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Wheeling, WV 26003  
304.232.1358



Certified Public Accountants, A.C.

**WASHINGTON TOWNSHIP  
MONTGOMERY COUNTY  
Regular Audit  
For the Year Ended December 31, 2016**

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*...“bringing more to the table”*

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- Association of Certified Anti - Money Laundering Specialists •





# Dave Yost • Auditor of State

Board of Trustees  
Washington Township  
8200 McEwen Road  
Dayton, Ohio 45458

We have reviewed the *Independent Auditor's Report* of Washington Township, Montgomery County, prepared by Perry & Associates, Certified Public Accountants, A.C., for the audit period January 1, 2016 through December 31, 2016. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

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

Dave Yost  
Auditor of State

June 29, 2017

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**Washington Township  
Montgomery County**

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Washington Township  
Montgomery County

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## INDEPENDENT AUDITOR'S REPORT

May 26, 2017

Washington Township  
Montgomery County  
8200 McEwen Road  
Dayton, Ohio 45458

To the Board of Trustees:

### ***Report on the Financial Statements***

We have audited the accompanying modified cash basis financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of **Washington Township**, Montgomery County, Ohio (the Township), as of and for the year ended December 31, 2016 and the related notes to the financial statements, which collectively comprise the Township's basic financial statements as listed in the table of contents.

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

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

### ***Auditor's Responsibility***

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

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Township's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Township's internal control.

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***Auditor's Responsibility (Continued)***

Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

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

***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective 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, Ohio, as of December 31, 2016, and the respective changes in modified cash financial position and the respective budgetary comparisons for the General, Road and Bridge, Police and Fire Funds thereof for the year then ended in accordance with the accounting basis described in Note 2.

***Accounting Basis***

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

***Other Matters***

*Other Information*

We applied no procedures to the Management's Discussion & Analysis presented on pages 3-10 of the report, and accordingly, we express no opinion or any other assurance on it.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated May 26, 2017 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. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township's internal control over financial reporting and compliance.



**Perry and Associates**  
Certified Public Accountants, A.C.  
Marietta, Ohio



Washington Township, Montgomery County  
Management's Discussion and Analysis  
For the Year Ended December 31, 2016  
Unaudited

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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, 2016, 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 2016 are as follows:

Net position of Township activities increased \$975,953 from the prior year. The fund most affected by this increase in net position was the Fire Fund. The Fire Fund increased its net position by \$1,261,221. Even though revenue decreased and expenses increased over 2015, the Fire Fund increased its' net position in 2016 due to the fact that its' revenues were greater than expenses. The Police and General Funds increased their net positions by \$324,293 and \$323,690, respectively. The Police Fund's increase in net position was related mainly to property tax increase with a new levy in 2016. The General Fund's increase in net position is mainly related to a decrease in capital expenditures from 2015. Although revenue decreased by over \$350,000, capital expenditures decreased by over \$1,500,000 (Rec West remodel for Enrichment Center in 2015). This decrease in capital expense allowed the General Fund to go from over a \$900,000 decrease (2015) in net position to over a \$300,000 increase (2016) in net position. The increases in the Fire, Police and General Funds were offset by decreases in the Road & Bridge and Recreation Funds. The Road & Bridge Fund decreased its net position by \$790,345. This decrease is related to an increase in maintenance expenses related to the annual street maintenance program. The street maintenance program had over \$900,000 in 2015 repairs (expenses) that were paid in 2016. The Township's lone business activity, Recreation Fund, had a decrease in its net position of \$115,898. This decrease is related mainly to a decrease in program receipts and an increase in repairs, salaries, cleaning and legal services.

The Township's general receipts are primarily property taxes. In 2016, the Township received \$19,280,094 in property and other local taxes. These receipts represent 70.00 percent of the total cash received for Township activities during the year. Compared to 2015, property tax receipts for 2016 increased by \$707,158 or 3.81 percent.

The Recreation Center, the Township's lone business-type activity, showed a \$115,898 loss or a 15.46 percent decrease in net position. This decrease was a result of a decrease in program receipts (\$49,000) and an increase in repairs (general maintenance), salaries (retirement payout & additional hiring at Enrichment Center) and purchased services (additional cleaning & legal services) when compared to 2015.

The Township has a contract with GovDeals, Incorporated, to dispose of surplus items via internet auctions. The total received in 2016 for auctions and sales was \$88,721. This includes a \$20,000 sale/trade-in of a fire apparatus. This is a \$67,700 increase from the previous year (\$47,700 in auction sales alone).

In December 2012, the Township approved a three percent hotel lodging tax effective March 1, 2013. There are currently five hotels within the Township. Total received in 2016 from the hotel tax was \$249,697, which is an increase of \$25,237 over the previous year.

Ohio tax law changes from the 2011 State bi-annual budget have had significant revenue implications for the Township. The State budget eliminated the tangible personal property and public utility deregulation reimbursements that were on track to be gradually eliminated by 2018. The local government fund was cut in half and the estate tax was eliminated effective January 1, 2013. By the end of 2018, the cumulative impact of the cuts will reach \$11.6 million.

### **Highlights (Continued)**

The Township's tax base for 2016 increased \$15,593,540 to \$1,697,310,370, which is an increase of 0.0093 or 0.01 percent over 2015.

### **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 position 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.

### **Reporting the Township as a Whole**

The statement of net position and the statement of activities reflect how well the Township financially performed during 2016, within the limitations of modified cash basis accounting. The statement of net position presents the pooled cash and investment balances of the governmental 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.

### **Reporting the Township as a Whole (Continued)**

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 position 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 generally 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 funds 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 nonmajor funds (funds whose activity or balances are not large enough to warrant separate reporting) are 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, excluding that portion of the city within Greene County. Therefore, both residents pay for the fire levies that support the fire fund. 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.

**Reporting the Township's Most Significant Funds (Continued)**

**Proprietary Funds** – When the Township charges customers for the services it provides, these services are generally reported in proprietary funds. When the services are provided to the general public, the activity is reported as an enterprise fund. The Township has one enterprise fund, the Recreation Department. Residents of both the unincorporated Township and City of Centerville, excluding that portion of the city within Greene County, 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 repair of all Township vehicles and for some maintenance and repairs to Township buildings.

**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 full time Township employees.

Washington Township, Montgomery County  
Management's Discussion and Analysis  
For the Year Ended December 31, 2016  
Unaudited

**The Township as a Whole**

Table 1 provides a summary of the Township's net position for 2016 compared to 2015 on a modified cash basis:

(Table 1)  
**Net Assets**

	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
<b>Assets</b>						
Cash and Cash Equivalents	\$ 6,387,570	\$ 7,958,204	\$ 633,747	\$ 749,645	\$ 7,021,317	\$ 8,707,849
Investments	27,513,867	24,851,419	-	-	27,513,867	24,851,419
<b>Total Assets</b>	<b>\$ 33,901,437</b>	<b>\$ 32,809,623</b>	<b>\$ 633,747</b>	<b>\$ 749,645</b>	<b>\$ 34,535,184</b>	<b>\$ 33,559,268</b>
<b>Net Assets</b>						
Restricted for:						
Special Revenue	\$ 23,559,103	\$ 22,785,850	\$ -	\$ -	\$ 23,559,103	\$ 22,785,850
Recreation	-	-	633,747	749,645	633,747	749,645
Unrestricted	10,342,334	10,023,773	-	-	10,342,334	10,023,773
<b>Total Net Assets</b>	<b>\$ 33,901,437</b>	<b>\$ 32,809,623</b>	<b>\$ 633,747</b>	<b>\$ 749,645</b>	<b>\$ 34,535,184</b>	<b>\$ 33,559,268</b>

As mentioned previously, the net position of Township's activities increased \$975,954 or 2.91 percent during 2016. The primary reasons contributing to the overall increase in cash balances are as follows:

- The Fire Fund's net position increased \$1,261,221 due to the fact that receipts were greater than disbursements.
- The Police Fund's net position increased \$324,293 mainly due to an increase in property tax with the increase in millage from a new police levy in 2016.
- The General Fund's net position increased \$323,690 mainly due to a decrease in capital outlay from 2015 to 2016 as it relates to the Rec West remodeling project.
- The Road and Bridge Fund's net position decreased \$790,345 due to expenditures related to the 2015 annual street improvement program being paid in the first quarter of 2016.
- The Recreation Fund's net position decreased \$115,898 due to a decrease in program receipts, and an increase in general expenses related to salaries, repairs, cleaning services and legal services.

Washington Township, Montgomery County  
Management's Discussion and Analysis  
For the Year Ended December 31, 2016  
Unaudited

**The Township as a Whole (Continued)**

Table 2 reflects the changes in net position on a modified cash basis for 2016 and 2015 for governmental activities, business type activities and total primary government.

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

	Governmental Activities		Business Type Activities		Total	
	2016	2015	2016	2015	2016	2015
Receipts:						
Program Receipts:						
Charges for Services and Sales	\$ 2,023,686	\$ 2,201,824	\$ 1,435,669	\$ 1,484,679	\$ 3,459,355	\$ 3,686,503
Operating Grants and Contributions	2,774,557	2,943,553	153,464	170,569	2,928,021	3,114,122
<b>Total Program Receipts</b>	<b>4,798,243</b>	<b>5,145,377</b>	<b>1,589,133</b>	<b>1,655,248</b>	<b>6,387,376</b>	<b>6,800,625</b>
General Receipts:						
Property and Other Local Taxes	18,242,309	17,544,060	1,037,785	1,028,876	19,280,094	18,572,936
Grants and Entitlements Not Restricted to Specific Programs	464,825	761,280	-	-	464,825	761,280
Sale of Capital Assets	84,721	16,203	4,000	5,066	88,721	21,269
Interest	208,108	122,038	-	-	208,108	122,038
Miscellaneous	209,289	448,771	160,708	134,844	369,997	583,615
<b>Total General Receipts</b>	<b>19,209,252</b>	<b>18,892,352</b>	<b>1,202,493</b>	<b>1,168,786</b>	<b>20,411,745</b>	<b>20,061,138</b>
<b>Total Receipts</b>	<b>24,007,495</b>	<b>24,037,729</b>	<b>2,791,626</b>	<b>2,824,034</b>	<b>26,799,121</b>	<b>26,861,763</b>
Disbursements:						
General Government	1,520,286	1,618,270	-	-	1,520,286	1,618,270
Police	4,136,231	3,950,694	-	-	4,136,231	3,950,694
Fire	9,721,569	8,891,083	-	-	9,721,569	8,891,083
Public Works	4,938,906	3,330,010	-	-	4,938,906	3,330,010
Health	194,640	199,659	-	-	194,640	199,659
Conservation Recreation	136,598	139,495	-	-	136,598	139,495
Capital Outlay	2,154,106	3,958,066	-	-	2,154,106	3,958,066
Principal Retirement	30,000	30,000	-	-	30,000	30,000
Interest and Fiscal Charges	8,308	9,790	-	-	8,308	9,790
Recreation Center	-	-	2,982,524	2,715,178	2,982,524	2,715,178
<b>Total Disbursements</b>	<b>22,840,644</b>	<b>22,127,067</b>	<b>2,982,524</b>	<b>2,715,178</b>	<b>25,823,168</b>	<b>24,842,245</b>
Excess (Deficiency) Before Transfers	1,166,851	1,910,662	(190,898)	108,856	975,953	2,019,518
Transfers	(75,000)	(18,750)	75,000	18,750	-	-
<b>Increase (Decrease) in Net Assets</b>	<b>1,091,851</b>	<b>1,891,912</b>	<b>(115,898)</b>	<b>127,606</b>	<b>975,953</b>	<b>2,019,518</b>
Net Assets, January 1	32,809,586	30,917,674	749,645	622,039	33,559,231	31,539,713
<b>Net Assets, December 31</b>	<b>\$ 33,901,437</b>	<b>\$ 32,809,586</b>	<b>\$ 633,747</b>	<b>\$ 749,645</b>	<b>\$ 34,535,184</b>	<b>\$ 33,559,231</b>

Washington Township, Montgomery County  
Management's Discussion and Analysis  
For the Year Ended December 31, 2016  
Unaudited

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**The Township as a Whole (Continued)**

Program receipts represent only 20 percent of total governmental activities' receipts and are primarily comprised of restricted intergovernmental receipts, such as motor vehicle license, permissive and gas tax money; building permits and inspection fees; fines; franchise fees; EMS receipts for medic transports; and rollback and homestead exemption dollars received from the State for the Road and Bridge, Police, and Fire funds.

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

General receipts represent 80 percent of the total governmental activities receipts and 43 percent of the business-type activities total receipts. Of these amounts, 95 percent represent property taxes for the governmental activities and 86 percent represent property taxes for the business-type activities. For the remainder of the governmental activities, the majority of general receipts include interest, rentals, miscellaneous reimbursements 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, IT department, human resources department and the 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; Conservation-Recreation is the support cost the Administration, Finance and Human Resource Departments provide to the Recreation Center; and Capital Outlay includes payments made in 2016 for street and sidewalk construction, improvement of sites (building and parking lots), the purchase of new vehicles and equipment, protective fire clothing, new office, machinery and communication equipment, firefighting equipment, computer hardware and software and capital improvements. Principal Retirement includes payments on the note issued for the Sterling Cove road project. The Sterling Cove road project is assessed to the property owners through their property taxes.

Washington Township, Montgomery County  
Management's Discussion and Analysis  
For the Year Ended December 31, 2016  
Unaudited

**Governmental Activities**

If you look at the Statement of Activities (page 13), you will see that the first column lists the major services provided by the Township. The next column identifies the costs of providing these services. The four largest program disbursements for governmental activities are for Fire, Public Works and Police services along with Capital Outlay, which account for 42, 22, 18 and 9 percent of all governmental disbursements, respectively. The General Government disbursements also represented a significant cost at about 7 percent. 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 (Disbursements) Receipts 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 below.

(Table 3)

	<b>Governmental Activities</b>			
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
	2016	2016	2015	2015
General Government	\$ 1,520,286	\$ 1,104,047	\$ 1,618,234	\$ 1,189,969
Police	4,136,231	3,683,661	3,950,693	3,300,287
Fire	9,721,569	6,921,995	8,891,083	5,912,256
Public Works	4,938,906	3,827,371	3,330,009	2,254,030
Health	194,640	176,315	199,659	187,759
Conservation-Recreation	136,598	136,598	139,495	139,495
Capital Outlay	2,154,106	2,154,106	3,958,066	3,958,066
Principal Retirement	30,000	30,000	30,000	30,000
Interest and Fiscal Charges	8,308	8,308	9,790	9,790
<b>Total Expenses</b>	<b>\$22,840,644</b>	<b>\$18,042,401</b>	<b>\$22,127,029</b>	<b>\$ 16,981,652</b>

The dependence upon property tax receipts is apparent as 79 percent of Township government activities are supported through 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, 53 percent of these activities are covered by program receipts while 47 percent are covered by general receipts.



Washington Township, Montgomery County  
Management's Discussion and Analysis  
For the Year Ended December 31, 2016  
Unaudited

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**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 2016, the Township amended its budget for the Road and 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. The County only certifies 95% of the property tax they estimate the township will receive. Actual receipts for the General, Road and Bridge, Police, and Fire funds were \$1,740,785 or 8.01 percent over final budgeted receipts.

Final disbursements for the four major funds were budgeted at \$52,896,409 while actual disbursements, including encumbrances, were \$23,708,918.

**Debt Administration**

Debt

At December 31, 2016, the Township's outstanding debt includes \$120,000 in Ohio Capital Asset Bonds for the Sterling Cove Road Project. For further information regarding the Township's debt, refer to Note 9 of the basic financial statements.

**Current Issues**

The challenge for all Townships is to provide quality services to the public while staying within the restrictions imposed by limited and, in some cases, shrinking funding. We rely heavily on property taxes, so it is imperative that we continue to enhance our property tax base while maintaining an attractive mix of residential, commercial and green space property. The Township is primarily a residential community. The township's tax base increased by 0.0093 percent in 2016.

Due to the State budget cuts mentioned under Highlights, the general fund is currently running a yearly deficit. Over the past several years this deficit has been reduced. The average deficit per year over the past five is \$525,000. The average deficit per year over the past three years is \$347,000. Management and staff continue to look for ways to cut costs and increase revenue.

**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 Position - Modified Cash Basis*  
 December 31, 2016

	Governmental Activities	Business - Type Activities	Total
<b>Assets</b>			
Equity in Pooled Cash and Cash Equivalents	\$ 6,387,570	\$ 633,747	\$ 7,021,317
Investments	27,513,867	-	27,513,867
<i>Total Assets</i>	<u>\$ 33,901,437</u>	<u>\$ 633,747</u>	<u>\$ 34,535,184</u>
<b>Net Assets</b>			
Restricted for:			
Road & Bridge Projects	\$ 9,737,584	\$ -	\$ 9,737,584
Police	2,351,017	-	2,351,017
Fire	10,579,750	-	10,579,750
Other Programs	890,752	-	890,752
Recreation	-	633,747	633,747
Unrestricted	10,342,334	-	10,342,334
<i>Total Net Position</i>	<u>\$ 33,901,437</u>	<u>\$ 633,747</u>	<u>\$ 34,535,184</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, 2016**

	Program Cash Receipts				Net (Disbursements) Receipts and Changes in Net Position		
	Cash Disbursements	Charges for Services and Sales	Operating Grants, Contributions and Interest	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
<b>Governmental Activities</b>							
General Government	\$ 1,520,286	\$ 416,239	\$ -	\$ -	\$ (1,104,047)	\$ -	\$ (1,104,047)
Police	4,136,231	44,088	408,482	-	(3,683,661)	-	(3,683,661)
Fire	9,721,569	1,472,352	1,327,222	-	(6,921,995)	-	(6,921,995)
Public Works	4,938,906	72,682	1,038,853	-	(3,827,371)	-	(3,827,371)
Health	194,640	18,325	-	-	(176,315)	-	(176,315)
Conservation-Recreation	136,598	-	-	-	(136,598)	-	(136,598)
Capital Outlay	2,154,106	-	-	-	(2,154,106)	-	(2,154,106)
Debt Service	38,308	-	-	-	(38,308)	-	(38,308)
<b>Total Governmental Activities</b>	<b>22,840,644</b>	<b>2,023,686</b>	<b>2,774,557</b>	<b>-</b>	<b>(18,042,401)</b>	<b>-</b>	<b>(18,042,401)</b>
<b>Business Type Activity</b>							
Recreation Center	2,982,524	1,435,669	153,464	-	-	(1,393,391)	(1,393,391)
<b>Total</b>	<b>\$ 25,823,168</b>	<b>\$ 3,459,355</b>	<b>\$ 2,928,021</b>	<b>\$ -</b>	<b>\$ (18,042,401)</b>	<b>\$ (1,393,391)</b>	<b>\$ (19,435,792)</b>
<b>General Receipts</b>							
Property and Other Local Taxes Levied for:							
					1,291,791	-	1,291,791
					3,913,712	-	3,913,712
					4,196,174	-	4,196,174
					8,840,632	-	8,840,632
					-	1,037,785	1,037,785
					464,825	-	464,825
					84,721	4,000	88,721
					208,108	-	208,108
					209,289	160,708	369,997
					<u>19,209,252</u>	<u>1,202,493</u>	<u>20,411,745</u>
					<u>(75,000)</u>	<u>75,000</u>	<u>-</u>
					<u>19,134,252</u>	<u>1,277,493</u>	<u>20,411,745</u>
					1,091,851	(115,898)	975,953
					<u>32,809,586</u>	<u>749,645</u>	<u>33,559,231</u>
					<u>\$ 33,901,437</u>	<u>\$ 633,747</u>	<u>\$ 34,535,184</u>

See accompanying notes to the basic financial statements

**Washington Township, Montgomery County**  
*Statement of Modified Cash Basis Assets and Fund Balances*  
 Governmental Funds  
 December 31, 2016

	General	Road & Bridge Fund	Police Fund	Fire Fund	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>						
Equity in Pooled Cash and Cash Equivalents	\$ 1,901,389	\$ 1,809,254	\$ 436,822	\$ 1,965,730	\$ 165,503	\$ 6,278,698
Investments	8,332,072	7,928,330	1,914,195	8,614,020	725,250	27,513,867
<i>Total Assets</i>	<u>\$ 10,233,461</u>	<u>\$ 9,737,584</u>	<u>\$ 2,351,017</u>	<u>\$ 10,579,750</u>	<u>\$ 890,753</u>	<u>\$ 33,792,565</u>
<b>Fund Balances</b>						
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ 29,100	\$ 29,100
Restricted	-	-	2,351,017	10,579,750	853,981	13,784,748
Committed	-	9,737,584	-	-	7,672	9,745,256
Assigned	316,060	-	-	-	-	316,060
Unassigned (Deficit)	9,917,401	-	-	-	-	9,917,401
<i>Total Fund Balances</i>	<u>\$ 10,233,461</u>	<u>\$ 9,737,584</u>	<u>\$ 2,351,017</u>	<u>\$ 10,579,750</u>	<u>\$ 890,753</u>	<u>\$ 33,792,565</u>

See accompanying notes to the basic financial statements

**Washington Township, Montgomery County**  
*Reconciliation of Total Governmental Fund Balances to  
Net Position of Governmental Activities - Modified Cash Basis  
December 31, 2016*

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<b>Total Governmental Fund Balances</b>	\$ 33,792,565
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***Amounts reported for governmental activities in the statement of  
net position are different because***

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

108,872
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*Net Position of Governmental Activities*

<u>\$ 33,901,437</u>
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See accompanying notes to the basic financial statements

**Washington Township, Montgomery County**  
*Statement of Receipts, Disbursements and Changes in Fund Balances - Modified - Cash Basis*  
*Governmental Funds*  
*For the Year Ended December 31, 2016*

	General	Road & Bridge Fund	Police Fund	Fire Fund	Other Governmental Funds	Total Governmental Funds
<b>Receipts</b>						
Property and Other Local Taxes	\$ 1,291,791	\$ 3,913,712	\$ 4,196,174	\$ 8,840,632	\$ -	\$ 18,242,309
Charges for Services	22,000	-	-	1,473,761	-	1,495,761
Licenses, Permits and Fees	383,092	1,710	-	1,138	18,325	404,265
Fines and Forfeitures	44,088	-	-	-	-	44,088
Intergovernmental	464,825	597,857	408,482	1,327,222	425,373	3,223,759
Special Assessments	11,147	-	-	-	73,520	84,667
Interest	208,108	-	-	-	15,623	223,731
Other	173,047	11,612	179	19,152	5,366	209,356
<i>Total Receipts</i>	<u>2,598,098</u>	<u>4,524,891</u>	<u>4,604,835</u>	<u>11,661,905</u>	<u>538,207</u>	<u>23,927,936</u>
<b>Disbursements</b>						
Current:						
General Government	1,520,287	-	-	-	-	1,520,287
Police	3,136	-	4,133,095	-	-	4,136,231
Fire	163,955	-	-	9,557,581	-	9,721,536
Public Works	53,986	4,402,815	-	-	482,204	4,939,005
Health	168,610	-	-	-	26,030	194,640
Conservation-Recreation	136,598	-	-	-	-	136,598
Capital Outlay	160,221	946,696	162,925	874,041	10,223	2,154,106
Debt Service:						
Principal Retirement	-	-	-	-	30,000	30,000
Interest and Fiscal Charges	-	-	-	-	8,308	8,308
<i>Total Disbursements</i>	<u>2,206,793</u>	<u>5,349,511</u>	<u>4,296,020</u>	<u>10,431,622</u>	<u>556,765</u>	<u>22,840,711</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>391,305</u>	<u>(824,620)</u>	<u>308,815</u>	<u>1,230,283</u>	<u>(18,558)</u>	<u>1,087,225</u>
<b>Other Financing Sources (Uses)</b>						
Sale of Capital Assets	3,986	34,275	15,478	30,938	44	84,721
Transfers Out	(75,000)	-	-	-	-	(75,000)
Advances In	3,400	-	-	-	-	3,400
Advances Out	-	-	-	-	(3,400)	(3,400)
<i>Total Other Financing Sources (Uses)</i>	<u>(67,614)</u>	<u>34,275</u>	<u>15,478</u>	<u>30,938</u>	<u>(3,356)</u>	<u>9,721</u>
<i>Net Change in Fund Balances</i>	323,691	(790,345)	324,293	1,261,221	(21,914)	1,096,946
<i>Fund Balances Beginning of Year (Restated See note 14)</i>	<u>9,909,770</u>	<u>10,527,929</u>	<u>2,026,724</u>	<u>9,318,529</u>	<u>912,667</u>	<u>32,695,619</u>
<i>Fund Balances End of Year</i>	<u>\$ 10,233,461</u>	<u>\$ 9,737,584</u>	<u>\$ 2,351,017</u>	<u>\$ 10,579,750</u>	<u>\$ 890,753</u>	<u>\$ 33,792,565</u>

See accompanying notes to the basic financial statements

**Washington Township, Montgomery County**  
*Reconciliation of the Statement of Receipts, Disbursements and Changes  
in Fund Balances - Governmental Funds to the Statement of Activities - Modified Cash Basis  
For the Year Ended December 31, 2016*

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**Net Change in Fund Balances - Total Governmental Funds** \$ 1,096,946

***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).

(5,095)

*Change in Net Position of Governmental Activities*

\$ 1,091,851

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, 2016**

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	
<b>Receipts</b>				
Property and Other Local Taxes	\$ 1,228,097	\$ 1,228,097	\$ 1,291,791	\$ 63,694
Charges for Services	22,000	22,000	22,000	-
Licenses, Permits and Fees	366,000	366,000	383,092	17,092
Fines and Forfeitures	42,000	42,000	44,088	2,088
Intergovernmental	415,000	415,000	464,825	49,825
Special Assessments	-	-	11,147	11,147
Interest	90,000	90,000	208,108	118,108
Other	50,000	50,000	173,046	123,046
<i>Total receipts</i>	<u>2,213,097</u>	<u>2,213,097</u>	<u>2,598,097</u>	<u>385,000</u>
<b>Disbursements</b>				
Current:				
General Government	2,224,477	2,093,418	1,791,021	302,397
Police	9,305	9,305	3,205	6,100
Fire	166,148	191,198	172,258	18,940
Public Works	77,513	71,764	66,878	4,886
Health	184,940	184,940	170,123	14,817
Conservation-Recreation	132,347	153,642	141,839	11,803
Capital Outlay	9,089,867	9,034,968	177,528	8,857,440
<i>Total Disbursements</i>	<u>11,884,597</u>	<u>11,739,235</u>	<u>2,522,852</u>	<u>9,216,383</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(9,671,500)</u>	<u>(9,526,138)</u>	<u>75,245</u>	<u>9,601,383</u>
<b>Other Financing Sources (Uses)</b>				
Sale of Capital Assets	500	500	7,386	6,886
Transfers Out	-	(75,000)	(75,000)	-
<i>Total Other Financing Sources (Uses)</i>	<u>500</u>	<u>(74,500)</u>	<u>(67,614)</u>	<u>6,886</u>
<i>Net Change in Fund Balance</i>	(9,671,000)	(9,600,638)	7,631	9,608,269
<i>Fund Balance Beginning of Year</i>	9,701,407	9,701,407	9,701,407	-
Prior Year Encumbrances Appropriated	208,363	208,363	208,363	-
<i>Fund Balance End of Year</i>	<u>\$ 238,770</u>	<u>\$ 309,132</u>	<u>\$ 9,917,401</u>	<u>\$ 9,608,269</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 and Bridge Fund**  
**For the Year Ended December 31, 2016**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>Receipts</b>				
Property and Other Local Taxes	\$ 3,868,905	\$ 3,681,473	\$ 3,913,712	\$ 232,239
Licenses, Permits and Fees	1,500	1,500	1,710	210
Intergovernmental	544,995	544,995	597,857	52,862
Other	-	-	11,612	11,612
<i>Total receipts</i>	<u>4,415,400</u>	<u>4,227,968</u>	<u>4,524,891</u>	<u>296,923</u>
<b>Disbursements</b>				
Current:				
Public Works	5,136,382	5,358,028	4,648,151	709,877
Capital Outlay	9,902,095	9,249,312	993,938	8,255,374
<i>Total Disbursements</i>	<u>15,038,477</u>	<u>14,607,340</u>	<u>5,642,089</u>	<u>8,965,251</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(10,623,077)</u>	<u>(10,379,372)</u>	<u>(1,117,198)</u>	<u>9,262,174</u>
<b>Other Financing Sources (Uses)</b>				
Sale of Capital Assets	5,000	5,000	34,275	29,275
<i>Total Other Financing Sources (Uses)</i>	<u>5,000</u>	<u>5,000</u>	<u>34,275</u>	<u>29,275</u>
<i>Net Change in Fund Balance</i>	(10,618,077)	(10,374,372)	(1,082,923)	9,291,449
<i>Fund Balance Beginning of Year</i>	9,104,562	9,104,562	9,104,562	-
Prior Year Encumbrances Appropriated	1,423,367	1,423,367	1,423,367	-
<i>Fund Balance End of Year</i>	<u>\$ (90,148)</u>	<u>\$ 153,557</u>	<u>\$ 9,445,006</u>	<u>\$ 9,291,449</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, 2016**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>Receipts</b>				
Property and Other Local Taxes	\$ 3,899,537	\$ 3,726,570	\$ 4,196,174	\$ 469,604
Intergovernmental	575,449	575,449	408,482	(166,967)
Other	-	-	179	179
<i>Total receipts</i>	<u>4,474,986</u>	<u>4,302,019</u>	<u>4,604,835</u>	<u>302,816</u>
<b>Disbursements</b>				
Current:				
Police	4,255,358	4,295,355	4,225,385	69,970
Capital Outlay	2,259,244	2,036,885	188,757	1,848,128
<i>Total Disbursements</i>	<u>6,514,602</u>	<u>6,332,240</u>	<u>4,414,142</u>	<u>1,918,098</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(2,039,616)</u>	<u>(2,030,221)</u>	<u>190,693</u>	<u>2,220,914</u>
<b>Other Financing Sources (Uses)</b>				
Sale of Capital Assets	7,500	7,500	15,478	7,978
<i>Total Other Financing Sources (Uses)</i>	<u>7,500</u>	<u>7,500</u>	<u>15,478</u>	<u>7,978</u>
<i>Net Change in Fund Balance</i>	(2,032,116)	(2,022,721)	206,171	2,228,892
<i>Fund Balance Beginning of Year</i>	2,011,571	2,011,571	2,011,571	-
Prior Year Encumbrances Appropriated	15,153	15,153	15,153	-
<i>Fund Balance End of Year</i>	<u>\$ (5,392)</u>	<u>\$ 4,003</u>	<u>\$ 2,232,895</u>	<u>\$ 2,228,892</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, 2016**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Final Budget Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Receipts</b>				
Property and Other Local Taxes	\$ 8,792,222	\$ 8,315,101	\$ 8,840,632	\$ 525,531
Charges for Services	1,400,000	1,400,000	1,473,761	73,761
Licenses, Permits and Fees	475	475	1,138	663
Intergovernmental	1,260,360	1,260,360	1,327,222	66,862
Other	-	-	19,152	19,152
<i>Total receipts</i>	<u>11,453,057</u>	<u>10,975,936</u>	<u>11,661,905</u>	<u>685,969</u>
<b>Disbursements</b>				
Current:				
Fire	10,616,885	11,022,576	9,840,543	1,182,033
Capital Outlay	9,854,638	9,120,018	1,214,359	7,905,659
<i>Total Disbursements</i>	<u>20,471,523</u>	<u>20,142,594</u>	<u>11,054,902</u>	<u>9,087,692</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(9,018,466)</u>	<u>(9,166,658)</u>	<u>607,003</u>	<u>9,773,661</u>
<b>Other Financing Sources (Uses)</b>				
Sale of Capital Assets	5,000	5,000	30,938	25,938
<i>Total Other Financing Sources (Uses)</i>	<u>5,000</u>	<u>5,000</u>	<u>30,938</u>	<u>25,938</u>
<i>Net Change in Fund Balance</i>	(9,013,466)	(9,161,658)	637,941	9,799,599
<i>Fund Balance Beginning of Year</i>	9,151,845	9,151,845	9,151,845	-
Prior Year Encumbrances Appropriated	166,684	166,684	166,684	-
<i>Fund Balance End of Year</i>	<u>\$ 305,063</u>	<u>\$ 156,871</u>	<u>\$ 9,956,470</u>	<u>\$ 9,799,599</u>

See accompanying notes to the basic financial statements

**Washington Township, Montgomery County**  
*Statement of Fund Net Position - Modified Cash Basis*  
*Proprietary Funds*  
*December 31, 2016*

	Business-Type Activities		Governmental Activity
	Recreation	Total	Internal Service
	Enterprise Fund	Enterprise Funds	
<b>Assets</b>			
Equity in Pooled Cash and Cash Equivalents	\$ 633,747	\$ 633,747	\$ 108,873
<i>Total Assets</i>	<u>\$ 633,747</u>	<u>\$ 633,747</u>	<u>\$ 108,873</u>
<b>Net Assets</b>			
Restricted for:			
Recreation	\$ 633,747	\$ 633,747	\$ -
Unrestricted	-	-	108,873
<i>Total Net Position</i>	<u>\$ 633,747</u>	<u>\$ 633,747</u>	<u>\$ 108,873</u>

See accompanying notes to the basic financial statements

**Washington Township, Montgomery County**  
*Statement of Receipts,  
Disbursements and Changes in Fund Net Position - Modified Cash Basis  
Proprietary Funds  
For the Year Ended December 31, 2016*

	Business-Type Activities		Governmental
	Recreation	Total	Activity
	Enterprise Fund	Enterprise Funds	Internal Service
<b>Operating Receipts</b>			
Charges for Services	\$ 1,435,669	\$ 1,435,669	\$ 643,667
Property and Other Local Taxes	1,037,785	1,037,785	-
Intergovernmental	153,464	153,464	730
Other Operating Receipts	160,708	160,708	200
<i>Total Operating Receipts</i>	<u>2,787,626</u>	<u>2,787,626</u>	<u>644,597</u>
<b>Operating Disbursements</b>			
Salaries	1,441,590	1,441,590	290,936
Employee Fringe Benefits	343,930	343,930	138,326
Purchased Services	213,425	213,425	-
Materials and Supplies	132,803	132,803	101,110
Repairs and Maintenance	167,510	167,510	117,815
Communication, Printing and Advertising	93,268	93,268	-
Capital Outlay	146,254	146,254	505
Other	443,744	443,744	1,000
<i>Total Operating Disbursements</i>	<u>2,982,524</u>	<u>2,982,524</u>	<u>649,692</u>
<i>Operating Income (Loss)</i>	<u>(194,898)</u>	<u>(194,898)</u>	<u>(5,095)</u>
<b>Non-Operating Receipts (Disbursements)</b>			
Sale of Fixed Assets	4,000	4,000	-
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>4,000</u>	<u>4,000</u>	<u>-</u>
<i>Income (Loss) before Transfers and Advances</i>	<u>(190,898)</u>	<u>(190,898)</u>	<u>(5,095)</u>
Transfers In	75,000	75,000	-
<i>Change in Net Assets</i>	<u>(115,898)</u>	<u>(115,898)</u>	<u>(5,095)</u>
<i>Net Position Beginning of Year</i>	<u>749,645</u>	<u>749,645</u>	<u>113,968</u>
<i>Net Position End of Year</i>	<u>\$ 633,747</u>	<u>\$ 633,747</u>	<u>\$ 108,873</u>

See accompanying notes to the basic financial statements

**Washington Township, Montgomery County**  
*Statement of Fiduciary Net Position - Modified Cash Basis*  
*Fiduciary Funds*  
*December 31, 2016*

	Private Purpose Trust	Agency
<b>Assets</b>		
Equity in Pooled Cash and Cash Equivalents	\$ 3,325	\$ 11,604
<i>Total Assets</i>	\$ 3,325	\$ 11,604
<b>Net Assets</b>		
Held in Trust for Cemetery Bequests:		
Nonexpendable	\$ 3,300	\$ -
Expendable	25	-
Held on Behalf of Township Employees	-	11,604
<i>Total Net Position</i>	\$ 3,325	\$ 11,604

See accompanying notes to the basic financial statements

**Washington Township, Montgomery County**  
*Statement of Changes in Fiduciary Net Position - Modified Cash Basis*  
*Fiduciary Funds*  
*For the Year Ended December 31, 2016*

	Private Purpose Trust
<b>Additions</b>	
Interest	\$ 1
<i>Total Additions</i>	1
 <b>Deductions</b>	
Payments in Accordance with Trust Agreements	30
<i>Total Deductions</i>	30
 Change in Net Assets	 (29)
 Net Position - Beginning of Year	 3,354
 Net Position - End of Year	 \$ 3,325

See accompanying notes to the basic financial statements

**Note 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 organization; 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. Washington Township has no component units.

**Note 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.



**Note 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 position 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 position 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 position presents the cash and investment balances 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.

**Note 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 residents and 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.

- a. 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 primarily through user fees, facility rentals and property taxes.

- b. Internal Service Fund – Internal Service funds are 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 and buildings.

**Note 2 – Summary of Significant Accounting Policies** (continued)

B. Fund Accounting (continued)

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.

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 donors.

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.

**Note 2 – Summary of Significant Accounting Policies** (continued)

D. Budgetary Process (continued)

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

The appropriations 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.

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 2016, the Township invested in U.S. Agencies, U. S. Treasury Notes, STAR Ohio and STAR Plus. The U.S. Agencies and U. S. Treasury Notes are reported at cost.

STAR Ohio (the State Treasury Asset Reserve of 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 has adopted Governmental Accounting Standards Board (GASB), Statement No. 79, “Certain External Investment Pools and Pool Participants.” The Township also implemented GASB Statement No. 79 for 2016. The implementation of this GASB pronouncement had no effect on beginning net position/fund balance. The Township measures their investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

Washington Township also invests in STAR Plus, a federally insured cash account powered by the Federally Insured Cash Account (FICA) program. STAR Plus enables political subdivisions to generate a competitive yield on cash deposits in a network of carefully-selected FDIC-insured banks via a single, convenient account. STAR Plus offers attractive yields with no market or credit risk, weekly liquidity and penalty free withdrawals. All deposits with STAR Plus have full FDIC insurance, with no term commitment on deposits.

For 2016, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, notice must be given 24 hours in advance of all deposits and withdrawals exceeding \$25 million. STAR Ohio reserves the right to limit the transaction to \$50 million, requiring the excess amount to be transacted the following business day(s), but only to the \$50 million limit. All accounts of the participant will be combined for these purposes.

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 2016 were \$208,108, which includes \$144,968 assigned from other Township funds.

**Note 2 – Summary of Significant Accounting Policies** (continued)

F. Capital Assets

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

G. Interfund Receivables / Payables

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

H. Accumulated Leave

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

I. Employer Contributions to Cost-Sharing Pension Plans

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

J. Long-Term Obligations

The Township's modified cash basis financial statements do not report liabilities for bonds or other long-term obligations. Proceeds of debt are reported when the cash is received, and principal and interest payments are reported when paid. Note 9 displays a schedule of the Township's current debt obligations. 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 Position

Net position is reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Restricted net position includes 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.

**Note 2 – Summary of Significant Accounting Policies** (continued)

L. Fund Balance

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

1. Non-spendable: The non-spendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or are legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of inter-fund loans.
2. Restricted: Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.
3. Committed: The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by formal action (resolution) of Township Trustees. Those committed amounts cannot be used for any other purpose unless the Township Trustees remove or change the specific use by taking the same type of action (resolution) it employed to previously commit those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.
4. Assigned: Amounts in the assigned fund balance classification are intended to be used by the Township for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by Township Trustees or a Township official delegated that authority by resolution or by State Statute.
5. Unassigned: Unassigned fund balance is the residual classification for the general fund and includes amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

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

**Note 3 – Budgetary Basis of Accounting**

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budget Basis presented for the General, 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 restricted, committed or assigned fund balances (modified cash basis) and outstanding year end advances are treated as an other financing source or use (budgetary basis) rather than as an interfund receivable or payable (modified cash basis). The encumbrances outstanding at year end (budgetary basis) amounted to \$316,060 for the General Fund, \$118,122 for the Police Fund, \$623,280 for the Fire Fund, and \$292,577 for the Road & Bridge Fund. There were no advances made from the General Fund in 2016. The Lighting Fund did pay back a portion (\$3,400) of its advance from the General Fund. The outstanding advances at year end amounted to \$29,100 for the General Fund.

**Note 4 – Deposits and Investments**

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

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

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

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but 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, and Government National Mortgage 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;

**Note 4 – Deposits and Investments** (continued)

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 and STAR Plus).

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

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

A. Deposits

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

Custodial credit risk is the risk that, in the event of bank failure, the Township will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year end, \$7,148,920 of the Township's bank balance of \$7,402,229 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 Township's deposits amounted to \$7,036,245. Of the Township's \$27,513,867 in investments, \$2,045,533 is covered by the Federal Deposit Insurance Corporation (FDIC), which is the amount held at STAR Plus. Of the total Township funds (bank balance and investments) held at year end, \$32,617,255 of the \$34,916,096 was exposed to custodial credit risk.

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



Washington Township, Montgomery County  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2016

**Note 4 – Deposits and Investments** (continued)

**B. Investments**

As of December 31, 2016, the Township had the following investments:

	Carrying Value	Maturity (in years)				Concentration of Credit Risk
		Less Than One Year	1-2	3-4	5	
Fannie Mac	\$ 5,995,970	\$ 2,101,929	\$ 1,842,859	\$ 2,051,182	\$ -	21.79
FHLB	4,860,101	1,419,082	1,366,028	2,074,991	-	17.66
Fannie Mae	4,731,003	1,525,556	2,505,482	699,965	-	17.2
Fed Farm Cr	2,876,490	-	773,450	2,103,040	-	10.46
US Tres. Notes	2,440,985	-	2,440,985	-	-	8.87
STAR Ohio	4,530,927	4,530,927	-	-	-	16.47
STAR Plus	2,045,533	2,045,533	-	-	-	7.43
Money Market	32,858	32,858	-	-	-	0.12
<b>Total Portfolio</b>	<b>\$ 27,513,867</b>	<b>\$ 11,655,885</b>	<b>\$ 8,928,804</b>	<b>\$ 6,929,178</b>	<b>\$ -</b>	

1. **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.
2. **Credit Risk:** Money Market Fund carries a rating of AAA by Standard and Poor's, STAR Ohio carries a rating of AAAM by Standard and Poor's and STAR Plus carries a rating of AAAM by Standard and Poor's. The Federal Home Loan Bank Notes and Federal Farm Credit Bank Notes carry a rating of AA+ by Standard and Poor's and AAA by Moody's. The Federal Home Loan Mortgage Corp. (Freddie Mac) Notes and Federal National Mortgage Association (Fannie Mae) Notes carry a rating of AA+ by Standard and Poor's and AAA by Moody's. The US Treasury Notes carry a rating of AA+ by Standard and Poor's and AAA by Moody's. The Township has no investment policy dealing with investment credit risk beyond the requirements in state statutes. Ohio law requires that STAR Ohio and STAR Plus 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.
3. **Custodial Credit Risk:** For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Township will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The repurchase agreement, Federal National Mortgage Association Notes, Federal Home Loan Mortgage Corporation Notes, Federal Farm Credit Bank Notes, Federal Home Loan Bank Notes and the US Treasury Notes are exposed to custodial credit risk as they are uninsured, unregistered, and held by the counterparty's trust department or agent but not in the Township's name.
4. **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 Basic Financial Statements  
For the Year Ended December 31, 2016

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**Note 4 – Deposits and Investments** (continued)

B. Investments (Continued)

Reconciliation of Cash and Investment to the Statements of Net Position: 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 position as of December 31, 2016.

<u>Cash and Investments per footnote</u>	
Carrying amounts of deposits	\$ 7,036,245
Investments	27,513,867
Total	<u>\$34,550,113</u>
 <u>Cash and Investments per Statements of Net Position</u>	
Governmental activities	\$33,901,437
Business type activities	633,747
Agency funds	11,604
Private purpose trust funds	3,325
Total	<u>\$34,550,113</u>

**Note 5 – Property Taxes**

A. Property Tax

Property taxes include amounts levied against all real property and public utility real property located in the Township. Real property tax receipts received in 2016 represent the collection of 2015 taxes. Real property taxes received in 2016 were levied after October 1, 2015, on the assessed values as of January 1, 2016, 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 February 17th, with the remainder payable by July 15th. Under certain circumstances, State Statute permits alternate payment dates to be established.

Public utility property tax receipts received in 2016 represent the collection of 2015 taxes. Public utility real property taxes received in 2016 became a lien on December 31, 2015 were levied after October 1, 2015, and were collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility personal property is currently assessed at varying percentages of true value.

The full tax rate for all Township operations for the year ended December 31, 2016, was \$16.00 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 \$122.48 per \$1,000 of assessed value for unincorporated Township residents and \$116.38 per \$1,000 of assessed value for City of Centerville residents. The assessed values of real property and public utility personal property upon which 2016 property tax receipts were based are as follows:

Washington Township, Montgomery County  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2016

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**Note 5 – Property Taxes** (continued)

**Real Property**

Residential/Agricultural	\$1,364,621,730
Commercial/Industrial/Mineral	301,634,380

**Public Utility Property**

Real	-
Personal	31,054,260
Total Assessed Value	<u>\$1,697,310,370</u>

**B. Tax Abatement**

For 2016, GASB Statement 77, “Tax Abatement Disclosures” was in effect. This GASB pronouncement had no effect on the beginning net position as reported December 31, 2016.

For purposes of GASB Statement 77, the definition of a tax abatement is: A reduction in tax revenues that results from an agreement between one or more governments and an individual or entity in which (a) one or more governments promise to forgo tax revenues to which they are otherwise entitled to and (b) the individual or entity promises to take a specific action after the agreement has been entered into that contributes to economic development or otherwise benefits the governments or the citizens of those governments.

For the year ending December 31, 2016, all tax abatements were by the City of Centerville. The City of Centerville is the incorporated part of the Township and the tax abatements affect the Fire, Recreation and General Fund levies. The total taxable value being abated by the City of Centerville is \$5,221,550. Of this total value, \$2,228,120 is through a TIF. The abated amounts are as follows: Fire Fund \$30,882; General Fund \$3,655 and Recreational Fund \$3,630. Total amount abated is \$38,167.

**Note 6 – Risk Management**

The Township has obtained commercial insurance for the following risks:

- Comprehensive property;
- General and professional liability;
- Vehicles;
- Umbrella;
- Cyber liability; and
- Errors and omissions.

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.

The Township pays the State Workers’ Compensation System a premium based on a rate per \$100.00 of salaries. This rate is calculated based on accident history and administrative costs. The System administers and pays all claims.

**Note 6 – Risk Management** (continued)

The Township is a member of the Ohio Benefits Council (OBC) and participates in a self-funded health insurance pool, the Jefferson Health Plan. A health savings account plan (HSA) is offered with the insurance carrier Anthem for full-time employees and elected officials. Life insurance, through Standard Life Insurance Company, and dental, through Superior Dental Care, are also provided to all full-time employees, elected officials and eligible part-time employees.

**Note 7 – Defined Benefit Pension Plan**

**A. Ohio Public Employees Retirement System (OPERS)**

Plan Description - Township employees, participate in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional pension plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan and the combined plan is a cost-sharing, multiple-employer defined benefit pension plan with defined contribution features. While members (e.g. Township employees) may elect the member-directed plan and the combined plan, substantially all employee members are in OPERS' traditional plan; therefore, the following disclosure focuses on the traditional pension plan.

OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of the traditional plan. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about OPERS' fiduciary net position that may be obtained by visiting <https://www.opers.org/financial/reports.shtml>, by writing to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 800-222-7377.

Senate Bill (SB) 343 was enacted into law with an effective date of January 7, 2013. In the legislation, members were categorized into three groups with varying provisions of the law applicable to each group. The following table provides age and service requirements for retirement and the retirement formula applied to final average salary (FAS) for the three member groups under the traditional plan as per the reduced benefits adopted by SB 343 (see OPERS CAFR referenced above for additional information, including requirements for reduced and unreduced benefits):

Washington Township, Montgomery County  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2016

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**Note 7 – Defined Benefit Pension Plan** (continued)

A. Ohio Public Employees Retirement System (OPERS) (continued)

<b>Group A</b> Eligible to retire prior to January 7, 2013 or five years after January 7, 2013	<b>Group B</b> 20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013	<b>Group C</b> Members not in other Groups and members hired on or after January 7, 2013
<b>State and Local</b>	<b>State and Local</b>	<b>State and Local</b>
<b>Age and Service Requirements:</b> Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	<b>Age and Service Requirements:</b> Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	<b>Age and Service Requirements:</b> Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
<b>Formula:</b> 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	<b>Formula:</b> 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	<b>Formula:</b> 2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35
<b>Public Safety</b>	<b>Public Safety</b>	<b>Public Safety</b>
<b>Age and Service Requirements:</b> Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	<b>Age and Service Requirements:</b> Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	<b>Age and Service Requirements:</b> Age 52 with 25 years of service credit or Age 56 with 15 years of service credit
<b>Law Enforcement</b>	<b>Law Enforcement</b>	<b>Law Enforcement</b>
<b>Age and Service Requirements:</b> Age 52 with 15 years of service credit	<b>Age and Service Requirements:</b> Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	<b>Age and Service Requirements:</b> Age 48 with 25 years of service credit or Age 56 with 15 years of service credit
<b>Public Safety and Law Enforcement</b>	<b>Public Safety and Law Enforcement</b>	<b>Public Safety and Law Enforcement</b>
<b>Formula:</b> 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25	<b>Formula:</b> 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25	<b>Formula:</b> 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25

Final average Salary (FAS) represents the average of the three highest years of earnings over a member's career for Groups A and B. Group C is based on the average of the five highest years of earnings over a member's career.

Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount.

When a benefit recipient has received benefits for 12 months, an annual cost of living adjustment (COLA) is provided. This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. For those retiring prior to January 7, 2013, the COLA will continue to be a 3 percent simple annual COLA. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, the COLA will be based on the average percentage increase in the Consumer Price Index, capped at 3 percent.

Washington Township, Montgomery County  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2016

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**Note 7 – Defined Benefit Pension Plan** (continued)

A. Ohio Public Employees Retirement System (OPERS) (continued)

Funding Policy - The Ohio Revised Code (ORC) provides statutory authority for member and employer contributions as follows:

	State and Local	Public Safety	Law Enforcement
<b>2016 Statutory Maximum Contribution Rates</b>			
Employer	14.0 %	18.1 %	18.1 %
Employee	10.0 %	*	**
<b>2016 Actual Contribution Rates</b>			
Employer:			
Pension	12.0 %	16.1 %	16.1 %
Post-employment Health Care Benefits	2.0	2.0	2.0
Total Employer	14.0 %	18.1 %	18.1 %
Employee	10.0 %	12.0 %	13.0 %

\* This rate is determined by OPERS' Board and has no maximum rate established by ORC.

\*\* This rate is also determined by OPERS' Board, but is limited by ORC to not more than 2 percent greater than the Public Safety rate.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll.

The Township's contractually required contribution was \$681,793 for year 2016.

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

Plan Description – Township full-time police and firefighters participate in Ohio Police and Fire Pension Fund (OPF), a cost-sharing, multiple-employer defined benefit pension plan administered by OPF. OPF provides retirement and disability pension 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. OPF issues a publicly available financial report that includes financial information and required supplementary information and detailed information about OPF fiduciary net position. The report that may be obtained by visiting the OPF website at [www.op-f.org](http://www.op-f.org) or by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

Upon attaining a qualifying age with sufficient years of service, a member of OPF may retire and receive a lifetime monthly pension. OPF offers four types of service retirement: normal, service commuted, age/service commuted and actuarially reduced. Each type has different eligibility guidelines and is calculated using the member's average annual salary. The following discussion of the pension formula relates to normal service retirement.

For members hired after July 1, 2013, the minimum retirement age is 52 for normal service retirement with at least 25 years of service credit. For members hired on or before after July 1, 2013, the minimum retirement age is 48 for normal service retirement with at least 25 years of service credit.

Washington Township, Montgomery County  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2016

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**Note 7 – Defined Benefit Pension Plan** (continued)

**B. Ohio Police and Fire Pension Fund** (continued)

The annual pension benefit for normal service retirement is equal to a percentage of the allowable average annual salary. The percentage equals 2.5 percent for each of the first 20 years of service credit, 2.0 percent for each of the next five years of service credit and 1.5 percent for each year of service credit in excess of 25 years. The maximum pension of 72 percent of the allowable average annual salary is paid after 33 years of service credit.

Under normal service retirement, retired members who are at least 55 years old and have been receiving OPF benefits for at least one year may be eligible for a cost-of-living allowance adjustment. The age 55 provision for receiving a COLA does not apply to those who are receiving a permanent and total disability benefit and statutory survivors.

Members retiring under normal service retirement, with less than 15 years of service credit on July 1, 2013, will receive a COLA equal to either three percent or the percent increase, if any, in the consumer price index (CPI) over the 12-month period ending on September 30 of the immediately preceding year, whichever is less. The COLA amount for members with at least 15 years of service credit as of July 1, 2013 is equal to three percent of their base pension or disability benefit.

Funding Policy - The Ohio Revised Code (ORC) provides statutory authority for member and employer contributions as follows:

	Police	Firefighters
<b>2016 Statutory Maximum Contribution Rates</b>		
Employer	19.50 %	24.00 %
Employee	12.25 %	12.25 %
 <b>2016 Actual Contribution Rates</b>		
Employer:		
Pension	19.00 %	23.50 %
Post-employment Health Care Benefits	0.50	0.50
Total Employer	19.50 %	24.00 %
Employee	12.25 %	12.25 %

Employer contribution rates are expressed as a percentage of covered payroll. The Township's contractually required contribution to OPF was \$879,584 for 2016.

**C. Social Security**

The Township contributes to the social security program for all employees that do not qualify for either OPERS or OP&F. Social Security provides retirement benefits, including survivor and disability, to its participants.

The contribution rate for employees was 6.2% of gross salary. The Townships employer contribution rate was also 6.2% of the employee's gross salary. The Township's contribution to Social Security for the years ended December 31, 2016, 2015 and 2014 were \$72,740, \$85,460 and \$94,604 respectively. The Township has paid all required contributions through December 31, 2016.

**Note 8 - Post Employment Benefits**

**A. Ohio Public Employees Retirement System**

Plan Description - The Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: the traditional pension plan, a cost-sharing, multiple-employer defined benefit pension plan; the member-directed plan, a defined contribution plan; and the combined plan, a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

OPERS maintained two cost-sharing, multiple-employer defined benefit postemployment health care trusts, which funded multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients of both the traditional pension and the combined plans. Members of the member-directed plan do not qualify for ancillary benefits, including OPERS sponsored health care coverage.

In order to qualify for postemployment health care coverage, age and service retirees under the traditional pension and combined plans must have twenty or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 45. See OPERS' CAFR referenced below for additional information.

The Ohio Revised Code permits, but does not require OPERS to provide health care to its eligible benefit recipients. Authority to establish and amend health care coverage is provided to the Board in Chapter 145 of the Ohio Revised Code.

Disclosures for the health care plan are presented separately in the OPERS financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/financial/reports.shtml>, by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling (614) 222-5601 or 800-222-7377.

Funding Policy - The Ohio Revised Code provides the statutory authority requiring public employers to fund postemployment health care through their contributions to OPERS. A portion of each employer's contribution to OPERS is set aside to fund OPERS health care plans.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2016, state and local employers contributed at a rate of 14.0 percent of earnable salary and public safety and law enforcement employers contributed at 18.1 percent. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

At the beginning of 2016, OPERS maintained three health care trusts. The two cost-sharing, multiple employer trusts, the 401(h) Health Care Trust (401(h) Trust) and the 115 Health Care Trust (115 Trust), worked together to provide health care funding to eligible retirees of the Traditional Pension and Combined plans. Each year, the OPERS Board of Trustees determines the portion of the employer contributions rate that will be set aside to fund health care plans. As recommended by OPERS' actuary, the portion of employer contributions allocated to health care beginning January 1, 2016 remained at 2.0 percent for both the Traditional Pension and Combined plans. The Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The third trust is a Voluntary Employee's Beneficiary Association (VEBA) Trust that provides funding for a Retiree Medical Account (RMA) for Member-Directed Plan members. The employer contribution as a percentage of covered payroll deposited to the RMAs for 2016 was 4.0 percent.



**Note 8 - Post Employment Benefits (continued)**

A. Ohio Public Employees Retirement System (continued)

In March 2016, OPERS received two favorable rulings from the IRS allowing OPERS to consolidate all health care assets into the 115 Trust. Transition to the new health care trust structure occurred during 2016. OPERS Combining Statements of Changes in Fiduciary Net Position for the year ended December 31, 2016, will reflect a partial year of activity in the 401(h) Trust and VEBA Trust prior to the termination of these trusts as of end of business day June 30, 2016, and the assets and liabilities, or net position, of these trusts being consolidated into the 115 Trust on July 1, 2016.

Substantially all of the Township's contribution allocated to fund postemployment health care benefits relates to the cost-sharing, multiple employer trusts. The corresponding contribution for the years ended December 31, 2016, 2015, and 2014 was \$97,360, \$95,839, and \$96,896 respectively. The full amount has been contributed for all three years.

B. Ohio Police and Fire Pension Fund

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

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 statutory survivor benefit or is a spouse or eligible dependent child of such person. The health care coverage provided by OP&F meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 45.

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

OP&F issues a publicly available financial report that includes financial information and required supplementary information for the Plan. That report may be obtained by writing to OP&F, 140 East Town Street, Columbus, Ohio 43215-5164. That report is also available on OP&F's website at [www.op-f.org](http://www.op-f.org).

Funding Policy - The Ohio Revised Code provides for contribution requirements of the participating employers and of plan members to the OP&F (defined benefit pension plan). Participating employers are required to contribute to the pension plan at rates expressed as percentages of the payroll of active pension plan members, currently, 19.5% and 24% of covered payroll for police and fire employers, respectively. The Ohio Revised Code states that the employer contribution may not exceed 19.5% of covered payroll for police employer units and 24% of covered payroll for fire employer units. Active members do not make contributions to the OPEB Plan.

OP&F maintains funds for health care in two separate accounts. One for health care benefits under an IRS Code Section 115 trust and one for Medicare Part B reimbursements 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. The portion of employer contributions allocated to health care was .5% of covered payroll from January 1, 2016 thru December 31, 2016. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees' primary responsibility to ensure that pension benefits are adequately funded and is limited by the provisions of Sections 115 and 401(h).

Washington Township, Montgomery County  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2016

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**Note 8 - Post Employment Benefits (continued)**

**B. Ohio Police and Fire Pension Fund (continued)**

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.

Washington Township's contributions to OP&F for the years ending December 31, 2016, 2015, and 2014 were \$879,584, \$684,942 and \$487,682, respectively, of which \$18,471, \$14,384, and \$10,241, respectively, was allocated to the healthcare plan.

**Note 9 – Debt**

The Township's long-term debt activity for the year ended December 31, 2016, was as follows:

<u>Township Activities</u>	Interest Rate	Balance December 31, 2015	Additions	Reductions	Balance December 31, 2016	Due Within One Year
General Obligation Bonds:						
2009 Issue (\$320,000)		\$ 150,000	\$ 0	\$ 30,000	\$ 120,000	\$ 35,000
Special Assessment Capital Asset	Varies					
<b>Total</b>		<u>\$ 150,000</u>	<u>\$ 0</u>	<u>\$ 30,000</u>	<u>\$ 120,000</u>	<u>\$ 35,000</u>

The general obligation bonds are supported by the full faith and credit of the Township and are payable from un-voted 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
2017	\$ 35,000	\$ 5,325
2018	35,000	3,750
2019	50,000	2,175
	<u>\$ 120,000</u>	<u>\$ 11,250</u>

The Ohio Revised Code provides that net general obligation debt of the Township, exclusive of certain exempt debt, issued without a vote of the electors shall never exceed 5.5 percent of the tax valuation of the Township. The Revised Code further provides that total voted and unvoted net debt of the Township less the same exempt debt shall never exceed an amount equal to 10.5 percent of its tax valuation. The effects of the debt limitations at December 31, 2016, were an overall debt margin of \$178,217,589 and an un-voted debt margin of \$93,352,070.

Washington Township, Montgomery County  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2016

**Note 10 – Fund Balances**

Fund balance is classified as non-spendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the Township is bound to observe constraints imposed upon the use of the resources in the government funds.

The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented below:

Fund Balances	General	Road & Bridge Fund	Police Fund	Fire Fund	Other Governmental Funds	Total
<b>Nonspendable:</b>						
Advances	\$ -	\$ -	\$ -	\$ -	\$ 29,100	\$ 29,100
<i>Total Nonspendable</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>29,100</u>	<u>29,100</u>
<b>Restricted for</b>						
Road and Bridge	-	-	-	-	793,175	793,175
Police Services	-	-	2,351,017	-	-	2,351,017
Fire Services	-	-	-	10,579,750	-	10,579,750
Cemetery	-	-	-	-	59,515	59,515
Debt Service	-	-	-	-	1,291	1,291
<i>Total Restricted</i>	<u>-</u>	<u>-</u>	<u>2,351,017</u>	<u>10,579,750</u>	<u>853,981</u>	<u>13,784,748</u>
<b>Committed to</b>						
Road and Bridge	-	9,737,584	-	-	-	9,737,584
Lighting District	-	-	-	-	7,672	7,672
<i>Total Committed</i>	<u>-</u>	<u>9,737,584</u>	<u>-</u>	<u>-</u>	<u>7,672</u>	<u>9,745,256</u>
<b>Assigned to</b>						
Unpaid Obligations	316,060	-	-	-	-	316,060
<i>Total Assigned</i>	<u>316,060</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>316,060</u>
<b>Unassigned (Deficit)</b>	<u>9,917,401</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,917,401</u>
<i>Total Fund Balances</i>	<u>\$ 10,233,461</u>	<u>\$ 9,737,584</u>	<u>\$ 2,351,017</u>	<u>\$ 10,579,750</u>	<u>\$ 890,753</u>	<u>\$ 33,792,565</u>

**Note 11 – Inter Fund Transfers and Inter Fund Receivables / Payables (Advances)**

During 2016 the General Fund transferred \$75,000 to the Recreation Fund to provide additional resources. Transfers represent the allocation of unrestricted receipts collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. The transfer from the General Fund to the Recreation Fund is to provide additional support, over and above user fees, to the Enrichment Center. The Enrichment Center provides programming and services to those 55 years of age and older, to enrich their lives.

Inter fund balances as of December 31, 2016 consisted of the following individual fund receivables and payables:

<b>Due to General Fund from:</b>	
Special Assessment Bond Retirement Fund	\$ 2,000
Lighting Assessment Fund	<u>27,100</u>
<b>Total due General Fund:</b>	<u>\$29,100</u>

Washington Township, Montgomery County  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2016

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**Note 11 – Inter Fund Transfers and Inter Fund Receivables / Payables (Advances)** (continued)

The balance due to the General Fund includes loans made to cover the first year expenses for the Lighting Assessment Fund and a loan to the Special Assessment Bond Retirement Fund to cover delinquent taxes not paid in 2010 and 2011 for property tax assessment on the Sterling Cove Road Project. The amounts are expected to be repaid in the future.

**Note 12 – Contingent Liabilities**

As of December 31, 2016, the Township was a defendant in two lawsuits. Both lawsuits are covered under the Townships Public Officials liability insurance. The Township anticipates legal and deductible expenses only under the Townships insurance policy.

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

**Note 13 –Subsequent Events**

One of the aforementioned lawsuits for alleged wrongdoing with respect to certain real property has been closed. The only expense incurred was for legal and deductibles under the Townships insurance policy.

For the second lawsuit, a zoning violation, the court has found in favor of the Township. The claimant has since filed an appeal to the court's decision. The Township anticipates the lower court's decision to be upheld on appeal.

On January 23<sup>rd</sup>, the Township adopted a resolution authorizing the placement of a 1.85 mill renewal levy on the May 2, 2017 ballot for road & bridge services, effective 2018 through 2022.

On January 23<sup>rd</sup>, the Township approved a resolution of necessity for road improvement, stating the necessity of improving Nutt Road.

**Note 14 – Restatement of Beginning Fund Balance**

As a result of a timing difference related to employee deductions withheld for 2015, the following adjustments were made to restate January 1, 2016 fund balances:

	<u>General</u>	<u>Road &amp; Bridge Fund</u>	<u>Police Fund</u>
January 1, 2016 Fund Balance	\$9,909,805	\$10,527,930	\$2,026,725
Adjustment	(35)	(1)	(1)
January 1, 2016 Fund Balance, Restated	<u>\$9,909,770</u>	<u>\$10,527,929</u>	<u>\$2,026,724</u>



313 Second St.  
Marietta, OH 45750  
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1907 Grand Central Ave.  
Vienna, WV 26105  
304.422.2203

104 South Sugar St.  
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740.695.1569

1310 Market St., Suite 300  
Wheeling, WV 26003  
304.232.1358

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

May 26, 2017

Washington Township  
Montgomery County  
8200 McEwen Road  
Dayton, Ohio 45458

To the Board of Trustees:

We have audited, in accordance with the auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of **Washington Township**, Montgomery County, Ohio, (the Township) as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements and have issued our report dated May 26, 2017, wherein we noted the Township uses a special purpose framework other than generally accepted accounting principles.

**Internal Control Over Financial Reporting**

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

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

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### **Internal Control Over Financial Reporting (Continued)**

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

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

### **Purpose of this Report**

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



**Perry and Associates**  
Certified Public Accountants, A.C.  
Marietta, Ohio



# 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 11, 2017