:

**Governmental activities** - Most of the Township's basic services are reported here, including general government, police, fire, and public works. Property taxes and intergovernmental receipts finance most of these activities. Benefits provided through Township activities are not necessarily paid for by the people receiving them.

**Business-type activity** - The Township has one business-type activity, the recreation department. Business-type activities are financed by a fee charged to the customers receiving the service and by property taxes.

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

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

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

**WASHINGTON TOWNSHIP  
MONTGOMERY COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2009  
UNAUDITED  
(Continued)**

**Proprietary Funds** – When the Township charges customers for the services it provides, these services are generally reported in proprietary funds. When the services are provided to the general public, the activity is reported as an enterprise fund. The Township has one enterprise fund, the Recreation Department. Residents of both the unincorporated Township and City of Centerville pay for the recreation levy. When the services are provided to other departments of the Township, the service is reported as an internal service fund. The Township has one internal service fund, vehicle maintenance, to account for maintenance and repairs to Township vehicles.

**Fiduciary Funds** - Fiduciary funds are used to account for resources held for the benefit of parties outside the Township. Fiduciary funds are not reflected on the Township-wide financial statements because the resources of these funds are not available to support the Township's programs. The Township has two fiduciary funds, a cemetery bequest fund for the decoration of four graves in the Centerville Cemetery that is maintained by the Township and an agency fund for a flexible benefit account.

**The Township as a Whole**

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

**(Table 1)  
Net Assets**

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total</b>	
	<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>
<b>Assets</b>						
Cash and Cash Equivalents	\$13,596,297	\$4,759,483	\$273,983	\$285,159	\$13,870,280	\$5,044,642
Investments	8,977,840	15,419,582			8,977,840	15,419,582
<b>Total Assets</b>	<b>22,574,137</b>	<b>20,179,065</b>	<b>273,983</b>	<b>285,159</b>	<b>22,848,120</b>	<b>20,464,224</b>
<b>Net Assets</b>						
<b>Restricted for:</b>						
Special Revenue	14,661,952	13,928,986			14,661,952	13,928,986
Unrestricted	7,912,185	6,250,079	273,983	285,159	8,186,168	6,535,238
<b>Total Net Assets</b>	<b>\$22,574,137</b>	<b>\$20,179,065</b>	<b>\$273,983</b>	<b>\$285,159</b>	<b>\$22,848,120</b>	<b>\$20,464,224</b>

As mentioned previously, net assets of Township's activities increased \$2,383,896 or 12 percent during 2009. The primary reasons contributing to the overall increase in cash balances are as follows:

- The General Fund's net assets increased \$1,664,385 due mainly to inheritance tax increase of \$479,194 over 2008 and an overall receipt of \$2,363,128 in inheritance tax receipts.
- The Road & Bridge Fund's net assets increased \$1,698,291 due mainly to receipt of FEMA Funds of \$547,803, a decrease in expenses of \$391,333 and the sale of bonds in the amount of \$309,694.
- The Police Fund's net assets decreased \$789,978 due mainly to increases in operating expenses.

Table 2 reflects the changes in net assets on a modified cash basis for 2009 and 2008 for governmental activities, business type activities and total primary government.

**WASHINGTON TOWNSHIP  
MONTGOMERY COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2009  
UNAUDITED  
(Continued)**

(Table 2)  
Changes in Net Assets

	Governmental Activities		Business Type Activities		Total	
	2009	2008	2009	2008	2009	2008
<b>Receipts:</b>						
<b>Program Receipts:</b>						
Charges for Services and Sales	\$ 797,996	\$ 390,133	\$1,303,378	\$1,388,158	\$ 2,101,374	\$ 1,778,291
Operating Grants and Contributions	3,522,699	2,537,974	207,903	175,808	3,730,602	2,713,782
Total Program Receipts	4,320,695	2,928,107	1,511,281	1,563,966	5,831,976	4,492,073
<b>General Receipts:</b>						
Property and Other Local Taxes	13,660,480	13,668,229	1,038,400	970,287	14,698,880	14,638,516
Grants and Entitlements Not Restricted to Specific Programs	3,052,052	2,523,173			3,052,052	2,523,173
Sale of Bonds Issued	309,694				309,694	
Premium on Debt Issued	835				835	
Sale of Capital Assets	17,773	75,041	1,302	2,251	19,075	77,292
Interest	341,881	580,616			341,881	580,616
Miscellaneous	324,804	781,511	114,060	109,566	438,864	891,077
Total General Receipts	17,707,519	17,628,570	1,153,762	1,082,104	18,861,281	18,710,674
Total Receipts	22,028,214	20,556,677	2,665,043	2,646,070	24,693,257	23,202,747
<b>Disbursements:</b>						
General Government	2,816,508	2,825,796			2,816,508	2,825,796
Police	3,837,562	3,458,047			3,837,562	3,458,047
Fire	6,416,930	6,171,312			6,416,930	6,171,312
Public Works	3,720,762	2,542,943			3,720,762	2,542,943
Health	149,098	141,963			149,098	141,963
Conservation Recreation	99,441				99,441	
Capital Outlay	2,054,172	2,845,690			2,054,172	2,845,690
Principal Retirement	500,000	500,000			500,000	500,000
Interest and Fiscal Charges	94,969	105,810			94,969	105,810
Recreation Center			2,676,219	2,881,666	2,676,219	2,881,666
Total Disbursements	19,689,442	18,591,561	2,676,219	2,881,666	22,365,661	21,473,227
Excess (Deficiency) Before Transfers	2,338,772	1,965,116	(11,176)	(235,596)	2,327,596	1,729,520
Proceeds from sale of land	56,300				56,300	
Transfers		(500)		500		
Increase (Decrease) in Net Assets	2,395,072	1,964,616	(11,176)	(235,096)	2,383,896	1,729,520
Net Assets, January 1	20,179,065	18,214,449	285,159	520,255	20,464,224	18,734,704
Net Assets, December 31	\$22,574,137	\$20,179,065	\$ 273,983	\$ 285,159	\$22,848,120	\$20,464,224

Program receipts represent only 19 percent of total governmental activities receipts and are primarily comprised of restricted intergovernmental receipts, such as motor vehicle license and gas tax money; building permits and inspection fees; and rollback and homestead exemption dollars received from the State for the Road and Bridge, Police, and Fire funds.

Program receipts for business-type activities equals 57 percent of the total business activity receipts and represents receipts collected at the Recreation Center for memberships, participation programs or classes, walk-in fees and rollback and homestead exemption dollars received from the State for the Recreation Fund.

**WASHINGTON TOWNSHIP  
MONTGOMERY COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2009  
UNAUDITED  
(Continued)**

General receipts represent 81 percent of the total governmental activities receipts and 43 percent of the business-type activities total receipts. Of these amounts, over 77 percent represent property taxes for the governmental activities and 90 percent represent property taxes for the business-type activities. For the remainder of the governmental activities, the majority of general receipts include inheritance tax, and both local government and local government revenue assistance funds, which are in the general fund and received from the State of Ohio.

Disbursements for General Government represent the overhead costs of running the Township and the support services provided for other Township activities. These include the costs of the Board of Trustees, Fiscal Officer, administration department, finance department, zoning department and internal service fund. Since these costs do not represent direct services to residents, we try to limit these costs.

Police and Fire are the costs for providing these services; Public Works is the cost of maintaining roads; Health is the cost of running and maintaining six cemeteries; and Capital Outlay includes the construction payments in 2009 for street and sidewalk improvements, the purchase of new vehicles, protective fire clothing, new office, machinery and computer equipment and the purchases of road right of ways. Principal Retirement includes the semi-annual payments on the notes issued for the building of two fire stations and a training tower.

**Governmental Activities**

If you look at the Statement of Activities (page 12-13), you will see that the first column lists the major services provided by the Township. The next column identifies the costs of providing these services. The three largest program disbursements for governmental activities are for Fire, Police and Public Works services which account for 33, 19, and 19 percent of all governmental disbursements, respectively. General Government and Capital Outlay purchases also represented a significant cost, about 14 and 10 percent respectively. The next two columns of the Statement entitled Program Cash Receipts identify amounts paid by people who are directly charged for the service and grants received by the Township that must be used to provide a specific service. The net Receipt (Disbursement) column compares the program receipts to the cost of the service. This "net cost" amount represents the cost of the service, which ends up being paid from money provided by local taxpayers. These net costs are paid from the general receipts, which are presented at the bottom of the Statement. A comparison between the total cost of services and the net cost is presented in Table 3.

**(Table 3)**  
**Governmental Activities**

	<b>Total Cost of Services 2009</b>	<b>Net Cost of Services 2009</b>	<b>Total Cost of Services 2008</b>	<b>Net Cost of Services 2008</b>
General Government	\$2,816,508	\$2,413,993	\$2,825,796	\$2,786,690
Police	3,837,562	3,299,043	3,458,047	2,987,064
Fire	6,416,930	4,843,693	6,171,312	4,962,577
Public Works	3,720,762	1,933,038	2,542,943	1,356,160
Health	149,098	130,398	141,963	119,463
Conservation Recreation	99,441	99,441		
Capital Outlay	2,054,172	2,054,172	2,845,690	2,845,690
Principal Retirement	500,000	500,000	500,000	500,000
Interest and Fiscal Charges	94,969	94,969	105,810	105,810
<b>Total Expenses</b>	<b>\$19,689,442</b>	<b>\$15,368,747</b>	<b>\$18,591,561</b>	<b>\$15,663,454</b>

The dependence upon property tax receipts is apparent as 78 percent of Township government activities are supported through these general receipts.

**WASHINGTON TOWNSHIP  
MONTGOMERY COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2009  
UNAUDITED  
(Continued)**

**Business-type Activities**

The Recreation Center operation of the Township routinely reports receipts and cash disbursements that are relatively equal.

**Budgeting Highlights**

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

During 2009, the Township amended its budget for the General, Police, Fire, Road & Bridge and Recreation funds among others, to be in line with the Amended Certificate of Resources. Final budgeted receipts were below original budgeted receipts due to a decrease in estimated property tax revenue from the county. The County only certifies 95% of the property tax they estimate the township will receive. Actual receipts for the General, Road and Bridge, Police, and Fire funds were \$1,803,333, \$314,084, \$186,153, \$591,228, respectively, over final budgeted receipts.

Final disbursements for the General, Road & Bridge, Police, and Fire funds were budgeted at \$9,417,395, \$10,963,290, \$5,133,651, \$10,643,941, respectively, while actual disbursements, including encumbrances, were \$3,624,153, \$4,158,636, \$3,922,497, \$7,872,217, respectively.

**Debt Administration**

**Debt**

At December 31, 2009, the Township's outstanding debt included \$2,000,000 in fire bonds for the construction of two fire stations and a training tower and \$320,000 in Ohio Capital Asset Bonds for Sterling Cove road project. For further information regarding the Township's debt, refer to Note 9 to the basic financial statements.

**Current Issues**

The challenge for all Townships is to provide quality services to the public while staying within the restrictions imposed by limited and, in some cases, shrinking funding. We rely heavily on property taxes, so it is imperative that we continue to enhance our property tax base while maintaining an attractive mix of residential, commercial and green space property. The Township is primarily a residential community, and even though our tax base decreased in 2009, due to the nationwide housing bubble, we believe the township will have an increasing tax base in 2010 due to minor new construction and increasing home values in our community.

The Township will have two new replacement levies on the May 2010 ballot for the Police Fund. One is a 5-year 2.0 mill levy replacing a 5-year 2.0 mill levy originally passed in 2005. The second is a 1.95 mill continuous levy replacing a 2.0 mill continuous levy originally passed in 1982.

**Contacting the Township's Financial Management**

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the Township's finances and to reflect the Township's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Michael A. Barlow, Finance Director, Washington Township, 8200 McEwen Road, Dayton, OH 45458.

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**WASHINGTON TOWNSHIP  
MONTGOMERY COUNTY**

**STATEMENT OF NET ASSETS - MODIFIED CASH BASIS  
DECEMBER 31, 2009**

	<u>Governmental Activities</u>	<u>Business - Type Activities</u>	<u>Total</u>
<b>Assets:</b>			
Equity in Pooled Cash and Cash Equivalents	\$13,596,297	\$273,983	\$13,870,280
Investments	8,977,840		8,977,840
Total Assets	<u>22,574,137</u>	<u>273,983</u>	<u>22,848,120</u>
<b>Net Assets:</b>			
<b>Restricted for:</b>			
Special Revenue	14,661,952		14,661,952
Unrestricted	7,912,185	273,983	8,186,168
Total Net Assets	<u>\$22,574,137</u>	<u>\$273,983</u>	<u>\$22,848,120</u>

*See accompanying notes to the basic financial statements.*

**WASHINGTON TOWNSHIP  
MONTGOMERY COUNTY**

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

		<b>Program Cash Receipts</b>	
<b>Cash Disbursements</b>	<b>Charges for Services and Sales</b>	<b>Operating Grants, Contributions and Interest</b>	
<b>Governmental Activities:</b>			
General Government	\$2,816,508	\$402,515	
Police	3,837,562	54,443	\$484,076
Fire	6,416,930	265,515	1,307,722
Public Works	3,720,762	56,823	1,730,901
Health	149,098	18,700	
Conservation-Recreation	99,441		
Capital Outlay	2,054,172		
Debt Service	594,969		
Total Governmental Activities	19,689,442	797,996	3,522,699
<b>Business Type Activities:</b>			
Recreation Center	2,676,219	1,303,378	207,903
Total	\$22,365,661	\$2,101,374	\$3,730,602

**General Receipts:**

**Property Taxes Levied for:**

- General Purposes
- Road & Bridge
- Police
- Fire
- Recreation
- Grants and Entitlements not  
  Restricted to Specific Programs
- Bonds Issued
- Premium on Debt Issue
- Sale of Capital Assets
- Interest
- Miscellaneous
- Total General Receipts
  
- Special Item - Proceeds from Sale of Land
  
- Total General Receipts and Transfers
  
- Change in Net Assets
  
- Net Assets Beginning of Year
  
- Net Assets End of Year

*See accompanying notes to the basic financial statements.*



**Net (Disbursements) Receipts and Changes in Net Assets**

<b><u>Governmental Activities</u></b>	<b><u>Business-Type Activities</u></b>	<b><u>Total</u></b>
(\$2,413,993)		(\$2,413,993)
(3,299,043)		(3,299,043)
(4,843,693)		(4,843,693)
(1,933,038)		(1,933,038)
(130,398)		(130,398)
(99,441)		(99,441)
(2,054,172)		(2,054,172)
<u>(594,969)</u>		<u>(594,969)</u>
<u>(15,368,747)</u>		<u>(15,368,747)</u>
	<u>(\$1,164,938)</u>	<u>(1,164,938)</u>
<u>(15,368,747)</u>	<u>(1,164,938)</u>	<u>(16,533,685)</u>
1,038,316		1,038,316
3,741,927		3,741,927
2,608,779		2,608,779
6,271,458		6,271,458
	1,038,400	1,038,400
3,052,052		3,052,052
309,694		309,694
835		835
17,773	1,302	19,075
341,881		341,881
324,804	114,060	438,864
<u>17,707,519</u>	<u>1,153,762</u>	<u>18,861,281</u>
<u>56,300</u>		<u>56,300</u>
<u>17,763,819</u>	<u>1,153,762</u>	<u>18,917,581</u>
2,395,072	(11,176)	2,383,896
<u>20,179,065</u>	<u>285,159</u>	<u>20,464,224</u>
<u>\$22,574,137</u>	<u>\$273,983</u>	<u>\$22,848,120</u>

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**WASHINGTON TOWNSHIP  
MONTGOMERY COUNTY**

**STATEMENT OF MODIFIED CASH BASIS ASSETS AND FUND BALANCES  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2009**

	<u>General</u>	<u>Road &amp; Bridge Fund</u>	<u>Police Fund</u>	<u>Fire Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Assets:</b>						
Equity in Pooled Cash and Cash Equivalents	\$4,755,176	\$5,187,288	\$849,752	\$2,108,660	\$681,537	\$13,582,413
Investments	3,143,124	3,428,746	561,677	1,393,803	450,490	8,977,840
Total Assets	<u>7,898,300</u>	<u>8,616,034</u>	<u>1,411,429</u>	<u>3,502,463</u>	<u>1,132,027</u>	<u>22,560,253</u>
<b>Fund Balances</b>						
<b>Reserved:</b>						
Reserved for Encumbrances	227,309	535,340	6,411	115,683	36,816	921,559
<b>Unreserved:</b>						
Undesignated (Deficit), Reported in:						
General Fund	7,670,991					7,670,991
Special Revenue Funds		8,080,694	1,405,018	3,386,780	1,095,211	13,967,703
Total Fund Balances	<u>\$7,898,300</u>	<u>\$8,616,034</u>	<u>\$1,411,429</u>	<u>\$3,502,463</u>	<u>\$1,132,027</u>	<u>\$22,560,253</u>

See accompanying notes to the basic financial statements.

WASHINGTON TOWNSHIP  
MONTGOMERY COUNTY

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO  
NET ASSETS OF GOVERNMENTAL ACTIVITIES  
DECEMBER 31, 2009

**Total Governmental Fund Balances** \$22,560,253

Amounts reported for governmental activities in the statement of net assets are different because

Governmental activities' net assets include the internal service funds' cash and cash equivalents. The proprietary funds' statements include these assets.

13,884

Net Assets of Governmental Activities

\$22,574,137

*See accompanying notes to the basic financial statements.*

**WASHINGTON TOWNSHIP  
MONTGOMERY COUNTY**

**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN MODIFIED CASH BASIS FUND BALANCE:  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2009**

	<b>General</b>	<b>Road &amp; Bridge Fund</b>	<b>Police Fund</b>	<b>Fire Fund</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>Receipts:</b>						
Property and Other Local Taxes	\$1,038,316	\$3,741,927	\$2,608,779	\$6,271,458		\$13,660,480
Charges for Services	13,861			264,099		277,960
Licenses, Permits and Fees	388,654	11,061	175	1,416	\$18,700	420,006
Fines and Forfeitures	54,268					54,268
Intergovernmental	3,052,052	638,946	484,076	1,307,722	1,032,832	6,515,628
Special Assessments					45,762	45,762
Interest	341,881				59,123	401,004
Other	97,680	114,668	19,001	25,246	68,209	324,804
<b>Total Receipts</b>	<b>4,986,712</b>	<b>4,506,602</b>	<b>3,112,031</b>	<b>7,869,941</b>	<b>1,224,626</b>	<b>21,699,912</b>
<b>Disbursements:</b>						
<b>Current:</b>						
General Government	2,816,508					2,816,508
Police	18,255		3,817,028			3,835,283
Fire	12,178			6,404,752		6,416,930
Public Works	34,591	2,844,562			841,609	3,720,762
Health	98,630				50,467	149,097
Conservation-Recreation	99,441					99,441
Capital Outlay	317,240	778,734	99,058	764,626	94,514	2,054,172
Principal Retirement				500,000		500,000
Interest and Fiscal Charges				87,156	7,813	94,969
<b>Total Disbursements</b>	<b>3,396,843</b>	<b>3,623,296</b>	<b>3,916,086</b>	<b>7,756,534</b>	<b>994,403</b>	<b>19,687,162</b>
Excess of Receipts Over (Under) Disbursements	1,589,869	883,306	(804,055)	113,407	230,223	2,012,750
<b>Other Financing Sources (Uses):</b>						
Sale of Capital Assets	491	30	12,372	4,880		17,773
Bonds Issued		309,694				309,694
Premium on Debt Issue					835	835
Transfers In	17,725	505,261	1,705	21,078	2,034	547,803
Transfers Out					(547,803)	(547,803)
<b>Total Other Financing Sources (Uses)</b>	<b>18,216</b>	<b>814,985</b>	<b>14,077</b>	<b>25,958</b>	<b>(544,934)</b>	<b>328,302</b>
<b>Special Item:</b>						
Proceeds from Sale of Land	56,300					56,300
<b>Net Change in Fund Balances</b>	<b>1,664,385</b>	<b>1,698,291</b>	<b>(789,978)</b>	<b>139,365</b>	<b>(314,711)</b>	<b>2,397,352</b>
<b>Fund Balances Beginning of Year</b>	<b>6,233,915</b>	<b>6,917,743</b>	<b>2,201,407</b>	<b>3,363,098</b>	<b>1,446,738</b>	<b>20,162,901</b>
<b>Fund Balances End of Year</b>	<b>\$7,898,300</b>	<b>\$8,616,034</b>	<b>\$1,411,429</b>	<b>\$3,502,463</b>	<b>\$1,132,027</b>	<b>\$22,560,253</b>

See accompanying notes to the basic financial statements.

WASHINGTON TOWNSHIP  
MONTGOMERY COUNTY

RECONCILIATION OF THE STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES  
IN MODIFIED CASH BASIS FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2009

Net Change in Fund Balances - Total Governmental Funds \$2,397,352

Amounts reported for governmental activities in the  
statement of activities are different because.

Internal service funds charge repair and maintenance costs to other funds.

The entity-wide statements eliminate governmental fund expenditures  
and related internal service fund charges. Governmental activities  
report allocated net internal service fund revenues (expenses).

(2,280)

Change in Net Assets of Governmental Activities

\$2,395,072

*See accompanying notes to the basic financial statements.*

**WASHINGTON TOWNSHIP  
MONTGOMERY COUNTY**

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

	<u>Budgeted Amounts</u>			<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Receipts:</b>				
Property and Other Local Taxes	\$1,087,708	\$1,061,601	\$1,038,316	(\$23,285)
Charges for Services	10,000	10,000	13,861	3,861
Licenses, Permits and Fees	235,000	235,000	388,654	153,654
Fines and Forfeitures	60,000	60,000	54,268	(5,732)
Intergovernmental	1,367,100	1,367,100	3,052,052	1,684,952
Interest	450,000	337,678	341,881	4,203
Other	112,000	112,000	97,680	(14,320)
Total receipts	<u>3,321,808</u>	<u>3,183,379</u>	<u>4,986,712</u>	<u>1,803,333</u>
<b>Disbursements:</b>				
<b>Current:</b>				
General Government	8,017,492	7,984,992	2,753,313	5,231,679
Police	23,000	23,500	18,255	5,245
Fire	20,000	21,000	12,884	8,116
Public Works	233,960	212,960	167,920	45,040
Health	120,000	124,000	98,630	25,370
Conservation-Recreation	63,000	153,000	99,441	53,559
Capital Outlay	1,136,050	897,943	473,710	424,233
Total Disbursements	<u>9,613,502</u>	<u>9,417,395</u>	<u>3,624,153</u>	<u>5,793,242</u>
Excess of Receipts Over (Under) Disbursements	<u>(6,291,694)</u>	<u>(6,234,016)</u>	<u>1,362,559</u>	<u>7,596,575</u>
<b>Other Financing Sources:</b>				
Sale of Capital Assets	100	100	56,791	56,691
Transfers In			17,725	17,725
Total Other Financing Sources	<u>100</u>	<u>100</u>	<u>74,516</u>	<u>74,416</u>
Net Change in Fund Balance	(6,291,594)	(6,233,916)	1,437,075	7,670,991
Fund Balance Beginning of Year	6,026,092	6,026,092	6,026,092	
Prior Year Encumbrances Appropriated	<u>207,824</u>	<u>207,824</u>	<u>207,824</u>	
Fund Balance End of Year	<u>(\$57,678)</u>	<u>\$0</u>	<u>\$7,670,991</u>	<u>\$7,670,991</u>

*See accompanying notes to the basic financial statements.*

**WASHINGTON TOWNSHIP  
MONTGOMERY COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES  
IN FUND BALANCE BUDGET AND ACTUAL - BUDGET BASIS -  
ROAD & BRIDGE FUND  
FOR THE YEAR ENDED DECEMBER 31, 2009**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Receipts:</b>				
Property and Other Local Taxes	\$3,721,384	\$3,673,018	\$3,741,927	\$68,909
Licenses, Permits and Fees			11,061	11,061
Intergovernmental	509,500	509,500	638,946	129,446
Other	10,000	10,000	114,668	104,668
Total receipts	<u>4,240,884</u>	<u>4,192,518</u>	<u>4,506,602</u>	<u>314,084</u>
<b>Disbursements:</b>				
<b>Current:</b>				
Public Works	3,329,756	3,611,506	3,269,582	341,924
Capital Outlay	7,581,900	7,251,784	889,054	6,362,730
<b>Debt Service:</b>				
Principal Retirement	100,000	100,000		100,000
Total Disbursements	<u>11,011,656</u>	<u>10,963,290</u>	<u>4,158,636</u>	<u>6,804,654</u>
Excess of Receipts Over (Under) Disbursements	<u>(6,770,772)</u>	<u>(6,770,772)</u>	<u>347,966</u>	<u>7,118,738</u>
<b>Other Financing Sources :</b>				
Sale of Capital Assets	16,000	16,000	30	(15,970)
Bonds Issued			309,694	309,694
Transfers In			505,261	505,261
Total Other Financing Sources	<u>16,000</u>	<u>16,000</u>	<u>814,985</u>	<u>798,985</u>
Net Change in Fund Balance	(6,754,772)	(6,754,772)	1,162,951	7,917,723
Fund Balance Beginning of Year	6,313,242	6,313,242	6,313,242	
Prior Year Encumbrances Appropriated	<u>604,501</u>	<u>604,501</u>	<u>604,501</u>	
Fund Balance End of Year	<u>\$162,971</u>	<u>\$162,971</u>	<u>\$8,080,694</u>	<u>\$7,917,723</u>

*See accompanying notes to the basic financial statements.*



**WASHINGTON TOWNSHIP  
MONTGOMERY COUNTY**

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

	<u>Budgeted Amounts</u>			<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Receipts:</b>				
Property and Other Local Taxes	\$2,675,233	\$2,546,978	\$2,608,779	\$61,801
Licenses, Permits and Fees	50	50	175	125
Intergovernmental	378,850	378,850	484,076	105,226
Other			19,001	19,001
Total receipts	<u>3,054,133</u>	<u>2,925,878</u>	<u>3,112,031</u>	<u>186,153</u>
<b>Disbursements:</b>				
<b>Current:</b>				
Police	3,758,721	3,986,721	3,823,439	163,282
Capital Outlay	1,475,185	1,146,930	99,058	1,047,872
Total Disbursements	<u>5,233,906</u>	<u>5,133,651</u>	<u>3,922,497</u>	<u>1,211,154</u>
Excess of Receipts Over (Under) Disbursements	<u>(2,179,773)</u>	<u>(2,207,773)</u>	<u>(810,466)</u>	<u>1,397,307</u>
<b>Other Financing Sources :</b>				
Sale of Capital Assets	16,950	6,367	12,372	6,005
Transfers In			1,705	1,705
Total Other Financing Sources	<u>16,950</u>	<u>6,367</u>	<u>14,077</u>	<u>7,710</u>
Net Change in Fund Balance	(2,162,823)	(2,201,406)	(796,389)	1,405,017
Fund Balance Beginning of Year	2,199,563	2,199,563	2,199,563	
Prior Year Encumbrances Appropriated	<u>1,843</u>	<u>1,843</u>	<u>1,843</u>	
Fund Balance End of Year	<u>\$38,583</u>	<u>\$0</u>	<u>\$1,405,017</u>	<u>\$1,405,017</u>

*See accompanying notes to the basic financial statements.*

**WASHINGTON TOWNSHIP  
MONTGOMERY COUNTY**

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

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Receipts:</b>				
Property and Other Local Taxes	\$6,534,254	\$6,113,663	\$6,271,458	\$157,795
Charges for Services	242,000	242,000	264,099	22,099
Licenses, Permits and Fees	2,550	2,550	1,416	(1,134)
Intergovernmental	920,500	920,500	1,307,722	387,222
Other			25,246	25,246
Total receipts	<u>7,699,304</u>	<u>7,278,713</u>	<u>7,869,941</u>	<u>591,228</u>
<b>Disbursements:</b>				
<b>Current:</b>				
Fire	6,978,689	7,182,689	6,458,111	724,578
Capital Outlay	3,326,843	2,873,752	826,950	2,046,802
<b>Debt Service:</b>				
Principal Retirement	500,000	500,000	500,000	
Interest and Fiscal Charges	87,500	87,500	87,156	344
Total Disbursements	<u>10,893,032</u>	<u>10,643,941</u>	<u>7,872,217</u>	<u>2,771,724</u>
Excess of Receipts Over (Under) Disbursements	<u>(3,193,728)</u>	<u>(3,365,228)</u>	<u>(2,276)</u>	<u>3,362,952</u>
<b>Other Financing Sources:</b>				
Sale of Capital Assets	5,000	2,130	4,880	2,750
Transfers In			21,078	21,078
Total Other Financing Sources	<u>5,000</u>	<u>2,130</u>	<u>25,958</u>	<u>23,828</u>
Net Change in Fund Balance	(3,188,728)	(3,363,098)	23,682	3,386,780
Fund Balance Beginning of Year	3,273,476	3,273,476	3,273,476	
Prior Year Encumbrances Appropriated	89,622	89,622	89,622	
Fund Balance End of Year	<u>\$174,370</u>	<u>\$0</u>	<u>\$3,386,780</u>	<u>\$3,386,780</u>

See accompanying notes to the basic financial statements.

**WASHINGTON TOWNSHIP  
MONTGOMERY COUNTY**

**STATEMENT OF FUND NET ASSETS - MODIFIED CASH BASIS  
PROPRIETARY FUNDS  
DECEMBER 31, 2009**

	<b>Business-Type Activities</b>	<b>Governmental Activity</b>
	<b>Recreation</b>	
	<b>Enterprise Fund</b>	<b>Internal Service</b>
<b>Assets:</b>		
Equity in Pooled Cash and Cash Equivalents	\$273,983	\$13,884
Total Assets	273,983	13,884
 <b>Net Assets:</b>		
Other Purposes	273,983	
Unrestricted		13,884
Total Net Assets	\$273,983	\$13,884

*See accompanying notes to the basic financial statements.*

**WASHINGTON TOWNSHIP  
MONTGOMERY COUNTY**

**STATEMENT OF CASH RECEIPTS,  
DISBURSEMENTS AND CHANGES IN FUND NET ASSETS - MODIFIED CASH BASIS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2009**

	<u>Business-Type Activities</u>	<u>Governmental</u>
	<u>Recreation</u>	<u>Activity</u>
	<u>Enterprise Fund</u>	<u>Internal Service</u>
<b>Operating Receipts:</b>		
Charges for Services	\$1,303,378	\$40,909
Property and Other Local Taxes	1,038,400	
Intergovernmental	207,903	
Other Operating Receipts	114,060	
Total Operating Receipts	<u>2,663,741</u>	<u>40,909</u>
<b>Operating Disbursements:</b>		
Salaries	1,385,266	10,472
Employee Fringe Benefits	418,599	
Purchased Services	53,037	
Materials and Supplies	103,970	27,238
Repairs and Maintenance	116,883	5,402
Communication, Printing and Advertising	106,740	
Other	491,724	77
Total Operating Disbursements	<u>2,676,219</u>	<u>43,189</u>
Operating Loss	<u>(12,478)</u>	<u>(2,280)</u>
<b>Non-Operating Receipts:</b>		
Sale of Fixed Assets	1,302	
Total Non-Operating Receipts	<u>1,302</u>	
Change in Net Assets	(11,176)	(2,280)
Net Assets Beginning of Year	<u>285,159</u>	<u>16,164</u>
Net Assets End of Year	<u><u>\$273,983</u></u>	<u><u>\$13,884</u></u>

*See accompanying notes to the basic financial statements.*

WASHINGTON TOWNSHIP  
MONTGOMERY COUNTY

STATEMENT OF FIDUCIARY NET ASSETS - MODIFIED CASH BASIS  
FIDUCIARY FUNDS  
DECEMBER 31, 2009

	<u>Private Purpose Trust</u>	<u>Agency</u>
<b>Assets:</b>		
Equity in Pooled Cash and Cash Equivalents	\$3,761	\$12,494
Total Assets	<u>3,761</u>	<u>12,494</u>
<b>Liabilities:</b>		
Due to Others		<u>\$12,494</u>
<b>Net Assets:</b>		
Unrestricted	<u>\$3,761</u>	

*See accompanying notes to the basic financial statements.*

WASHINGTON TOWNSHIP  
MONTGOMERY COUNTY

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS - MODIFIED CASH BASIS  
FIDUCIARY FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2009

	<u>Private Purpose Trust</u>
Net Assets - Beginning of Year	<u>\$3,761</u>
Net Assets - End of Year	<u><u>\$3,761</u></u>

*See accompanying notes to the basic financial statements.*

**WASHINGTON TOWNSHIP  
MONTGOMERY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2009**

**1. REPORTING ENTITY**

Washington Township, Montgomery County, Ohio (the Township), is a body politic and corporate established in 1796 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 Fiscal Officer.

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

**A. Primary Government**

The primary government consists of all funds, departments, boards and agencies that are not legally separate from the Township. The Township provides general government services, maintenance of Township roads, fire protection, emergency medical services, recreational facilities and cemetery maintenance. The Township contracts with the Montgomery County Sheriff's Office for police protection.

**B. Component Units**

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

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

As discussed further in Note 2.C, these financial statements are presented on a modified cash basis of accounting. This modified cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the modified cash basis of accounting. In the government-wide financial statements and the fund financial statements for the proprietary funds, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied, to the extent they are applicable to the modified cash basis of accounting, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails. The Township does not apply FASB statements issued after November 30, 1989, to its business-type activities and to its enterprise funds. Following are the more significant of the Township's accounting policies.

**WASHINGTON TOWNSHIP  
MONTGOMERY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2009  
(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**A. Basis of Presentation**

The Township's basic financial statements consist of government-wide financial statements, including a statement of net assets and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

**1. Government-Wide Financial Statements**

The statement of net assets and the statement of activities display information about the Township as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The activity of the internal service fund is eliminated to avoid "doubling up" receipts and disbursements. The statements distinguish between those activities of the Township that are governmental and those that are considered business-type. Governmental activities generally are financed through taxes, intergovernmental receipts or other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

The statement of net assets presents the cash balance of the governmental and business-type activities of the Township at year end. The statement of activities compares disbursements with program receipts for each of the Township's governmental and business-type activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the Township is responsible. Program receipts include charges paid by the recipient of the program's goods or services, grants and contributions restricted to meeting the operational or capital requirements of a particular program and receipts of interest earned on grants that is required to be used to support a particular program. General receipts are all receipts not classified as program receipts, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function or business-type activity is self-financing on a modified cash basis or draws from the Township's general receipts.

**2. Fund Financial Statements**

During the year, the Township segregates transactions related to certain Township functions or activities in separate funds to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Township at this more detailed level. The focus of governmental and enterprise fund financial statements is on major funds. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column. The internal service funds are presented in a single column on the face of the proprietary fund statements. Fiduciary funds are reported by type.

Proprietary fund statements distinguish operating transactions from non-operating transactions. Operating receipts generally result from exchange transactions such as charges for services directly relating to the funds' principal services. Operating disbursements include costs of services and administrative costs. The proprietary fund statements report all other receipts and disbursements as non-operating.



**WASHINGTON TOWNSHIP  
MONTGOMERY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2009  
(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**B. Fund Accounting**

The Township uses fund accounting to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. Funds are used to segregate resources that are restricted as to use. The funds of the Township are divided into three categories: Governmental, Proprietary and Fiduciary.

**1. Governmental Funds**

The Township classifies funds financed primarily from property taxes, intergovernmental receipts (e.g. rollback and homestead, Local Government Funds), and other non-exchange transactions as governmental funds. The Township's major governmental funds are: General, Police, Fire and Road & Bridge. The General Fund is used to account for all financial resources, except those required to be accounted for in another fund. The General Fund balance is available to the Township for any purpose provided it is expended or transferred according to the general laws of Ohio. The Police Fund receives property taxes from two operating levies in order to provide safety and policing functions. The Fire Fund receives property taxes from two operating levies and fees for ambulance service of non-residents in order to provide fire-related functions plus ambulance and other emergency services. The Road and Bridge Fund receives property taxes from two levies for the maintenance and repair of roads and streets, related drainage and right of way functions.

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

**2. Proprietary Funds**

The Township classifies funds financed primarily from user charges for goods or services as proprietary. Proprietary funds are classified as either enterprise or internal service.

**Enterprise Funds** - Enterprise funds are used to account for operations that are similar to private business enterprises where management intends that the significant costs of providing certain goods or services will be recovered through user charges. The Township had the following significant Enterprise Fund:

**Recreation Fund** – This fund is used to account for the Recreation Center's activity. It receives funds through user charges and property taxes.

**Internal Service Fund** - This fund is used to account for the financing of services provided by one department to other departments of the Township on a cost reimbursement basis. The Township had the following significant Internal Service Fund:

**Vehicle Maintenance Fund** – This fund receives revenues from other funds for routine maintenance and repairs performed on Township vehicles.

**3. Fiduciary Funds**

Fiduciary funds include pension trust funds, investment trust funds, private purpose trust funds and agency funds. Trust funds are used to account for assets held under a trust agreement for individuals, private organizations, or other governments that are not available to support the Township's own programs. The Township has the following Fiduciary Fund.

**WASHINGTON TOWNSHIP  
MONTGOMERY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2009  
(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Cemetery Bequest Fund** – This fund accounts for monies donated, to be maintained in perpetuity. Investment earnings are used for grave upkeep as specified by the donor.

**4. Agency Funds**

Agency funds are purely custodial in nature and are used to hold resources for individuals, organizations, or other governments. The Township had the following Agency Fund.

**Flexible Benefit Fund** – This fund accounts for monies withheld from employees to reimburse them for medical and child care expenses.

**C. Basis of Accounting**

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

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

**D. Budgetary Process**

All funds, except agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the certificate of estimated resources, and the appropriations resolution, both of which are prepared on the budgetary basis of accounting. The certificate of estimated resources establishes a limit on the amount the Township may appropriate.

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

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

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

**WASHINGTON TOWNSHIP  
MONTGOMERY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2009  
(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**E. Cash and Investments**

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

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

During 2009, the Township invested in nonnegotiable certificates of deposit, U.S. Agencies, and STAR Ohio. The nonnegotiable certificates of deposit and the U.S. Agencies are reported at cost.

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

Interest earnings are allocated to Township funds according to State statutes, grant requirements, or debt related restrictions. Interest receipts credited to the General Fund during 2009 was \$341,881, which includes \$217,983 assigned from other Township funds.

**F. Capital Assets**

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

**G. Interfund Receivables / Payables**

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

**H. Accumulated Leave**

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

**I. Employer Contributions to Cost-Sharing Pension Plans**

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

**J. Long-Term Obligations**

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

**WASHINGTON TOWNSHIP  
MONTGOMERY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2009  
(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**K. Net Assets**

Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net assets restricted for other purposes include resources restricted for the Police, Fire and Road & Bridge funds.

The Township's policy is to first apply restricted resources when an obligation is incurred for purposes for which both restricted and unrestricted net assets are available.

**L. Fund Balance Reserves**

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

**3. BUDGETARY BASIS OF ACCOUNTING**

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budgetary Basis presented for the General, Police, Fire and Road & Bridge funds are prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference between the budgetary basis and the modified cash basis is that outstanding year end encumbrances are treated as disbursements (budgetary basis) rather than as a reservation of fund balance (modified cash basis). The encumbrances outstanding at year end (budgetary basis) amounted to \$227,309 for the General Fund, \$6,411 for the Police Fund, \$115,683 for the Fire Fund, and \$535,340 for the Road & Bridge Fund. The outstanding advances at year end amounted to \$43,501 for the General Fund.

**4. DEPOSITS AND INVESTMENTS**

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

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

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

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

**WASHINGTON TOWNSHIP  
MONTGOMERY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2009  
(Continued)**

**4. DEPOSITS AND INVESTMENTS (Continued)**

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

1. U.S. Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio or Ohio local governments;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio).

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

**A. Deposits**

Deposits are either (1) insured by the Federal Depository Insurance Corporation, (2) collateralized by securities specifically pledged by the financial institution to the Township, or (3) collateralized by the financial institution's public entity deposit pool.

Custodial credit risk is the risk that, in the event of bank failure, the Township will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year end, \$12,832,804 of the Township's bank balance of \$13,855,297 was exposed to custodial credit risk because those deposits were uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the Township's name. The carrying amount of deposits amounted to \$13,886,535.

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

**WASHINGTON TOWNSHIP  
MONTGOMERY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2009  
(Continued)**

**4. DEPOSITS AND INVESTMENTS (Continued)**

**B. Investments**

As of December 31, 2009, the Township had the following investments:

	Carrying Value	Maturity				Concentration of Credit Risk
		Less Than One Year	1-3	3-4	4-5	
FHLB	\$4,384,490		\$2,885,990	\$999,000	\$499,500	48.83%
Fannie Mae	998,983		498,983		500,000	11.14%
Freddie Mac	1,000,000		1,000,000			11.13%
Fed. Farm Cr.	500,000			500,000		5.57%
STAR Ohio	1,589,005	\$1,589,005				17.70%
Money Market	505,362	505,362				5.63%
Total Portfolio	\$8,977,840	\$2,094,367	\$4,384,973	\$1,499,000	\$999,500	

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

**Credit Risk:** Money Market Fund carries a rating of AAA by Standard and Poor's and STAR Ohio carries a rating of AAAM by Standard and Poor's. The Federal Home Loan Bank Notes, Federal Home Loan Mortgage Corp. Notes, Federal National Mortgage Association Notes and Federal Farm Credit Bank Notes carry a rating of AAA by Standard and Poor's. The Township has no investment policy dealing with investment credit risk beyond the requirements in state statutes. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service and that the money market fund be rated in the highest category at the time of purchase by at least one nationally recognized standard rating service.

**Concentration of Credit Risk:** The Township places no limit on the amount it may invest with any one issuer.

Reconciliation of Cash and Investment to the Statements of Net Assets: The following is a reconciliation of cash and investments as reported in the footnote above to cash and investments as reported on the statements of net assets as of December 31, 2009.

**Cash and Investments per footnote**

Carrying amounts of deposits	\$13,886,535
Investments	8,977,840
Total	<u>\$22,864,375</u>

**Cash and Investments per Statements of Net Assets**

Governmental activities	\$22,574,137
Business type activities	273,983
Agency funds	12,494
Private purpose trust funds	3,761
Total	<u>\$22,864,375</u>

**WASHINGTON TOWNSHIP  
MONTGOMERY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2009  
(Continued)**

**5. PROPERTY TAXES**

Property taxes include amounts levied against all real property, public utility property, and tangible personal property located in the Township. Real property tax receipts received in 2009 represent the collection of 2008 taxes. Real property taxes received in 2009 were levied after October 1, 2008, on the assessed values as of January 1, 2008, the lien date. Assessed values for real property taxes are established by State Statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31st; if paid semi-annually, the first payment is due December 31st, with the remainder payable by June 20th. Under certain circumstances, State Statute permits alternate payment dates to be established.

Public utility property tax receipts received in 2009 represent the collection of 2008 taxes. Public utility real and tangible personal property taxes received in 2009 became a lien on December 31, 2007, were levied after October 1, 2008, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

Tangible personal property tax receipts received in 2009 (other than public utility property) represent the collection of 2008 taxes. Tangible personal property taxes received in 2009 were levied after October 1, 2008, on the true value as of December 31, 2008. Tangible personal property is currently assessed at 6.25 percent of true value for capital assets and 6.25 percent for inventory. Amounts paid by multi-county taxpayers are due September 20th. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30th; if paid semi-annually, the first payment is due April 30th, with the remainder payable by September 20th.

The full tax rate for all Township operations for the year ended December 31, 2009, was \$13.95 per \$1,000 of assessed value. The full tax rate for all operations, (County, School, Township, City, JVS, Library and Park District), is \$108.14 per \$1,000 of assessed value. The assessed values of real property, public utility property, and tangible personal property upon which 2009 property tax receipts were based are as follows:

<b>Real Property</b>	
Residential/Agricultural	\$1,350,053,840
Commercial/Industrial/Mineral	319,662,630
<b>Public Utility Property</b>	
Personal	22,815,220
Telecommunication Property	3,987,360
Total Assessed Value	<u>\$1,696,519,050</u>

**6. RISK MANAGEMENT**

The Township has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles; and
- Errors and omissions.

The Township provides health insurance through Anthem for full-time employees and elected officials. The Township offers a choice between a PPO plan and a health savings account plan (HAS). The Township also provides dental insurance for eligible part-time employees through Superior Dental. Life insurance, through Principal Life Insurance Company, is also provided to all full-time employees, elected officials and eligible part-time employees.

**WASHINGTON TOWNSHIP  
MONTGOMERY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2009  
(Continued)**

**7. DEFINED BENEFIT PENSION PLAN**

**A. Ohio Public Employees Retirement System**

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

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

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

For the year ended December 31, 2009, OPERS members were required to contribute 10 percent of their annual covered salaries. The Township's contribution rate for pension benefits for 2009 was 14 percent. The Ohio Revised Code provides statutory authority for member and employer contributions.

The Township's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2009, 2008, and 2007 were \$696,243, \$728,943, and \$665,183 respectively, equal to required contributions for each year.

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

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

Plan members are required to contribute 10 percent of their annual covered salary to fund pension obligations while the Township is required to contribute 24 percent for firefighters. Contributions are authorized by State Statute. The Township's contributions to the Fund for firefighters were \$348,258 for the year ended December 31, 2009, \$363,563 for the year ended December 31, 2008, and \$352,033 for the year ended December 31, 2007. The full amount has been contributed for 2009, 2008, and 2007.



**WASHINGTON TOWNSHIP  
MONTGOMERY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2009  
(Continued)**

**8. POST EMPLOYMENT BENEFITS**

**A. Ohio Public Employees Retirement System**

**Plan Description** - OPERS maintains a cost-sharing multiple employer defined benefit post-employment healthcare plan, which includes a medical plan, prescription drug program and Medicare Part B premium reimbursement, to qualifying members of both the Traditional Pension and the Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including post-employment health care coverage. In order to qualify for post-employment health care coverage, age-and-service retirees under the Traditional Pension and Combined Plans must have 10 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 45. The Ohio Revised Code permits, but does not mandate, OPERS to provide OPEB benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report. Interested parties may obtain a copy by writing OPERS, 277 East Town Street, Columbus OH 43215-4642, or by calling 614-222-5601 or 800-222-7377.

**Funding Policy** - The Ohio Revised Code provides the statutory authority requiring public employers to fund post retirement health care through their contributions to OPERS. A portion of each employer's contribution to OPERS is set aside for the funding of post retirement health care benefits. Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2009, state and local employers contributed at a rate of 14.00% of covered payroll. The Ohio Revised Code currently limits the employer contribution to a rate not to exceed 14.0% of covered payroll for state and local employer units. Active members do not make contributions to the OPEB Plan.

OPERS' Post Employment Health Care plan was established under, and is administrated in accordance with, Internal Revenue Code 401(h). Each year, the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding of post employment health care benefits. For 2009, the employer contribution allocated to the health care plan was 7.0% of covered payroll January 1, 2009 through March 31, 2009 and 5.5% April 1, 2009 through December 31, 2009. The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care benefits provided, by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected. Actual employer contributions for 2009 which were used to fund post-employment benefits were \$291,028.

OPERS Retirement Board Implements its Health Care Preservation Plan - The Health Care Preservation Plan (HCPP) adopted by the OPERS Retirement Board on September 9, 2004, was effective January 1, 2007. Member and employer contribution rates increased as of January 1, 2006, January 1, 2007 and January 1, 2008, which allowed additional funds to be allocated to the health care plan.

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

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

**WASHINGTON TOWNSHIP  
MONTGOMERY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2009  
(Continued)**

**8. POST EMPLOYMENT BENEFITS (Continued)**

OP&F provides access to post-retirement health care coverage for any person who receives or is eligible to receive a monthly service, disability, or survivor benefit check or is a spouse or eligible dependent child of such person. The health care coverage provided by OP&F meets the definition of an Other Post Employment Benefit (OPEB) as described in *GASB Statement 45*.

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

OP&F issues a publicly available financial report that includes financial information and required supplementary information for the Plan. That report may be obtained by writing to OP&F, 140 East Town Street, Columbus, Ohio 43215-5164.

**Funding Policy** – The Ohio Revised Code provides for contribution requirements of the participating employers and of plan members to the OP&F (defined benefit pension plan). Participating employers are required to contribute to the pension plan at rates expressed as percentages of the payroll of active pension plan members, currently, 24 percent of covered payroll for fire employers. The Ohio Revised Code states that the employer contribution may not exceed 24 percent of covered payroll for fire employer units. Active members do not make contributions to the OPEB Plan.

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

The Board of Trustees is authorized to allocate a portion of the total employer contributions made into the pension plan to the Section 115 trust and the Section 401(h) account as the employer contribution for retiree health care benefits. For the year ended December 31, 2009, the employer contribution allocated to the health care plan was 6.75 percent of covered payroll. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees' primary responsibility to ensure that pension benefits are adequately funded and is limited by the provisions of Sections 115 and 401(h).

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

The Township's actual contributions to OP&F for 2009 to fund post employment benefits were \$97,861 for fire employees.

**WASHINGTON TOWNSHIP  
MONTGOMERY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2009  
(Continued)**

**9. DEBT**

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

	<u>Interest Rate</u>	<u>Balance 12/31/2008</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance 12/31/2009</u>	<u>Due Within One Year</u>
<b>Government Activities</b>						
<b>General Obligation Bonds:</b>						
2003 Issue (\$5,000,000)						
Fire Station & Equipment Bond	3.62%	\$2,500,000		\$500,000	\$2,000,000	\$500,000
2009 Issue (\$320,000)						
Special Assessment Capital Asset Bond	3.25% to 4.5%		\$320,000		320,000	25,000
<b>Total</b>		<u>\$2,500,000</u>	<u>\$320,000</u>	<u>\$500,000</u>	<u>\$2,320,000</u>	<u>\$525,000</u>

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

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

<u>Year</u>	<u>G.O. Bonds</u>	
	<u>Principal</u>	<u>Interest</u>
2010	\$ 525,000	\$ 81,305
2011	525,000	62,141
2012	530,000	43,078
2013	530,000	23,726
2014 - 2019	210,000	34,575
	<u>\$2,320,000</u>	<u>\$244,825</u>

The Ohio Revised Code provides that net general obligation debt of the Township, exclusive of certain exempt debt, issued without a vote of the electors shall never exceed 5.5 percent of the tax valuation of the Township. The Revised Code further provides that total voted and un-voted net debt of the Township less the same exempt debt shall never exceed an amount equal to 10.5 percent of its tax valuation. The effects of the debt limitations at December 31, 2009, were an overall debt margin of \$178,134,500 and an un-voted debt margin of \$93,308,548.

**10. INTER-FUND TRANSFERS AND INTER-FUND RECEIVABLES/PAYABLES (ADVANCES)**

During 2009 the following Inter Fund Transfers were made:

<b>Transfers from the FEMA Fund to:</b>	
General Fund	\$ 17,725
Road & Bridge Fund	505,261
Police Fund	1,705
Fire Fund	21,078
Other Governmental Funds	2,034
<b>Total transfers from the FEMA Fund</b>	<u>\$547,803</u>

**WASHINGTON TOWNSHIP  
MONTGOMERY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2009  
(Continued)**

**10. INTER-FUND TRANSFERS AND INTER-FUND RECEIVABLES/PAYABLES (ADVANCES)  
(Continued)**

Transfers represent the receipt of Federal Emergency Management Agency grant monies awarded in fiscal year 2008 and received in fiscal year 2009. The transfers were reimbursement to the various funds for expenses incurred during a windstorm in September 2008 and were authorized per Auditor of State Bulletin 98-013 "Accounting for FEMA grants".

Inter-fund balances at December 31, 2009, consisted of the following individual fund receivables and payables:

<b>Due to General Fund from:</b>	
Other Governmental Funds	\$43,501

The balance due to the General Fund includes loans made to cover first year expenses for the Lighting Fund. The amount is expected to be repaid within one year.

**11. CONTINGENT LIABILITIES**

The Township is presently not a defendant in any lawsuits.

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.

**12. SUBSEQUENT EVENTS**

In November 2009 a new Trustee was elected and took office on January 1, 2010.

On February 1, 2010, the Township entered into a contract to sell 3.673 acres to the Centerville City School District for \$142,016.

On February 1, 2010, the Trustees approved putting two replacement levies on the May 2010 ballot. One is a five year, 2.0 mill levy to replace an expiring five year 2.0 mill levy set to expire at the end of 2010. The second levy is a 1.95 mill continuous levy to replace a 2.0 mill continuous levy approved in 1982 and based on 1982 property values.

On February 8, 2010, the Township approved to sign an agreement with GovDeals, Inc. to sell surplus items directly on their web site versus selling on their web site through Montgomery County. This will save the Township 12.5% in fees based on the selling price of the surplus items.



# Mary Taylor, CPA

Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

Washington Township  
Montgomery County  
8200 McEwen Rd  
Dayton, Ohio 45458

To the Board of Trustees:

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Washington Township, Montgomery County, (the Township) as of and for the year ended December 31, 2009, which collectively comprise the Township's basic financial statements and have issued our report thereon dated April 30, 2010, wherein we noted the Township uses a comprehensive accounting basis other than generally accepted accounting principles. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

### Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Township's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of opining on the effectiveness of the Township's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Township's internal control over financial reporting.

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

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

### **Compliance and Other Matters**

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

We did note a certain matter not requiring inclusion in this report that we reported to the Township's management in a separate letter dated April 30, 2010.

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

A handwritten signature in cursive script that reads "Mary Taylor".

**Mary Taylor, CPA**  
Auditor of State

April 30, 2010



**Mary Taylor, CPA**  
Auditor of State

**WASHINGTON TOWNSHIP**

**MONTGOMERY 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  
JUNE 17, 2010**