



**WASHINGTON TOWNSHIP**

**MONTGOMERY COUNTY**

**REGULAR AUDIT**

**FOR THE YEAR ENDED DECEMBER 31, 1999**



**JIM PETRO**  
**AUDITOR OF STATE**  

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**STATE OF OHIO**



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## REPORT OF INDEPENDENT ACCOUNTANTS

Washington Township  
Montgomery County  
8200 McEwen Road  
Dayton, Ohio 45458

To the Board of Trustees:

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

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated April 5, 2000, on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

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

A handwritten signature in black ink, appearing to read "Jim Petro".

**Jim Petro**  
Auditor of State

April 5, 2000

**Washington Township**



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

	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total (Memorandum Only) Total</u>
Cash receipts:					
Local taxes	\$744,238	\$8,585,145	\$0	\$0	\$9,329,383
Intergovernmental	1,292,998	1,191,145	0	0	2,484,143
Special assessments	0	0	26,502	2,931	29,433
Licenses, permits and fees	58,615	20,250	0	0	78,865
Fines, forfeitures, and penalties	190,461	0	0	0	190,461
Earnings on investments	606,367	105,412	0	0	711,779
Other revenue	135,579	188,991	0	0	324,570
<b>Total cash receipts</b>	<b>3,028,258</b>	<b>10,090,943</b>	<b>26,502</b>	<b>2,931</b>	<b>13,148,634</b>
Cash disbursements:					
Current:					
General government	1,625,140	0	0	0	1,625,140
Public safety	16,454	5,523,169	0	0	5,539,623
Public works	35,669	1,675,521	0	3,000	1,714,190
Health	104,491	14,357	0	0	118,848
Debt Service:					
Redemption of principal	0	0	27,356	0	27,356
Interest and fiscal charges	0	0	9,964	0	9,964
Capital outlay	236,717	1,631,155	0	0	1,867,872
<b>Total disbursements</b>	<b>2,018,471</b>	<b>8,844,202</b>	<b>37,320</b>	<b>3,000</b>	<b>10,902,993</b>
<b>Total receipts over/(under) disbursements</b>	<b>1,009,787</b>	<b>1,246,741</b>	<b>(10,818)</b>	<b>(69)</b>	<b>2,245,641</b>
Other financing receipts/(disbursements):					
Proceeds from sale of public debt					
Transfers-in	0	0	0	532,953	532,953
Transfers-out	(532,953)	0	0	0	(532,953)
Other sources	11,863	23,100	0	0	34,963
<b>Total other financing receipts/(disbursements)</b>	<b>(521,090)</b>	<b>23,100</b>	<b>0</b>	<b>532,953</b>	<b>34,963</b>
<b>Excess of cash receipts and other financing receipts over/(under) cash disbursements and other financing disbursements</b>	<b>488,697</b>	<b>1,269,841</b>	<b>(10,818)</b>	<b>532,884</b>	<b>2,280,604</b>
<b>Fund cash balances January 1</b>	<b>3,239,170</b>	<b>7,246,974</b>	<b>53,894</b>	<b>970,300</b>	<b>11,510,338</b>
<b>Fund cash balances, December 31</b>	<b>\$3,727,867</b>	<b>\$8,516,815</b>	<b>\$43,076</b>	<b>\$1,503,184</b>	<b>\$13,790,942</b>
<b>Reserve for encumbrances, December 31</b>	<b>\$193,738</b>	<b>\$1,204,467</b>	<b>\$0</b>	<b>\$0</b>	<b>\$1,398,205</b>

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

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

	PROPRIETARY FUND TYPES		FIDUCIARY FUND TYPES		Total (Memorandum Only)
	Enterprise	Internal Service	Non-Expendable		Total
			Trust	Agency	
Operating cash receipts:					
Charges for services	\$988,818	\$9,312	\$0	\$0	\$998,130
Miscellaneous	133,269	0	0	25,125	158,394
Total operating cash receipts	1,122,087	9,312	0	25,125	1,156,524
Operating cash disbursements:					
Recreation	1,635,776	0	0	0	1,635,776
Contractual services	0	8,818	0	0	8,818
Capital outlay	46,887	0	0	0	46,887
Total operating cash disbursements	1,682,663	8,818	0	0	1,691,481
Operating income/(loss)	(560,576)	494	0	25,125	(534,957)
Non-operating cash receipts:					
Local taxes	740,683	0	0	0	740,683
Intergovernmental revenues	89,763	0	0	0	89,763
Interest	0	0	157	0	157
Total non-operating cash receipts	830,446	0	157	0	830,603
Non-operating cash disbursements:					
Debt service					
Note Principal Payment	0	0	0	0	0
Interest and Fiscal Charges	0	0	0	0	0
Other non-operating cash disbursements	0	0	0	277,469	277,469
Total non-operating cash disbursements	\$0	\$0	\$0	\$277,469	\$277,469
Net Receipts Over/(Under) Disbursements	269,870	494	157	(252,344)	18,177
Fund cash balances, January 1, 1999	364,659	1,280	3,453	256,558	625,950
Fund cash balances, December 31, 1999	\$634,529	\$1,774	\$3,610	\$4,214	\$644,127
Reserve for encumbrances, December 31, 1999	\$77,185	\$301	\$0	\$0	\$77,486



**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
DECEMBER 31, 1999**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

Washington Township, Montgomery County, (the Township) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Township is directed by a publicly-elected three-member Board of Trustees. The Township provides general governmental services, including road and bridge maintenance, recreational facilities, cemetery maintenance, fire protection, emergency medical services and police services.

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

**B. Basis of Accounting**

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

**C. Cash and Investments**

Certificates of deposit, overnight repurchase agreements, Federal Agency Instrumentalities, and U.S. Treasury Notes are valued at cost. The investment in STAR Ohio (the State Treasurer's investment pool) is valued at amounts reported by the State Treasurer.

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 disbursements, respectively.

**D. Fund Accounting**

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

**1. General Fund**

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

**2. Special Revenue Funds**

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

**Road and Bridge Fund** - This fund receives property tax money for constructing, maintaining and repairing Township roads and bridges.

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS**  
**DECEMBER 31, 1999**  
**(Continued)**

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

**D. Fund Accounting (Continued)**

**Police Fund** - This fund receives property taxes from a special operating levy in order to provide safety and policing functions

**Fire Fund** - This fund receives property tax money from two operating levies in order to provide fire related functions plus ambulance and other emergency services to township residents.

**3. Debt Service Funds**

The debt service fund is used to accumulate resources for the payment of bonds and note indebtedness. The Township had the following significant Debt Service Fund:

**Special Assessment Bond Retirement Fund** - This fund received special assessments from tax payers in order to repay debt issued as part of the McEwen Road project, Phase 1.

**4. Capital Project Funds**

These funds are used to account for receipts that are restricted for the acquisition or construction of major capital projects (except those financed through enterprise or trust funds). The Township had the following significant Capital Project Fund:

**Miscellaneous Capital Project Fund** - This fund received estate tax monies and is growing to purchase items in the near future.

**5. Fiduciary Funds (Trust and Agency Funds)**

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

**Agency Funds:**

**County Engineer Fund** - The Township acted as a pass through agent for Montgomery County's portion for the Spring Valley Road Project Phase 2.

**Nonexpendable Trust Fund:**

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

**6. Proprietary Funds**

Proprietary Funds are used to account for the Township's ongoing activities which are similar to those funds in the private sector. The following is the Township's Proprietary Fund Types.:

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS**  
**DECEMBER 31, 1999**  
**(Continued)**

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

**D. Fund Accounting (Continued)**

**Enterprise Fund**

This fund is used to account for operations that are financed and operated in a manner similar to private business enterprises where the intent of management is that the costs of providing services be recovered primarily through user charges. The Township had the following significant Enterprise Fund:

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

**Internal Service Fund**

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

**Vehicle Maintenance Fund** - This fund received revenues from other funds for routine maintenance performed on Township vehicles.

**E. Budgetary Process**

The Ohio Revised Code requires that each fund (except certain agency funds) be budgeted annually.

**1. Appropriations**

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or state account level, and appropriations may not exceed estimated resources. The Board of Trustees must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Unencumbered appropriations lapse at year end.

**2. Estimated Resources**

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

**3. Encumbrances**

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

A summary of 1999 budgetary activity appears in Note 3.

**F. Property, Plant and Equipment**

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

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS**  
**DECEMBER 31, 1999**  
**(Continued)**

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

**G. Unpaid Vacation and Sick Leave**

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

**2. EQUITY IN POOLED CASH AND INVESTMENTS**

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

	<u><b>1999</b></u>
Demand deposits	(\$49,637)
Certificates of deposit	<u>5,558,300</u>
Total deposits	<u>5,508,663</u>
Federal Agency Instrumentalities	2,776,331
STAR Ohio	4,337,820
U.S. Treasury Notes and Bonds	799,219
National City Bank Sweep Money Market Fund	231,000
Bank One Sweep Money Market Fund	<u>782,036</u>
Total investments	<u>8,926,406</u>
Total deposits and investments	<u><u>\$14,435,069</u></u>

**Deposits:** Deposits are either (1) insured by the Federal Depository Insurance Corporation, (2) or collateralized by the financial institution's public entity deposit pool.

**Investments:** The government backed securities including the Federal Agency Instrumentalities and U.S. Treasury Notes and Bonds are held in book-entry form by the Federal Reserve, in the name of the Township's financial institution. The financial institution maintains records identifying the Township as owner of these securities. Investments in STAR Ohio are not evidenced by securities that exist in physical or book-entry form. The Sweep Money Market Funds are collateralized by U.S. Treasury Notes.

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS**  
**DECEMBER 31, 1999**  
**(Continued)**

**3. BUDGETARY ACTIVITY**

Budgetary activity for the year ending December 31, 1999 follows:

<b>1999 Budgeted vs. Actual Receipts</b>			
<b>Fund Type</b>	<b>Budgeted Receipts</b>	<b>Actual Receipts</b>	<b>Variance</b>
General	\$2,142,706	\$3,040,121	\$897,415
Special Revenue	9,789,560	10,114,043	324,483
Debt Service	26,502	26,502	0
Enterprise	1,932,440	1,952,533	20,093
Internal Service	9,310	9,312	2
Capital Projects	2,931	535,884	532,953
Fiduciary	25,225	25,282	57
Total	<u>\$13,928,674</u>	<u>\$15,703,677</u>	<u>\$1,775,003</u>

<b>1999 Budgeted vs. Actual Budgetary Basis Expenditures</b>			
<b>Fund Type</b>	<b>Appropriation Authority</b>	<b>Budgetary Expenditures</b>	<b>Variance</b>
General	\$5,290,243	\$2,745,162	\$2,545,081
Special Revenue	15,967,930	10,048,669	5,919,261
Debt Service	80,395	37,320	43,750
Enterprise	2,238,114	1,759,848	478,266
Internal Service	10,586	9,119	1,467
Capital Projects	963,407	3,000	960,407
Fiduciary	283,187	277,469	5,718
Total	<u>\$24,833,862</u>	<u>\$14,880,587</u>	<u>\$9,953,275</u>

**4. PROPERTY TAX**

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

Public utilities are also taxed on personal and real property located within the Township.

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

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

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS**  
**DECEMBER 31, 1999**  
**(Continued)**

**5. DEBT**

Debt outstanding at December 31, 1999 was as follows:

	<b>Principal</b>	<b>Interest Rate</b>
Special Assessment Note-Montgomery County	\$210,000	5.70%

The note with Montgomery County will be repaid by the year 2002. The Road & Bridge Fund and the Special Assessment Bond Retirement Fund make the annual payment. The note is collateralized solely by the Township's taxing authority.

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

<b>Year ending December 31:</b>	<b>Special Assessment Note</b>
2000	76,970
2001	78,265
2002	79,275
Total	\$234,510

**6. RETIREMENT SYSTEMS**

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

Contribution rates are also prescribed by the Ohio Revised Code. For 1999, members of PFDPF contributed 10% of their wages to the PFDPF. The Township contributed an amount equal to 19.5% of their wages. PERS members contributed 8.5% of their gross salaries. The Township contributed an amount equal to 13.55% of participants' gross salaries. The Township has paid all contributions required through December 31, 1999.

**7. RISK MANAGEMENT**

The Township has obtained commercial insurance for the following risks:

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

The Township also provides health insurance and dental coverage to full-time employees through a private carrier. This is also offered to elected officials.

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS**  
**DECEMBER 31, 1999**  
**(Continued)**

**8. CONTINGENT LIABILITIES**

The Township is defendant in several lawsuits. Although the outcome of these suits is not presently determinable, management believes that the resolution of these matters will not adversely affect the Township's financial condition.

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OFFICE OF THE AUDITOR

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

Washington Township  
Montgomery County  
8200 McEwen Road  
Dayton, Ohio 45458

To the Board of Trustees:

We have audited the accompanying financial statements of Washington Township, Montgomery County, Ohio (the Township), as of and for the year ended December 31, 1999, and have issued our report thereon dated April 5, 2000. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Compliance**

As part of obtaining reasonable assurance about whether the Township's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to management of the Township in a separate letter dated April 5, 2000.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered Township's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted a matter involving the internal control over financial reporting that does not require inclusion in this report, that we have reported to management of the Township in a separate letter dated April 5, 2000.

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

A handwritten signature in black ink, appearing to read "Jim Petro", with a large, stylized flourish at the end.

**Jim Petro**  
Auditor of State

April 5, 2000



**STATE OF OHIO**  
**OFFICE OF THE AUDITOR**

JIM PETRO, AUDITOR OF STATE

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**WASHINGTON TOWNSHIP**

**MONTGOMERY COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED**  
**JUNE 15, 2000**