



Dave Yost • Auditor of State

**WASHINGTON TOWNSHIP
MONTGOMERY COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Independent Accountants' Report.....	1
Management's Discussion and Analysis For the Year Ended December 31, 2011	3
Statement of Net Assets – Modified Cash Basis December 31, 2011	13
Statement of Activities – Modified Cash Basis For the Year Ended December 31, 2011	14
Statement of Modified Cash Basis Assets and Fund Balances – Governmental Funds - December 31, 2011.....	15
Reconciliation of Total Governmental Fund Balances to Net Assets of Governmental Activities - December 31, 2011	16
Statement of Cash Receipts, Disbursements, and Changes in Modified Cash Basis Fund Balances Governmental Funds - For the Year Ended December 31, 2011	17
Reconciliation of the Statement of Cash Receipts, Disbursements and Changes In Fund Balances of Governmental Funds to the Statement of Activities For the Year Ended December 31, 2011	18
Statement of Receipts, Disbursements and Changes In Fund Balance – Budget and Actual – Budget Basis – General Fund For the Year Ended December 31, 2011	19
Statement of Receipts, Disbursements and Changes In Fund Balance – Budget and Actual – Budget Basis – Road and Bridge Fund For the Year Ended December 31, 2011	20
Statement of Receipts, Disbursements and Changes In Fund Balance – Budget and Actual – Budget Basis – Police Fund For the Year Ended December 31, 2011	21
Statement of Receipts, Disbursements and Changes In Fund Balance – Budget and Actual – Budget Basis – Fire Fund For the Year Ended December 31, 2011	22
Statement of Fund Net Assets – Modified Cash Basis – Proprietary Funds December 31, 2011.....	23

WASHINGTON TOWNSHIP
MONTGOMERY COUNTY

TABLE OF CONTENTS

TITLE	PAGE
Statement of Cash Receipts, Disbursements, and Changes in Fund Net Assets – Modified Cash Basis – Proprietary Funds For the Year Ended December 31, 2011	24
Statement of Fiduciary Net Assets – Modified Cash Basis – Fiduciary Funds December 31, 2011	25
Statement of Changes in Fiduciary Net Assets – Modified Cash Basis – Fiduciary Funds For the Year Ended December 31, 2011	26
Notes to the Financial Statements For the Year Ended December 31, 2011	27
Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	45



Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Washington Township
Montgomery County
8200 McEwen Road
Dayton, Ohio 45458

To the Board of Trustees:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Washington Township, Montgomery County, Ohio (the Township), as of and for the year ended December 31, 2011, 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, 2011, and the respective changes in modified cash financial position, thereof and the respective budgetary comparison for the General, Road and Bridge, Police, and Fire Funds thereof for the year then ended in conformity with the accounting basis Note 2 describes.

As described in Note 3, during 2011 the Township adopted Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 14, 2012, 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.

We conducted our audit to opine on the Township's financial statements taken as a whole. Management's Discussion & Analysis includes tables of net assets, changes in net assets and governmental activities. These tables provide additional information, but are not part of the basic financial statements. However these tables are management's responsibility, and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. These tables were subject to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole. Other than the aforementioned procedures applied to the tables, we applied no procedures to any other information in Management's Discussion & Analysis, and we express no opinion or any other assurance on it.

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

Dave Yost
Auditor of State

May 14, 2012

**WASHINGTON TOWNSHIP
MONTGOMERY COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2011
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, 2011, 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 2011 are as follows:

- Net assets of Township activities increased \$2,506,144 from the prior year. The funds most affected by the increase in net assets were the General Fund whose \$1,537,404 increase was the result of an increase in inheritance taxes of \$950,726 over 2010, an EDGE reimbursement of \$245,894 received from Montgomery County in 2011 and a decrease in overall expenses of \$327,793. The decrease in General Fund expenses was mainly due to a decrease in capital outlay of \$317,842 from 2010. These decreases involved vehicle and equipment purchases, computer software purchases, a joint capital venture with the City of Centerville and government center building remodeling and furniture purchases. The Fire Funds \$880,607 increase in net assets was due mainly to an increase in EMS receipts for the billing of residents' insurance for medic transports. Receipts for residents billing were first received in May 2011. Prior to this time, only non-residents were billed for medic transports. The Road & Bridge Funds \$665,989 decrease in net assets was due mainly to increases in capital outlay of \$1,659,941. This capital outlay increase was primarily for storm water drainage projects performed in 2011. The Police Funds \$577,741 increase in net assets was due mainly to an increase in property tax revenue as a result of the passage of two replacement levies in 2010. One is a 5-year levy and the other is a continuous levy. Revenue collections began in 2011. Both levies were approved by Township residents.
- The Township's general receipts are primarily property taxes. In 2011 the Township received \$16,001,244 in property and other local taxes. These receipts represent 62 percent of the total cash received for Township activities during the year. Compared to 2010, property tax receipts for 2011 increased by 8.06 percent.
- The Recreation Center, the Township's lone business-type activity, showed a \$224,161 gain or a 55 percent increase in net assets. This increase was achieved by increasing program and general receipts while decreasing expenses from 2010.
- In the spring of 2010, the township signed a contract with GovDeals, Incorporated to dispose of surplus items via internet auctions as opposed to selling items through Montgomery County. The total received in 2011 for auction sales was \$56,445. This is a \$5,444 increase over the previous year.
- In January 2011, the Township entered into an agreement with Med3000 to begin billing residents' insurance for medic transports. In prior years, only non-residents were billed. It is estimated that this agreement will bring in an additional one million dollars in 2012.
- In November 2011 the Township began charging all residents for fingerprinting. This had been provided free to township residents since the program began in 2003.
- Also in November, the Township received a Local grant of \$43,871 to partially reimburse the Township for the expense of installing a bus stop shelter and bench.
- In the spring of 2011 the Township entered into an agreement with SJS Investment Consulting, Inc. for investment advice services and Schwab Institutional for custodial services.

**WASHINGTON TOWNSHIP
MONTGOMERY COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2011
UNAUDITED
(Continued)**

- Ohio tax law changes from the 2011 State bi-annual budget will have significant revenue implications for the Township. The State budget eliminated, effective immediately, the tangible personal property and public utility deregulation reimbursements that were on track to be gradually eliminated by 2018. The local government fund will be cut in half by July 2012 and estate tax will be eliminated by 2013. By the end of 2018, the cumulative impact of the cuts will reach \$11.6 million.
- The Township's tax base for 2011 increased to \$1,726,035,570, which is an increase of 0.3 percent over 2010.

Using the Basic Financial Statements

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

Report Components

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

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

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

Basis of Accounting

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

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

**WASHINGTON TOWNSHIP
MONTGOMERY COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2011
UNAUDITED
(Continued)**

Reporting the Township as a Whole

The statement of net assets and the statement of activities reflect how well the Township financially performed during 2011, within the limitations of modified cash basis accounting. The statement of net assets presents the pooled cash and investment balances of the governmental and business-type activities of the Township at year end. The statement of activities compares cash disbursements with program receipts for each Township program and business-type activity. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each Township function or business-type activity draws from the Township's general receipts.

These statements report the Township's cash position and the changes in cash position. Keeping in mind the limitations of the modified cash basis of accounting, you can think of these changes as one way to measure the Township's financial health. Over time, increases or decreases in the Township's cash position is one indicator of whether the Township's financial health is improving or deteriorating. When evaluating the Township's financial condition, you should also consider other nonfinancial factors as well, such as the Township's property tax base, the condition of the Township's capital assets and infrastructure, the extent of the Township's debt obligations, the reliance on non-local financial resources for operations and the need for continued growth in the major local revenue sources such as property taxes.

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

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

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

Reporting the Township's Most Significant Funds

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

**WASHINGTON TOWNSHIP
MONTGOMERY COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2011
UNAUDITED
(Continued)**

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) are combined and presented in total in a single column. The Township's major funds are the General Fund, Road & Bridge Fund, Police Fund and Fire Fund. The Fire Fund services residents of the unincorporated Township as well as the City of Centerville. Therefore, both residents pay for the fire levies that support the fire fund. The Road & Bridge Fund and the Police Fund services residents of the unincorporated Township only. Only Township residents pay for the levies that support the Road & Bridge and Police Funds. The programs reported in governmental funds are closely related to those reported in the governmental activities section of the entity-wide statements.

Proprietary Funds – When the Township charges customers for the services it provides, these services are generally reported in proprietary funds. When the services are provided to the general public, the activity is reported as an enterprise fund. The Township has one enterprise fund, the Recreation Department. Residents of both the unincorporated Township and City of Centerville pay for the recreation levy. When the services are provided to other departments of the Township, the service is reported as an internal service fund. The Township has one internal service fund, vehicle maintenance, to account for maintenance and repair of Township vehicles.

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

The Township as a Whole

Table 1 provides a summary of the Township's net assets for 2011 compared to 2010 on a modified cash basis:

**(Table 1)
Net Assets**

	Governmental Activities		Business-Type Activities		Total	
	2011	2010	2011	2010	2011	2010
Assets:						
Cash and Cash Equivalents	\$18,881,850	\$13,718,412	\$629,183	\$405,022	\$19,511,033	\$14,123,434
Investments	7,162,840	10,044,295			7,162,840	10,044,295
Total Assets	<u>26,044,690</u>	<u>23,762,707</u>	<u>629,183</u>	<u>405,022</u>	<u>26,673,873</u>	<u>24,167,729</u>
Net Assets:						
Restricted for:						
Special Revenue	16,278,882	15,543,508			16,278,882	15,543,508
Recreation			629,183	405,022	629,183	405,022
Unrestricted	9,765,808	8,219,199			9,765,808	8,219,199
Total Net Assets	<u>\$26,044,690</u>	<u>\$23,762,707</u>	<u>\$629,183</u>	<u>\$405,022</u>	<u>\$26,673,873</u>	<u>\$24,167,729</u>

**WASHINGTON TOWNSHIP
MONTGOMERY COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2011
UNAUDITED
(Continued)**

As mentioned previously, net assets of Township's activities increased \$2,506,144 or 10 percent during 2011. The primary reasons contributing to the overall increase in cash balances are as follows:

- The General Fund's net assets increased \$1,537,404 due mainly to an increase in inheritance taxes received in the amount of \$950,726 over 2010 and an EDGE grant reimbursement from the county in the amount of \$245,984. Capital expense also decreased \$317,842 in 2011.
- The Fire Fund's net assets increased \$880,607 due mainly to an increase in EMS receipts from instituting a policy change in January 2011 where residents' insurance is now billed for medic transports.
- The Police Fund's net assets increased \$577,741 due mainly to an increase in property tax revenue as a result of the passage of the 5-year and continuous replacement levies.
- The Road & Bridge Fund's net assets decreased \$665,989 due mainly to an increase in capital outlay for projects that were delayed from 2010 to 2011, mainly storm water drainage projects.

Table 2 reflects the changes in net assets on a modified cash basis for 2011 and 2010 for governmental activities, business type activities and total primary government.

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

	Governmental Activities		Business Type Activities		Total	
	2011	2010	2011	2010	2011	2010
Receipts:						
Program Receipts:						
Charges for Services and Sales	\$1,802,874	\$750,298	\$1,337,017	\$1,261,366	\$3,139,891	\$2,011,664
Operating Grants and Contributions	2,690,800	2,848,328	179,319	222,608	2,870,119	3,070,936
Capital Grants and Contributions		205,282				205,282
Total Program Receipts	4,493,674	3,803,908	1,516,336	1,483,974	6,010,010	5,287,882
General Receipts:						
Property and Other Local Taxes	14,942,236	13,761,807	1,059,008	1,045,352	16,001,244	14,807,159
Grants and Entitlements Not Restricted to Specific Programs	2,948,252	1,765,462			2,948,252	1,765,462
Sale of Capital Assets	47,799	49,939	8,646	1,062	56,445	51,001
Interest	165,826	303,230			165,826	303,230
Miscellaneous	319,464	300,036	131,034	113,403	450,498	413,439
Total General Receipts	18,423,577	16,180,474	1,198,688	1,159,817	19,622,265	17,340,291
Total Receipts	22,917,251	19,984,382	2,715,024	2,643,791	25,632,275	22,628,173
Disbursements:						
General Government	2,236,879	2,722,087			2,236,879	2,722,087
Police	3,682,274	3,509,694			3,682,274	3,509,694
Fire	6,995,014	6,374,279			6,995,014	6,374,279
Public Works	3,502,554	3,780,684			3,502,554	3,780,684
Health	200,125	193,931			200,125	193,931
Conservation Recreation	206,777				206,777	
Capital Outlay	3,222,664	1,749,071			3,222,664	1,749,071
Principal Retirement	525,000	525,000			525,000	525,000
Interest and Fiscal Charges	63,981	83,082			63,981	83,082
Recreation Center			2,490,863	2,512,752	2,490,863	2,512,752
Total Disbursements	20,635,268	18,937,828	2,490,863	2,512,752	23,126,131	21,450,580

**WASHINGTON TOWNSHIP
MONTGOMERY COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2011
UNAUDITED
(Continued)**

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

	Governmental Activities		Business Type Activities		Total	
	2011	2010	2011	2010	2011	2010
Excess (Deficiency) Before Transfers	2,281,983	1,188,570	224,161	131,039	2,506,144	1,319,609
Special Item – Proceeds from sale of land Transfers		142,016				142,016
Increase (Decrease) in Net Assets	2,281,983	1,188,570	224,161	131,039	2,506,144	1,319,609
Net Assets, January 1	23,762,707	22,574,137	405,022	273,983	24,167,729	22,848,120
Net Assets, December 31	<u>\$26,044,690</u>	<u>\$23,762,707</u>	<u>\$629,183</u>	<u>\$405,022</u>	<u>\$26,673,873</u>	<u>\$24,167,729</u>

Program receipts represent only 20 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; EMS receipts for medic transports; and rollback and homestead exemption dollars received from the State for the Road and Bridge, Police, and Fire funds.

Program receipts for business-type activities equals 56 percent of the total business activity receipts and represents receipts collected at the Recreation Center for memberships, participation programs or classes, walk-in fees and rollback and homestead exemption dollars received from the State for the Recreation Fund.

General receipts represent 80 percent of the total governmental activities receipts and 44 percent of the business-type activities total receipts. Of these amounts, 81 percent represent property taxes for the governmental activities and 88 percent represent property taxes for the business-type activities. For the remainder of the governmental activities, the majority of general receipts include inheritance tax, interest and local government funds, which are in the general fund and received from the State of Ohio.

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

Police and Fire are the costs for providing these services; Public Works is the cost of maintaining roads; Health is the cost of running and maintaining six cemeteries; and Capital Outlay includes payments made in 2011 for street and sidewalk construction, drainage projects, the purchase of new vehicles, protective fire clothing, new office, machinery and computer equipment and the purchases of road right of ways. Principal Retirement includes the semi-annual payments on the notes issued for the building of two fire stations and a training tower and the Sterling Cove road project. The Sterling Cove road project is assessed to the property owners through their property taxes.

**WASHINGTON TOWNSHIP
MONTGOMERY COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2011
UNAUDITED
(Continued)**

Governmental Activities

If you look at the Statement of Activities (page 14), 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, Police and Public Works services which account for 34, 18, and 17 percent of all governmental disbursements, respectively. Capital Outlay and General Government purchases also represented a significant cost, about 16 and 11 percent respectively. The next two columns of the Statement entitled Program Cash Receipts identify amounts paid by people who are directly charged for the service and grants received by the Township that must be used to provide a specific service. The net (Disbursements) Receipts column compares the program receipts to the cost of the service. This "net cost" amount represents the cost of the service, which ends up being paid from money provided by local taxpayers. These net costs are paid from the general receipts, which are presented at the bottom of the Statement. A comparison between the total cost of services and the net cost is presented in Table 3 below.

(Table 3)

Governmental Activities				
	Total Cost of Services 2011	Net Cost of Services 2011	Total Cost of Services 2010	Net Cost of Services 2010
General Government	\$ 2,236,879	\$ 1,880,317	\$ 2,722,087	\$ 2,383,227
Police	3,682,274	3,080,817	3,509,694	2,957,967
Fire	6,995,014	4,679,568	6,374,279	4,925,713
Public Works	3,502,554	2,297,895	3,780,684	2,329,230
Health	200,125	184,575	193,931	180,631
Conservation-Recreation	206,777	206,777		
Capital Outlay	3,222,664	3,222,664	1,749,071	1,749,071
Principal Retirement	525,000	525,000	525,000	525,000
Interest and Fiscal Charges	63,981	63,981	83,082	83,082
Total Expenses	\$20,635,268	\$16,141,594	\$18,937,828	\$15,133,921

The dependence upon property tax receipts is apparent as 78 percent of Township government activities are supported through general receipts.

Business-type Activities

The Recreation Center operation of the Township routinely reports receipts and cash disbursements that are relatively equal. For the Recreation Center, 61 percent of these activities are covered by program receipts while 39 percent are covered by general receipts.

**WASHINGTON TOWNSHIP
MONTGOMERY COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2011
UNAUDITED
(Continued)**

Budgeting Highlights

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

During 2011, the Township amended its budget for the General, Road & Bridge, Police, Fire and Recreation funds, among others, to be in line with the Amended Certificate of Resources. Final budgeted receipts were below original budgeted receipts due to a decrease in estimated property tax revenue. The County only certifies 95% of the property tax they estimate the township will receive. Actual receipts for the General, Road and Bridge, Police, and Fire funds were \$2,563,574 over final budgeted receipts or 13 percent.

Final disbursements for the four major funds were budgeted at \$42,455,592 while actual disbursements, including encumbrances, were \$20,875,495.

Debt Administration

Debt

At December 31, 2011, the Township's outstanding debt included \$1,000,000 in fire bonds for the construction of two fire stations and a training tower, and \$270,000 in Ohio Capital Asset Bonds for the Sterling Cove Road Project. For further information regarding the Township's debt, refer to Note 10 of the basic financial statements.

Current Issues

The challenge for all Townships is to provide quality services to the public while staying within the restrictions imposed by limited and, in some cases, shrinking funding. We rely heavily on property taxes, so it is imperative that we continue to enhance our property tax base while maintaining an attractive mix of residential, commercial and green space property. The Township is primarily a residential community. The townships tax base increased by 0.3 percent in 2011.

The Township plans to place a 1.85 mill replacement levy for the Road & Bridge Fund on the March 6, 2012 ballot. This levy will replace the current 1.70 mill levy that is expiring at the end of 2012. The additional millage is needed due to State cutbacks and a decline in property values.

In January 2011 the Township signed an agreement with Med3000 to begin billing for medic transports to residents' insurance. This change in policy brought in an additional one million dollars in 2011 and is budgeted to bring in \$1,200,000 for 2012.

The Township was awarded a \$300,000 FEMA Grant through the Assistance to Firefighters Grant Program, for the purchase of a new fire engine in 2012.

The Township plans to convert to a new payroll and financial software program in May 2012. The new software program is called Visual Intelligence Portfolio.

The City of Centerville filed a petition to annex ninety-six plus acres of land in the Township and Montgomery County approved the annexation on February 7, 2012. This annexation could potentially impact future tax revenues for the Township, especially the Road & Bridge Funds.

**WASHINGTON TOWNSHIP
MONTGOMERY COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2011
UNAUDITED
(Continued)**

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.

This page intentionally left blank.

**WASHINGTON TOWNSHIP
MONTGOMERY COUNTY**

**STATEMENT OF NET ASSETS - MODIFIED CASH BASIS
DECEMBER 31, 2011**

	<u>Governmental Activities</u>	<u>Business - Type Activities</u>	<u>Total</u>
Assets:			
Equity in Pooled Cash and Cash Equivalents	\$18,881,850	\$629,183	\$19,511,033
Investments	7,162,840		7,162,840
Total Assets	<u>26,044,690</u>	<u>629,183</u>	<u>26,673,873</u>
Net Assets:			
Restricted for:			
Road & Bridge Projects	8,960,872		8,960,872
Police	1,604,475		1,604,475
Fire	4,752,627		4,752,627
Other Programs	960,908		960,908
Recreation		629,183	629,183
Unrestricted	<u>9,765,808</u>		<u>9,765,808</u>
Total Net Assets	<u>\$26,044,690</u>	<u>\$629,183</u>	<u>\$26,673,873</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, 2011

	Program Cash Receipts			Net (Disbursements) Receipts and Changes in Net Assets		
	Cash Disbursements	Charges for Services and Sales	Operating Grants, Contributions and Interest	Governmental Activities	Business-Type Activities	Total
Governmental Activities:						
General Government	\$2,236,879	\$356,562		(\$1,880,317)		(\$1,880,317)
Police	3,682,274	47,080	\$554,377	(3,080,817)		(3,080,817)
Fire	6,995,014	1,299,913	1,015,533	(4,679,568)		(4,679,568)
Public Works	3,502,554	83,769	1,120,890	(2,297,895)		(2,297,895)
Health	200,125	15,550		(184,575)		(184,575)
Conservation-Recreation	206,777			(206,777)		(206,777)
Capital Outlay	3,222,664			(3,222,664)		(3,222,664)
Debt Service	588,981			(588,981)		(588,981)
Total Governmental Activities	20,635,268	1,802,874	2,690,800	(16,141,594)		(16,141,594)
Business Type Activity:						
Recreation Center	2,490,863	1,337,017	179,319		(\$974,527)	(974,527)
Total	\$23,126,131	\$3,139,891	\$2,870,119	(16,141,594)	(974,527)	(17,116,121)
General Receipts:						
Property and Other Local Taxes Levied for:						
General Purposes				1,059,008		1,059,008
Road & Bridge				3,784,804		3,784,804
Police				3,693,549		3,693,549
Fire				6,404,875		6,404,875
Recreation					1,059,008	1,059,008
Grants and Entitlements not Restricted to Specific Programs				2,948,252		2,948,252
Sale of Capital Assets				47,799	8,646	56,445
Interest				165,826		165,826
Miscellaneous				319,464	131,034	450,498
Total General Receipts				18,423,577	1,198,688	19,622,265
Change in Net Assets				2,281,983	224,161	2,506,144
Net Assets Beginning of Year				23,762,707	405,022	24,167,729
Net Assets End of Year				\$26,044,690	\$629,183	\$26,673,873

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, 2011**

	<u>General</u>	<u>Road & Bridge Fund</u>	<u>Police Fund</u>	<u>Fire Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets:						
Equity in Pooled Cash and Cash Equivalents	\$7,059,834	\$6,494,136	\$1,162,797	\$3,444,330	\$696,391	\$18,857,488
Investments	2,681,612	2,466,736	441,678	1,308,297	264,517	7,162,840
Total Assets	<u>9,741,446</u>	<u>8,960,872</u>	<u>1,604,475</u>	<u>4,752,627</u>	<u>960,908</u>	<u>26,020,328</u>
Fund Balances:						
Non-spendable					45,501	45,501
Restricted			1,604,475	4,752,627	894,849	7,251,951
Committed		8,960,872			20,558	8,981,430
Assigned	171,246					171,246
Unassigned (Deficit)	9,570,200					9,570,200
Total Fund Balances	<u>\$9,741,446</u>	<u>\$8,960,872</u>	<u>\$1,604,475</u>	<u>\$4,752,627</u>	<u>\$960,908</u>	<u>\$26,020,328</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, 2011

Total Governmental Fund Balances \$26,020,328

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.

24,362

Net Assets of Governmental Activities

\$26,044,690

See accompanying notes to the basic financial statements.

**WASHINGTON TOWNSHIP
MONTGOMERY COUNTY**

**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN MODIFIED CASH BASIS FUND
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2011**

	General	Road & Bridge Fund	Police Fund	Fire Fund	Other Governmental Funds	Total Governmental Funds
Receipts:						
Property and Other Local Taxes	\$1,059,008	\$3,784,804	\$3,693,549	\$6,404,875		\$14,942,236
Charges for Services	10,052			1,299,128		1,309,180
Licenses, Permits and Fees	339,592	2,280	125	785	\$15,550	358,332
Fines and Forfeitures	46,955					46,955
Intergovernmental	2,948,252	638,872	554,377	1,015,533	464,684	5,621,718
Special Assessments	6,918				81,489	88,407
Interest	165,826				17,334	183,160
Other	51,188	54,499	178,240	23,105	12,432	319,464
Total Receipts	<u>4,627,791</u>	<u>4,480,455</u>	<u>4,426,291</u>	<u>8,743,426</u>	<u>591,489</u>	<u>22,869,452</u>
Disbursements:						
Current:						
General Government	2,236,879					2,236,879
Police	20,921		3,670,558			3,691,479
Fire	270,488			6,724,526		6,995,014
Public Works	45,792	2,881,636			575,126	3,502,554
Health	174,087				26,038	200,125
Conservation-Recreation	206,777					206,777
Capital Outlay	140,143	2,274,806	203,241	593,691	10,783	3,222,664
Debt Service:						
Principal Retirement				500,000	25,000	525,000
Interest and Fiscal Charges				50,454	13,527	63,981
Total Disbursements	<u>3,095,087</u>	<u>5,156,442</u>	<u>3,873,799</u>	<u>7,868,671</u>	<u>650,474</u>	<u>20,644,473</u>
Excess of Receipts Over (Under) Disbursements	<u>1,532,704</u>	<u>(675,987)</u>	<u>552,492</u>	<u>874,755</u>	<u>(58,985)</u>	<u>2,224,979</u>
Other Financing Sources (Uses):						
Sale of Capital Assets	6,700	9,998	25,249	5,852		47,799
Advances In					2,000	2,000
Advances Out	(2,000)					(2,000)
Total Other Financing Sources (Uses)	<u>4,700</u>	<u>9,998</u>	<u>25,249</u>	<u>5,852</u>	<u>2,000</u>	<u>47,799</u>
Net Change in Fund Balances	1,537,404	(665,989)	577,741	880,607	(56,985)	2,272,778
Fund Balances Beginning of Year	<u>8,204,042</u>	<u>9,626,861</u>	<u>1,026,734</u>	<u>3,872,020</u>	<u>1,017,893</u>	<u>23,747,550</u>
Fund Balances End of Year	<u>\$9,741,446</u>	<u>\$8,960,872</u>	<u>\$1,604,475</u>	<u>\$4,752,627</u>	<u>\$960,908</u>	<u>\$26,020,328</u>

See accompanying notes to the basic financial statements.

WASHINGTON TOWNSHIP
MONTGOMERY COUNTY

RECONCILIATION OF THE STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENTS OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2011

Net Change in Fund Balances - Total Governmental Funds \$2,272,778

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

Internal service funds charge repair and maintenance costs to other funds.

The entity-wide statements eliminate governmental fund expenditures
and related internal service fund charges. Governmental activities
report allocated net internal service fund revenues (expenses).

9,205

Change in Net Assets of Governmental Activities

\$2,281,983

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, 2011

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Receipts:				
Property and Other Local Taxes	\$1,067,771	\$1,067,771	\$1,059,008	(\$8,763)
Charges for Services	9,000	9,000	10,052	1,052
Licenses, Permits and Fees	309,000	\$309,000	339,592	30,592
Fines and Forfeitures	58,000	58,000	46,955	(11,045)
Intergovernmental	1,072,753	1,072,753	2,948,252	1,875,499
Special Assessments			6,918	6,918
Interest	200,000	\$178,275	165,826	(12,449)
Other	68,000	68,000	51,188	(16,812)
Total receipts	<u>2,784,524</u>	<u>2,762,799</u>	<u>4,627,791</u>	<u>1,864,992</u>
Disbursements:				
Current:				
General Government	9,490,466	9,167,976	2,265,378	6,902,598
Police	24,324	26,024	20,921	5,103
Fire	320,375	320,875	272,932	47,943
Public Works	231,144	231,144	91,302	139,842
Health	181,050	182,950	174,087	8,863
Conservation-Recreation	245,400	245,600	208,174	37,426
Capital Outlay	952,970	790,620	233,539	557,081
Total Disbursements	<u>11,445,729</u>	<u>10,965,189</u>	<u>3,266,333</u>	<u>7,698,856</u>
Excess of Receipts Over (Under) Disbursements	<u>(8,661,205)</u>	<u>(8,202,390)</u>	<u>1,361,458</u>	<u>9,563,848</u>
Other Financing Sources (Uses):				
Sale of Capital Assets			6,700	6,700
Advances Out			(2,000)	(2,000)
Total Other Financing Sources (Uses)			<u>4,700</u>	<u>4,700</u>
Net Change in Fund Balance	(8,661,205)	(8,202,390)	1,366,158	9,568,548
Fund Balance Beginning of Year	7,979,904	7,979,904	7,979,904	
Prior Year Encumbrances Appropriated	<u>224,138</u>	<u>224,138</u>	<u>224,138</u>	
Fund Balance End of Year	<u>(\$457,163)</u>	<u>\$1,652</u>	<u>\$9,570,200</u>	<u>\$9,568,548</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, 2011**

	<u>Budgeted Amounts</u>			Variance with Final Budget
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Receipts:				
Property and Other Local Taxes	\$3,816,216	\$3,776,216	\$3,784,804	\$8,588
Licenses, Permits and Fees	500	500	2,280	1,780
Intergovernmental	670,595	531,474	638,872	107,398
Other	15,000	15,000	54,499	39,499
Total receipts	<u>4,502,311</u>	<u>4,323,190</u>	<u>4,480,455</u>	<u>157,265</u>
Disbursements:				
Current:				
Public Works	4,769,690	4,920,740	3,324,912	1,595,828
Capital Outlay	9,626,744	9,039,310	2,429,643	6,609,667
Total Disbursements	<u>14,396,434</u>	<u>13,960,050</u>	<u>5,754,555</u>	<u>8,205,495</u>
Excess of Receipts Over (Under) Disbursements	<u>(9,894,123)</u>	<u>(9,636,860)</u>	<u>(1,274,100)</u>	<u>8,362,760</u>
Other Financing Sources (Uses):				
Sale of Capital Assets	10,000	10,000	9,998	(2)
Total Other Financing Sources (Uses)	<u>10,000</u>	<u>10,000</u>	<u>9,998</u>	<u>(2)</u>
Net Change in Fund Balance	(9,884,123)	(9,626,860)	(1,264,102)	8,362,758
Fund Balance Beginning of Year	8,099,507	8,099,507	8,099,507	
Prior Year Encumbrances Appropriated	<u>1,527,353</u>	<u>1,527,353</u>	<u>1,527,353</u>	
Fund Balance End of Year	<u>(\$257,263)</u>	<u> </u>	<u>\$8,362,758</u>	<u>\$8,362,758</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, 2011**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Receipts:				
Property and Other Local Taxes	\$3,709,869	\$3,669,869	\$3,693,549	\$23,680
Licenses, Permits and Fees	100	100	125	25
Intergovernmental	649,788	531,080	554,377	23,297
Other			178,240	178,240
Total receipts	<u>4,359,757</u>	<u>4,201,049</u>	<u>4,426,291</u>	<u>225,242</u>
Disbursements:				
Current:				
Police	3,922,637	3,905,837	3,676,631	229,206
Capital Outlay	1,453,652	1,320,145	203,241	1,116,904
Total Disbursements	<u>5,376,289</u>	<u>5,225,982</u>	<u>3,879,872</u>	<u>1,346,110</u>
Excess of Receipts Over (Under) Disbursements	<u>(1,016,532)</u>	<u>(1,024,933)</u>	546,419	<u>1,571,352</u>
Other Financing Sources (Uses):				
Sale of Capital Assets	15,000	15,000	25,249	10,249
Total Other Financing Sources (Uses)	<u>15,000</u>	<u>15,000</u>	<u>25,249</u>	<u>10,249</u>
Net Change in Fund Balance	(1,001,532)	(1,009,933)	571,668	1,581,601
Fund Balance Beginning of Year	981,595	981,595	981,595	
Prior Year Encumbrances Appropriated	<u>45,139</u>	<u>45,139</u>	<u>45,139</u>	
Fund Balance End of Year	<u>\$25,202</u>	<u>\$16,801</u>	<u>\$1,598,402</u>	<u>\$1,581,601</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, 2011**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Final Budget</u>
	<u>Original</u>	<u>Final</u>		<u>Variance with Final Budget</u>
Receipts:				
Property and Other Local Taxes	\$6,439,211	\$6,413,931	\$6,404,875	(\$9,056)
Charges for Services	1,050,000	1,050,000	1,299,128	249,128
Licenses, Permits and Fees	2,000	2,000	785	(1,215)
Intergovernmental	1,180,920	960,920	1,015,533	54,613
Other	500	500	23,105	22,605
Total receipts	<u>8,672,631</u>	<u>8,427,351</u>	<u>8,743,426</u>	<u>316,075</u>
Disbursements:				
Current:				
Fire	7,741,022	7,729,022	6,808,349	920,673
Capital Outlay	4,301,837	4,024,849	615,932	3,408,917
Debt Service:				
Principal Retirement	500,000	500,000	500,000	
Interest and Fiscal Charges	50,500	50,500	50,454	46
Total Disbursements	<u>12,593,359</u>	<u>12,304,371</u>	<u>7,974,735</u>	<u>4,329,636</u>
Excess of Receipts Over (Under) Disbursements	<u>(3,920,728)</u>	<u>(3,877,020)</u>	<u>768,691</u>	<u>4,645,711</u>
Other Financing Sources (Uses):				
Sale of Capital Assets	5,000	5,000	5,852	852
Total Other Financing Sources (Uses)	<u>5,000</u>	<u>5,000</u>	<u>5,852</u>	<u>852</u>
Net Change in Fund Balance	(3,915,728)	(3,872,020)	774,543	4,646,563
Fund Balance Beginning of Year	3,622,702	3,622,702	3,622,702	
Prior Year Encumbrances Appropriated	<u>249,318</u>	<u>249,318</u>	<u>249,318</u>	
Fund Balance End of Year	<u>(\$43,708)</u>	<u>\$0</u>	<u>\$4,646,563</u>	<u>\$4,646,563</u>

See accompanying notes to the basic financial statements.

**WASHINGTON TOWNSHIP
MONTGOMERY COUNTY**

**STATEMENT OF FUND NET ASSETS - MODIFIED CASH BASIS
PROPRIETARY FUNDS
DECEMBER 31, 2011**

	Business-Type Activities	Governmental Activity
	Recreation	Internal Service
	Enterprise Fund	Internal Service
Assets:		
Equity in Pooled Cash and Cash Equivalents	\$629,183	\$24,362
Investments		
Total Assets	\$629,183	\$24,362
Net Assets:		
Restricted for:		
Recreation	\$629,183	
Unrestricted		\$24,362

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, 2011**

	Business-Type Activities	Governmental Activity
	Recreation	Internal Service
	Enterprise Fund	Internal Service
Operating Receipts:		
Charges for Services	\$1,337,017	\$51,160
Property and Other Local Taxes	1,059,008	
Intergovernmental	179,319	
Other Operating Receipts	131,034	
Total Operating Receipts	2,706,378	51,160
Operating Disbursements:		
Salaries	1,292,198	10,644
Employee Fringe Benefits	356,722	
Purchased Services	107,137	
Materials and Supplies	97,203	17,717
Repairs and Maintenance	72,942	13,590
Communication, Printing and Advertising	110,992	
Capital Outlay	53,148	
Other	400,521	4
Total Operating Disbursements	2,490,863	41,955
Operating Income (Loss)	215,515	9,205
Non-Operating Receipts (Disbursements):		
Sale of Fixed Assets	8,646	
Total Non-Operating Receipts (Disbursements)	8,646	
Change in Net Assets	224,161	9,205
Net Assets Beginning of Year	405,022	15,157
Net Assets End of Year	\$629,183	\$24,362

See accompanying notes to the basic financial statements.

**WASHINGTON TOWNSHIP
MONTGOMERY COUNTY**

**STATEMENT OF FIDUCIARY NET ASSETS - MODIFIED CASH BASIS
FIDUCIARY FUNDS
DECEMBER 31, 2011**

	Private Purpose Trust	Agency
Assets:		
Equity in Pooled Cash and Cash Equivalents	\$3,360	\$13,637
Total Assets	3,360	13,637
Net Assets:		
Held in Trust for Cemetery Bequests:		
Nonexpendable	3,300	
Expendable	60	
Held on Behalf of Township Employees		13,637
Total Net Assets	\$3,360	\$13,637

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, 2011

	<u>Private Purpose Trust</u>
Deductions:	
Payments in Accordance with Trust Agreements	\$222
Total Deductions	<u>222</u>
Change in Net Assets	(222)
Net Assets - Beginning of Year	<u>3,582</u>
Net Assets - End of Year	<u><u>\$3,360</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, 2011**

1. REPORTING ENTITY

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

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

A. Primary Government

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

B. Component Units

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

**WASHINGTON TOWNSHIP
MONTGOMERY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Basis of Presentation

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

1. Township-Wide Financial Statements

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

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

2. Fund Financial Statements

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

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

**WASHINGTON TOWNSHIP
MONTGOMERY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Fund Accounting

The Township uses fund accounting to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. Funds are used to segregate resources that are restricted as to use. The funds of the Township are divided into three categories: Governmental, Proprietary and Fiduciary.

1. Governmental Funds

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

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

2. Proprietary Funds

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

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

Recreation Fund – This fund is used to account for the Recreation Center's activity. It receives funds primarily through user fees, facility rentals and property taxes.

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

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

**WASHINGTON TOWNSHIP
MONTGOMERY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. Fiduciary Funds

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

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

4. Agency Funds

Agency funds are purely custodial in nature and are used to hold resources for individuals, organizations, or other governments. The Township had the following Agency Fund.

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

C. Basis of Accounting

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

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

D. Budgetary Process

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

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

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

**WASHINGTON TOWNSHIP
MONTGOMERY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

E. Cash and Investments

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

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

During 2011, 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, 2011.

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 2011 was \$165,826, which includes \$103,243 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.

**WASHINGTON TOWNSHIP
MONTGOMERY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 8 and 9, 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 another financing source nor capital outlay expenditure is reported at inception. Lease payments are reported when paid.

K. Net Assets

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

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

Non-spendable: The non-spendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or are legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of interfund loans.

Restricted: Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

Committed: The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by formal action (resolution) of Township Trustees. Those committed amounts cannot be used for any other purpose unless the Township Trustees remove or change the specific use by taking the same type of action (resolution) it employed to previously commit those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

**WASHINGTON TOWNSHIP
MONTGOMERY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assigned: Amounts in the assigned fund balance classification are intended to be used by the Township for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by Township Trustees or a Township official delegated that authority by resolution or by State Statute.

Unassigned: Unassigned fund balance is the residual classification for the general fund and includes amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

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

3. CHANGE IN ACCOUNTING PRINCIPLE

For fiscal year 2011, the Township implemented Governmental Accounting Standard Board (GASB) Statement No.54, "Fund Balance Reporting and Governmental Fund Type Definitions." GASB Statement No. 54 enhances the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. This statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in the governmental funds. The implementation of GASB Statement No. 54 had no effect on previously reported fund balances.

4. BUDGETARY BASIS OF ACCOUNTING

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budget Basis presented for the General, Police, Fire and Road & Bridge funds are prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference between the budgetary basis and the modified cash basis is that outstanding year end encumbrances are treated as disbursements (budgetary basis) rather than as restricted, committed or assigned fund balances (modified cash basis). The encumbrances outstanding at year end (budgetary basis) amounted to \$171,246 for the General Fund, \$6,073 for the Police Fund, \$106,064 for the Fire Fund, and \$598,113 for the Road & Bridge Fund. An advance of \$2,000 was made from the General Fund to the Special Assessment Bond Retirement Fund to cover a shortage due to delinquent property tax payments. The outstanding advances at year end amounted to \$45,501 for the General Fund.

**WASHINGTON TOWNSHIP
MONTGOMERY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011
(Continued)**

5. DEPOSITS AND INVESTMENTS

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

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

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

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

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

1. U.S. Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, 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.

**WASHINGTON TOWNSHIP
MONTGOMERY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011
(Continued)**

5. DEPOSITS AND INVESTMENTS (Continued)

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

A. Deposits

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

Custodial credit risk is the risk that, in the event of bank failure, the Township will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year end, \$12,310,852 of the Township's bank balance of \$20,009,209 was exposed to custodial credit risk because those deposits were uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the Township's name. The carrying amount of the Township's deposits amounted to \$19,528,030.

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

B. Investments

As of December 31, 2011, the Township had the following investments:

	Carrying Value	Maturity (in years)				Concentration of Credit Risk
		Less Than One Year	1-2	3-4	5	
Fannie Mae	\$3,276,688		\$ 756,390	\$2,520,298		45.75
FHLB	1,999,244		1,230,309	768,935		27.91
Freddie Mac	753,983		753,983			10.53
Fed Farm Cr.	718,779		718,779			10.03
STAR Ohio	389,133	\$389,133				5.43
Money Market	25,013	25,013				0.35
Total Portfolio	\$7,162,840	\$414,146	\$3,459,461	\$3,289,233	\$0	

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.

**WASHINGTON TOWNSHIP
MONTGOMERY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011
(Continued)**

5. DEPOSITS AND INVESTMENTS (Continued)

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 Farm Credit Bank Notes, Federal Home Loan Mortgage Corp. (Freddie Mac) Notes and Federal National Mortgage Association (Fannie Mae) Notes carry a rating of AA+ by Standard and Poor's. 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.

Custodial Credit Risk: For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Township will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The repurchase agreement, federal national mortgage association notes, federal home loan mortgage corporation notes, and the federal home loan bank notes are exposed to custodial credit risk as they are uninsured, unregistered, and held by the counterparty's trust department or agent but not in the Township's name.

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, 2011.

Cash and Investments per footnote:

Carrying amounts of deposits	\$19,528,030
Investments	7,162,840
Total	<u>\$26,690,870</u>

Cash and Investments per Statements of Net Assets:

Governmental activities	\$26,044,690
Business type activities	629,183
Agency funds	13,637
Private purpose trust funds	3,360
Total	<u>\$26,690,870</u>

6. PROPERTY TAXES

Property taxes include amounts levied against all real property and public utility real property located in the Township. Real property tax receipts received in 2011 represent the collection of 2010 taxes. Real property taxes received in 2011 were levied after October 1, 2010, on the assessed values as of January 1, 2011, the lien date. Assessed values for real property taxes are established by State Statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31st; if paid semi-annually, the first payment is due February 18th, with the remainder payable by July 15th. Under certain circumstances, State Statute permits alternate payment dates to be established.

**WASHINGTON TOWNSHIP
MONTGOMERY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011
(Continued)**

6. PROPERTY TAXES (Continued)

Public utility property tax receipts received in 2011 represent the collection of 2010 taxes. Public utility real property taxes received in 2011 became a lien on December 31, 2009 were levied after October 1, 2010, and were collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility personal property is currently assessed at varying percentages of true value.

Tangible personal property tax receipts received in 2011 represent the collection of delinquent taxes. Tangible personal property is assessed at zero percent for capital assets and inventory.

The full tax rate for all Township operations for the year ended December 31, 2011, was \$13.90 per \$1,000 of assessed value for unincorporated residents. The full tax rate for all operations, (County, School, Township, City, JVS, Library and Park District), was \$113.99 per \$1,000 of assessed value for unincorporated Township residents and \$108.34 per \$1,000 of assessed value for City of Centerville residents. The assessed values of real property and public utility personal property upon which 2011 property tax receipts were based are as follows:

Real Property:	
Residential/Agricultural	\$1,360,443,060
Commercial/Industrial/Mineral	341,959,150
Public Utility Property:	
Personal	23,633,360
Total Assessed Value	<u>\$1,726,035,570</u>

7. RISK MANAGEMENT

The Township has obtained commercial insurance for the following risks:

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

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

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

The Township provides a health savings account plan (HSA) through Anthem for full-time employees and elected officials. Life insurance, through Standard Life Insurance Company, and dental, thru Superior Dental Care, are also provided to all full-time employees, elected officials and eligible part-time employees.

**WASHINGTON TOWNSHIP
MONTGOMERY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011
(Continued)**

8. DEFINED BENEFIT PENSION PLAN

A. Ohio Public Employees Retirement System

Plan Description - The Township participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans:

The traditional plan is a cost-sharing, multiple-employer defined benefit pension plan.

The member-directed plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the member directed plan, members accumulate retirement assets equal to the value of the member and (vested) employer contributions plus any investment earnings.

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

OPERS provides retirement, disability, survivor and death benefits and annual cost-of-living adjustments to members of the Traditional Pension 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. A copy of this report may be obtained by writing to OPERS at the following: 277 East Town Street, Columbus, OH 43215-4642 or by calling (614) 222-5601 or (800) 222-7377.

For the year ended December 31, 2011, OPERS members were required to contribute 10 percent of their annual covered salaries. The contribution rate for pension benefits for 2011 was 14 percent for state and local employer units. 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, 2011, 2010, and 2009 were \$686,011, \$701,696 and \$696,243 respectively, equal to required contributions for each year.

B. Ohio Police and Fire Pension Fund

Plan Description - 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 pension benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by the Ohio State Legislature and are codified in Chapter 742 of the Ohio Revised Code. 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 \$395,463 for the year ended December 31, 2011, \$355,619 for the year ended December 31, 2010, and \$348,258 for the year ended December 31, 2009. The full amount has been contributed for 2011, 2010, and 2009.

**WASHINGTON TOWNSHIP
MONTGOMERY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011
(Continued)**

9. POST EMPLOYMENT BENEFITS

A. Ohio Public Employees Retirement System

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

OPERS maintains a cost-sharing multiple employer defined benefit post-employment health care plan, which includes a medical plan, prescription drug program and Medicare Part B premium reimbursement, to qualifying members of both the Traditional Pension and the Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including post-retirement health care coverage.

In order to qualify for post-employment health care coverage, age-and-service retirees under the Traditional Pension and Combined Plans must have ten or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in *GASB Statement 45*.

The Ohio Revised Code permits, but does not mandate, OPERS to provide OPEB benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

OPERS issues a stand-alone financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/investments/cafr.shtml>, writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or calling (614) 222-5601 or 1-800-222-7377.

Funding Policy - The Ohio Revised Code provides the statutory authority requiring public employers to fund post retirement health care through their contributions to OPERS. A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of post retirement health care benefits. Employer contribution rates are expressed as a percentage of the covered payroll of active members. The 2011 Township employer contribution rate was 14 percent of covered payroll. The Ohio Revised Code currently limits the employer contribution to a rate not to exceed 14% of covered payroll for state and local employer units. Active members do not make contributions to the OPEB Plan.

OPERS' Post Employment Health Care plan was established under, and is administrated in accordance with, Internal Revenue Code 401(h). Each year, the OPERS Board of Trustees determines the portion of the employer contribution rate that will be set aside for funding of post-employment health care benefits. The portion of employer contributions allocated to health care for members in the Traditional Plan was 4.0% during calendar year 2011. The portion of employer contributions allocated to health care for members in the Combined Plan was 6.05% during calendar year 2011. The portion of employer contributions allocated to health care for the calendar year beginning January 1, 2012 remained the same, but they are subject to change based on Board action. Employers will be notified if the portion allocated to health care changes during calendar year 2012.

The OPERS Board of Trustees is also authorized to establish rules for the retiree, or their surviving beneficiaries, to pay a portion of the health care benefits provided. Payment amounts vary depending on the number of covered dependants and the coverage selected.

**WASHINGTON TOWNSHIP
MONTGOMERY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011
(Continued)**

9. POST EMPLOYMENT BENEFITS (Continued)

The Township contributions to fund post-employment health care benefits for the years ended December 31, 2011, 2010, and 2009 were \$195,993, \$254,560, and \$291,028, respectively.

The Health Care Preservation Plan (HCPP) adopted by the OPERS Board of Trustees on September 9, 2004, was effective January 1, 2007. Member and employer contribution rates for state and local employers increased on January 1 of each year from 2006 through 2008. These rate increases allowed additional funds to be allocated to the health care plan.

B. Ohio Police and Fire Pension Fund

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

The Ohio Police and Fire Pension Fund (OP&F) provides access to 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. The health care coverage provided by OP&F meets the definition of Other Post-Employment Benefit (OPEB) as described in *GASB Statement 45*.

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

OP&F issues a publicly available financial report that includes financial information and required supplementary information for the Plan. That report may be obtained by writing to OP&F, 140 East Town Street, Columbus, Ohio 43215-5164.

Funding Policy - The Ohio Revised Code provides for contribution requirements of the participating employers and of plan members to the Ohio Police & Fire Fund (defined benefit pension plan). Participating employers are required to contribute to the pension plan at rates expressed as percentages of the payroll of active pension plan members, currently, 24.00% of covered payroll for fire employers. The Ohio Revised Code states that the employer contribution may not exceed 24.00% of covered payroll for fire employers units. Active members do not make contributions to the OPEB Plan.

OP&F maintains funds for health care in two separate accounts. One for health care benefits under an IRS Code Section 115 trust and one for Medicare Part B reimbursements administrated as an Internal Revenue Code 401(h) account, both of which are within the defined benefit pension plan, under the authority granted by the Ohio Revised Code to the OP&F Board of Trustees.

**WASHINGTON TOWNSHIP
MONTGOMERY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011
(Continued)**

9. POST EMPLOYMENT BENEFITS (Continued)

The Board of Trustees is authorized to allocate a portion of the total employer contributions made into the pension plan to the Section 115 trust and the Section 401(h) account as the employer contribution for retiree health care benefits. For the year ended December 31, 2011, the employer contribution allocated to the health care plan was 6.75% of covered payroll. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees' primary responsibility to ensure that pension benefits are adequately funded and is limited by the provisions of Sections 115 and 401(h).

The OP&F Board of Trustees is also authorized to establish requirements for contributions to the health care plan by retirees and their eligible dependents, or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

The Township's actual contributions for the years ending December 31, 2011, 2010, and 2009 were \$395,463, \$355,619, and \$348,258 respectively. The amounts that were used to fund post-employment benefits for firefighters for the years ending December 31, 2011, 2010, and 2009 were \$111,125, \$99,929, and \$97,861, respectively.

10. DEBT

The Township's long-term debt activity for the year ended December 31, 2011, was as follows:

	<u>Interest Rate</u>	<u>Balance 12/31/2010</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance 12/31/2011</u>	<u>Due Within One Year</u>
Township Activities:						
General Obligation Bonds:						
2009 Issue (\$320,000)	Varies	\$ 295,000		\$ 25,000	\$ 270,000	\$ 30,000
Special Assessment Capital Asset 2003 Issue (\$5,000,000)	3.62%	1,500,000		500,000	1,000,000	500,000
Fire Station & Equipment Bond						
Total		<u>\$1,795,000</u>	<u>\$ 0</u>	<u>\$525,000</u>	<u>\$1,270,000</u>	<u>\$530,000</u>

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

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

Year	G.O. Bonds	
	<u>Principal</u>	<u>Interest</u>
2012	\$ 530,000	\$ 43,078
2013	530,000	23,726
2014	30,000	8,925
2015	30,000	7,800
2016	30,000	6,600
2017 - 2019	120,000	11,250
	<u>\$1,270,000</u>	<u>\$101,379</u>

**WASHINGTON TOWNSHIP
MONTGOMERY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011
(Continued)**

10. 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 un-voted net debt of the Township less the same exempt debt shall never exceed an amount equal to 10.5 percent of its tax valuation. The effects of the debt limitations at December 31, 2011, were an overall debt margin of \$181,233,735 and an un-voted debt margin of \$94,931,956.

11. FUND BALANCES

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

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

<u>Fund Balances</u>	<u>General</u>	<u>Road & Bridge Fund</u>	<u>Police Fund</u>	<u>Fire Fund</u>	<u>Other Governmental Funds</u>	<u>Total</u>
Non-spendable:						
Advances					\$ 45,501	\$ 45,501
Total Non-spendable					45,501	45,501
Restricted for:						
Road and Bridge					830,247	830,247
Police Services			\$1,604,475			1,604,475
Fire Services				\$4,752,627		4,752,627
Cemetery					64,314	64,314
Debt Service					288	288
Total Restricted			1,604,475	4,752,627	894,849	7,251,951
Committed to:						
Road and Bridge		\$8,960,872				8,960,872
Lighting District					20,558	20,558
Total Committed		8,960,872			20,558	8,981,430
Assigned to:						
Unpaid Obligations	\$ 171,246					171,246
Total Assigned	171,246					171,246
Unassigned (Deficit)	9,570,200					9,570,200
Total Fund Balances	<u>\$9,741,446</u>	<u>\$8,960,872</u>	<u>\$1,604,475</u>	<u>\$4,752,627</u>	<u>\$960,908</u>	<u>\$26,020,328</u>

**WASHINGTON TOWNSHIP
MONTGOMERY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011
(Continued)**

12. INTER FUND RECEIVABLES / PAYABLES (ADVANCES)

Inter fund balances as of December 31, 2011 consisted of the following individual fund receivables and payables:

Due to General Fund from:	
Special Assessment Bond Retirement Fund	\$ 2,000
Lighting Assessment Fund	<u>43,501</u>
 Total due General Fund:	 <u>\$45,501</u>

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

13. CONTINGENT LIABILITIES

On August 6, 2010, the Trustees approved a resolution of necessity for road improvements on Paragon Road. They also approved six resolutions authorizing the appropriation of real property along Paragon Road. There are three residents who have not approved the appropriation of their property at this time. Any potential cost to the Township over and above the appropriation of their property, is unknown at this time.

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.

14. SUBSEQUENT EVENTS

On January 9th, 2012 the Township approved an agreement to partner with Montgomery County for improvements to the Spring Valley and Cloyo Road intersection. The Townships financial contribution to the project is \$230,850.

On February 13th, 2012 the Township approved a new fee schedule for the Zoning Department.

On February 13th, 2012 the Township also approved contracting with Crain, Langner and Company to conduct a policy review and recommendations for risk management insurance for the township.

The Township was awarded a \$300,000 grant from the Assistance to Firefighters Grant Program thru FEMA to be used to purchase a new fire engine.

The Township will receive a grant through CDBG from Montgomery County in the amount of \$36,000 for surfacing the Countryside Park playground to be ADA compliant.

96.5 acres of land is to be annexed into the City of Centerville. The Township filed an objection with Montgomery County. The objection was denied and the annexation was approved on February 7, 2012.

This page intentionally left blank.



Dave Yost • Auditor of State

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

Washington Township
Montgomery County
8200 McEwen Road
Dayton, Ohio 45458

To the Board of Trustees:

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Washington Township, Montgomery County, (the Township) as of and for the year ended December 31, 2011, which collectively comprise the Township's basic financial statements and have issued our report thereon dated May 14, 2012 wherein we noted that that the Township adopted provisions of Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

We did note a certain matter not requiring inclusion in this report that we reported to the Township's management in a separate letter dated May 14, 2012.

We intend this report solely for the information and use of management, audit committee, Board of Trustees, and others within the Township. and others within the Township. We intend it for no one other than these specified parties.

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

Dave Yost
Auditor of State

May 14, 2012



Dave Yost • Auditor of State

WASHINGTON TOWNSHIP

MONTGOMERY COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
JUNE 28, 2012**