



Dave Yost • Auditor of State

**WASHINGTON TOWNSHIP
MONTGOMERY COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Independent Accountants' Report.....	1
Management's Discussion and Analysis For the Year Ended December 31, 2010.....	3
Statement of Net Assets – Modified Cash Basis December 31, 2010	11
Statement of Activities – Modified Cash Basis For the Year Ended December 31, 2010.....	12
Statement of Modified Cash Basis Assets and Fund Balances – Governmental Funds December 31, 2010	14
Reconciliation of Total Governmental Fund Balances to Net Assets of Governmental Activities December 31, 2010	15
Statement of Cash Receipts, Disbursements and Changes in Modified-Cash Basis Fund Balances Governmental Funds - For the Year Ended December 31, 2010.....	16
Reconciliation of the Statement of Cash Receipts, Disbursements and in Modified Cash Basis Fund Balances of Governmental Funds to the Statement of Activities For the Year Ended December 31, 2010.....	17
Statement of Receipts, Disbursements and Changes In Fund Balance – Budget and Actual – Budget Basis – General Fund For the Year Ended December 31, 2010.....	18
Statement of Receipts, Disbursements and Changes In Fund Balance – Budget and Actual – Budget Basis – Road and Bridge Fund For the Year Ended December 31, 2010.....	19
Statement of Receipts, Disbursements and Changes In Fund Balance – Budget and Actual – Budget Basis – Police Fund For the Year Ended December 31, 2010.....	20
Statement of Receipts, Disbursements and Changes In Fund Balance – Budget and Actual – Budget Basis – Fire Fund For the Year Ended December 31, 2010.....	21
Statement of Fund Net Assets – Modified Cash Basis - Proprietary Funds December 31, 2010	22
Statement of Cash Receipts, Disbursements and Changes in Fund Net Assets – Modified Cash Basis - Proprietary Funds For the Year Ended December 31, 2010.....	23
Statement of Fiduciary Net Assets – Modified Cash Basis - Fiduciary Funds December 31, 2010	24
Statement of Changes in Fiduciary Net Assets – Modified Cash Basis - Fiduciary Funds For the Year Ended December 31, 2010.....	25

WASHINGTON TOWNSHIP
MONTGOMERY COUNTY

TABLE OF CONTENTS

TITLE	PAGE
Notes to the Financial Statements For the Year Ended December 31, 2010.....	27
Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	43



Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Washington Township
Montgomery County
8200 McEwen Road
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, 2010, 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, 2010, and the respective changes in modified cash financial position, thereof 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 June 8, 2011, 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.

Accounting principles generally accepted in the United States of America require this presentation to include *Management's discussion and analysis*, as listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any other assurance.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "Y" and "O".

Dave Yost
Auditor of State

June 8, 2011

**WASHINGTON TOWNSHIP
MONTGOMERY COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2010
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, 2010, 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 2010 are as follows:

- Net assets of Township activities increased \$1,319,609 from the prior year. The funds most affected by the increase in net assets was the Road & Bridge Fund, whose \$1,010,827 increase was due mainly to the receiving about one million dollars more in property taxes and intergovernmental revenue than the fund spent on wages, operating expenses and capital outlay. This is due in part to a 2.35 mil property tax that is inside millage and increases as property values increase. It is also due to some major capital projects being postponed until 2011. The General Funds \$305,742 increase was mainly due to the sale of township land to the Centerville City School District for \$142,016. The Fire Funds \$369,558 increase was mainly due to a decrease of capital expenditures from the prior year of \$272,725. The Police Funds decrease of \$384,696 was due to expenses being more than the revenue that is taken in. This decrease was addressed with the passage of two replacement levies in May 2010. One was a 5-year 2.0 mil replacement levy which replaces a 5-year 2.0 mil levy passed in 2005 and the other was a 1.95 mil continuous levy replacing a 2.0 mil continuous levy originally passed in 1982. It is estimated that the township will receive an additional \$1,100,000 in 2011. This will allow the township to continue the level of police service that we currently provide.
- The Township's general receipts are primarily property taxes. In 2010 the Township received \$14,807,159 in property and other local taxes. These receipts represent 65 percent of the total cash received for Township activities during the year. Compared to 2009, property tax receipts for 2010 increased less than 1.0 percent.
- The Recreation Center, the Township's lone business-type activity, showed a \$131,039 gain or a 48 percent increase in net assets. This increase was achieved by decreasing expense by a total of \$163,467 from 2009 expenses.
- 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 2010, the Township received a final payment of \$9,355 in FEMA Funds.
- In the spring of 2010, the township signed a contract with GovDeals, Incorporated, to dispose of surplus items via internet auctions as opposed to selling items through Montgomery County. The total received in 2010 by the township through such sales was \$51,001. This is a \$33,926 increase over the previous year. This was mainly due to the township waiting to sell vehicles in 2010 after we signed a contract to sell directly through GovDeals and also a 12.5% decrease in fees related to the sale of surplus items charged by GovDeals (7.5%) verses fees charged by Montgomery County (20%).

**WASHINGTON TOWNSHIP
MONTGOMERY COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2010
UNAUDITED
(Continued)**

- In December 2010, the Township signed a new 4-year agreement with the Montgomery County Sheriff's Office for police protection for the unincorporated area of Washington Township.
- In 2010 the township contracted to sell 3.673 acres of land to Centerville City school district for \$142,016. This was part of land originally purchased in 2001 to preserve green space within the township. The sale to the school district is for a new school building to serve students living in the southern part of the township.
- 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 2010 the Township received approximately \$15,703 less in tangible personal property tax from the previous year and that loss will grow each year through year 2017 when it is estimated that the Township will lose \$872,000 a year thereafter.
- The Township's tax base in 2010 increased to \$1,720,437,450, which is an increase of 1.4 percent over 2009.

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

Basis of Accounting

The basis of accounting is a set of guidelines that determine when financial events are recorded. The Township has elected to present its financial statements on a 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, 2010
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 2010, within the limitations of modified cash basis accounting. The statement of net assets presents the pooled cash and investment balances of the Township 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 Township 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, Road & Bridge Fund, Police Fund and Fire Fund. The Fire Fund services residents of the unincorporated Township as well as the City of Centerville. Therefore, both residents pay for the fire levies that support the fire fund.

**WASHINGTON TOWNSHIP
MONTGOMERY COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2010
UNAUDITED
(Continued)**

The Road & Bridge Fund and the Police Fund services residents of the unincorporated Township only. Only Township residents pay for the levies that support the Road & Bridge and Police Funds. The programs reported in governmental funds are closely related to those reported in the governmental activities section of the entity-wide statements.

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 for Township employees.

The Township as a Whole

Table 1 provides a summary of the Township's net assets for 2010 compared to 2009 on a modified cash basis:

**(Table 1)
Net Assets**

	Governmental Activities		Business-Type Activities		Total	
	2010	2009	2010	2009	2010	2009
Assets:						
Cash and Cash Equivalents	\$13,718,412	\$13,596,297	\$405,022	\$273,983	\$14,123,434	\$13,870,280
Investments	10,044,295	8,977,840			10,044,295	8,977,840
Total Assets	<u>23,762,707</u>	<u>22,574,137</u>	<u>405,022</u>	<u>273,983</u>	<u>24,167,729</u>	<u>22,848,120</u>
Net Assets:						
Restricted for:						
Special Programs	15,543,508	14,661,952			15,543,508	14,661,952
Unrestricted	8,219,199	7,912,185	405,022	273,983	8,624,221	8,186,168
Total Net Assets	<u>\$23,762,707</u>	<u>\$22,574,137</u>	<u>\$405,022</u>	<u>\$273,983</u>	<u>\$24,167,729</u>	<u>\$22,848,120</u>

As mentioned previously, net assets of Township's activities increased \$1,319,609 or 6 percent during 2010. The primary reasons contributing to the overall increase in cash balances are as follows:

- The General Fund's net assets increased \$305,742 due mainly to the sale of land to the Centerville City School District in the amount of \$142,016.
- The Road & Bridge Fund's net assets increased \$1,010,827 due mainly to receipt of about one million dollars more in property taxes and intergovernmental revenue than the fund spent on wages, operating expenses and capital outlay. Some capital projects were postponed until 2011.

**WASHINGTON TOWNSHIP
MONTGOMERY COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2010
UNAUDITED
(Continued)**

- The Police Fund's net assets decreased \$384,696 due mainly to expenses being more than revenue for the year.
- The Fire Fund's net assets increased \$369,558 due mainly to a decrease in capital expenditures.

Table 2 reflects the changes in net assets on a modified cash basis for 2010 and 2009 for governmental activities, business type activities and total primary government.

**(Table 2)
Changes in Net Assets**

	Governmental Activities		Business Type Activities		Total	
	2010	2009	2010	2009	2010	2009
Receipts:						
Program Receipts:						
Charges for Services and Sales	\$ 750,298	\$ 797,996	\$1,261,366	\$1,303,378	\$ 2,011,664	\$ 2,101,374
Operating Grants and Contributions	2,848,328	3,522,699	222,608	207,903	3,070,936	3,730,602
Capital Grants and Contributions	205,282				205,282	
Total Program Receipts	3,803,908	4,320,695	1,483,974	1,511,281	5,287,882	5,831,976
General Receipts:						
Property and Other Local Taxes	13,761,807	13,660,480	1,045,352	1,038,400	14,807,159	14,698,880
Grants and Entitlements Not Restricted to Specific Programs	1,765,462	3,052,052			1,765,462	3,052,052
Sale of Bonds Issued		309,694				309,694
Premium on Debt Issued		835				835
Sale of Capital Assets	49,939	17,773	1,062	1,302	51,001	19,075
Interest	303,230	341,881			303,230	341,881
Miscellaneous	300,036	324,804	113,403	114,060	413,439	438,864
Total General Receipts	16,180,474	17,707,519	1,159,817	1,153,762	17,340,291	18,861,281
Total Receipts	19,984,382	22,028,214	2,643,791	2,665,043	22,628,173	24,693,257
Disbursements:						
General Government	2,722,087	2,816,508			2,722,087	2,816,508
Police	3,509,694	3,837,562			3,509,694	3,837,562
Fire	6,374,279	6,416,930			6,374,279	6,416,930
Public Works	3,780,684	3,720,762			3,780,684	3,720,762
Health	193,931	149,098			193,931	149,098
Conservation Recreation		99,441				99,441
Capital Outlay	1,749,071	2,054,172			1,749,071	2,054,172
Principal Retirement	525,000	500,000			525,000	500,000
Interest and Fiscal Charges	83,082	94,969			83,082	94,969
Recreation Center			2,512,752	2,676,219	2,512,752	2,676,219
Total Disbursements	18,937,828	19,689,442	2,512,752	2,676,219	21,450,580	22,365,661
Excess (Deficiency) Before Transfers	1,046,554	2,338,772	131,039	(11,176)	1,177,593	2,327,596
Special Item - Proceeds from sale of land	142,016	56,300			142,016	56,300
Increase (Decrease) in Net Assets	1,188,570	2,395,072	131,039	(11,176)	1,319,609	2,383,896
Net Assets, January 1	22,574,137	20,179,065	273,983	285,159	22,848,120	20,464,224
Net Assets, December 31	\$23,762,707	\$22,574,137	\$ 405,022	\$ 273,983	\$24,167,729	\$22,848,120

**WASHINGTON TOWNSHIP
MONTGOMERY COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2010
UNAUDITED
(Continued)**

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 56 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.

General receipts represent 81 percent of the total governmental activities receipts and 44 percent of the business-type activities total receipts. Of these amounts, over 85 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 local government 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. We try to limit these costs since they do not represent direct services to residents.

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 payments made in 2010 for street and sidewalk construction, 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 and the Sterling Cove road project. The Sterling Cove road project is assessed to the property owners through their property taxes.

Governmental Activities

If you look at the Statement of Activities (page 12), 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, Public Works and Police services which account for 34, 20, and 19 percent of all governmental disbursements, respectively. General Government and Capital Outlay purchases also represented a significant cost, about 14 and 9 percent respectively. The next three 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 on page 9.

**WASHINGTON TOWNSHIP
MONTGOMERY COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2010
UNAUDITED
(Continued)**

**(Table 3)
Governmental Activities**

	Total Cost of Services 2010	Net Cost of Services 2010	Total Cost of Services 2009	Net Cost of Services 2009
General Government	\$ 2,722,087	\$ 2,383,227	\$ 2,816,508	\$ 2,413,993
Police	3,509,694	2,957,966	3,837,562	3,299,043
Fire	6,374,279	4,925,713	6,416,930	4,843,693
Public Works	3,780,684	2,329,230	3,720,762	1,933,038
Health	193,931	180,631	149,098	130,398
Economic Development				
Human Resources				
Conservation-Recreation			99,441	99,441
Other				
Capital Outlay	1,749,071	1,749,071	2,054,172	2,054,172
Principal Retirement	525,000	525,000	500,000	500,000
Interest and Fiscal Charges	83,082	83,082	94,969	94,969
Total Expenses	\$18,937,828	\$15,133,920	\$19,689,442	\$15,368,747

The dependence upon property tax receipts is apparent as 80 percent of Township government activities are supported through these general receipts.

Business-type Activities

The Recreation Center operation of the Township routinely reports receipts and cash disbursements that are relatively equal. For the Recreation Center, 59 percent of these activities are covered by program receipts while 41 percent are covered by general receipts.

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 General, Road and Bridge, Police and Fire funds.

During 2010, the Township amended its budget for the Road & Bridge, Police, Fire 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 \$609,307, \$412,527, \$218,849, \$1,606, respectively, over final budgeted receipts.

Final disbursements for the General, Road and Bridge, Police and Fire funds were budgeted at \$10,960,728, \$12,916,760, 4,467,736, 11,283,441, respectively, while actual disbursements, including encumbrances, were \$3,645,058, 5,226,243, 3,704,991, 7,650,210, respectively.

Debt Administration

Debt

At December 31, 2010, the Township's outstanding debt included \$1,500,000 in fire bonds for the construction of two fire stations and a training tower and \$295,000 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.

**WASHINGTON TOWNSHIP
MONTGOMERY COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2010
UNAUDITED
(Continued)**

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. The townships tax base increased by 1 percent in 2010.

The Township passed two new replacement levies on the May 2010 ballot for the Police Fund. One was a 5-year 2.0 mill levy replacing a 5-year 2.0 mill levy originally passed in 2005. The second was a 1.95 mill continuous levy replacing a 2.0 mill continuous levy originally passed in 1982. It is estimated that the two new levies will bring in an additional \$1,100,000 this year.

In January of this year the township converted to a new online requisition software program and by midsummer will switch to new payroll and financial software programs. The new software program is called Visual Intelligence Portfolio. The township also started using house accounts at the recreation center versus issuing checks for all refunds and class cancellations.

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.

**WASHINGTON TOWNSHIP
MONTGOMERY COUNTY**

**STATEMENT OF NET ASSETS - MODIFIED CASH BASIS
DECEMBER 31, 2010**

	<u>Governmental Activities</u>	<u>Business - Type Activities</u>	<u>Total</u>
Assets:			
Equity in Pooled Cash and Cash Equivalents	\$13,718,412	\$405,022	\$14,123,434
Investments	10,044,295		10,044,295
Total Assets	<u><u>23,762,707</u></u>	<u><u>405,022</u></u>	<u><u>24,167,729</u></u>
Net Assets:			
Restricted for:			
Road/Bridge Projects	9,626,861		
Police	1,026,733		
Fire	3,872,021		
Other Programs	1,017,893		1,017,893
Recreation		405,022	
Unrestricted	8,219,199		8,219,199
Total Net Assets	<u><u>\$23,762,707</u></u>	<u><u>\$405,022</u></u>	<u><u>\$9,237,092</u></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, 2010**

	<u>Program Cash Receipts</u>			
	<u>Cash Disbursements</u>	<u>Charges for Services and Sales</u>	<u>Operating Grants, Contributions and Interest</u>	<u>Capital Grants and Contributions</u>
Governmental Activities:				
General Government	\$2,722,087	\$338,860		
Police	3,509,694	56,364	\$495,364	
Fire	6,374,279	254,194	1,194,372	
Public Works	3,780,684	87,580	1,158,592	\$205,282
Health	193,931	13,300		
Capital Outlay	1,749,071			
Debt Service	608,082			
Total Governmental Activities	<u>18,937,828</u>	<u>750,298</u>	<u>2,848,328</u>	<u>205,282</u>
Business Type Activity:				
Recreation Center	2,512,752	1,261,366	222,608	
Total	<u>\$21,450,580</u>	<u>\$2,011,664</u>	<u>\$3,070,936</u>	<u>\$205,282</u>

General Receipts:

Property and Other Local Taxes Levied for:

- General Purposes
- Road & Bridge
- Police
- Fire
- Recreation
- Grants and Entitlements not Restricted to Specific Programs
- Sale of Capital Assets
- Interest
- Miscellaneous

Total General Receipts

Special Item - Proceeds from Sale of Land

Total General Receipts and Special Item

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

Governmental Activities	Business-Type Activities	Total
(\$2,383,227)		(\$2,383,227)
(2,957,966)		(2,957,966)
(4,925,713)		(4,925,713)
(2,329,230)		(2,329,230)
(180,631)		(180,631)
(1,749,071)		(1,749,071)
(608,082)		(608,082)
<u>(15,133,920)</u>		<u>(15,133,920)</u>
	(\$1,028,778)	(1,028,778)
<u>(15,133,920)</u>	<u>(1,028,778)</u>	<u>(16,162,698)</u>
1,045,854		1,045,854
3,770,556		3,770,556
2,629,617		2,629,617
6,315,780		6,315,780
	1,045,352	1,045,352
1,765,462		1,765,462
49,939	1,062	51,001
303,230		303,230
300,036	113,403	413,439
<u>16,180,474</u>	<u>1,159,817</u>	<u>17,340,291</u>
<u>142,016</u>		<u>142,016</u>
<u>16,322,490</u>	<u>1,159,817</u>	<u>17,482,307</u>
1,188,570	131,039	1,319,609
<u>22,574,137</u>	<u>273,983</u>	<u>22,848,120</u>
<u>\$23,762,707</u>	<u>\$405,022</u>	<u>\$24,167,729</u>

**WASHINGTON TOWNSHIP
MONTGOMERY COUNTY**

**STATEMENT OF MODIFIED CASH BASIS ASSETS AND FUND BALANCES
GOVERNMENTAL FUNDS
DECEMBER 31, 2010**

	<u>General</u>	<u>Road & Bridge Fund</u>	<u>Police Fund</u>	<u>Fire Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets:						
Equity in Pooled Cash and Cash Equivalents	\$4,734,050	\$5,555,071	\$592,465	\$2,234,306	\$587,364	\$13,703,255
Investments	3,469,992	4,071,790	434,268	1,637,715	430,529	10,044,295
Total Assets	<u>8,204,042</u>	<u>9,626,861</u>	<u>1,026,733</u>	<u>3,872,021</u>	<u>1,017,893</u>	<u>23,747,550</u>
Fund Balances:						
Reserved:						
Reserved for Encumbrances	220,178	1,523,817	45,139	237,184	54,923	2,081,241
Unreserved:						
Undesignated (Deficit), Reported in:						
General Fund	7,983,864					7,983,864
Special Revenue Funds		8,103,044	981,594	3,634,837	962,970	13,682,445
Total Fund Balances	<u>\$8,204,042</u>	<u>\$9,626,861</u>	<u>\$1,026,733</u>	<u>\$3,872,021</u>	<u>\$1,017,893</u>	<u>\$23,747,550</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, 2010

Total Governmental Fund Balances \$23,747,550

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.

15,157

Net Assets of Governmental Activities

\$23,762,707

See accompanying notes to the basic financial statements.

**WASHINGTON TOWNSHIP
MONTGOMERY COUNTY**

**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN MODIFIED-CASH BASIS FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2010**

	General	Road & Bridge Fund	Police Fund	Fire Fund	Other Governmental Funds	Total Governmental Funds
Receipts:						
Property and Other Local Taxes	\$1,045,854	\$3,770,556	\$2,629,617	\$6,315,780		\$13,761,807
Charges for Services	8,855			253,288		262,143
Licenses, Permits and Fees	330,005	1,974	124	907	\$13,300	346,310
Fines and Forfeitures	56,239					56,239
Intergovernmental	1,765,462	862,656	495,364	1,194,372	459,574	4,777,428
Special Assessments					85,606	85,606
Interest	303,230				41,644	344,874
Other	74,106	44,738	137,915	10,273	33,004	300,036
Total Receipts	3,583,751	4,679,924	3,263,020	7,774,620	633,128	19,934,443
Disbursements:						
Current:						
General Government	2,722,087					2,722,087
Police	18,516		3,492,451			3,510,967
Fire	21,959			6,352,320		6,374,279
Public Works	33,152	3,087,561			659,971	3,780,684
Health	171,181				22,750	193,931
Capital Outlay	457,985	614,865	167,401	491,901	16,919	1,749,071
Debt Service:						
Principal Retirement				500,000	25,000	525,000
Interest and Fiscal Charges				68,805	14,277	83,082
Total Disbursements	3,424,880	3,702,426	3,659,852	7,413,026	738,917	18,939,101
Excess of Receipts Over (Under) Disbursements	158,871	977,498	(396,832)	361,594	(105,789)	995,342
Other Financing Sources (Uses):						
Sale of Capital Assets	4,855	23,974	12,136	7,964	1,010	49,939
Transfers In		9,355				9,355
Transfers Out					(9,355)	(9,355)
Total Other Financing Sources (Uses)	4,855	33,329	12,136	7,964	(8,345)	49,939
Special Item:						
Proceeds from Sale of Land	142,016					142,016
Net Change in Fund Balances	305,742	1,010,827	(384,696)	369,558	(114,134)	1,187,297
Fund Balances Beginning of Year	7,898,300	8,616,034	1,411,429	3,502,463	1,132,027	22,560,253
Fund Balances End of Year	\$8,204,042	\$9,626,861	\$1,026,733	\$3,872,021	\$1,017,893	\$23,747,550

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, 2010

Net Change in Fund Balances - Total Governmental Funds \$1,187,297

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).

1,273

Change in Net Assets of Governmental Activities

\$1,188,570

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, 2010**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Receipts:				
Property and Other Local Taxes	\$1,044,250	\$1,044,250	\$1,045,854	\$1,604
Charges for Services	10,000	10,000	8,855	(1,145)
Licenses, Permits and Fees	232,500	232,500	330,005	97,505
Fines and Forfeitures	60,000	60,000	56,239	(3,761)
Intergovernmental	1,365,565	1,365,565	1,765,462	399,897
Interest	300,000	300,000	303,230	3,230
Other	108,500	108,500	74,106	(34,394)
Total receipts	<u>3,120,815</u>	<u>3,120,815</u>	<u>3,583,751</u>	<u>462,936</u>
Disbursements:				
Current:				
General Government	9,318,105	9,504,705	2,840,339	6,664,366
Police	23,702	23,702	18,540	5,162
Fire	26,000	26,000	21,959	4,041
Public Works	186,312	188,312	91,304	97,008
Health	163,428	174,428	171,181	3,247
Economic Development				
Human Services				
Conservation-Recreation	13,500	13,500		13,500
Capital Outlay	1,229,681	1,030,081	501,735	528,346
Total Disbursements	<u>10,960,728</u>	<u>10,960,728</u>	<u>3,645,058</u>	<u>7,315,670</u>
Excess of Receipts Over (Under) Disbursements	<u>(7,839,913)</u>	<u>(7,839,913)</u>	<u>(61,307)</u>	<u>7,778,606</u>
Other Financing Sources (Uses):				
Sale of Capital Assets	500	500	146,871	146,371
Total Other Financing Sources (Uses)	<u>500</u>	<u>500</u>	<u>146,871</u>	<u>146,371</u>
Net Change in Fund Balance	(7,839,413)	(7,839,413)	85,564	7,924,977
Fund Balance Beginning of Year	7,670,991	7,670,991	7,670,991	
Prior Year Encumbrances Appropriated	<u>227,309</u>	<u>227,309</u>	<u>227,309</u>	
Fund Balance End of Year	<u><u>\$58,887</u></u>	<u><u>\$58,887</u></u>	<u><u>\$7,983,864</u></u>	<u><u>\$7,924,977</u></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, 2010**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Receipts:				
Property and Other Local Taxes	\$3,787,809	\$3,634,314	\$3,770,556	\$136,242
Licenses, Permits and Fees	500	500	1,974	1,474
Intergovernmental	645,912	645,912	862,656	216,744
Other	5,000	5,000	44,738	39,738
Total receipts	<u>4,439,221</u>	<u>4,285,726</u>	<u>4,679,924</u>	<u>394,198</u>
Disbursements:				
Current:				
Public Works	4,362,113	4,218,524	3,394,326	824,198
Capital Outlay	8,787,986	8,698,236	1,831,917	6,866,319
Total Disbursements	<u>13,150,099</u>	<u>12,916,760</u>	<u>5,226,243</u>	<u>7,690,517</u>
Excess of Receipts Over (Under) Disbursements	<u>(8,710,878)</u>	<u>(8,631,034)</u>	<u>(546,319)</u>	<u>8,084,715</u>
Other Financing Sources (Uses):				
Sale of Capital Assets	15,000	15,000	23,974	8,974
Transfers In			9,355	9,355
Total Other Financing Sources (Uses)	<u>15,000</u>	<u>15,000</u>	<u>33,329</u>	<u>18,329</u>
Net Change in Fund Balance	(8,695,878)	(8,616,034)	(512,990)	8,103,044
Fund Balance Beginning of Year	8,080,694	8,080,694	8,080,694	
Prior Year Encumbrances Appropriated	<u>535,340</u>	<u>535,340</u>	<u>535,340</u>	
Fund Balance End of Year	<u>(\$79,844)</u>	<u>\$0</u>	<u>\$8,103,044</u>	<u>\$8,103,044</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, 2010**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Receipts:				
Property and Other Local Taxes	\$2,641,044	\$2,553,633	\$2,629,617	\$75,984
Licenses, Permits and Fees	100	100	124	24
Intergovernmental	487,574	487,574	495,364	7,790
Other			137,915	137,915
Total receipts	<u>3,128,718</u>	<u>3,041,307</u>	<u>3,263,020</u>	<u>221,713</u>
Disbursements:				
Current:				
Police	3,903,465	3,921,965	3,513,361	408,604
Capital Outlay	982,675	545,771	191,630	354,141
Total Disbursements	<u>4,886,140</u>	<u>4,467,736</u>	<u>3,704,991</u>	<u>762,745</u>
Excess of Receipts Over (Under) Disbursements	<u>(1,757,422)</u>	<u>(1,426,429)</u>	<u>(441,971)</u>	<u>984,458</u>
Other Financing Sources (Uses):				
Sale of Capital Assets	15,000	15,000	12,136	(2,864)
Total Other Financing Sources (Uses)	<u>15,000</u>	<u>15,000</u>	<u>12,136</u>	<u>(2,864)</u>
Net Change in Fund Balance	(1,742,422)	(1,411,429)	(429,835)	981,594
Fund Balance Beginning of Year	1,405,018	1,405,018	1,405,018	
Prior Year Encumbrances Appropriated	6,411	6,411	6,411	
Fund Balance End of Year	<u>(\$330,993)</u>	<u>\$0</u>	<u>\$981,594</u>	<u>\$981,594</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, 2010**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Final Budget Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Receipts:				
Property and Other Local Taxes	\$6,352,911	\$6,352,911	\$6,315,780	(\$37,131)
Charges for Services	300,000	279,000	253,288	(25,712)
Licenses, Permits and Fees	1,050	1,050	907	(143)
Intergovernmental	1,452,017	1,148,017	1,194,372	46,355
Other			10,273	10,273
Total receipts	<u>8,105,978</u>	<u>7,780,978</u>	<u>7,774,620</u>	<u>(6,358)</u>
Disbursements:				
Current:				
Fire	7,052,447	7,393,197	6,454,294	938,903
Capital Outlay	3,739,197	3,321,244	627,111	2,694,133
Debt Service:				
Principal Retirement	500,000	500,000	500,000	
Interest and Fiscal Charges	69,000	69,000	68,805	195
Total Disbursements	<u>11,360,644</u>	<u>11,283,441</u>	<u>7,650,210</u>	<u>3,633,231</u>
Excess of Receipts Over (Under) Disbursements	<u>(3,254,666)</u>	<u>(3,502,463)</u>	<u>124,410</u>	<u>3,626,873</u>
Other Financing Sources (Uses):				
Sale of Capital Assets			7,964	7,964
Total Other Financing Sources (Uses)			<u>7,964</u>	<u>7,964</u>
Net Change in Fund Balance	(3,254,666)	(3,502,463)	132,374	3,634,837
Fund Balance Beginning of Year	3,386,780	3,386,780	3,386,780	
Prior Year Encumbrances Appropriated	115,683	115,683	115,683	
Fund Balance End of Year	<u>\$247,797</u>	<u>\$0</u>	<u>\$3,634,837</u>	<u>\$3,634,837</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, 2010**

	Business-Type Activities	Governmental Activity
	Recreation	
	Enterprise Fund	Internal Service
Assets:		
Equity in Pooled Cash and Cash Equivalents	\$405,022	\$15,157
Total Assets	405,022	15,157
 Net Assets:		
Other Purposes	405,022	
Unrestricted		15,157
Total Net Assets	\$405,022	\$15,157

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, 2010**

	<u>Business-Type Activities</u>	<u>Governmental</u>
	<u>Recreation</u>	<u>Activity</u>
	<u>Enterprise Fund</u>	<u>Internal Service</u>
Operating Receipts:		
Charges for Services	\$1,261,366	\$46,479
Property and Other Local Taxes	1,045,352	
Intergovernmental	222,608	
Other Operating Receipts	113,403	
Total Operating Receipts	<u>2,642,729</u>	<u>46,479</u>
Operating Disbursements:		
Salaries	1,294,419	10,764
Employee Fringe Benefits	378,087	
Purchased Services	98,458	
Materials and Supplies	101,941	20,129
Repairs and Maintenance	60,178	14,293
Communication, Printing and Advertising	108,849	
Other	470,820	20
Total Operating Disbursements	<u>2,512,752</u>	<u>45,206</u>
Operating Income (Loss)	<u>129,977</u>	<u>1,273</u>
Non-Operating Receipts (Disbursements):		
Sale of Fixed Assets	1,062	
Total Non-Operating Receipts (Disbursements)	<u>1,062</u>	
Change in Net Assets	131,039	1,273
Net Assets Beginning of Year	<u>273,983</u>	<u>13,884</u>
Net Assets End of Year	<u><u>\$405,022</u></u>	<u><u>\$15,157</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, 2010

	<u>Private Purpose Trust</u>	<u>Agency</u>
Assets:		
Equity in Pooled Cash and Cash Equivalents	\$3,582	\$11,633
Total Assets	<u>3,582</u>	<u>11,633</u>
Net Assets:		
Unrestricted	<u>\$3,582</u>	<u>\$11,633</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, 2010

	<u>Private Purpose Trust</u>
Additions:	
Interest	\$29
Total Additions	<u>29</u>
Deductions:	
Payments in Accordance with Trust Agreements	<u>208</u>
Total Deductions	<u>208</u>
Change in Net Assets	(179)
Net Assets - Beginning of Year	<u>3,761</u>
Net Assets - End of Year	<u><u>\$3,582</u></u>

See accompanying notes to the basic financial statements.

This page intentionally left blank.

**WASHINGTON TOWNSHIP
MONTGOMERY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010**

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 township-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, 2010
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Basis of Presentation

The Township's basic financial statements consist of township-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. Township-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 and 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 are 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, 2010
(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, Road & Bridge, Police and Fire. 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 Road & 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 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 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 fees. 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 fees 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, 2010
(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, 2010
(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 2010, 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, 2010.

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 2010 was \$303,230, which includes \$196,222 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.

**WASHINGTON TOWNSHIP
MONTGOMERY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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 special revenue 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 \$220,178 for the General Fund, \$45,139 for the Police Fund, \$237,184 for the Fire Fund, and \$1,523,817 for the Road & Bridge 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.

**WASHINGTON TOWNSHIP
MONTGOMERY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010
(Continued)**

4. DEPOSITS AND INVESTMENTS (Continued)

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.

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.

**WASHINGTON TOWNSHIP
MONTGOMERY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010
(Continued)**

4. DEPOSITS AND INVESTMENTS (Continued)

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, \$13,032,058 of the Township's bank balance of \$14,274,213 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 the Townships deposits amounted to \$14,138,649.

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.

B. Investments

As of December 31, 2010, the Township had the following investments:

	Carrying Value	Maturity				Concentration of Credit Risk
		Less Than One Year	1-2	3-4	5	
FHLB	\$ 4,645,490		\$3,135,990	\$ 500,000	\$1,009,500	46.25
Fannie Mae	1,748,983	\$ 498,983	500,000	750,000		17.41
FHL Mort Corp	1,490,000		500,000	500,000	490,000	14.84
STAR Ohio	2,159,710	2,159,710				21.50
Money Market	112	112				0.00
Total Portfolio	<u>\$10,044,295</u>	<u>\$2,658,805</u>	<u>\$4,135,990</u>	<u>\$1,750,000</u>	<u>\$1,499,500</u>	

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 and Federal National Mortgage Association 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.

**WASHINGTON TOWNSHIP
MONTGOMERY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010
(Continued)**

4. DEPOSITS AND INVESTMENTS (Continued)

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, 2010.

Cash and Investments per footnote:

Carrying amounts of deposits	\$14,138,649
Investments	<u>10,044,295</u>
Total	<u><u>\$24,182,944</u></u>

Cash and Investments per Statements of Net Assets:

Governmental activities	\$23,762,707
Business type activities	405,022
Agency funds	11,633
Private purpose trust funds	<u>3,582</u>
Total	<u><u>\$24,182,944</u></u>

5. PROPERTY TAXES

Property taxes include amounts levied against all real property, public utility property, and telecommunication property located in the Township. Real property tax receipts received in 2010 represent the collection of 2009 taxes. Real property taxes received in 2010 were levied after October 1, 2009, on the assessed values as of January 1, 2009, 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 2010 represent the collection of 2009 taxes. Public utility real and tangible personal property taxes received in 2010 became a lien on December 31, 2008, were levied after October 1, 2009, 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.

Telecommunication tax receipts received in 2010 represent the collection of 2009 taxes. Telecommunication taxes received in 2010 were levied after October 1, 2009, on the true value as of December 31, 2009. Telecommunications is currently assessed at 5.00 percent of true value for capital assets and 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.

Tangible personal property tax receipts received in 2010 represent the collection of delinquent taxes. Tangible personal property is assessed at zero percent for capital assets and inventory.

**WASHINGTON TOWNSHIP
MONTGOMERY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010
(Continued)**

5. PROPERTY TAXES (Continued)

The full tax rate for all Township operations for the year ended December 31, 2010, was \$13.95 per \$1,000 of assessed value for unincorporated residents. The full tax rate for all operations, (County, School, Township, City, JVS, Library and Park District), was \$114.04 per \$1,000 of assessed value for unincorporated Township residents and \$108.34 per \$1,000 of assessed value for City of Centerville residents. The assessed values of real property, public utility property, and tangible personal property upon which 2010 property tax receipts were based are as follows:

Real Property	
Residential/Agricultural	\$1,358,164,020
Commercial/Industrial/Mineral	338,973,440
Public Utility Property	
Real	
Personal	22,613,600
Telecommunication Property	686,390
Total Assessed Value	<u>\$1,720,437,450</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 (HSA). Life insurance, through Standard Life Insurance Company, and dental, thru Superior Dental Care, are also provided to all full-time employees, elected officials and eligible part-time employees.

Settled claims have not exceeded coverage in any of the last three years and there was no significant reduction in coverage from the prior year.

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. Under the combined plan, OPERS invests employer contributions to provide a formula retirement benefit similar in nature to, but less than, the traditional pension plan benefit. Member contributions, the investment of which is self-directed by the member, accumulate retirement assets in a manner similar to the member directed plan.

**WASHINGTON TOWNSHIP
MONTGOMERY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010
(Continued)**

7. DEFINED BENEFIT PENSION PLAN (Continued)

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, 2010, OPERS members were required to contribute 10 percent of their annual covered salaries. The Township's contribution rate for pension benefits for 2010 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, 2010, 2009, and 2008 were \$701,696, \$696,243 and \$728,943 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 \$355,619 for the year ended December 31, 2010, \$348,258 for the year ended December 31, 2009, and \$363,563 for the year ended December 31, 2008. The full amount has been contributed for 2010, 2009, and 2008.

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-retirement health care coverage. In order to qualify for post-retirement health care coverage, age and service retirees under the traditional and combined plans must have ten or more years of qualifying Ohio service credit. Health care coverage for disability recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS also 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, Ohio 43215-4642, or by calling (614) 222-5601 or 1-800-222-7377.

**WASHINGTON TOWNSHIP
MONTGOMERY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010
(Continued)**

8. POST EMPLOYMENT BENEFITS (Continued)

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 the traditional or combined plans 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 2010, state and local employers contribution rate was 14 percent of covered payroll. The Ohio Revised Code currently limits the employer contribution to a rate not to exceed 14% 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 post employment health care benefits. The portion of employer contributions allocated to health care for members in the traditional plan was 5.5% from January 1 through February 28, 2010 and 5.0% from March 1 through December 31, 2010. The portion of employer contributions allocated to health care for members in the combined plan was 4.73% from January 1 through February 28, 2010 and 4.23% from March 1 through December 31, 2010. The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care coverage by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependants and the coverage selected.

Actual employer contributions for 2010 which were used to fund post-employment benefits were \$254,560.

OPERS Retirement Board Implements its Health Care Preservation Plan – On September 9, 2004, the OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP) with an effective date of January 1, 2007. Member and employer contribution rates for state and local employers increased January 1 of each year from 2006 through 2008. These rate increases 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 sponsored health care program, a cost sharing multiple-employer defined postemployment health care plan administered by OP&F. OP&F provides healthcare benefits including coverage for medical, prescription drugs, dental, vision, Medicare Part B Premium and long term care to retirees, qualifying benefit recipients and their eligible dependents.

OP&F provides access to post-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 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 is 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.

**WASHINGTON TOWNSHIP
MONTGOMERY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010
(Continued)**

8. POST EMPLOYMENT BENEFITS (Continued)

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 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 administrated 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, 2010, 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 Trustee' 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 contributions to OP&F for the years ending December 31, 2010, 2009, and 2008 were \$355,619, \$348,258 and \$363,563, respectively, of which \$99,929, \$97,861 and \$102,161 respectively, was allocated to the healthcare plan.

9. DEBT

The Township's long-term debt activity for the year ended December 31, 2010, was as follows:

	Interest Rate	Balance December 31, 2009	Additions	Reductions	Balance December 31, 2010	Due Within One Year
Township Activities:						
General Obligation Bonds:						
2009 Issue (\$320,000)						
Special Assessment Capital Asset		\$ 320,000		\$ 25,000	\$ 295,000	25,000
2003 Issue (\$5,000,000)	Varies 3.62%	2,000,000		500,000	1,500,000	500,000
Fire Station & Equipment Bond						
Total		\$2,320,000	\$ 0	\$525,000	\$1,795,000	\$525,000

**WASHINGTON TOWNSHIP
MONTGOMERY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010
(Continued)**

9. DEBT (Continued)

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

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

Year	G.O. Bonds	
	Principal	Interest
2011	\$ 525,000	\$ 62,141
2012	530,000	43,078
2013	530,000	23,726
2014	30,000	8,925
2015	30,000	7,800
2016 - 2019	150,000	17,850
	\$1,795,000	\$163,520

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, 2010, were an overall debt margin of \$180,645,932 and an un-voted debt margin of \$94,624,060.

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

During 2010 the following Inter Fund Transfers were made:

Transfers from the FEMA Fund to:

Road & Bridge Fund	<u>\$9,355</u>
Total transfers from the FEMA Fund	<u>\$9,355</u>

Transfer represents the final payment of Federal Emergency Management Agency grant monies awarded in 2008 and received in fiscal year 2010. The transfer was reimbursed to the Road and Bridge Fund for expenses incurred during a windstorm in September 2008 and was authorized per Auditor of State Bulletin 98-103 "Accounting for FEMA grants."

Inter fund balances as of December 31, 2010 consisted of the following individual fund receivables and payables:

Due to General Fund from:

Other Governmental Funds	\$43,501
--------------------------	----------

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

**WASHINGTON TOWNSHIP
MONTGOMERY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010
(Continued)**

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

On January 1st, the Township switched from a manual to an online requisition software system with Software Solutions Inc. On January 3rd, the Township also approved a motion to approve contracting with Software Solutions, Inc. to upgrade our financial and payroll software.

On February 7th, the Township approved a motion to upgrade our recreational software system with the company RecTrac.

On January 10th, the Township approved resolution accepting a CDBG from Montgomery County in the amount of \$36,000 for upgrading the park paths to be ADA compliant.

The Township will also receive a grant for sidewalk improvements along Lyons Road through the Miami Valley Regional Planning Commission.

This page intentionally left blank.



Dave Yost • 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 Road
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, 2010, which collectively comprise the Township's basic financial statements and have issued our report thereon dated June 8, 2011, 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 opinion on the financial statements, but not for the purpose of opining on the effectiveness of the Township's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Township's internal control over financial reporting.

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

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

Compliance and Other Matters

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

One First National Plaza, 130 W. Second St., Suite 2040, Dayton, Ohio 45402
Phone: 937-285-6677 or 800-443-9274 Fax: 937-285-6688

www.auditor.state.oh.us

Washington Township
Montgomery County
Independent Accountants' Report on Internal Control Over
Financial Reporting and on Compliance and Other Matters
Required by *Government Auditing Standards*
Page 2

We intend this report solely for the information and use of management, 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 black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

Dave Yost
Auditor of State

June 8, 2011



Dave Yost • 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
JULY 14, 2011**