



**WASHINGTON TOWNSHIP
MONTGOMERY COUNTY**

REGULAR AUDIT

FOR THE YEAR ENDED DECEMBER 31, 2000



**JIM PETRO
AUDITOR OF STATE**

STATE OF OHIO

WASHINGTON TOWNSHIP
MONTGOMERY COUNTY

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REPORT OF INDEPENDENT ACCOUNTANTS

Washington Township
Montgomery County
8200 McEwen Road
Dayton, Ohio 45458

To the Board of Trustees:

We have audited the accompanying financial statements of Washington Township, Montgomery County, Ohio, (the Township) as of and for the year ended December 31, 2000. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of Washington Township, Montgomery County, as of December 31, 2000, and its combined cash receipts and disbursements for the year then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 22, 2001, on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

Jim Petro
Auditor of State

March 22, 2001

**WASHINGTON TOWNSHIP
MONTGOMERY COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN FUND
CASH BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2000**

	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total (Memorandum Only)</u>
Cash receipts:					
Local taxes	\$792,905	\$8,808,806	\$0	\$0	\$9,601,711
Intergovernmental	1,386,027	1,221,599	0	0	2,607,626
Special assessments	0	0	27,038	3,604	30,642
Licenses, permits and fees	66,298	18,277	0	0	84,575
Fines, forfeitures, and penalties	104,643	0	0	0	104,643
Earnings on investments	852,070	146,756	0	0	998,826
Other revenue	144,404	125,675	0	0	270,079
Total cash receipts	<u>3,346,347</u>	<u>10,321,113</u>	<u>27,038</u>	<u>3,604</u>	<u>13,698,102</u>
Cash disbursements:					
Current:					
General government	1,844,068	0	0	0	1,844,068
Public safety	15,713	6,166,984	0	0	6,182,697
Public works	32,277	1,863,424	0	3,377	1,899,078
Health	104,671	17,278	0	0	121,949
Debt Service:					
Redemption of principal	0	0	29,644	0	29,644
Interest and fiscal charges	0	0	8,430	0	8,430
Capital outlay	617,354	3,033,592	0	163,895	3,814,841
Total disbursements	<u>2,614,083</u>	<u>11,081,278</u>	<u>38,074</u>	<u>167,272</u>	<u>13,900,707</u>
Total receipts over/(under) disbursements	<u>732,264</u>	<u>(760,165)</u>	<u>(11,036)</u>	<u>(163,668)</u>	<u>(202,605)</u>
Other financing receipts/(disbursements):					
Lease Proceeds	0	513,530	0	0	513,530
Transfers-in	0	0	0	587,760	587,760
Transfers-out	(587,760)	0	0	0	(587,760)
Other sources	252,017	25,950	0	0	277,967
Total other financing receipts/(disbursements)	<u>(335,743)</u>	<u>539,480</u>	<u>0</u>	<u>587,760</u>	<u>791,497</u>
Excess of cash receipts and other financing receipts over/(under) cash disbursements and other financing disbursements	<u>396,521</u>	<u>(220,685)</u>	<u>(11,036)</u>	<u>424,092</u>	<u>588,892</u>
Fund cash balances January 1	<u>3,727,867</u>	<u>8,516,813</u>	<u>43,077</u>	<u>1,503,184</u>	<u>13,790,941</u>
Fund cash balances, December 31	<u>\$4,124,388</u>	<u>\$8,296,128</u>	<u>\$32,041</u>	<u>\$1,927,276</u>	<u>\$14,379,833</u>
Reserve for encumbrances, December 31	<u>\$840,462</u>	<u>\$1,671,684</u>	<u>\$0</u>	<u>\$0</u>	<u>\$2,512,146</u>

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

**WASHINGTON TOWNSHIP
MONTGOMERY COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS AND CHANGES IN FUND CASH
BALANCES - ALL PROPRIETARY FUND TYPES AND SIMILAR FIDUCIARY FUNDS -
FOR THE YEAR ENDED DECEMBER 31, 2000**

	<u>PROPRIETARY FUND TYPES</u>		<u>FIDUCIARY FUND TYPES</u>		<u>Total (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Internal Service</u>	<u>Non-Expendable Trust</u>	<u>Agency</u>	
Operating cash receipts:					
Charges for services	\$993,984	\$11,210	\$0	\$0	\$1,005,194
Other operating receipts	137,228	0	0	31,158	168,386
Total operating cash receipts	<u>1,131,212</u>	<u>11,210</u>	<u>0</u>	<u>31,158</u>	<u>1,173,580</u>
Operating cash disbursements:					
Recreation	1,849,154	0	0	0	1,849,154
Contractual services	0	10,448	0	0	10,448
Capital outlay	62,766	0	0	0	62,766
Total operating cash disbursements	<u>1,911,920</u>	<u>10,448</u>	<u>0</u>	<u>0</u>	<u>1,922,368</u>
Operating income/(loss)	<u>(780,708)</u>	<u>762</u>	<u>0</u>	<u>31,158</u>	<u>(748,788)</u>
Non-operating cash receipts:					
Local taxes	757,435	0	0	0	757,435
Intergovernmental revenues	91,724	0	0	0	91,724
Interest	0	0	149	0	149
Total non-operating cash receipts	<u>849,159</u>	<u>0</u>	<u>149</u>	<u>0</u>	<u>849,308</u>
Non-operating cash disbursements:					
Other non-operating cash disbursements	0	0	0	29,398	29,398
Total non-operating cash disbursements	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$29,398</u>	<u>\$29,398</u>
Net Receipts Over/(Under) Disbursements	68,451	762	149	1,760	71,122
Fund cash balances, January 1, 2000	<u>634,529</u>	<u>1,774</u>	<u>3,609</u>	<u>4,215</u>	<u>644,127</u>
Fund cash balances, December 31, 2000	<u>\$702,980</u>	<u>\$2,536</u>	<u>\$3,758</u>	<u>\$5,975</u>	<u>\$715,249</u>
Reserve for encumbrances, December 31, 2000	<u>\$74,475</u>	<u>\$381</u>	<u>\$0</u>	<u>\$0</u>	<u>\$74,856</u>

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

**WASHINGTON TOWNSHIP
MONTGOMERY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

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

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

B. Basis of Accounting

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

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

C. Cash and Investments

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

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

D. Fund Accounting

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

1. General Fund

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

**WASHINGTON TOWNSHIP
MONTGOMERY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

2. Special Revenue Funds

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

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

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

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

3. Debt Service Funds

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

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

4. Capital Project Funds

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

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

5. Enterprise Fund

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

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

**WASHINGTON TOWNSHIP
MONTGOMERY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

6. Internal Service Fund

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

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

7. Fiduciary Funds (Trust and Agency Funds)

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

Nonexpendable Trust Fund

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

Agency Funds

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

E. Budgetary Process

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

1. Appropriations

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

**WASHINGTON TOWNSHIP
MONTGOMERY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process (Continued)

2. Estimated Resources

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

3. Encumbrances

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

A summary of 2000 budgetary activity appears in Note 3.

F. Property, Plant and Equipment

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

G. Unpaid Vacation and Sick Leave

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

**WASHINGTON TOWNSHIP
MONTGOMERY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000
(Continued)**

2. EQUITY IN POOLED CASH AND INVESTMENTS

The Township maintains a cash and investments pool used by all funds. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of cash and investments at December 31, 2000 was as follows:

Demand deposits	(\$241,260)
Certificates of deposit	4,978,300
Total deposits	4,737,040
Federal Agency Instrumentalities	5,378,669
STAR Ohio	4,489,467
National City Bank Sweep Money Market Fund	139,000
Bank One Sweep Money Market Fund	350,906
Total investments	10,358,042
Total deposits and investments	\$15,095,082

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

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

3. BUDGETARY ACTIVITY

Budgetary activity for the year ending December 31, 2000 follows:

Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$2,130,762	\$3,598,364	\$1,467,602
Special Revenue	10,480,338	10,860,593	380,255
Debt Service	27,038	27,038	0
Capital Projects	3,360	591,364	588,004
Enterprise	1,979,929	1,980,371	442
Internal Service	11,000	11,210	210
Fiduciary	31,258	31,307	49
Total	\$14,663,685	\$17,100,247	\$2,436,562

**WASHINGTON TOWNSHIP
MONTGOMERY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000
(Continued)**

3. BUDGETARY ACTIVITY (Continued)

Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$5,510,272	\$4,042,305	\$1,467,967
Special Revenue	17,505,935	12,752,962	4,752,973
Debt Service	70,115	38,074	32,041
Capital Projects	1,350,334	167,272	1,183,062
Enterprise	2,450,998	1,986,395	464,603
Internal Service	12,280	10,829	1,451
Fiduciary	38,974	29,398	9,576
Total	\$26,938,908	\$19,027,235	\$7,911,673

4. PROPERTY TAX

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

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

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

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

5. DEBT

Debt outstanding at December 31, 2000 was as follows:

	Principal	Interest Rate
Special Assessment Bonds-Montgomery County	\$142,800	5.70%

**WASHINGTON TOWNSHIP
MONTGOMERY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000
(Continued)**

5. DEBT (Continued)

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

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

<u>Year ending December 31:</u>	<u>Special Assessment Bonds</u>
2001	78,265
2002	<u>77,075</u>
Total	<u><u>\$155,340</u></u>

6. LEASE-PURCHASE AGREEMENT

Lease-Purchase Obligation outstanding at December 31, 2000 was as follows:

	<u>Principal Portion</u>	<u>Interest Rate</u>
Lease for Two Fire Engines	\$453,918	6.14%

During 2000, the Township entered into a Lease-Purchase (Installment Loan) Agreement for the acquisition of two fire engines. The total amount financed was \$513,530 with annual payments of \$67,145.

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

<u>Year ending December 31:</u>	<u>Lease- Purchase Obligation</u>
2001	67,145
2002	67,145
2003	67,145
2004	67,145
2005	67,145
2006-2009	<u>268,580</u>
Total	<u><u>\$604,305</u></u>

**WASHINGTON TOWNSHIP
MONTGOMERY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000
(Continued)**

7. RETIREMENT SYSTEMS

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

Contribution rates are also prescribed by the Ohio Revised Code. For 2000, members of PFDPF contributed 10% of their wages to the PFDPF. The Township contributed an amount equal to 24% of their wages. PERS members contributed 8.5% of their gross salaries. The Township contributed an amount equal to 13.55% of participants' gross salaries for January 1999 through June 2000 and an amount equal to 8.13% of participants' gross salaries for July through December 2000. The Township has paid all contributions required through December 31, 2000.

8. RISK MANAGEMENT

The Township has obtained commercial insurance for the following risks:

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

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

9. CONTINGENT LIABILITIES

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



STATE OF OHIO
OFFICE OF THE AUDITOR

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

Washington Township
Montgomery County
8200 McEwen Road
Dayton, Ohio 45458

To the Board of Trustees:

We have audited the accompanying financial statements of Washington Township, Montgomery County, Ohio (the Township), as of and for the year ended December 31, 2000, and have issued our report thereon dated March 22, 2001. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Township's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to management of the Township in a separate letter dated March 22, 2001.

Internal Control Over Financial Reporting

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

Washington Township
Montgomery County
Report of Independent Accountants on Compliance and on
Internal Control Required by *Government Auditing Standards*
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This report is intended for the information and use of the audit committee, management, and the Board of Trustees, and is not intended to be and should not be used by anyone other than these specified parties.

Jim Petro
Auditor of State

March 22, 2001



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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WASHINGTON TOWNSHIP

MONTGOMERY COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
MAY 8, 2001**