



Mary Taylor, CPA  
Auditor of State



**WASHINGTON TOWNSHIP  
MONTGOMERY COUNTY**

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# Mary Taylor, CPA

## Auditor of State

### INDEPENDENT ACCOUNTANTS' REPORT

Washington Township  
Montgomery County  
8200 McEwen Rd  
Dayton, Ohio 45458

To the Board of Trustees:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Washington Township, Montgomery County, Ohio (the Township), as of and for the year ended December 31, 2007, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Township's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Washington Township, Montgomery County, Ohio, as of December 31, 2007, and the respective changes in modified cash financial position and the respective budgetary comparison for the General, Road and Bridge, Police, and Fire Funds thereof for the year then ended in conformity with the basis of accounting Note 2 describes.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 9, 2008, on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Management's discussion and analysis is not a required part of the basic financial statements but is supplementary information the Governmental Accounting Standards Board requires. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.

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

**Mary Taylor, CPA**  
Auditor of State

October 9, 2008

**WASHINGTON TOWNSHIP  
MONTGOMERY COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2007  
UNAUDITED**

This discussion and analysis of Washington Township's financial performance provides an overall review of the Township's financial activities for the year ended December 31, 2007, 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 2007 are as follows:

- Net assets of Township activities increased \$2,855,346 from the prior year. The funds most affected by the increase in cash and cash equivalents were the General Fund, whose \$1,748,041 increase was due to the sale of township land for \$1,096,609; a three-year EDGE reimbursement of \$351,000; and a \$283,903 increase in interest income. The Road & Bridge and Fire Funds, whose \$1,214,305 and \$139,408 increase's, respectively, were due mainly to a decrease in capital outlay. The remaining \$55,000 increase was due to the sale of surplus items from all township funds.
- The Township's general receipts are primarily property taxes. In 2007 the Township received \$14,493,052 in property taxes. These receipts represent 62 percent of the total cash received for Township activities during the year. Compared to 2006, property tax receipts for 2007 increased 1.5 percent.
- The Recreation Center, the Township's lone business-type activity, showed a \$208,243 loss or a 29 percent decrease in net assets, due to parking lot repairs, building modifications and the replacement of two HVAC units in the pool area.
- In 2007, the township sold approximately 29 acres of land to the Centerville City School District for \$1,096,609.
- In the spring of 2007, the township received their three-year settlement from the EDGE Program for money paid into the grant fund but not distributed back to the township for capital projects. The amount received was \$350,700.
- In the spring of 2007, the township signed a contract with Montgomery County to dispose of surplus items via internet auctions. The total received in 2007 by the township through such sales was \$55,255.
- In September 2007, the township purchased one acre of land with a house that adjoins additional township land. The house was torn down and land reverted back to green space to match surrounding land owned by the Township.
- Ohio tax law changes from the 2003 and 2005 State bi-annual budgets will reduce tangible personal property tax revenue to a trickle in coming years. In 2007 the Township received approximately \$166,500 less in tangible personal property tax from the previous year and that loss will grow each year to the year 2018 when it is estimated that the Township will lose \$872,000 a year.
- The Township's tax base in 2007 grew to \$1,684,000,128, which is an increase of 1.0 percent over 2006.

**WASHINGTON TOWNSHIP  
MONTGOMERY COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2007  
UNAUDITED  
(Continued)**

**Using the Basic Financial Statements**

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

**Report Components**

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

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

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

**Basis of Accounting**

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

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

**Reporting the Township as a Whole**

The statement of net assets and the statement of activities reflect how well the Township financially performed during 2007, within the limitations of modified cash basis accounting. The statement of net assets presents the pooled cash and investment balances of the Township and business-type activities of the Township at year end. The statement of activities compares cash disbursements with program receipts for each Township program and business-type activity. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each Township function or business-type activity draws from the Township's general receipts.

**WASHINGTON TOWNSHIP  
MONTGOMERY COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2007  
UNAUDITED  
(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 non-financial factors as well, such as the Township's property tax base, the condition of the Township's capital assets and infrastructure, the extent of the Township's debt obligations, the reliance on non-local financial resources for operations and the need for continued growth in the major local revenue sources such as property taxes.

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

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

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

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

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

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

**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. 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 repairs to Township vehicles.

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

**WASHINGTON TOWNSHIP  
MONTGOMERY COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2007  
UNAUDITED  
(Continued)**

**The Township as a Whole**

Table 1 provides a summary of the Township's net assets for 2007 compared to 2006 on a modified cash basis:

**(Table 1)  
Net Assets**

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total</b>	
	<b>2007</b>	<b>2006</b>	<b>2007</b>	<b>2006</b>	<b>2007</b>	<b>2006</b>
<b>Assets</b>						
Cash and Cash Equivalents	\$9,665,970	\$15,150,860	\$520,255	\$728,498	\$10,186,225	\$15,879,358
Investments	8,548,479				8,548,479	
Total Assets	18,214,449	15,150,860	520,255	728,498	18,734,704	15,879,358
<b>Net Assets</b>						
<b>Restricted for:</b>						
Special Revenue	13,519,727	12,198,561			13,519,727	12,198,561
Unrestricted	4,694,722	2,952,299	520,255	728,498	5,214,977	3,680,797
Total Net Assets	\$18,214,449	\$15,150,860	\$520,255	\$728,498	\$18,734,704	\$15,879,358

As mentioned previously, net assets of Township's activities increased \$2,855,346 or 18 percent during 2007. The primary reasons contributing to the overall increase in cash balances are as follows:

- The Road & Bridge Fund increased \$1,214,305 due to a decrease of capital outlay of \$725,000 and the build up of funds for the completion of large projects that are slated in a few years.
- The General Funds net assets increased \$1,748,041 due to the sale of township land for \$1,096,609; increase in interest income of \$300,000; and a reimbursement settlement of \$350,700 from EDGE Funds.

**WASHINGTON TOWNSHIP  
MONTGOMERY COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2007  
UNAUDITED  
(Continued)**

Table 2 reflects the changes in net assets on a modified cash basis for 2007 and 2006 for governmental activities, business type activities and total primary government.

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

	Governmental Activities		Business Type Activities		Total	
	2007	2006	2007	2006	2007	2006
<b>Receipts:</b>						
<b>Program Receipts:</b>						
Charges for Services and Sales	\$ 403,008	\$ 373,704	\$1,461,319	\$1,386,388	\$ 1,864,327	\$ 1,760,092
Operating Grants and Contributions	2,201,089	2,208,391	123,087	112,698	2,324,176	2,321,089
Capital Grants and Contributions						
Total Program Receipts	<u>2,604,097</u>	<u>2,582,095</u>	<u>1,584,406</u>	<u>1,499,086</u>	<u>4,188,503</u>	<u>4,081,181</u>
<b>General Receipts:</b>						
Property and Other Local Taxes	13,505,645	13,298,548	987,407	976,296	14,493,052	14,274,844
Grants and Entitlements Not Restricted to Specific Programs	1,764,838	1,689,004			1,764,838	1,689,004
Sale of Capital Assets	49,547		5,708		55,255	
Interest	804,004	520,101			804,004	520,101
Miscellaneous	797,146	551,994	150,511	83,247	947,657	635,241
Total General Receipts	<u>16,921,180</u>	<u>16,059,647</u>	<u>1,143,626</u>	<u>1,059,543</u>	<u>18,064,806</u>	<u>17,119,190</u>
Total Receipts	<u>19,525,277</u>	<u>18,641,742</u>	<u>2,728,032</u>	<u>2,558,629</u>	<u>22,253,309</u>	<u>21,200,371</u>
<b>Disbursements:</b>						
General Government	3,079,005	2,725,860			3,079,005	2,725,860
Police	3,173,138	2,942,912			3,173,138	2,942,912
Fire	6,013,961	5,795,461			6,013,961	5,795,461
Public Works	2,148,229	1,944,689			2,148,229	1,944,689
Health	127,631	120,205			127,631	120,205
Economic Development						
Human Services						
Conservation Recreation						
Other						
Capital Outlay	2,392,524	3,464,883			2,392,524	3,464,883
Principal Retirement	500,000	500,000			500,000	500,000
Interest and Fiscal Charges	123,809	142,135			123,809	142,135
Recreation Center			2,936,275	2,593,012	2,936,275	2,593,012
Total Disbursements	<u>17,558,297</u>	<u>17,636,145</u>	<u>2,936,275</u>	<u>2,593,012</u>	<u>20,494,572</u>	<u>20,229,157</u>
Excess (Deficiency) Before Transfers	1,966,980	1,005,597	(208,243)	(34,383)	1,758,737	971,214
Special Item - Proceeds from sale of land	1,096,609				1,096,609	
Transfers						
Increase (Decrease) in Net Assets	<u>3,063,589</u>	<u>1,005,597</u>	<u>(208,243)</u>	<u>(34,383)</u>	<u>2,855,346</u>	<u>971,214</u>
Net Assets, January 1	<u>15,150,860</u>	<u>14,145,263</u>	<u>728,498</u>	<u>762,881</u>	<u>15,879,358</u>	<u>14,908,144</u>
Net Assets, December 31	<u>\$18,214,449</u>	<u>\$15,150,860</u>	<u>\$ 520,255</u>	<u>\$728,498</u>	<u>\$18,734,704</u>	<u>\$15,879,358</u>

Program receipts represent only 13 percent of total governmental activities receipts and are primarily comprised of restricted intergovernmental receipts, such as motor vehicle license and gas tax money; building permits and inspection fees; and rollback and homestead exemption dollars received from the State for the Road and Bridge, Police, Fire, and Recreation funds.

**WASHINGTON TOWNSHIP  
MONTGOMERY COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2007  
UNAUDITED  
(Continued)**

Program receipts for business-type activities equals 58 percent of the total business activity receipts and represents receipts collected at the Recreation Center for memberships, participation programs or classes, and walk-in fees.

General receipts represent 87 percent of the total governmental activities receipts and 42 percent of the business-type activities total receipts. Of these amounts, over 75 percent represent property taxes for the governmental activities and over 86 percent represent property taxes for the business-type activities. For the remainder of the governmental activities, the majority of general receipts include inheritance tax, and both local government and local government revenue assistance funds, which are in the general fund and received from the State of Ohio.

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

Police and Fire are the costs for providing these services; Public Works is the cost of maintaining roads; Health is the costs for running and maintaining six cemeteries; and Capital Outlay includes the construction payments in 2007 for street and sidewalk improvements, the purchase of two new staff vehicles, two pickup trucks, a dump truck, a roadside mower and five police cruisers. Principal Retirement includes the semi-annual payments on the notes issued for the building of the two fire stations and a training tower.

**Governmental Activities**

If you look at the Statement of Activities, you will see that the first column lists the major services provided by the Township. The next column identifies the costs of providing these services. The three largest program disbursements for governmental activities are for fire and police service and for General Government, which account for 34, 18, and 18 percent of all governmental disbursements, respectively. Capital Outlay and Public Works also represented a significant cost, about 14 and 12 percent respectively. The next three columns of the Statement entitled Program Cash Receipts identify amounts paid by people who are directly charged for the service and grants received by the Township that must be used to provide a specific service. The net Receipt (Disbursement) column compares the program receipts to the cost of the service. This "net cost" amount represents the cost of the service, which ends up being paid from money provided by local taxpayers. These net costs are paid from the general receipts, which are presented at the bottom of the Statement. A comparison between the total cost of services and the net cost is presented in Table 3.

**(Table 3)  
Governmental Activities**

	<b>Total Cost of Services 2007</b>	<b>Net Cost of Services 2007</b>	<b>Total Cost of Services 2006</b>	<b>Net Cost of Services 2006</b>
General Government	\$3,079,005	\$3,029,476	\$2,725,860	\$2,670,396
Police	3,173,138	2,738,565	2,942,912	2,529,989
Fire	6,013,961	5,018,934	5,795,461	4,899,613
Public Works	2,148,229	1,039,661	1,944,689	745,479
Health	127,631	111,231	120,205	101,555
Capital Outlay	2,392,524	2,392,524	3,464,883	3,464,883
Principal Retirement	500,000	500,000	500,000	500,000
Interest and Fiscal Charges	123,809	123,809	142,135	142,135
<b>Total Expenses</b>	<b>\$17,558,297</b>	<b>\$14,954,200</b>	<b>\$17,636,145</b>	<b>\$15,054,050</b>

The dependence upon property tax receipts is apparent as sixty-five percent of Township activities are supported through these general receipts.

**WASHINGTON TOWNSHIP  
MONTGOMERY COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2007  
UNAUDITED  
(Continued)**

**Business-type Activities**

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

**Budgeting Highlights**

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

During 2007, the Township amended its budget for the Police, Fire and Road & Bridge funds to be in line with the Amended Certificate of Resources. Final budgeted receipts equaled original budgeted receipts in these funds. Actual receipts for the General, Road and Bridge, Police, and Fire funds were \$2,261,972 over final budgeted receipts or 13 percent.

Final disbursements for the four major funds were budgeted at \$31,156,414 while actual disbursements were \$17,890,815.

**Debt Administration**

**Debt**

At December 31, 2007, the Township's outstanding debt included \$3,000,000 in fire bonds for the construction of two fire stations and a training tower. For further information regarding the Township's debt, refer to Note 9 to the basic financial statements.

**Current Issues**

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

The Township and the City of Centerville started working on a joint comprehensive financial study. The purpose of this study is to evaluate the overall financial and operational strengths and weaknesses of the two entities.

**Contacting the Township's Financial Management**

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

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**WASHINGTON TOWNSHIP  
MONTGOMERY COUNTY**

**STATEMENT OF NET ASSETS - MODIFIED CASH BASIS  
DECEMBER 31, 2007**

	<u>Governmental Activities</u>	<u>Business - Type Activities</u>	<u>Total</u>
<b>Assets</b>			
Equity in Pooled Cash and Cash Equivalents	\$9,665,970	\$520,255	\$10,186,225
Investments	8,548,479		8,548,479
Total Assets	<u>\$8,548,479</u>	<u>520,255</u>	<u>18,734,704</u>
 <b>Net Assets</b>			
<b>Restricted for:</b>			
Special Revenue	13,519,727		13,519,727
Unrestricted	4,694,722	520,255	5,214,977
Total Net Assets	<u>\$18,214,449</u>	<u>\$520,255</u>	<u>\$18,734,704</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, 2007**

	<u>Program Cash Receipts</u>			<u>Net (Disbursements) Receipts and Changes in Net Assets</u>		
	<u>Cash Disbursements</u>	<u>Charges for Services and Sales</u>	<u>Operating Grants, Contributions and Interest</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<b>Governmental Activities</b>						
General Government	\$3,079,005	\$49,529		(\$3,029,476)		(\$3,029,476)
Police	3,173,138	102,767	\$331,806	(2,738,565)		(2,738,565)
Fire	6,013,961	224,648	770,379	(5,018,934)		(5,018,934)
Public Works	2,148,229	9,664	1,098,904	(1,039,661)		(1,039,661)
Health	127,631	16,400		(111,231)		(111,231)
Capital Outlay	2,392,524			(2,392,524)		(2,392,524)
Debt Service	623,809			(623,809)		(623,809)
Total Governmental Activities	<u>17,558,297</u>	<u>403,008</u>	<u>2,201,089</u>	<u>(14,954,200)</u>		<u>(14,954,200)</u>
<b>Business Type Activity</b>						
Recreation Center	<u>2,936,275</u>	<u>1,461,319</u>	<u>123,087</u>		<u>(\$1,351,869)</u>	<u>(1,351,869)</u>
Total	<u>\$20,494,572</u>	<u>\$1,864,327</u>	<u>\$2,324,176</u>	<u>(14,954,200)</u>	<u>(1,351,869)</u>	<u>(16,306,069)</u>
<b>General Receipts</b>						
<b>Property Taxes Levied for:</b>						
General Purposes				1,092,020		1,092,020
Road & Bridge				3,571,383		3,571,383
Police				2,705,620		2,705,620
Fire				6,136,622		6,136,622
Recreation					987,407	987,407
Grants and Entitlements not Restricted to Specific Programs				1,764,838		1,764,838
Sale of Capital Assets				49,547	5,708	55,255
Interest				804,004		804,004
Miscellaneous				797,146	150,511	947,657
Total General Receipts				<u>16,921,180</u>	<u>1,143,626</u>	<u>18,064,806</u>
Special Item				1,096,609		1,096,609
Total General Receipts, and Special Items				<u>18,017,789</u>	<u>1,143,626</u>	<u>19,161,415</u>
Change in Net Assets				<u>3,063,589</u>	<u>(208,243)</u>	<u>2,855,346</u>
Net Assets Beginning of Year				<u>15,150,860</u>	<u>728,498</u>	<u>15,879,358</u>
Net Assets End of Year				<u>\$18,214,449</u>	<u>\$520,255</u>	<u>\$18,734,704</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, 2007**

	<u>General</u>	<u>Road &amp; Bridge Fund</u>	<u>Police Fund</u>	<u>Fire Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Assets</b>						
Equity in Pooled Cash and Cash Equivalents	\$2,478,209	\$3,274,696	\$1,444,389	\$1,659,639	\$788,819	\$9,645,752
Investments	2,196,296	2,902,176	1,280,079	1,470,842	699,086	8,548,479
Total Assets	<u>4,674,505</u>	<u>6,176,872</u>	<u>2,724,468</u>	<u>3,130,481</u>	<u>1,487,905</u>	<u>18,194,231</u>
<b>Fund Balances</b>						
<b>Reserved:</b>						
Reserved for Encumbrances	176,943	492,299	249,823	65,268	51,230	1,035,563
<b>Unreserved:</b>						
<b>Undesignated (Deficit), Reported in:</b>						
General Fund	4,497,562					4,497,562
Special Revenue Funds		5,684,573	2,474,645	3,065,213	1,436,675	12,661,106
Total Fund Balances	<u>\$4,674,505</u>	<u>\$6,176,872</u>	<u>\$2,724,468</u>	<u>\$3,130,481</u>	<u>\$1,487,905</u>	<u>\$18,194,231</u>

See accompanying notes to the basic financial statements.

WASHINGTON TOWNSHIP  
MONTGOMERY COUNTY

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO  
NET ASSETS OF GOVERNMENTAL ACTIVITIES  
DECEMBER 31, 2007

Total Governmental Fund Balances \$18,194,231

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

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

20,218

Net Assets of Governmental Activities

\$18,214,449

*See accompanying notes to the basic financial statements.*

**WASHINGTON TOWNSHIP  
MONTGOMERY COUNTY**

**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN MODIFIED CASH BASIS FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2007**

	<u>General</u>	<u>Road &amp; Bridge Fund</u>	<u>Police Fund</u>	<u>Fire Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Receipts</b>						
Property and Other Local Taxes	\$1,092,020	\$3,571,383	\$2,705,620	\$6,136,622		\$13,505,645
Charges for Services				224,348		224,348
Licenses, Permits and Fees	49,529		50	300	\$16,400	66,279
Fines and Forfeitures	102,717					102,717
Intergovernmental	1,764,838	428,547	331,806	768,970	415,445	3,709,606
Special Assessments					9,664	9,664
Interest	804,004			1,409	254,912	1,060,325
Other	233,422	24,035	1,200	11,314	116,759	386,730
Total Receipts	<u>4,046,530</u>	<u>4,023,965</u>	<u>3,038,676</u>	<u>7,142,963</u>	<u>813,180</u>	<u>19,065,314</u>
<b>Disbursements</b>						
<b>Current:</b>						
General Government	3,079,005					3,079,005
Police	18,604		3,148,917			3,167,521
Fire				6,013,961		6,013,961
Public Works	37,073	1,893,174			217,982	2,148,229
Health	64,328				63,303	127,631
Capital Outlay	583,247	935,137	112,797	369,929	391,414	2,392,524
<b>Debt Service:</b>						
Principal Retirement				500,000		500,000
Interest and Fiscal Charges				123,809		123,809
Total Disbursements	<u>3,782,257</u>	<u>2,828,311</u>	<u>3,261,714</u>	<u>7,007,699</u>	<u>672,699</u>	<u>17,552,680</u>
Excess of Receipts Over (Under) Disbursements	<u>264,273</u>	<u>1,195,654</u>	<u>(223,038)</u>	<u>135,264</u>	<u>140,481</u>	<u>1,512,634</u>
<b>Other Financing Sources (Uses)</b>						
Sale of Capital Assets	3,243	18,651	22,601	4,144	908	49,547
Advances In					26,500	26,500
Advances Out	(26,500)					(26,500)
Other Financing Sources	410,416					410,416
Total Other Financing Sources (Uses)	<u>387,159</u>	<u>18,651</u>	<u>22,601</u>	<u>4,144</u>	<u>27,408</u>	<u>459,963</u>
<b>Special Item</b>						
Proceeds from Sale of Land	1,096,609					1,096,609
Net Change in Fund Balances	1,748,041	1,214,305	(200,437)	139,408	167,889	3,069,206
Fund Balances Beginning of Year	<u>2,926,464</u>	<u>4,962,567</u>	<u>2,924,905</u>	<u>2,991,073</u>	<u>1,320,016</u>	<u>15,125,025</u>
Fund Balances End of Year	<u>\$4,674,505</u>	<u>\$6,176,872</u>	<u>\$2,724,468</u>	<u>\$3,130,481</u>	<u>\$1,487,905</u>	<u>\$18,194,231</u>

See accompanying notes to the basic financial statements.

WASHINGTON TOWNSHIP  
MONTOMGERY COUNTY

RECONCILIATION OF THE STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES  
IN MODIFIED CASH BASIS FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2007

Net Change in Fund Balances - Total Governmental Funds \$3,069,206

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

Internal service funds charge insurance costs to other funds. The entity-wide  
statements eliminate governmental fund disbursements and related internal  
service fund charges. Governmental activities report allocated net  
internal service fund receipts (disbursements).

(5,617)

Change in Net Assets of Governmental Activities

\$3,063,589

*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, 2007**

	<u>Budgeted Amounts</u>			<b>Variance with Final Budget</b>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Receipts</b>				
Property and Other Local Taxes	\$1,132,767	\$1,132,767	\$1,092,020	(\$40,747)
Licenses, Permits and Fees	50,000	\$50,000	49,529	(471)
Fines and Forfeitures	50,000	50,000	102,717	52,717
Intergovernmental	877,034	\$877,034	1,764,838	887,804
Interest	500,000	\$500,000	804,004	304,004
Other	228,000	228,000	233,422	5,422
Total receipts	<u>2,837,801</u>	<u>2,837,801</u>	<u>4,046,530</u>	<u>1,208,729</u>
<b>Disbursements</b>				
<b>Current:</b>				
General Government	3,321,699	3,472,699	3,199,056	273,643
Police	21,000	21,000	18,624	2,376
Public Works	34,000	40,000	39,373	627
Health	60,500	64,350	64,329	21
Capital Outlay	3,394,472	3,207,122	637,818	2,569,304
Total Disbursements	<u>6,831,671</u>	<u>6,805,171</u>	<u>3,959,200</u>	<u>2,845,971</u>
Excess of Receipts Over (Under) Disbursements	<u>(3,993,870)</u>	<u>(3,967,370)</u>	<u>87,330</u>	<u>4,054,700</u>
<b>Other Financing Sources (Uses)</b>				
Sale of Capital Assets	1,137,000	1,137,000	1,099,852	(37,148)
Advances Out		(26,500)	(26,500)	
Other Financing Sources	110,000	110,000	410,416	300,416
Total Other Financing Sources (Uses)	<u>1,247,000</u>	<u>1,220,500</u>	<u>1,483,768</u>	<u>263,268</u>
Net Change in Fund Balance	(2,746,870)	(2,746,870)	1,571,098	4,317,968
Fund Balance Beginning of Year	2,801,560	2,801,560	2,801,560	
Prior Year Encumbrances Appropriated	<u>124,904</u>	<u>124,904</u>	<u>124,904</u>	
Fund Balance End of Year	<u>\$179,594</u>	<u>\$179,594</u>	<u>\$4,497,562</u>	<u>\$4,317,968</u>

*See accompanying notes to the basic financial statements.*

**WASHINGTON TOWNSHIP  
MONTGOMERY COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS  
ROAD & BRIDGE FUND  
FOR THE YEAR ENDED DECEMBER 31, 2007**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Receipts</b>				
Property and Other Local Taxes	\$3,412,212	\$3,412,212	\$3,571,383	\$159,171
Intergovernmental	397,549	397,549	428,547	30,998
Other	15,000	15,000	24,035	9,035
Total receipts	<u>3,824,761</u>	<u>3,824,761</u>	<u>4,023,965</u>	<u>199,204</u>
<b>Disbursements</b>				
<b>Current:</b>				
Public Works	2,732,591	2,735,591	2,007,748	727,843
Capital Outlay	6,146,501	6,043,501	1,312,863	4,730,638
Total Disbursements	<u>8,879,092</u>	<u>8,779,092</u>	<u>3,320,611</u>	<u>5,458,481</u>
Excess of Receipts Over (Under) Disbursements	<u>(5,054,331)</u>	<u>(4,954,331)</u>	<u>703,354</u>	<u>5,657,685</u>
<b>Other Financing Sources (Uses)</b>				
Sale of Capital Assets			18,651	18,651
Total Other Financing Sources (Uses)			<u>18,651</u>	<u>18,651</u>
Net Change in Fund Balance	(5,054,331)	(4,954,331)	722,005	5,676,336
Fund Balance Beginning of Year	4,652,011	4,652,011	4,652,011	
Prior Year Encumbrances Appropriated	<u>310,556</u>	<u>310,556</u>	<u>310,556</u>	
Fund Balance End of Year	<u>(\$91,764)</u>	<u>\$8,236</u>	<u>\$5,684,572</u>	<u>\$5,676,336</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, 2007**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Receipts</b>				
Property and Other Local Taxes	\$2,568,741	\$2,568,741	\$2,705,620	\$136,879
Licenses, Permits, and Fees	1,000	1,000	50	(950)
Intergovernmental	304,022	304,022	331,806	27,784
Other			1,200	1,200
Total receipts	<u>2,873,763</u>	<u>2,873,763</u>	<u>3,038,676</u>	<u>164,913</u>
<b>Disbursements</b>				
<b>Current:</b>				
Police	3,442,404	3,442,404	3,312,249	130,155
Capital Outlay	2,651,175	2,351,175	199,288	2,151,887
Total Disbursements	<u>6,093,579</u>	<u>5,793,579</u>	<u>3,511,537</u>	<u>2,282,042</u>
Excess of Receipts Over (Under) Disbursements	<u>(3,219,816)</u>	<u>(2,919,816)</u>	<u>(472,861)</u>	<u>2,446,955</u>
<b>Other Financing Sources (Uses)</b>				
Sale of Capital Assets			22,601	22,601
Total Other Financing Sources (Uses)			<u>22,601</u>	<u>22,601</u>
Net Change in Fund Balance	(3,219,816)	(2,919,816)	(450,260)	2,469,556
Fund Balance Beginning of Year	2,589,847	2,589,847	2,589,847	
Prior Year Encumbrances Appropriated	<u>335,058</u>	<u>335,058</u>	<u>335,058</u>	
Fund Balance End of Year	<u>(\$294,911)</u>	<u>\$5,089</u>	<u>\$2,474,645</u>	<u>\$2,469,556</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, 2007**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Receipts</b>				
Property and Other Local Taxes	\$5,851,070	\$5,851,070	\$6,136,622	\$285,552
Charges for Services	207,000	207,000	224,348	17,348
Licenses, Permits, and Fees	500	500	300	(200)
Intergovernmental	702,631	702,631	768,970	66,339
Interest			1,409	1,409
Other	1,300	1,300	11,314	10,014
Total receipts	<u>6,762,501</u>	<u>6,762,501</u>	<u>7,142,963</u>	<u>380,462</u>
<b>Disbursements</b>				
<b>Current:</b>				
Fire	6,415,661	6,448,661	6,057,800	390,861
Capital Outlay	2,817,411	2,679,411	391,358	2,288,053
Principal Retirement	500,000	500,000	500,000	
Interest and Fiscal Charges	124,000	124,000	123,809	191
Total Disbursements	<u>9,857,072</u>	<u>9,752,072</u>	<u>7,072,967</u>	<u>2,679,105</u>
Excess of Receipts Over (Under) Disbursements	<u>(3,094,571)</u>	<u>(2,989,571)</u>	<u>69,996</u>	<u>3,059,567</u>
<b>Other Financing Sources (Uses)</b>				
Sale of Capital Assets			4,144	4,144
Total Other Financing Sources (Uses)			<u>4,144</u>	<u>4,144</u>
Net Change in Fund Balance	(3,094,571)	(2,989,571)	74,140	3,063,711
Fund Balance Beginning of Year	2,775,937	2,775,937	2,775,937	
Prior Year Encumbrances Appropriated	<u>215,136</u>	<u>215,136</u>	<u>215,136</u>	
Fund Balance End of Year	<u>(\$103,498)</u>	<u>\$1,502</u>	<u>\$3,065,213</u>	<u>\$3,063,711</u>

*See accompanying notes to the basic financial statements.*

**WASHINGTON TOWNSHIP  
MONTGOMERY COUNTY**

**STATEMENT OF FUND NET ASSETS - MODIFIED CASH BASIS  
PROPREITARY FUNDS  
DECEMBER 31, 2007**

	<u>Business-Type Activities</u>	<u>Governmental Activity</u>
	Recreation	
	Enterprise Fund	Internal Service
<b>Assets</b>		
Equity in Pooled Cash and Cash Equivalents	\$520,255	\$20,218
Total Assets	<u>520,255</u>	<u>20,218</u>
<b>Net Assets</b>		
<b>Restricted for:</b>		
Other Purposes	520,255	
Unrestricted		20,218
	<u>\$520,255</u>	<u>\$20,218</u>

*See accompanying notes to the basic financial statements.*

**WASHINGTON TOWNSHIP  
MONTGOMERY COUNTY**

**STATEMENT OF CASH RECEIPTS,  
DISBURSEMENTS AND CHANGES IN FUND NET ASSETS - MODIFIED CASH BASIS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2007**

	<u>Business-Type Activities</u>	<u>Governmental</u>
	<u>Recreation</u>	<u>Activity</u>
	<u>Enterprise Fund</u>	<u>Internal Service</u>
<b>Operating Receipts</b>		
Charges for Services	\$1,461,319	\$44,924
Property and Other Local Taxes	987,407	
Intergovernmental	123,087	
Other Operating Receipts	150,511	
Total Operating Receipts	<u>2,722,324</u>	<u>44,924</u>
<b>Operating Disbursements</b>		
Salaries	1,398,324	17,895
Employee Fringe Benefits	379,973	
Purchased Services	106,812	
Materials and Supplies	265,794	32,164
Other	785,372	482
Total Operating Disbursements	<u>2,936,275</u>	<u>50,541</u>
<b>Non-Operating Receipts (Disbursements)</b>		
Other Financing Sources	5,708	
Total Non-Operating Receipts (Disbursements)	<u>5,708</u>	
Change in Net Assets	(208,243)	(5,617)
Net Assets Beginning of Year	<u>728,498</u>	<u>25,835</u>
Net Assets End of Year	<u><u>\$520,255</u></u>	<u><u>\$20,218</u></u>

*See accompanying notes to the basic financial statements.*

WASHINGTON TOWNSHIP  
MONTGOMERY COUNTY

STATEMENT OF FIDUCIARY NET ASSETS - MODIFIED CASH BASIS  
FIDUCIARY FUNDS  
DECEMBER 31, 2007

	<u>Private Purpose Trust</u>	<u>Agency</u>
<b>Assets</b>		
Equity in Pooled Cash and Cash Equivalents	\$3,744	\$10,407
Total Assets	<u>3,744</u>	<u>10,407</u>
<b>Net Assets</b>		
Unrestricted	<u>\$3,744</u>	<u>\$10,407</u>

*See accompanying notes to the basic financial statements.*

WASHINGTON TOWNSHIP  
MONTGOMERY COUNTY

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS - MODIFIED CASH BASIS  
FIDUCIARY FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2007

	<u>Private Purpose Trust</u>
<b>Additions</b>	
Interest	\$137
Total Additions	<u>137</u>
<b>Deductions</b>	
Payments in Accordance with Trust Agreements	<u>169</u>
Total Deductions	<u>169</u>
Change in Net Assets	(32)
Net Assets - Beginning of Year	<u>3,776</u>
Net Assets - End of Year	<u><u>\$3,744</u></u>

*See accompanying notes to the basic financial statements.*

**WASHINGTON TOWNSHIP  
MONTGOMERY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2007  
(Continued)**

**1. REPORTING ENTITY**

Washington Township, Montgomery County, Ohio (the Township), is a body politic and corporate established in 1796 to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Township is directed by a publicly elected, three-member Board of Trustees. The Township also has an elected Fiscal Officer.

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

**A. Primary Government**

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

**B. Component Units**

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

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**A. Basis of Presentation**

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

**WASHINGTON TOWNSHIP  
MONTGOMERY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2007  
(Continued)**

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

**1. Township-Wide Financial Statements**

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

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

**2. Fund Financial Statements**

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

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

**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.

**WASHINGTON TOWNSHIP  
MONTGOMERY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2007  
(Continued)**

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

**1. Governmental Funds**

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

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

**2. Proprietary Funds**

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

**Enterprise Funds**

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

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

**Internal Service Fund**

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

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

**3. Fiduciary Funds**

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

**WASHINGTON TOWNSHIP  
MONTGOMERY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2007  
(Continued)**

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

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

**4. Agency Funds**

Agency funds are purely custodial in nature and are used to hold resources for individuals, organizations, or other governments.

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

**C. Basis of Accounting**

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

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

**D. Budgetary Process**

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

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

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

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

**WASHINGTON TOWNSHIP  
MONTGOMERY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2007  
(Continued)**

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

**E. Cash and Investments**

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

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

During 2007, the Township invested in nonnegotiable certificates of deposit, U.S. Agencies, and STAR Ohio. The nonnegotiable certificates of deposit and the U.S. Agencies are reported at cost.

STAR Ohio is an investment pool, managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price, which is the price the investment could be sold for on December 31, 2007.

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 2007 was \$804,004, which includes \$586,923 assigned from other Township funds.

**F. Capital Assets**

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

**G. Interfund Receivables / Payables**

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

**H. Accumulated Leave**

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

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

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

**J. Long-Term Obligations**

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

**WASHINGTON TOWNSHIP  
MONTGOMERY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2007  
(Continued)**

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

**K. Net Assets**

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

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

**L. Fund Balance Reserves**

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

**3. BUDGETARY BASIS OF ACCOUNTING**

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budgetary Basis presented for the General, Police, Fire and Road & Bridge funds are prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference between the budgetary basis and the modified cash basis is that outstanding year end encumbrances are treated as disbursements (budgetary basis) rather than as a reservation of fund balance (modified cash basis) 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 \$176,943 for the General Fund, \$249,823 for the Police Fund, \$65,268 for the Fire Fund, and \$492,299 for the Road & Bridge Fund. The outstanding advances at year end amounted to \$26,500 for the General Fund.

**4. DEPOSITS AND INVESTMENTS**

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

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

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

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

**WASHINGTON TOWNSHIP  
MONTGOMERY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2007  
(Continued)**

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

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

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

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

**A. Deposits**

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

Custodial credit risk is the risk that, in the event of bank failure, the Township will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year end, \$10,477,803 of the Township's bank balance of \$10,698,845 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 Township has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the Township or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred and five percent of the deposits being secured.

**WASHINGTON TOWNSHIP  
MONTGOMERY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2007  
(Continued)**

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

**B. Investments**

As of December 31, 2007, the Township had the following investments:

	Carrying Value	Less Than One Year	Maturity			Concentration of Credit Risk
			1-3	3-4	4-5	
FHLB	\$505,000		\$505,000			5.85
Fannie Mae	1,999,591	\$501,250	499,353	\$998,983		23.40
Freddie Mac	496,630	496,625				5.81
STAR Ohio	2,605,448	2,605,448				30.50
Money Market	2,310,810	2,310,810				27.05
Repurchase Agreement	631,000	631,000				7.39
Total Portfolio	<u>\$8,548,479</u>	<u>\$6,545,133</u>	<u>\$1,004,353</u>	<u>\$998,983</u>	<u>\$0</u>	

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

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

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

**Reconciliation of Cash and Investment to the Statements of Net Assets:** The following is a reconciliation of cash and investments as reported in the footnote above to cash and investments as reported on the statements of net assets as of December 31, 2007.

**Cash and Investments per footnote**

Carrying amounts of deposits	\$10,200,376
Investments	<u>8,548,479</u>
Total	<u>\$18,748,855</u>

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

Governmental activities	\$18,214,449
Business type activities	520,255
Agency funds	10,407
Private purpose trust funds	<u>3,744</u>
Total	<u>\$18,748,855</u>

**WASHINGTON TOWNSHIP  
MONTGOMERY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2007  
(Continued)**

**5. PROPERTY TAXES**

Property taxes include amounts levied against all real property, public utility property, and tangible personal property located in the Township. Real property tax receipts received in 2007 represent the collection of 2006 taxes. Real property taxes received in 2007 were levied after October 1, 2006, on the assessed values as of January 1, 2006, the lien date. Assessed values for real property taxes are established by State Statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31st; if paid semi-annually, the first payment is due December 31st, with the remainder payable by June 20th. Under certain circumstances, State Statute permits alternate payment dates to be established.

Public utility property tax receipts received in 2007 represent the collection of 2006 taxes. Public utility real and tangible personal property taxes received in 2006 became a lien on December 31, 2005, were levied after October 1, 2006, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

Tangible personal property tax receipts received in 2007 (other than public utility property) represent the collection of 2006 taxes. Tangible personal property taxes received in 2007 were levied after October 1, 2006, on the true value as of December 31, 2006. Tangible personal property is currently assessed at 12.50 percent of true value for capital assets and 12.50 percent for inventory. Amounts paid by multi-county taxpayers are due September 20th. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30th; if paid semi-annually, the first payment is due April 30th, with the remainder payable by September 20th.

The full tax rate for all Township operations for the year ended December 31, 2007, was \$13.95 per \$1,000 of assessed value. The full tax rate for all operations, (County, School, Township, City, JVS, Library and Park District), is \$107.44 per \$1,000 of assessed value. The assessed values of real property, public utility property, and tangible personal property upon which 2007 property tax receipts were based are as follows:

Real Property	
Residential/Agricultural	\$1,316,643,030
Commercial/Industrial/Mineral	305,028,170
Public Utility Property	
Personal	29,149,120
Tangible Personal Property	33,179,808
Total Assessed Value	<u>\$1,684,000,128</u>

**6. RISK MANAGEMENT**

The Township has obtained commercial insurance for the following risks:

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

The Township utilizes an alternative funding plan for health, dental and life insurance through Great-West Insurance Company for full-time employees and elected officials. The Township pays a monthly administrative fee/stop-loss premium and then only pays for actual benefit payments issued by Great-West. The Township also provides dental insurance for eligible part-time employees through Superior Dental. Life insurance, through Principal Life Insurance Company, is also provided to all full-time employees, elected officials and eligible part-time employees.

**WASHINGTON TOWNSHIP  
MONTGOMERY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2007  
(Continued)**

**7. DEFINED BENEFIT PENSION PLAN**

**A. Ohio Public Employees Retirement System**

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

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

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

For the year ended December 31, 2007, OPERS members were required to contribute 9.5 percent of their annual covered salaries. The Township's contribution rate for pension benefits for 2007 was 13.85 percent. The Ohio Revised Code provides statutory authority for member and employer contributions.

The Township's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2007, 2006, and 2005 were \$665,183, \$600,990 and \$555,913 respectively, equal to required contributions for each year.

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

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

Plan members are required to contribute 10 percent of their annual covered salary to fund pension obligations while the Township is required to contribute 24 percent for firefighters. Contributions are authorized by State Statute. The Township's contributions to the Fund for firefighters were \$352,053 for the year ended December 31, 2007, \$350,277 for the year ended December 31, 2006, and \$331,819 for the year ended December 31, 2005. The full amount has been contributed for 2007, 2006, and 2005.

**WASHINGTON TOWNSHIP  
MONTGOMERY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2007  
(Continued)**

**8. POST-EMPLOYMENT BENEFITS**

**A. Ohio Public Employees Retirement System**

The Ohio Public Employees Retirement System (OPERS) provides post-retirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit with either the traditional or combined plans. Health care coverage for disability recipients and primary survivor recipients is available. Members of the member-directed plan do not qualify for post-retirement health care coverage. The health care coverage provided by the retirement system is considered an Other Post-employment Benefit as described in *GASB Statement No. 12*. A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of postretirement health care based on authority granted by State Statute. The 2007 Township employer contribution rate was 13.85 percent of covered payroll (17.17 percent for public safety and law enforcement). The portion of employer contributions, for all employers, allocated to health care was 5.00% from January 1 through June 30, 2007 and 6.00% from July 1 through December 31, 2007.

Benefits are advance-funded using the entry age normal actuarial cost method. Significant actuarial assumptions, based on OPERS's latest actuarial review performed as of December 31, 2006, include a rate of return on investments of 6.50 percent, an annual increase in active employee total payroll of 4.00 percent compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between .50 percent and 6.30 percent based on additional annual pay increases. Health care premiums were assumed to increase between 0.50 and 5.00 percent annually for the next eight years and 4.00 percent annually after eight years.

All investments are carried at market. For actuarial valuation purposes, a smoothed market approach is used. Assets are adjusted to reflect 25 percent of unrealized market appreciation or depreciation on investment assets annually, not to exceed a 12.00 percent corridor.

The number of active contributing participants in the traditional and combined plans was 374,979. Actual employer contributions for 2007 which were used to fund post-employment benefits were \$260,049. The actual contribution and the actuarially required contribution amounts are the same. OPERS's net assets available for payment of benefits at December 31, 2006, (the latest information available) were \$12.0 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$30.7 billion and \$18.7 billion, respectively.

On September 9, 2004, the OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP) with an effective date of January 1, 2007. The HCPP restructures OPERS' health care coverage to improve the financial solvency of the fund in response to increasing health care costs. In addition to the HCPP, OPERS has taken additional action to improve the solvency of the Health Care Fund in 2005 by creating a separate investment pool for health care assets. As an additional component of the HCPP, member and employer contribution rates increased as of January 1, 2006, January 1, 2007 and January 1, 2008, which will allow additional funds to be allocated to the health care plan.

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

The Ohio Police and Fire Pension Fund (OP&F) provides post-retirement health care coverage to any person who receives or is eligible to receive a monthly service, disability or survivor benefit check or is a spouse or eligible dependent child of such person. An eligible dependent child is any child under the age of 18 whether or not the child is attending school; or under the age of 22, if attending school full-time or on a two-thirds basis.

**WASHINGTON TOWNSHIP  
MONTGOMERY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2007  
(Continued)**

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

The health care coverage provided by the retirement system is considered an Other Post-employment Benefit (OPEB) as described in *GASB Statement No. 12*. The Ohio Revised Code provides the authority allowing the Ohio Police and Fire Pension Fund's board of trustees to provide health care coverage and states that health care costs paid from the funds of OP&F shall be included in the employer's contribution rate. Health care funding and accounting is on a pay-as-you-go basis.

The 2007 employer contribution rate was 24 percent of covered payroll, of which 7.75 percent of covered payroll was applied to the post employment health care program during 2006 and 6.75 percent of covered payroll was applied to the post employment health care program during 2007. In addition, since July 1, 1992, most retirees and survivors have been required to contribute a portion of the cost of their health care coverage through a deduction from their monthly benefit payment. Beginning in 2001, all retirees and survivors have monthly health care contributions.

The Township's actual contributions for 2007 that were used to fund post employment benefits were \$99,579 for firefighters. The OP&F's total health care expense for the year ended December 31, 2006 (the latest information available) was \$120,373,722, which was net of member contributions of \$58,532,848. The number of OP&F participants eligible to receive health care benefits as of December 31, 2006, was 10,563 for firefighters.

**9. DEBT**

The Township's long-term debt activity for the year ended December 31, 2007, was as follows:

<u>Township Activities</u>	<u>Interest Rate</u>	<u>Balance 12/31/2006</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance 12/31/2007</u>	<u>Due Within One Year</u>
General Obligation Bonds:						
2003 Issue (\$5,000,000)						
Fire Station & Equipment Bond	3.62%	\$3,500,000		\$ 500,000	\$3,000,000	\$500,000
Total		<u>\$3,500,000</u>	<u>\$0</u>	<u>\$ 500,000</u>	<u>\$3,000,000</u>	<u>\$500,000</u>

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

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

<u>Year</u>	<u>G.O. Bonds</u>	
	<u>Principal</u>	<u>Interest</u>
2008	\$ 500,000	\$105,810
2009	500,000	87,157
2010	500,000	68,805
2011	500,000	50,454
2012	500,000	32,203
2013	500,000	13,751
Totals	<u>\$3,000,000</u>	<u>\$358,180</u>

**WASHINGTON TOWNSHIP  
MONTGOMERY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2007  
(Continued)**

**9. DEBT (Continued)**

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, 2007, were an overall debt margin of \$176,820,013 and an unvoted debt margin of \$92,620,007.

**10. CONTINGENT LIABILITIES**

The Township is defendant in several lawsuits. Although management cannot presently determine the outcome of these suits, they believe the resolution of these matters will not materially adversely affect the Township's financial condition.

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.

**11. SUBSEQUENT EVENT**

On September 15, 2008, the Township Trustees awarded a contract to Jergens Bales Contractors, Inc. for the Far Hills sidewalk Phase II project in the amount of \$248,097.

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# Mary Taylor, CPA

## Auditor of State

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

Washington Township  
Montgomery County  
8200 McEwen Rd  
Dayton, Ohio 45458

To the Board of Trustees:

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Washington Township (the Township) as of and for the year ended December 31, 2007, which collectively comprise the Township's basic financial statements and have issued our report thereon dated October 9, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

#### Internal Control Over Financial Reporting

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

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Township's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the Township's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the Township's internal control will not prevent or detect a material financial statement misstatement.

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

We noted certain matters that we reported to the Township's management in a separate letter dated October 9, 2008.

### Compliance and Other Matters

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

We did note a certain noncompliance or other matter that we reported to the Township's management in a separate letter dated October 9, 2008.

We intend this report solely for the information and use of the management, Audit Committee, and Board of Trustees. It is not intended for anyone other than these specified parties.

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

**Mary Taylor, CPA**  
Auditor of State

October 9, 2008



**Mary Taylor, CPA**  
Auditor of State

**WASHINGTON TOWNSHIP**

**MONTGOMERY COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
NOVEMBER 25, 2008**