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**WASHINGTON TOWNSHIP
MONTGOMERY COUNTY
Regular Audit
For the Year Ended December 31, 2014**

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Dave Yost • Auditor of State

Board of Trustees
Washington Township
8200 McEwen Rd
Dayton, OH 45458

We have reviewed the *Independent Auditor's Report* of Washington Township, Montgomery County, prepared by Perry & Associates, Certified Public Accountants, A.C., for the audit period January 1, 2014 through December 31, 2014. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. Washington Township is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost
Auditor of State

September 18, 2015

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**Washington Township
Montgomery County**

Table of Contents

Title	Page
Independent Auditor’s Report	1
Management’s Discussion and Analysis	3
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Position – Modified Cash Basis	12
Statement of Activities – Modified Cash Basis	13
Fund Financial Statements:	
Statement of Modified Cash Basis Assets and Fund Balances – Governmental Funds	14
Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities – Modified Cash Basis	15
Statement of Receipts, Disbursements and Changes in Fund Balances – Modified Cash Basis - Governmental Funds	16
Reconciliation of Statement of Receipts, Disbursements and Changes in Fund Balances – Governmental Funds to the Statement of Activities – Modified Cash Basis	17
Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual - Budget Basis:	
General Fund	18
Road and Bridge Fund	19
Police Fund	20
Fire Fund	21
Statement of Fund Net Position – Modified Cash Basis Proprietary Funds	22
Statement of Receipts, Disbursements and Changes in Fund Net Position – Modified Cash Basis - Proprietary Funds	23
Statement of Fiduciary Net Position – Modified Cash Basis Fiduciary Funds	24
Statement of Changes in Fiduciary Net Position – Modified Cash Basis Fiduciary Funds	25

**Washington Township
Montgomery County**

Table of Contents

Title	Page
Notes to the Basic Financial Statements.....	26
Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	45



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INDEPENDENT AUDITOR'S REPORT

June 19, 2015

Washington Township
Montgomery County
8200 McEwen Road
Dayton, Ohio 45458

To the Board of Trustees:

Report on the Financial Statements

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, 2014 and the related notes to the financial statements, which collectively comprise the Township's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the modified cash accounting basis Note 2 describes. This responsibility includes determining that the modified cash accounting basis is acceptable for the circumstances. Management is also responsible for designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Township's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Township's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.



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Auditor's Responsibility (Continued)

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

Opinion

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, 2014, and the respective changes in modified cash financial position and the respective budgetary comparisons for the General, Road and Bridge, Police and Fire Funds thereof for the year then ended in accordance with the accounting basis described in Note 2.

Accounting Basis

We draw attention to Note 2 of the financial statements, which describes the accounting basis. The financial statements are prepared on the modified cash basis of accounting, which differs from generally accepted accounting principles. We did not modify our opinion regarding this matter.

Other Matters

Supplemental and Other Information

We applied no procedures to the Management's Discussion & Analysis presented on pages 3-11 of the report, and accordingly, we express no opinion or any other assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 19, 2015 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. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township's internal control over financial reporting and compliance.



Perry and Associates
Certified Public Accountants, A.C.
Marietta, Ohio

Washington Township, Montgomery County
Management's Discussion and Analysis
For the Year Ended December 31, 2014
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, 2014, 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 2014 are as follows:

Net position of Township activities increased \$2,340,230 from the prior year. The two funds most affected by this increase in net position are the Fire Fund and the Road and Bridge Fund. The Fire Fund increased its net position by \$1,971,289. This increase is mainly related to an increase in property tax revenue of \$2,374,278 over the prior year. This increase is due to the fact that one of the Townships' levies increased by 1.65 mills over 2013 with the passage of a 5-year replacement Fire levy. This increase in revenue was offset by an increase in capital expenditures of \$1,091,539 for the purchase of a new fire engine and a new ladder truck. Operating expenses increased \$492,197, but debt services decreased \$509,151 with the final loan payment made in 2013 on a 10-year loan. The Road and Bridge Fund increased its net position by \$827,960. This increase is due to an increase in revenue for a payment from Ohio Public Works Commission (\$284,005) and from the county for 2013 street program reimbursement (\$102,790). The Road and Bridge fund also had decreases in expenditures, operating and capital, from 2013. These increases in the Fire Fund and the Road and Bridge Fund were offset by decreases in the Recreation and General Fund's net position. These decreases were \$395,819 and \$162,938 respectively. The General Fund's receipts decreased by \$865,969 and disbursements decreased by \$259,941 from 2013. This decrease in revenue is related mainly to estate tax receipts being \$860,242 lower from prior year. Other funds having a net position increase was the Police Fund (\$115,420).

The Township's general receipts are primarily property taxes. In 2014, the Township received \$18,063,574 in property and other local taxes. These receipts represent 67.75 percent of the total cash received for Township activities during the year. Compared to 2013, property tax receipts for 2014 increased by \$2,431,775 or 15.56 percent.

The Recreation Center, the Township's lone business-type activity, showed a \$395,819 loss or a 38.89 percent decrease in net position. This decrease was a result of an increase in major renovations and repairs (capital improvements), over 2013. Such expenses included new signage; tuck pointing repairs; deck replacement; and a new roof.

The township has a contract with GovDeals, Incorporated to dispose of surplus items via internet auctions. The total received in 2014 for auction sales was \$44,470. This is a \$19,459 decrease from the previous year.

In December 2012, the Township approved a three percent hotel lodging tax effective March 1, 2013. There are currently five hotels within the Township. Total received in 2014 from the hotel tax was \$197,379, which was the first full calendar year of revenue received.

Washington Township, Montgomery County
Management's Discussion and Analysis
For the Year Ended December 31, 2014
Unaudited

Ohio tax law changes from the 2011 State bi-annual budget have had significant revenue implications for the Township. The State budget eliminated the tangible personal property and public utility deregulation reimbursements that were on track to be gradually eliminated by 2018. The local government fund was cut in half and the estate tax was eliminated effective January 1, 2013. By the end of 2018, the cumulative impact of the cuts will reach \$11.6 million.

The Township's tax base for 2014 increased to \$1,666,828,960, which is an increase of 0.01 percent over 2013.

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 position 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, 2014
Unaudited

Reporting the Township as a Whole

The statement of net position and the statement of activities reflect how well the Township financially performed during 2014, within the limitations of modified cash basis accounting. The statement of net position 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 position 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.

Washington Township, Montgomery County
Management's Discussion and Analysis
For the Year Ended December 31, 2014
Unaudited

Reporting the Township's Most Significant Funds

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

Governmental Funds - Most of the Township's activities are reported in governmental funds. The governmental fund financial statements provide a detailed view of the Township's governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be used to finance the Township's programs. The Township's significant governmental funds are presented on the financial statements in separate columns. The information for nonmajor 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 all Township vehicles and for some maintenance and repairs to Township buildings.

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 full time Township employees.

Washington Township, Montgomery County
Management's Discussion and Analysis
For the Year Ended December 31, 2014
Unaudited

The Township as a Whole

Table 1 provides a summary of the Township's net position for 2014 compared to 2013 on a modified cash basis:

(Table 1)
Net Position

	Governmental Activities		Business-Type Activities		Total	
	2014	2013	2014	2013	2014	2013
Assets						
Cash and Cash Equivalents	\$ 9,971,576	\$ 10,190,054	\$ 622,039	\$ 1,017,858	\$ 10,593,615	\$ 11,207,912
Investments	20,946,098	17,991,571	-	-	20,946,098	17,991,571
Total Assets	\$ 30,917,674	\$ 28,181,625	\$ 622,039	\$ 1,017,858	\$ 31,539,713	\$ 29,199,483
Net Position						
Restricted for:						
Special Revenue	\$ 19,972,480	\$ 17,113,537	\$ -	\$ -	\$ 19,972,480	\$ 17,113,537
Recreation	-	-	622,039	1,017,858	622,039	1,017,858
Unrestricted	10,945,194	11,068,088	-	-	10,945,194	11,068,088
Total Net Position	\$ 30,917,674	\$ 28,181,625	\$ 622,039	\$ 1,017,858	\$ 31,539,713	\$ 29,199,483

As mentioned previously, net position of Township's activities increased \$2,340,229 or 8.01 percent during 2014. The primary reasons contributing to the overall increase in cash balances are as follows:

- The Fire Fund's net position increased \$1,971,289 due mainly to an increase in property tax revenue with the passage of a replacement levy with a 1.65 mill increase.
- The Road and Bridge Fund's net position increased \$827,960 due to receipt of an OPWC Grant and reimbursement from the County for our 2013 street improvement program.
- The General Fund's net position decreased mainly to estate tax receipts being \$860,242 lower than the prior year.
- The Recreation Fund's net position decreased as a result of major renovations and capital improvement repairs being made in 2014.

Table 2 reflects the changes in net position on a modified cash basis for 2014 and 2013 for governmental activities, business type activities and total primary government.

Washington Township, Montgomery County
Management's Discussion and Analysis
For the Year Ended December 31, 2014
Unaudited

(Table 2)
Changes in Net Assets

	Governmental		Business Type		Total	
	Activities		Activities			
	2014	2013	2014	2013	2014	2013
Receipts:						
Program Receipts:						
Charges for Services and Sales	\$1,961,133	\$1,798,981	\$1,366,367	\$1,342,676	\$3,327,500	\$3,141,657
Operating Grants and Contributions	3,302,703	3,586,713	281,633	185,253	3,584,336	3,771,966
Capital Grants and Contributions	-	-	-	-	-	-
Total Program Receipts	<u>5,263,836</u>	<u>5,385,694</u>	<u>1,648,000</u>	<u>1,527,929</u>	<u>6,911,836</u>	<u>6,913,623</u>
General Receipts:						
Property and Other Local Taxes	17,055,466	14,623,272	1,008,108	1,008,527	18,063,574	15,631,799
Grants and Entitlements Not Restricted to Specific Programs	632,554	1,484,588	-	-	632,554	1,484,588
Sale of Bonds Issued	-	-	-	-	-	-
Premium on Debt Issued	-	-	-	-	-	-
Sale of Capital Assets	42,870	63,798	1,601	131	44,471	63,929
Interest	43,162	83,625	-	-	43,162	83,625
Miscellaneous	145,461	188,962	148,992	118,992	294,453	307,954
Total General Receipts	<u>17,919,513</u>	<u>16,444,245</u>	<u>1,158,701</u>	<u>1,127,650</u>	<u>19,078,214</u>	<u>17,571,895</u>
Total Receipts	<u>23,183,349</u>	<u>21,829,939</u>	<u>2,806,701</u>	<u>2,655,579</u>	<u>25,990,050</u>	<u>24,485,518</u>
Disbursements:						
General Government	1,778,252	1,584,729	-	-	1,778,252	1,584,729
Police	3,932,443	3,864,380	-	-	3,932,443	3,864,380
Fire	8,076,555	7,718,789	-	-	8,076,555	7,718,789
Public Works	3,648,083	4,436,373	-	-	3,648,083	4,436,373
Health	192,606	188,946	-	-	192,606	188,946
Economic Development	-	-	-	-	-	-
Human Services	-	-	-	-	-	-
Conservation Recreation	182,679	201,424	-	-	182,679	201,424
Other	-	-	-	-	-	-
Capital Outlay	2,595,590	3,565,512	-	-	2,595,590	3,565,512
Principal Retirement	30,000	530,000	-	-	30,000	530,000
Interest and Fiscal Charges	11,092	21,522	-	-	11,092	21,522
Recreation Center	-	-	3,202,520	2,558,001	3,202,520	2,558,001
Total Disbursements	<u>20,447,300</u>	<u>22,111,675</u>	<u>3,202,520</u>	<u>2,558,001</u>	<u>23,649,820</u>	<u>24,669,676</u>
Increase (Decrease) in Net Position	2,736,049	(281,736)	(395,819)	97,578	2,340,230	(184,158)
Net Position, January 1	28,181,625	28,463,361	1,017,858	920,280	29,199,483	29,383,641
Net Position, December 31	<u>\$30,917,674</u>	<u>\$28,181,625</u>	<u>\$622,039</u>	<u>\$1,017,858</u>	<u>\$31,539,713</u>	<u>\$29,199,483</u>

Washington Township, Montgomery County
Management's Discussion and Analysis
For the Year Ended December 31, 2014
Unaudited

Program receipts represent only 23 percent of total governmental activities' receipts and are primarily comprised of restricted intergovernmental receipts, such as motor vehicle license, permissive 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 59 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 77 percent of the total governmental activities receipts and 41 percent of the business-type activities total receipts. Of these amounts, 95 percent represent property taxes for the governmental activities and 87 percent represent property taxes for the business-type activities. For the remainder of the governmental activities, the majority of general receipts include inheritance tax, franchise fees, 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, human resources department and the 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; Conservation-Recreation is the support cost the Administration, Finance and Human Resource Departments provide to the Recreation Center; and Capital Outlay includes payments made in 2014 for street and sidewalk construction, improvement of sites (building and parking lots), the purchase of new vehicles and equipment, protective fire clothing, new office, machinery and communication equipment, firefighting equipment, computer hardware and software and capital improvements made at the Recreation Center. Principal Retirement includes payments on the note issued for the Sterling Cove road project. The Sterling Cove road project is assessed to the property owners through their property taxes.

Governmental Activities

If you look at the Statement of Activities (page 13), 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 four largest program disbursements for governmental activities are for Fire, Police and Public Works services along with Capital Outlay, which account for 39, 19, 18 and 13 percent of all governmental disbursements, respectively. The General Government disbursements also represented a significant cost at about 9 percent. The next three columns of the Statement entitled Program Cash Receipts identify amounts paid by people who are directly charged for the service and grants received by the Township that must be used to provide a specific service. The net (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.

Washington Township, Montgomery County
Management's Discussion and Analysis
For the Year Ended December 31, 2014
Unaudited

(Table 3)

	Governmental Activities			
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
	2014	2014	2013	2013
General Government	\$1,778,252	\$1,384,871	\$1,584,729	\$1,175,262
Police	3,932,443	3,319,302	3,864,380	3,207,312
Fire	8,076,555	5,308,514	7,718,789	5,204,525
Public Works	3,648,083	2,180,360	4,436,373	2,648,378
Health	192,606	171,056	188,946	172,046
Economic Development	0	0	0	0
Human Resources	0	0	0	0
Conservation-Recreation	182,679	182,679	201,424	201,424
Other	0	0	0	0
Capital Outlay	2,595,590	2,595,590	3,565,512	3,565,512
Principal Retirement	30,000	30,000	530,000	530,000
Interest and Fiscal Charges	11,092	11,092	21,522	21,522
Total Expenses	\$20,447,300	\$15,183,464	\$22,111,675	\$16,725,981

The dependence upon property tax receipts is apparent as 74 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, 51 percent of these activities are covered by program receipts while 49 percent are covered by general receipts.

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 2014, the Township amended its budget for the 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 \$1,356,195 over final budgeted receipts or 6 percent.

Final disbursements for the four major funds were budgeted at \$47,551,595 while actual disbursements, including encumbrances, were \$22,400,629.

Washington Township, Montgomery County
Management's Discussion and Analysis
For the Year Ended December 31, 2014
Unaudited

Debt Administration

Debt

At December 31, 2014, the Township's outstanding debt includes \$180,000 in Ohio Capital Asset Bonds for the Sterling Cove Road Project. For further information regarding the Township's debt, refer to Note 9 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 0.01 percent in 2014.

In March 2013 the Township began collecting a 3% hotel lodging excise tax. For 2014, the Township's first full year of hotel tax receipts, the Township received \$197,379.

The Township approved a motion on December 16, 2013 to purchase new financial software to replace the existing financial software along with a new human resource module and applicant tracking. Financial reporting went live on September 1, 2014 with payroll going live on October 1, 2014. 2015 will be our first full year of reporting with our new financial software.

In February 2015 the Township approved the renovation of the Rec West building for the Seniors Program which will become part of the programming at the Township's Recreation Center.

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.

Washington Township, Montgomery County

Statement of Net Position - Modified Cash Basis

December 31, 2014

	<u>Governmental Activities</u>	<u>Business - Type Activities</u>	<u>Total</u>
Assets			
Equity in Pooled Cash and Cash Equivalents	\$ 9,971,576	\$ 622,039	\$ 10,593,615
Investments	<u>20,946,098</u>	<u>0</u>	<u>20,946,098</u>
<i>Total Assets</i>	<u>\$ 30,917,674</u>	<u>\$ 622,039</u>	<u>\$ 31,539,713</u>
Net Assets			
Restricted for:			
Road & Bridge Projects	\$ 9,901,801		\$ 9,901,801
Police	1,927,987	0	1,927,987
Fire	7,223,347	0	7,223,347
Other Programs	919,345	0	919,345
Recreation	0	622,039	622,039
Unrestricted	<u>10,945,194</u>	<u>0</u>	<u>10,945,194</u>
<i>Total Net Position</i>	<u>\$ 30,917,674</u>	<u>\$ 622,039</u>	<u>\$ 31,539,713</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, 2014

	Program Cash Receipts				Net (Disbursements) Receipts and Changes in Net Position		
	Cash Disbursements	Charges for Services and Sales	Operating Grants, Contributions and Interest	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities							
General Government	\$1,778,252	\$393,381	\$0	\$0	(\$1,384,871)	\$0	(\$1,384,871)
Police	3,932,443	45,336	567,805	0	(3,319,302)	0	(3,319,302)
Fire	8,076,555	1,401,256	1,366,785	0	(5,308,514)	0	(5,308,514)
Public Works	3,648,083	99,610	1,368,113	0	(2,180,360)	0	(2,180,360)
Health	192,606	21,550	0	0	(171,056)	0	(171,056)
Human Services	0	0	0	0	0	0	0
Conservation-Recreation	182,679	0	0	0	(182,679)	0	(182,679)
Other	0	0	0	0	0	0	0
Capital Outlay	2,595,590	0	0	0	(2,595,590)	0	(2,595,590)
Debt Service	41,092	0	0	0	(41,092)	0	(41,092)
<i>Total Governmental Activities</i>	20,447,300	1,961,133	3,302,703	0	(15,183,464)	0	(15,183,464)
Business Type Activity							
Recreation Center	3,202,520	1,366,367	281,633	0	0	(1,554,520)	(1,554,520)
Total	\$23,649,820	\$3,327,500	\$3,584,336	\$0	(15,183,464)	(1,554,520)	(16,737,984)
General Receipts							
Property and Other Local Taxes Levied for:							
				1,205,284	0	1,205,284	
General Purposes				3,748,338	0	3,748,338	
Road & Bridge				3,522,685	0	3,522,685	
Police				8,579,159	0	8,579,159	
Fire				0	1,008,108	1,008,108	
Recreation				632,554	0	632,554	
Grants and Entitlements not Restricted to Specific Programs				0	0	0	
Bonds Issued				0	0	0	
Notes Issued				0	0	0	
Premium on Debt Issue				42,870	1,601	44,471	
Sale of Capital Assets				43,162	0	43,162	
Interest				145,461	148,992	294,453	
Miscellaneous							
<i>Total General Receipts</i>				17,919,513	1,158,701	19,078,214	
Change in Net Position				2,736,049	(395,819)	2,340,230	
<i>Net Position Beginning of Year</i>				28,181,625	1,017,858	29,199,483	
<i>Net Position End of Year</i>				<u>\$30,917,674</u>	<u>\$622,039</u>	<u>\$31,539,713</u>	

See accompanying notes to the basic financial statements

Washington Township, Montgomery County
Statement of Modified Cash Basis Assets and Fund Balances
Governmental Funds
December 31, 2014

	General	Road & Bridge Fund	Police Fund	Fire Fund	Other Governmental Funds	Total Governmental Funds
Assets						
Equity in Pooled Cash and Cash Equivalents	\$3,470,636	\$3,170,468	\$617,324	\$2,312,851	\$294,366	\$9,865,645
Investments	7,368,628	6,731,333	1,310,663	4,910,496	624,979	20,946,099
<i>Total Assets</i>	<u>\$10,839,264</u>	<u>\$9,901,801</u>	<u>\$1,927,987</u>	<u>\$7,223,347</u>	<u>\$919,345</u>	<u>\$30,811,744</u>
Fund Balances						
Nonspendable	\$0	\$0	\$0	\$0	\$35,500	\$35,500
Restricted	0	0	1,927,987	7,223,347	863,133	10,014,467
Committed	0	9,901,801	0	0	20,712	9,922,513
Assigned	318,425	0	0	0	0	318,425
Unassigned (Deficit)	10,520,839	0	0	0	0	10,520,839
<i>Total Fund Balances</i>	<u>\$10,839,264</u>	<u>\$9,901,801</u>	<u>\$1,927,987</u>	<u>\$7,223,347</u>	<u>\$919,345</u>	<u>\$30,811,744</u>

See accompanying notes to the basic financial statements

Washington Township, Montgomery County
*Reconciliation of Total Governmental Fund Balances to
Net Position of Governmental Activities - Modified Cash Basis
December 31, 2014*

Total Governmental Fund Balances \$30,811,744

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

Governmental activities' net position include the internal service
funds' cash and cash equivalents. The proprietary funds'
statements include these assets. 105,930

Net Position of Governmental Activities \$30,917,674

See accompanying notes to the basic financial statements

Washington Township, Montgomery County
Statement of Receipts, Disbursements and Changes in Fund Balances - Modified-Cash Basis
Governmental Funds
For the Year Ended December 31, 2014

	General	Road & Bridge Fund	Police Fund	Fire Fund	Other Governmental Funds	Total Governmental Funds
Receipts						
Property and Other Local Taxes	\$1,205,284	\$3,748,338	\$3,522,685	\$8,579,159	\$0	\$17,055,466
Charges for Services	5,713	0	0	1,380,477	0	1,386,190
Licenses, Permits and Fees	369,708	2,173	0	757	21,550	394,188
Fines and Forfeitures	45,336	0	0	0	0	45,336
Intergovernmental	632,554	947,821	567,805	1,366,785	416,986	3,931,951
Special Assessments	17,960	0	0	0	77,415	95,375
Interest	43,162	0	0	0	3,306	46,468
Other	63,647	17,743	7,304	43,649	13,118	145,461
<i>Total Receipts</i>	<u>2,383,364</u>	<u>4,716,075</u>	<u>4,097,794</u>	<u>11,370,827</u>	<u>532,375</u>	<u>23,100,435</u>
Disbursements						
Current:						
General Government	1,778,252	0	0	0	0	1,778,252
Police	12,658	0	3,919,785	0	0	3,932,443
Fire	133,750	0	0	7,942,805	0	8,076,555
Public Works	48,860	3,106,819	0	0	492,404	3,648,083
Health	169,168	0	0	0	23,438	192,606
Conservation-Recreation	182,679	0	0	0	0	182,679
Capital Outlay	232,756	787,493	71,788	1,471,361	32,192	2,595,590
Debt Service:						0
Principal Retirement	0	0	0	0	30,000	30,000
Interest and Fiscal Charges	0	0	0	0	11,092	11,092
<i>Total Disbursements</i>	<u>2,558,123</u>	<u>3,894,312</u>	<u>3,991,573</u>	<u>9,414,166</u>	<u>589,126</u>	<u>20,447,300</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(174,759)</u>	<u>821,763</u>	<u>106,221</u>	<u>1,956,661</u>	<u>(56,751)</u>	<u>2,653,135</u>
Other Financing Sources (Uses)						
Sale of Capital Assets	11,821	6,197	9,199	14,628	1,025	42,870
<i>Total Other Financing Sources (Uses)</i>	<u>11,821</u>	<u>6,197</u>	<u>9,199</u>	<u>14,628</u>	<u>1,025</u>	<u>42,870</u>
<i>Net Change in Fund Balances</i>	<u>(162,938)</u>	<u>827,960</u>	<u>115,420</u>	<u>1,971,289</u>	<u>(55,726)</u>	<u>2,696,005</u>
<i>Fund Balances Beginning of Year</i>	<u>11,002,202</u>	<u>9,073,841</u>	<u>1,812,567</u>	<u>5,252,058</u>	<u>975,071</u>	<u>28,115,739</u>
<i>Fund Balances End of Year</i>	<u>\$10,839,264</u>	<u>\$9,901,801</u>	<u>\$1,927,987</u>	<u>\$7,223,347</u>	<u>\$919,345</u>	<u>\$30,811,744</u>

See accompanying notes to the basic financial statements

Washington Township, Montgomery County
*Reconciliation of the Statement of Revenues, Disbursements and Changes
in Fund Balances of Governmental Funds to the Statement of Activities - Modified-Cash Basis
For the Year Ended December 31, 2014*

Net Change in Fund Balances - Total Governmental Funds \$2,696,005

*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).

40,044

Change in Net Position of Governmental Activities \$2,736,049

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, 2014

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Receipts				
Property and Other Local Taxes	\$1,180,233	\$1,180,233	\$1,205,284	\$25,051
Charges for Services	8,500	8,500	5,713	(2,787)
Licenses, Permits and Fees	372,000	372,000	369,708	(2,292)
Fines and Forfeitures	45,000	45,000	45,336	336
Intergovernmental	445,090	445,090	632,554	187,464
Special Assessments	0	0	17,960	17,960
Interest	90,000	\$90,000	43,162	(46,838)
Other	52,575	52,575	63,647	11,072
<i>Total receipts</i>	<u>2,193,398</u>	<u>2,193,398</u>	<u>2,383,364</u>	<u>189,966</u>
Disbursements				
Current:				
General Government	2,202,476	2,465,776	1,999,623	466,153
Police	22,700	22,850	12,782	10,068
Fire	185,552	194,652	139,756	54,896
Public Works	54,185	93,685	59,013	34,672
Health	163,201	174,201	169,364	4,837
Economic Development	0	0	0	0
Human Services	0	0	0	0
Conservation-Recreation	137,900	201,450	208,260	(6,810)
Capital Outlay	10,148,017	9,761,417	287,750	9,473,667
Debt Service:				
Principal Retirement	0	0	0	0
Interest and Fiscal Charges	0	0	0	0
Issuance Costs	0	0	0	0
<i>Total Disbursements</i>	<u>12,914,031</u>	<u>12,914,031</u>	<u>2,876,548</u>	<u>10,037,483</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(10,720,633)</u>	<u>(10,720,633)</u>	<u>(493,184)</u>	<u>10,227,449</u>
Other Financing Sources (Uses)				
Sale of Capital Assets	600	600	11,821	11,221
Notes Issued	0	0	0	0
Premium on Note Issue	0	0	0	0
Discount on Note Issue	0	0	0	0
Transfers In	0	0	0	0
Transfers Out	0	0	0	0
Advances In	0	0	0	0
Advances Out	0	0	0	0
Other Financing Sources	0	0	0	0
Other Financing Uses	0	0	0	0
<i>Total Other Financing Sources (Uses)</i>	<u>600</u>	<u>600</u>	<u>11,821</u>	<u>11,221</u>
<i>Net Change in Fund Balance</i>	<u>(10,720,033)</u>	<u>(10,720,033)</u>	<u>(481,363)</u>	<u>10,238,670</u>
<i>Fund Balance Beginning of Year</i>	<u>10,764,774</u>	<u>10,764,774</u>	<u>10,764,774</u>	
Prior Year Encumbrances Appropriated	<u>237,428</u>	<u>237,428</u>	<u>237,428</u>	
<i>Fund Balance End of Year</i>	<u>\$282,169</u>	<u>\$282,169</u>	<u>\$10,520,839</u>	<u>\$10,238,670</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, 2014

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Receipts				
Property and Other Local Taxes	\$3,766,695	\$3,766,695	\$3,748,338	(\$18,357)
Charges for Services	0	0	0	0
Licenses, Permits and Fees	1,500	1,500	2,173	673
Fines and Forfeitures	0	0	0	0
Intergovernmental	591,926	591,926	947,821	355,895
Special Assessments	0	0	0	0
Interest	0	0	0	0
Other	8,000	8,000	17,743	9,743
<i>Total receipts</i>	<u>4,368,121</u>	<u>4,368,121</u>	<u>4,716,075</u>	<u>347,954</u>
Disbursements				
Current:				
General Government	0	0	0	0
Police	0	0	0	0
Fire	0	0	0	0
Public Works	4,585,615	4,654,865	3,737,730	917,135
Health	0	0	0	0
Economic Development	0	0	0	0
Human Services	0	0	0	0
Conservation-Recreation	0	0	0	0
Capital Outlay	8,338,134	8,268,884	1,614,221	6,654,663
Debt Service:		0		
Principal Retirement	0	0	0	0
Interest and Fiscal Charges	0	0	0	0
Issuance Costs	0	0	0	0
<i>Total Disbursements</i>	<u>12,923,749</u>	<u>12,923,749</u>	<u>5,351,951</u>	<u>7,571,798</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(8,555,628)</u>	<u>(8,555,628)</u>	<u>(635,876)</u>	<u>7,919,752</u>
Other Financing Sources (Uses)				
Sale of Capital Assets	5,000	5,000	6,197	1,197
Bonds Issued	0	0	0	0
Premium on Note Issue	0	0	0	0
Discount on Note Issue	0	0	0	0
Transfers In	0	0	0	0
Transfers Out	0	0	0	0
Advances In	0	0	0	0
Advances Out	0	0	0	0
Other Financing Sources	0	0	0	0
Other Financing Uses	0	0	0	0
<i>Total Other Financing Sources (Uses)</i>	<u>5,000</u>	<u>5,000</u>	<u>6,197</u>	<u>1,197</u>
<i>Net Change in Fund Balance</i>	<u>(8,550,628)</u>	<u>(8,550,628)</u>	<u>(629,679)</u>	<u>7,920,949</u>
<i>Fund Balance Beginning of Year</i>	<u>8,378,984</u>	<u>8,378,984</u>	<u>8,378,984</u>	
Prior Year Encumbrances Appropriated	<u>694,857</u>	<u>694,857</u>	<u>694,857</u>	
<i>Fund Balance End of Year</i>	<u><u>\$523,213</u></u>	<u><u>\$523,213</u></u>	<u><u>\$8,444,162</u></u>	<u><u>\$7,920,949</u></u>

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, 2014

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Receipts				
Property and Other Local Taxes	\$3,549,950	\$3,396,646	\$3,522,685	\$126,039
Charges for Services	0	0	0	0
Licenses, Permits and Fees	0	0	0	0
Fines and Forfeitures	0	0	0	0
Intergovernmental	598,223	598,223	567,805	(30,418)
Special Assessments	0	0	0	0
Interest	0	0	0	0
Other	0	0	7,304	7,304
<i>Total receipts</i>	<u>4,148,173</u>	<u>3,994,869</u>	<u>4,097,794</u>	<u>102,925</u>
Disbursements				
Current:				
General Government	0	0	0	0
Police	5,190,247	5,215,997	3,985,996	1,230,001
Fire	0	0	0	0
Public Works	0	0	0	0
Health	0	0	0	0
Economic Development	0	0	0	0
Human Services	0	0	0	0
Conservation-Recreation	0	0	0	0
Capital Outlay	756,089	577,035	100,428	476,607
Debt Service:				
Principal Retirement	0	0	0	0
Interest and Fiscal Charges	0	0	0	0
Issuance Costs	0	0	0	0
<i>Total Disbursements</i>	<u>5,946,336</u>	<u>5,793,032</u>	<u>4,086,424</u>	<u>1,706,608</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(1,798,163)</u>	<u>(1,798,163)</u>	<u>11,370</u>	<u>1,809,533</u>
Other Financing Sources (Uses)				
Sale of Capital Assets	7,500	7,500	9,199	1,699
Notes Issued	0	0	0	0
Premium on Note Issue	0	0	0	0
Discount on Note Issue	0	0	0	0
Transfers In	0	0	0	0
Transfers Out	0	0	0	0
Advances In	0	0	0	0
Advances Out	0	0	0	0
Other Financing Sources	0	0	0	0
Other Financing Uses	0	0	0	0
<i>Total Other Financing Sources (Uses)</i>	<u>7,500</u>	<u>7,500</u>	<u>9,199</u>	<u>1,699</u>
<i>Net Change in Fund Balance</i>	<u>(1,790,663)</u>	<u>(1,790,663)</u>	<u>20,569</u>	<u>1,811,232</u>
<i>Fund Balance Beginning of Year</i>	<u>1,804,317</u>	<u>1,804,317</u>	<u>1,804,317</u>	
Prior Year Encumbrances Appropriated	<u>8,250</u>	<u>8,250</u>	<u>8,250</u>	
<i>Fund Balance End of Year</i>	<u><u>\$21,904</u></u>	<u><u>\$21,904</u></u>	<u><u>\$1,833,136</u></u>	<u><u>\$1,811,232</u></u>

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, 2014

	Budgeted Amounts		Actual	Final Budget Variance with Final Budget
	Original	Final		
Receipts				
Property and Other Local Taxes	\$8,637,814	\$8,231,066	\$8,579,159	\$348,093
Charges for Services	1,220,000	1,220,000	1,380,477	160,477
Licenses, Permits and Fees	500	500	757	257
Fines and Forfeitures	0	0	0	0
Intergovernmental	1,211,656	1,211,656	1,366,785	155,129
Special Assessments	0	0	0	0
Interest	0	0	0	0
Other	16,000	16,000	43,649	27,649
<i>Total receipts</i>	11,085,970	10,679,222	11,370,827	691,605
Disbursements				
Current:				
General Government	0	0	0	0
Police	0	0	0	0
Fire	9,907,548	10,260,698	8,035,760	2,224,938
Public Works	0	0	0	0
Health	0	0	0	0
Economic Development	0	0	0	0
Human Services	0	0	0	0
Conservation-Recreation	0	0	0	0
Capital Outlay	6,419,983	5,660,085	2,049,946	3,610,139
Debt Service:				
Principal Retirement	0	0	0	0
Interest and Fiscal Charges	0	0	0	0
Issuance Costs	0	0	0	0
<i>Total Disbursements</i>	16,327,531	15,920,783	10,085,706	5,835,077
<i>Excess of Receipts Over (Under) Disbursements</i>	(5,241,561)	(5,241,561)	1,285,121	6,526,682
Other Financing Sources (Uses)				
Sale of Capital Assets	5,000	5,000	14,628	9,628
Notes Issued	0	0	0	0
Premium on Note Issue	0	0	0	0
Discount on Note Issue	0	0	0	0
Transfers In	0	0	0	0
Transfers Out	0	0	0	0
Advances In	0	0	0	0
Advances Out	0	0	0	0
Other Financing Sources	0	0	0	0
Other Financing Uses	0	0	0	0
<i>Total Other Financing Sources (Uses)</i>	5,000	5,000	14,628	9,628
<i>Net Change in Fund Balance</i>	(5,236,561)	(5,236,561)	1,299,749	6,536,310
<i>Fund Balance Beginning of Year</i>	4,594,256	4,594,256	4,594,256	
Prior Year Encumbrances Appropriated	657,801	657,801	657,801	
<i>Fund Balance End of Year</i>	\$15,496	\$15,496	\$6,551,806	\$6,536,310

Washington Township, Montgomery County
Statement of Fund Net Position - Modified Cash Basis
Proprietary Funds
December 31, 2014

	Business-Type Activities		Governmental
	Recreation	Total	Activity
	Enterprise Fund	Enterprise Funds	Internal Service
Assets			
Equity in Pooled Cash and Cash Equivalents	\$622,039	\$622,039	\$105,930
Investments	0	0	0
<i>Total Assets</i>	<u>\$622,039</u>	<u>\$622,039</u>	<u>\$105,930</u>
Net Assets			
Restricted for:			
Recreation	\$622,039	\$622,039	\$0
Unrestricted	0	0	105,930
<i>Total Net Position</i>	<u>\$622,039</u>	<u>\$622,039</u>	<u>\$105,930</u>

See accompanying notes to the basic financial statements

Washington Township, Montgomery County

Statement of Receipts,

Disbursements and Changes in Fund Net Position - Modified Cash Basis

Proprietary Funds

For the Year Ended December 31, 2014

	Business-Type Activities		Governmental
	Recreation	Total	Activity
	Enterprise Fund	Enterprise Funds	Internal Service
Operating Receipts			
Charges for Services	\$1,366,367	\$1,366,367	\$693,272
Property and Other Local Taxes	1,008,108	1,008,108	0
Intergovernmental	281,633	281,633	5,982
Other Operating Receipts	148,992	148,992	1,609
<i>Total Operating Receipts</i>	<u>2,805,100</u>	<u>2,805,100</u>	<u>700,863</u>
Operating Disbursements			
Salaries	1,352,331	1,352,331	301,033
Employee Fringe Benefits	354,769	354,769	137,618
Purchased Services	128,466	128,466	0
Materials and Supplies	100,532	100,532	91,464
Repairs and Maintenance	140,371	140,371	129,101
Communication, Printing and Advertising	86,162	86,162	0
Capital Outlay	597,745	597,745	1,003
Other	442,144	442,144	600
<i>Total Operating Disbursements</i>	<u>3,202,520</u>	<u>3,202,520</u>	<u>660,819</u>
<i>Operating Income (Loss)</i>	<u>(397,420)</u>	<u>(397,420)</u>	<u>40,044</u>
Non-Operating Receipts (Disbursements)			
Bonds Issued	0	0	0
Notes Issued	0	0	0
Sale of Fixed Assets	1,601	1,601	0
Interest	0	0	0
Principal Payments	0	0	0
Interest and Fiscal Charges	0	0	0
Other Financing Sources	0	0	0
Other Financing Uses	0	0	0
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>1,601</u>	<u>1,601</u>	<u>0</u>
<i>Income (Loss) before Transfers and Advances</i>	<u>(395,819)</u>	<u>(395,819)</u>	<u>40,044</u>
Transfers In	0	0	0
Transfers Out	0	0	0
Advances In	0	0	0
Advances Out	0	0	0
<i>Change in Net Assets</i>	<u>(395,819)</u>	<u>(395,819)</u>	<u>40,044</u>
<i>Net Position Beginning of Year</i>	<u>1,017,858</u>	<u>1,017,858</u>	<u>65,886</u>
<i>Net Position End of Year</i>	<u>\$622,039</u>	<u>\$622,039</u>	<u>\$105,930</u>

See accompanying notes to the basic financial statements

Washington Township, Montgomery County
Statement of Fiduciary Net Position - Modified Cash Basis
Fiduciary Funds
December 31, 2014

	Private Purpose Trust	Agency
Assets		
Equity in Pooled Cash and Cash Equivalents	\$3,353	\$12,394
Investments	0	0
<i>Total Assets</i>	\$3,353	\$12,394
Net Assets		
Held in Trust for Cemetery Bequests:		
Nonexpendable	\$3,300	\$0
Expendable	53	0
Held on Behalf of Township Employees	0	12,394
<i>Total Net Position</i>	\$3,353	\$12,394

See accompanying notes to the basic financial statements

Washington Township, Montgomery County
Statement of Changes in Fiduciary Net Position - Modified Cash Basis
Fiduciary Funds
For the Year Ended December 31, 2014

	Private Purpose Trust
Additions	
Contributions	\$0
Interest	2
<i>Total Additions</i>	2
Deductions	
Payments in Accordance with Trust Agreements	0
Other	0
<i>Total Deductions</i>	0
Change in Net Assets	2
Net Position - Beginning of Year	3,351
Net Position - End of Year	\$3,353

See accompanying notes to the basic financial statements

Washington Township, Montgomery County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2014

Note 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. Washington Township has no component units.

Note 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. Following are the more significant of the Township's accounting policies.

Washington Township, Montgomery County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2014

Note 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 position 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 position 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 position 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.

Note 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.

- a. 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.

- b. Internal Service Fund – Internal Service funds are 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 and buildings.

Note 2 – Summary of Significant Accounting Policies (continued)

B. Fund Accounting (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 donors.

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.

Washington Township, Montgomery County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2014

Note 2 – Summary of Significant Accounting Policies (continued)

D. Budgetary Process (continued)

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

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

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 2014, the Township invested in U.S. Agencies, STAR Ohio and STAR Plus. 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, 2014.

Washington Township also invests in STAR Plus, a federally insured cash account powered by the Federally Insured Cash Account (FDIC) program. STAR Plus enables political subdivisions to generate a competitive yield on cash deposits in a network of carefully-selected FDIC-insured banks via a single, convenient account. STAR Plus offers attractive yields with no market or credit risk, weekly liquidity and penalty free withdrawals. All deposits with STAR Plus have full FDIC insurance, with no term commitment on deposits.

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 2014 was \$43,162, which includes \$27,939 assigned from other Township funds.

Note 2 – Summary of Significant Accounting Policies (continued)

F. Capital Assets

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

G. Interfund Receivables / Payables

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

H. Accumulated Leave

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

I. Employer Contributions to Cost-Sharing Pension Plans

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

J. Long-Term Obligations

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

K. Net Position

Net position is 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 position includes 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.

Note 2 – Summary of Significant Accounting Policies (continued)

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:

1. **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 inter-fund loans.
2. **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.
3. **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.
4. **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.
5. **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.

Note 3 – Budgetary Basis of Accounting

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – 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) and outstanding year end advances are treated as an other financing source or use (budgetary basis) rather than as an interfund receivable or payable (modified cash basis). The encumbrances outstanding at year end (budgetary basis) amounted to \$318,428 for the General Fund, \$94,851 for the Police Fund, \$671,540 for the Fire Fund, and \$1,457,639 for the Road & Bridge Fund. There were no advances made from the General Fund in 2014. The outstanding advances at year end amounted to \$35,900 for the General Fund.

Note 4 – Deposits and Investments

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

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

Inactive deposits are public deposits that 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, and Government National Mortgage 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;

Washington Township, Montgomery County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2014

Note 4 – Deposits and Investments (continued)

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 and STAR Plus).

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

Investments may only be made through specified dealers and institutions. 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, \$10,345,030 of the Township's bank balance of \$10,848,336 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 \$10,609,362. Of the Township's \$20,946,098 in investments, \$7,013,682 is covered by the Federal Deposit Insurance Corporation (FDIC), which is the amount held at STAR Plus. Of the total Township funds (bank balance and investments) held at year end, \$24,277,446 of the \$31,794,434 was exposed to custodial credit risk.

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

Washington Township, Montgomery County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2014

Note 4 – Deposits and Investments (continued)

B. Investments

As of December 31, 2014, 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	\$5,279,709	1,265,459	2,520,242	1,494,008		25.21
Fed Farm Cr.	3,642,225		1,355,017	2,287,208		17.39
FHLB	3,079,459	501,205	2,063,254	515,000		14.70
Freddie Mac	1,133,995	619,272		514,723		5.41
STAR Ohio	758,059	758,059				3.62
STAR Plus	7,013,682	7,013,682				33.48
Money Market	38,969	38,969				0.19
Total Portfolio	\$20,946,098	10,196,646	5,938,513	4,810,939		

1. **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.
2. **Credit Risk:** Money Market Fund carries a rating of AAA by Standard and Poor's, STAR Ohio carries a rating of AAAM by Standard and Poor's and STAR Plus carries a rating of AAAM by Standard and Poor's. The Federal Home Loan Bank Notes and Federal Farm Credit Bank Notes carry a rating of AA+ by Standard and Poor's. The 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 and STAR Plus 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.
3. **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, Federal Farm Credit Bank 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.
4. **Concentration of Credit Risk:** The Township places no limit on the amount it may invest with any one issuer.

Washington Township, Montgomery County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2014

Note 4 – Deposits and Investments (continued)

B. Investments (Continued)

Reconciliation of Cash and Investment to the Statements of Net Position: 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 position as of December 31, 2014.

<u>Cash and Investments per footnote</u>	
Carrying amounts of deposits	\$10,609,362
Investments	20,946,098
Total	<u>\$31,555,460</u>
 <u>Cash and Investments per Statements of Net Position</u>	
Governmental activities	\$30,917,674
Business type activities	622,039
Agency funds	12,394
Private purpose trust funds	3,353
Total	<u>\$31,555,460</u>

Note 5 – 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 2014 represent the collection of 2013 taxes. Real property taxes received in 2014 were levied after October 1, 2013, on the assessed values as of January 1, 2014, 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 14th, with the remainder payable by July 18th. Under certain circumstances, State Statute permits alternate payment dates to be established.

Public utility property tax receipts received in 2014 represent the collection of 2013 taxes. Public utility real property taxes received in 2014 became a lien on December 31, 2012 were levied after October 1, 2013, 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.

The full tax rate for all Township operations for the year ended December 31, 2014, was \$15.70 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 \$120.31 per \$1,000 of assessed value for unincorporated Township residents and \$114.51 per \$1,000 of assessed value for City of Centerville residents. The assessed values of real property and public utility personal property upon which 2014 property tax receipts were based are as follows:

Washington Township, Montgomery County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2014

Note 5 – Property Taxes (continued)

Real Property	
Residential/Agricultural	\$1,327,968,150
Commercial/Industrial/Mineral	309,788,750
Public Utility Property	
Real	-
Personal	29,072,030
Total Assessed Value	<u>\$1,666,828,960</u>

Note 6 – Risk Management

The Township has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles;
- Cyber Liability; 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, through Superior Dental Care, are also provided to all full-time employees, elected officials and eligible part-time employees.

Note 7 – 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:

1. The Traditional Pension Plan is a cost-sharing, multiple-employer defined benefit pension plan.
2. 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.

Note 7 – Defined Benefit Pension Plan (continued)

A. Ohio Public Employees Retirement System (continued)

3. 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 in Chapter 145 of the Ohio Revised Code.

OPERS issues a stand-alone financial report. Interested parties may obtain a copy of this report by visiting <https://www.opers.org/investments/cafr.shtml>, 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.

The Ohio Revised Code provides statutory authority for member and employer contributions. For 2014, member and employer contribution rates were consistent across all three plans. While members in the state and local divisions may participate in all three plans, law enforcement and public safety officers participate in only the Traditional Pension Plan. For the year ended December 31, 2014, OPERS members were required to contribute 10 percent of their annual covered salaries (12.0% for public safety and 13.0% for law enforcement). The contribution rate for pension benefits for 2014 was 14.0% of earnable salary for state and local employer units and 18.1% of earnable salary for public safety and law enforcement employer units.

The Township's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2014, 2013, and 2012 were \$678,541, \$675,557 and \$681,908 respectively, equal to required contributions for each year.

In June 2012, the Government Accounting Standards Board (GASB) issued GASB Statement No. 68, Accounting and Financial Reporting for Pensions. This accounting standard replaces GASB Statement 27, and it is effective for employer fiscal years beginning after June 15, 2014. OPERS recommends employers begin a dialog with their external auditors to determine the impact this standard will have on employer financial statements.

Note 7 – Defined Benefit Pension Plan (continued)

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. That report is also available on OP&F's website at www.op-f.org.

From January 1, 2014 through July 1, 2014, plan members were required to contribute 10.75 percent of their annual covered salary. From July 2, 2014 through December 31, 2014, plan members were required to contribute 11.50 percent of their annual covered salary. Throughout 2014, The Township was required to contribute 24 percent for firefighters. Contributions are authorized by State Statute. The Township's contributions to OP&F for firefighters were \$487,682 for the year ended December 31, 2014; \$451,737 for the year ended December 31, 2013 and \$413,191 for the year ended December 31, 2012. These contributions represent 74% of the required contributions for 2013, 53% of the required contributions for 2012 and 57% of the required contributions for 2011.

Note 8 - 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-employment 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*. OPERS' eligibility requirements for post-employment health care coverage changed for those retiring on or after January 1, 2015. Please see the Plan Statement in the OPERS 2013 CAFR for details.

The Ohio Revised Code permits, but does not require, OPERS to provide the OPEB benefits to its eligible benefit recipients. Authority to establish and amend health care coverage is provided in Chapter 145 of the Ohio Revised Code.

Note 8 - Post Employment Benefits (continued)

A. Ohio Public Employees Retirement System (Continued)

OPERS issues a stand-alone financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/investments/cafr.shtml>, by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by 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 coverage through their contributions to OPERS. A portion of each employer's contribution to OPERS is set aside for the funding of post-retirement health care coverage. Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2014, the Townships employer contribution rate was 14 percent of covered payroll (18.10 percent for public safety and law enforcement). These are the maximum employer contribution rates permitted by the Ohio Revised Code. 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 Pension Plan and Combined Plan was 2.0% during calendar year 2014. Effective January 1, 2015, the portion of employer contributions allocated to healthcare remains at 2% for both plans, as recommended by the OPERS Actuary. 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.

Information from Employer's Records - The total employer contribution rates stated above is the statutorily required contribution rates for OPERS. The Townships portion of the employer contributions that were used to fund post-employment benefits can be approximated by multiplying actual employer contributions for calendar year 2014 by 0.1428 for state and local employers (0.1111 for law enforcement and public safety employers).

The Township contributions to fund post-employment health care benefits for the years ended December 31, 2014, 2013, and 2012 were \$96,896, \$48,235 and \$194,821, respectively.

OPERS Board of Trustees Adopt Changes to the Health Care Plan - Changes to the health care plan were adapted by the OPERS Board of Trustees on September 19, 2012, with a transition plan commencing on January 1, 2014. With the recent passage of pending legislation under SB 343 and the approved health care changes, OPERS expects to be able to consistently allocate four percent of the employer contributions toward the health care fund after the end of the transition period.

B. Ohio Police and Fire Pension Fund

Plan Description - Washington Township contributes to the Ohio Police and Fire Pension Fund (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.

Washington Township, Montgomery County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2014

Note 8 - Post Employment Benefits (continued)

B. Ohio Police and Fire Pension Fund (continued)

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 statutory survivor benefit or is a spouse or eligible dependent child of such person. 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. That report is also available on OP&F's website at <http://www.op-f.org>.

Funding Policy - The Ohio Revised Code provides for contribution requirements of the participating employers and of plan members to the OP&F (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, 19.50% and 24.00% of covered payroll for police and fire employers, respectively. The Ohio Revised Code states that the employer contribution may not exceed 19.50% of all covered police employer units and 24.00% of covered payroll for fire employer 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.

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. The portion allocated to health care was 0.5% of covered payroll from January 1, 2014 through December 31, 2014. 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 to OP&F for the years ending December 31, 2014, 2013, and 2012 were \$487,682, \$451,737 and \$413,191, respectively. The amounts that were used to fund post-employment benefits for firefighters for the years ending December 31, 2014, 2013, and 2012 were \$10,241, \$67,772, \$116,107, respectively.

Washington Township, Montgomery County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2014

Note 9 – Debt

The Township’s long-term debt activity for the year ended December 31, 2014, was as follows:

<u>Township Activities</u>	<u>Interest Rate</u>	<u>Balance December 31, 2013</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance December 31, 2014</u>	<u>Due Within One Year</u>
General Obligation Bonds:						
2009 Issue (\$320,000)		\$ 210,000	\$ 0	\$ 30,000	\$ 180,000	\$ 30,000
Special Assessment Capital Asset	Varies					
Total		<u>\$ 210,000</u>	<u>\$ 0</u>	<u>\$ 30,000</u>	<u>\$ 180,000</u>	<u>\$ 30,000</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	<u>G.O. Bonds</u>	
	<u>Principal</u>	<u>Interest</u>
2015	30,000	7,800
2016	30,000	6,600
2017	35,000	5,325
2018	35,000	3,750
2019	50,000	2,175
	<u>\$ 180,000</u>	<u>\$ 25,650</u>

The Ohio Revised Code provides that net general obligation debt of the Township, exclusive of certain exempt debt, issued without a vote of the electors shall never exceed 5.5 percent of the tax valuation of the Township. The Revised Code further provides that total voted and unvoted net debt of the Township less the same exempt debt shall never exceed an amount equal to 10.5 percent of its tax valuation. The effects of the debt limitations at December 31, 2014, were an overall debt margin of \$175,017,041 and an un-voted debt margin of \$91,675,593.

Washington Township, Montgomery County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2014

Note 10 – 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:

Fund Balances	General	Road & Bridge Fund	Police Fund	Fire Fund	Other Governmental Funds	Total
Nonspendable:						
Advances	0	0	0	0	35,900	\$35,900
<i>Total Nonspendable</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>35,900</u>	<u>35,900</u>
Restricted for						
Road and Bridge	0	0	0	0	787,859	787,859
Police Services	0	0	1,927,987	0	0	1,927,987
Fire Services	0	0	0	7,223,347	0	7,223,347
Cemetery	0	0	0	0	71,516	71,516
Debt Service	0	0	0	0	3,358	3,358
<i>Total Restricted</i>	<u>0</u>	<u>0</u>	<u>1,927,987</u>	<u>7,223,347</u>	<u>862,733</u>	<u>10,014,067</u>
Committed to						
Road and Bridge	0	9,901,801	0	0	0	9,901,801
Lighting District	0	0	0	0	20,712	20,712
<i>Total Committed</i>	<u>0</u>	<u>9,901,801</u>	<u>0</u>	<u>0</u>	<u>20,712</u>	<u>9,922,513</u>
Assigned to						
Unpaid Obligations	318,425	0	0	0	0	318,425
<i>Total Assigned</i>	<u>318,425</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>318,425</u>
Unassigned (Deficit)	<u>10,520,839</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>10,520,839</u>
<i>Total Fund Balances</i>	<u><u>\$10,839,264</u></u>	<u><u>\$9,901,801</u></u>	<u><u>\$1,927,987</u></u>	<u><u>\$7,223,347</u></u>	<u><u>\$919,345</u></u>	<u><u>\$30,811,744</u></u>

Note 11 – Inter Fund Transfers and Inter Fund Receivables / Payables (Advances)

During 2014 there were no Inter Fund Transfers made:

Inter fund balances as of December 31, 2014 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>33,900</u>
Total due General Fund:	<u><u>\$35,900</u></u>

Note 11 – Inter Fund Transfers and Inter Fund Receivables / Payables (Advances) (continued)

The balance due to the General Fund includes loans made to cover the first year expenses for the Lighting Assessment 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.

Note 12 – Contingent Liabilities

The Township is presently not a defendant in any claim or lawsuit.

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.

Note 13 –Subsequent Events

On February 2nd, the Township adopted a resolution authorizing the placement of a 2.3 mill replacement levy on the May 5, 2015 ballot for police services, effective 2016 through 2020.

On February 2nd, the Township approved a motion to bid for the construction of a server room.

Also on February 2nd, the Township approved a motion for Nutt Road Phase III plan modifications and for assistance with the preparation of the Ohio Public Works Commission grant for Nutt Road.

On February 9th, the Township approved a motion for the Rec West Senior Renovation Project for an approximate cost of \$1,318,000.



428 Second St.
Marietta, OH 45750
740.373.0056

1035 Murdoch Ave
Parkersburg, WV 26101
304.422.2203

121 E Main St
St. Clairsville, OH 43950
740.695.1569

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

June 19, 2015

Washington Township
Montgomery County
8200 McEwen Road
Dayton, Ohio 45458

To the Board of Trustees:

We have audited, in accordance with the auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of **Washington Township** (the Township), Montgomery County, Ohio, as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements and have issued our report dated June 19, 2015, wherein we noted the Township uses a special purpose framework other than generally accepted accounting principles.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Township's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinion on the financial statements, but not to the extent necessary to opine on the effectiveness of the Township's internal control. Accordingly, we have not opined on it.

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 a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Township's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

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, opining 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*.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Township's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Township's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Perry and Associates
Certified Public Accountants, A.C.
Marietta, Ohio



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
OCTOBER 1, 2015**