



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

WASHINGTON TOWNSHIP
MONTGOMERY COUNTY

TABLE OF CONTENTS

<u>TITLE</u>	<u>PAGE</u>
Report of Independent Accountants	1
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – All Governmental Fund Types – For the Year Ended December 31, 2001	3
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – All Proprietary Fund Types and Similar Fiduciary Fund Types – For the Year Ended December 31, 2001	4
Notes to the Financial Statements	5
Report of Independent Accountants on Compliance and on Internal Control Required by <i>Government Auditing Standards</i>	13

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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, (the Township) as of and for the year ended December 31, 2001. 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 auditing standards generally accepted in the United States of America 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 accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of the Washington Township, Montgomery County, as of December 31, 2001, 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 23, 2002 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. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

Jim Petro
Auditor of State

April 23, 2002

**WASHINGTON TOWNSHIP
MONTGOMERY COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN FUND
CASH BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2001**

	General	Special Revenue	Debt Service	Capital Projects	Totals (Memorandum Only)
Cash Receipts:					
Local Taxes	\$797,141	\$8,950,243			\$9,747,384
Intergovernmental	1,778,338	1,262,253			3,040,591
Special Assessments			25,796	3,164	28,960
Licenses, Permits, and Fees	50,941	17,190			68,131
Fines, Forfeitures, and Penalties	89,257				89,257
Earnings on Investments	813,501	158,645			972,146
Other Revenue	150,210	223,543			373,753
Total Cash Receipts	<u>3,679,388</u>	<u>10,611,874</u>	<u>25,796</u>	<u>3,164</u>	<u>14,320,222</u>
Cash Disbursements:					
Current:					
General Government	2,057,476				2,057,476
Public Safety	17,480	6,377,240			6,394,720
Public Works	26,699	2,087,165		3,244	2,117,108
Health	103,317	16,715			120,032
Debt Service:					
Redemption of Principal		79,628	29,644		109,272
Interest and Fiscal Charges		30,685	6,681		37,366
Capital Outlay	1,714,628	2,958,902		1,927,031	6,600,561
Total Cash Disbursements	<u>3,919,600</u>	<u>11,550,335</u>	<u>36,325</u>	<u>1,930,275</u>	<u>17,436,535</u>
Total Receipts (Under) Disbursements	(240,212)	(938,461)	(10,529)	(1,927,111)	(3,116,313)
Other Financing Receipts:					
Other Sources	155,905	19,400			175,305
Cash Receipts and Other Financing Receipts (Under) Cash Disbursements	(84,307)	(919,061)	(10,529)	(1,927,111)	(2,941,008)
Fund Cash Balances, January 1	<u>4,124,388</u>	<u>8,296,128</u>	<u>32,041</u>	<u>1,927,276</u>	<u>14,379,833</u>
Fund Cash Balances, December 31	<u>\$4,040,081</u>	<u>\$7,377,067</u>	<u>\$21,512</u>	<u>\$165</u>	<u>\$11,438,825</u>
Reserve for Encumbrances, December 31	<u>\$569,963</u>	<u>\$1,631,779</u>	<u>\$0</u>	<u>\$0</u>	<u>\$2,201,742</u>

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

**WASHINGTON TOWNSHIP
MONTGOMERY COUNTY**

**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, 2001**

	Proprietary Fund Types		Fiduciary Fund Types		Total (Memorandum Only)
	Enterprise	Internal Service	Non-Expendable Trust	Agency	
Operating cash receipts:					
Charges for services	\$994,185	\$8,980			\$1,003,165
Other operating receipts	198,006			36,730	234,736
Total operating cash receipts	1,192,191	8,980		36,730	1,237,901
Operating cash disbursements:					
Recreation	1,954,816				1,954,816
Contractual services		9,894			9,894
Capital outlay	66,179				66,179
Total operating cash disbursements	2,020,995	9,894			2,030,889
Operating income/(loss)	(828,804)	(914)		36,730	(792,988)
Non-operating cash receipts:					
Local taxes	759,001				759,001
Intergovernmental revenues	93,077				93,077
Interest			168		168
Total non-operating cash receipts	852,078		168		852,246
Non-operating cash disbursements:					
Other non-operating cash disbursements				37,104	37,104
Net Receipts Over/(Under) Disbursements	23,274	(914)	168	(374)	22,154
Fund cash balances, January 1,	702,980	2,536	3,758	5,975	715,249
Fund cash balances, December 31,	\$726,254	\$1,622	\$3,926	\$5,601	\$737,403
Reserve for encumbrances, December 31,	\$115,759	\$462	\$0	\$0	\$116,221

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

**WASHINGTON TOWNSHIP
MONTGOMERY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001**

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

Investments are included in fund cash balances. 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.

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

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.

**WASHINGTON TOWNSHIP
MONTGOMERY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 to construct, maintain and repair Township roads and bridges.

Police Fund - This fund receives property taxes from two operating levies in order to provide safety and policing functions.

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

3. Debt Service Fund

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 taxpayers in order to repay debt issued as part of the McEwen Road project, Phase 1.

4. Capital Projects 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 was used toward the purchase of land for open space.

5. 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.

6. 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.

WASHINGTON TOWNSHIP
MONTGOMERY COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001
(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

7. 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:

Nonexpendable Trust 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 donor.

Agency Fund

Flexible Benefit Fund - This fund accounts for monies withheld from employees to reimburse for medical expenses.

E. Budgetary Process

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

1. Appropriations

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

2. Estimated Resources

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

3. Encumbrances

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

A summary of 2001 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.

**WASHINGTON TOWNSHIP
MONTGOMERY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. Accumulated Leave

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

2. EQUITY IN POOLED CASH AND INVESTMENTS

The Township maintains a cash and investment 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>2001</u>
Demand deposits	(\$209,654)
Certificates of deposit	<u>5,523,300</u>
Total deposits	<u>5,313,646</u>
Federal Agency Instrumentalities	5,068,290
STAR Ohio	705,978
National City Bank Sweep Money Market Fund	30,000
Bank One Sweep Money Market Fund	<u>1,058,314</u>
Total investments	<u>6,862,582</u>
Total deposits and investments	<u><u>\$12,176,228</u></u>

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

**WASHINGTON TOWNSHIP
MONTGOMERY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001
(Continued)**

2. EQUITY IN POOLED CASH AND INVESTMENTS (Continued)

Investments: The government backed securities including the Federal Agency Instrumentalities 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.

The Township's agent holds securities collateralizing repurchase agreements. The securities are not in the Township's name. Investments in STAR Ohio are not evidenced by securities that exist in physical or book-entry form.

3. BUDGETARY ACTIVITY

Budgetary activity for the year ended December 31, 2001 follows:

2001 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$2,594,219	\$3,835,293	\$1,241,074
Special Revenue	10,347,621	10,631,274	283,653
Debt Service	25,796	25,796	0
Enterprise	2,007,911	2,044,269	36,358
Internal Service	8,979	8,980	1
Capital Projects	3,000	3,164	164
Fiduciary	36,610	36,898	288
Total	\$15,024,136	\$16,585,674	\$1,561,538

2001 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$6,505,175	\$4,489,563	\$2,015,612
Special Revenue	18,579,022	13,182,114	5,396,908
Debt Service	57,837	36,325	21,512
Enterprise	2,695,424	2,136,754	558,670
Internal Service	11,511	10,356	1,155
Capital Projects	1,930,276	1,930,275	1
Fiduciary	42,811	37,104	5,707
Total	\$29,822,056	\$21,822,491	\$7,999,565

**WASHINGTON TOWNSHIP
MONTGOMERY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001
(Continued)**

4. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by the 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.

5. DEBT

A. Special Assessment Bonds

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

Special Assessment Bonds outstanding at December 31, 2001 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Special Assessment Bonds- Montgomery County	\$72,820	5.7%

B. Lease Purchase Agreement

The Township entered into a Lease Purchase (Installment Loan) Agreement for the acquisition of two fire engines. Total amount financed was \$513,350 with annual payments of \$67,145.

Lease-Purchase Obligation outstanding at December 31, 2001 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Lease for Two Fire Engines	\$414,646	6.14%

**WASHINGTON TOWNSHIP
MONTGOMERY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001
(Continued)**

5. DEBT (Continued)

C. Future Annual Debt Service Requirements

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

<u>Year ending December 31:</u>	<u>Special Assessment Bonds</u>	<u>Lease Purchase Obligation</u>
2002	\$77,095	\$67,145
2003		67,145
2004		67,145
2005		67,145
2006		67,145
2007 – 2009		201,435
Total	<u>\$77,095</u>	<u>\$537,160</u>

6. RETIREMENT SYSTEMS

The Township's certified Fire Fighters belong to the Police and Fire Pension Fund (OP&F). Other employees belong to the Public Employees Retirement System (PERS) of Ohio. OP&F 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 2001, members of OP&F participants contributed 10% of their wages. The Township contributed an amount equal to 24% of their wages to OP&F. PERS members contributed 8.5% of their gross salaries. The Township contributed an amount equal to 13.55% of participants' gross salaries through June 30, 2001. PERS temporarily reduced the employer contribution rate to 8.13%, effective July 1, 2000. The Township has paid all contributions required through December 31, 2001.

7. RISK MANAGEMENT

A. Commercial Insurance

The Township has obtained commercial insurance for the following risks:

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

The Township utilizes an alternative funding plan for health, dental and life insurance through Great West Insurance Company. The Township pays a small monthly administrative fee/stop-loss premium and then only pays for actual benefit payments issued by Great-West.

8. CONTINGENT LIABILITIES

The Township is a defendant in a lawsuit. Although the outcome of this suit is not presently determinable, management believes that the resolution of this matter will not materially adversely affect the Township's financial condition.

**WASHINGTON TOWNSHIP
MONTGOMERY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001
(Continued)**

9. SUBSEQUENT EVENT

On April 29, 2002, the Township issued a nine year, \$1,172,791 Park Improvement Bond. The Bond has an interest rate of 5% and was used for the purchase of 55.028 acres of land.



**STATE OF OHIO
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 financial statements of Washington Township, (the Township), as of and for the year ended December 31, 2001, and have issued our report thereon dated April 23, 2002. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Township's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our 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 an immaterial instance of noncompliance that we have reported to management of the Township in a separate letter dated April 23, 2002.

Internal Control Over Financial Reporting

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

Washington Township
Montgomery County
Report of Independent Accountants on Compliance and on
Internal Control Required by *Government Auditing Standards*
Page 2

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

Jim Petro
Auditor of State

April 23, 2002



STATE OF OHIO
OFFICE OF THE AUDITOR

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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
MAY 9, 2002**