



Mary Taylor, CPA
Auditor of State

**WASHINGTON TOWNSHIP
MONTGOMERY COUNTY**

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MONTGOMERY COUNTY

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Washington Township
Montgomery County
8200 McEwen Rd
Dayton, Ohio 45458

To the Board of Trustees:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Washington Township, Montgomery County, (the Township), as of and for the year ended December 31, 2008, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Township's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Washington Township, Montgomery County, as of December 31, 2008, and the respective changes in modified cash financial position and the respective budgetary comparison for the General, Road and Bridge, Police, and Fire Funds thereof for the year then ended in conformity with the basis of accounting Note 2 describes.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 12, 2009, on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

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

We conducted our audit to opine on the Township's financial statements. The Federal Awards Expenditure Schedule presents additional information and is required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. It is not a required part of the financial statements. We subjected this Schedule to the auditing procedures applied in our audit of the Township's financial statements. In our opinion, this information is fairly stated in all material respects in relation to the financial statements taken as a whole.

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

Mary Taylor, CPA
Auditor of State

August 12, 2009

**WASHINGTON TOWNSHIP
MONTGOMERY COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2008
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, 2008, within the limitations of the Township's 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 2008 are as follows:

- Net assets of Township activities increased \$1,729,520 from the prior year. The funds most affected by the increase in net assets were the General Fund, whose \$1,559,411 increase was due mainly to an increase in inheritance tax receipts of \$735,632 and decreases in capital expenses and operating expenses of \$393,401 and \$247,701 respectively. The Road & Bridge Fund's \$740,871 increase was due mainly to an increase in property taxes and intergovernmental receipts of \$287,166 and \$136,887 respectively. The Road & Bridge Fund also includes an increase in other receipts of \$279,427 mainly for escrowed money received for a future road project. The Police Fund's \$523,062 decrease is due mainly to an increase in operating expense of \$284,864 and capital expense of \$82,272.
- The Township's general receipts are primarily property taxes. In 2008 the Township received \$14,638,516 in property taxes. These receipts represent 62 percent of the total cash received for Township activities during the year. Compared to 2007, property tax receipts for 2008 increased 1.0 percent.
- The Recreation Center, the Township's lone business-type activity, showed a \$235,096 loss or a 45 percent decrease in net assets, due to a decrease in program receipts of \$73,161 and replacement of the HVAC unit in the east part of the building along with the expansion of the fitness room and purchase of weight room equipment.
- During 2008, the Township had two 5-year levies that expired. They were a five-year, three mill fire levy and a five-year, .7 mill recreation levy. The trustees approved placing both levies on the primary ballot in the spring as replacement levies for the same millage. Both levies were approved by citizens and the levies will bring in an additional \$523,000 and \$128,500 for the fire and recreation funds respectively.
- The Township, as did many other communities throughout the State of Ohio, incurred extensive damage due to the windstorm of September 14, 2008. The storm was declared a disaster by both the State and Federal governments, qualifying us for FEMA funds. There were three areas of expense recognized by FEMA: emergency protection, debris removal, and damage to owned facilities. For damage to township facilities, FEMA will reimburse for the amount not covered by insurance. It is estimated that the Township will receive approximately \$35,000 through insurance and \$550,000 from FEMA with \$550,000 of that to reimburse the Road & Bridge Fund for debris removal. The funds should be received sometime in the first half of 2009.
- In the spring of 2007, the township signed a contract with Montgomery County to dispose of surplus items via internet auctions. The total received in 2008 by the township through such sales was \$77,292. This is \$22,037 higher than the previous year.

**WASHINGTON TOWNSHIP
MONTGOMERY COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2008
UNAUDITED
(Continued)**

- Ohio tax law changes from the 2003 and 2005 State bi-annual budgets will reduce tangible personal property tax revenue to a trickle in coming years. In 2008 the Township received approximately \$121,093 less in tangible personal property tax from the previous year and that loss will grow each year through year 2017 when it is estimated that the Township will lose \$872,000 a year thereafter.
- The Township's tax base in 2008 grew to \$1,708,720,450, which is an increase of 1.5 percent over 2007.

Using the Basic Financial Statements

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

Report Components

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

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

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

Basis of Accounting

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

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

**WASHINGTON TOWNSHIP
MONTGOMERY COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2008
UNAUDITED
(Continued)**

Reporting the Township as a Whole

The statement of net assets and the statement of activities reflect how well the Township financially performed during 2008, within the limitations of modified cash basis accounting. The statement of net assets presents the pooled cash and investment balances of the Township and business-type activities of the Township at year end. The statement of activities compares cash disbursements with program receipts for each Township program and business-type activity. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each Township function or business-type activity draws from the Township's general receipts.

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

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

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

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

Reporting the Township's Most Significant Funds

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

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

**WASHINGTON TOWNSHIP
MONTGOMERY COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2008
UNAUDITED
(Continued)**

Proprietary Funds – When the Township charges customers for the services it provides, these services are generally reported in proprietary funds. When the services are provided to the general public, the activity is reported as an enterprise fund. The Township has one enterprise fund, the recreation department. When the services are provided to other departments of the Township, the service is reported as an internal service fund. The Township has one internal service fund, vehicle maintenance, to account for repairs to Township vehicles.

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

The Township as a Whole

Table 1 provides a summary of the Township's net assets for 2008 compared to 2007 on a modified cash basis:

**(Table 1)
Net Assets**

	Governmental Activities		Business-Type Activities		Total	
	2008	2007	2008	2007	2008	2007
Assets						
Cash and Cash Equivalents	\$ 4,759,483	\$ 9,665,970	\$285,159	\$520,255	\$ 5,044,642	\$10,186,225
Investments	15,419,582	8,548,479			15,419,582	8,548,479
Total Assets	<u>20,179,065</u>	<u>18,214,449</u>	<u>285,159</u>	<u>520,255</u>	<u>20,464,224</u>	<u>18,734,704</u>
Net Assets						
Restricted for:						
Special Revenue	13,928,986	13,519,727			13,928,986	13,519,727
Unrestricted	6,250,079	4,694,722	285,159	520,255	6,535,238	5,214,977
Total Net Assets	<u>\$20,179,065</u>	<u>\$18,214,449</u>	<u>\$285,159</u>	<u>\$520,255</u>	<u>\$20,464,224</u>	<u>\$18,734,704</u>

As mentioned previously, net assets of Township's activities increased \$1,729,520 or 9 percent during 2008. The primary reasons contributing to the overall increase in cash balances are as follows:

- The General Fund's net assets increased \$1,559,411 due mainly to inheritance tax increase of \$735,632 and decreases in capital and operating expenses of \$641,102 combined.
- The Road & Bridge Fund's net assets increased \$740,871 due mainly to property tax increase of \$287,166 and increases in intergovernmental and other receipts of \$416,314 combined.
- The Police Fund's net assets decreased \$523,023 due mainly to increases in capital and operating expenses.

**WASHINGTON TOWNSHIP
MONTGOMERY COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2008
UNAUDITED
(Continued)**

Table 2 reflects the changes in net assets on a modified cash basis for 2008 and 2007 for governmental activities, business type activities and total primary government.

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

	Governmental Activities		Business Type Activities		Total	
	2008	2007	2008	2007	2008	2007
Receipts:						
Program Receipts:						
Charges for Services and Sales	\$ 390,133	\$ 403,008	\$1,388,158	\$1,461,319	\$ 1,778,291	\$ 1,864,327
Operating Grants and Contributions	2,537,974	2,201,089	175,808	123,087	2,713,782	2,324,176
Total Program Receipts	2,928,107	2,604,097	1,563,966	1,584,406	4,492,073	4,188,503
General Receipts:						
Property and Other Local Taxes	13,668,229	13,505,645	970,287	987,407	14,638,516	14,493,052
Grants and Entitlements Not Restricted to Specific Programs	2,523,173	1,764,838			2,523,173	1,764,838
Sale of Capital Assets	75,041	49,547	2,251	5,708	77,292	55,255
Interest	580,616	804,004			580,616	804,004
Miscellaneous	781,511	797,146	109,566	150,511	891,077	947,657
Total General Receipts	17,628,570	16,921,180	1,082,104	1,143,626	18,710,674	18,064,806
Total Receipts	20,556,677	19,525,277	2,646,070	2,728,032	23,202,747	22,253,309
Disbursements:						
General Government	2,825,796	3,079,005			2,825,796	3,079,005
Police	3,458,047	3,173,138			3,458,047	3,173,138
Fire	6,171,312	6,013,961			6,171,312	6,013,961
Public Works	2,542,943	2,148,229			2,542,943	2,148,229
Health	141,963	127,631			141,963	127,631
Capital Outlay	2,845,690	2,392,524			2,845,690	2,392,524
Principal Retirement	500,000	500,000			500,000	500,000
Interest and Fiscal Charges	105,810	123,809			105,810	123,809
Recreation Center			2,881,666	2,936,275	2,881,666	2,936,275
Total Disbursements	18,591,561	17,558,297	2,881,666	2,936,275	21,473,227	20,494,572
Excess (Deficiency) Before Transfers	1,965,116	1,966,980	(235,596)	(208,243)	1,729,520	1,758,737
Special Item - Proceeds from sale of land		1,096,609				1,096,609
Transfers	(500)		500			
Increase (Decrease) in Net Assets	1,964,616	3,063,589	(235,096)	(208,243)	1,729,520	2,855,346
Net Assets, January 1	18,214,449	15,150,860	520,255	728,498	18,734,704	15,879,358
Net Assets, December 31	\$20,179,065	\$18,214,449	\$ 285,159	\$ 520,255	\$20,464,224	\$18,734,704

Program receipts represent only 15 percent of total governmental activities receipts and are primarily comprised of restricted intergovernmental receipts, such as motor vehicle license and gas tax money; building permits and inspection fees; and rollback and homestead exemption dollars received from the State for the Road and Bridge, Police, Fire, and Recreation funds.

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, and walk-in fees.

**WASHINGTON TOWNSHIP
MONTGOMERY COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2008
UNAUDITED
(Continued)**

General receipts represent 86 percent of the total governmental activities receipts and 41 percent of the business-type activities total receipts. Of these amounts, over 77 percent represent property taxes for the governmental activities and over 89 percent represent property taxes for the business-type activities. For the remainder of the governmental activities, the majority of general receipts include inheritance tax, and both local government and local government revenue assistance funds, which are in the general fund and received from the State of Ohio.

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

Police and Fire are the costs for providing these services; Public Works is the cost of maintaining roads; Health is the costs for running and maintaining six cemeteries; and Capital Outlay includes the construction payments in 2008 for street and sidewalk improvements, the purchase of one new dump truck, a van/bucket truck, a sewer inspection camera, seven police cruisers, two unmarked vehicles, a new staff vehicle and thermal imaging cameras. Principal Retirement includes the semi-annual payments on the notes issued for the building of the two fire stations and a training tower.

Governmental Activities

If you look at the Statement of Activities, you will see that the first column lists the major services provided by the Township. The next column identifies the costs of providing these services. The three largest program disbursements for governmental activities are for Fire and Police service and for Capitol Outlay, which account for 33, 19, and 15 percent of all governmental disbursements, respectively. General Government and Public Works also represented a significant cost, about 15 and 14 percent respectively. The next three columns of the Statement entitled Program Cash Receipts identify amounts paid by people who are directly charged for the service and grants received by the Township that must be used to provide a specific service. The net Receipt (Disbursement) column compares the program receipts to the cost of the service. This "net cost" amount represents the cost of the service, which ends up being paid from money provided by local taxpayers. These net costs are paid from the general receipts, which are presented at the bottom of the Statement. A comparison between the total cost of services and the net cost is presented in Table 3.

(Table 3)

Governmental Activities				
	Total Cost of Services 2008	Net Cost of Services 2008	Total Cost of Services 2007	Net Cost of Services 2007
General Government	\$ 2,825,796	\$ 2,786,690	\$ 3,079,005	\$ 3,029,476
Police	3,458,047	2,987,064	3,173,138	2,738,565
Fire	6,171,312	4,962,577	6,013,961	5,018,934
Public Works	2,542,943	1,356,160	2,148,229	1,039,661
Health	141,963	119,463	127,631	111,231
Capital Outlay	2,845,690	2,845,690	2,392,524	2,392,524
Principal Retirement	500,000	500,000	500,000	500,000
Interest and Fiscal Charges	105,810	105,810	123,809	123,809
Total Expenses	\$18,591,561	\$15,663,454	\$17,558,297	\$14,954,200

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

**WASHINGTON TOWNSHIP
MONTGOMERY COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2008
UNAUDITED
(Continued)**

Business-type Activities

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

Budgeting Highlights

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

During 2008, the Township amended its budget for the General, Police, Road & Bridge and Recreation funds to be in line with the Amended Certificate of Resources. Final budgeted receipts were above original budgeted receipts due to increased property tax revenue and inheritance tax revenue. Actual receipts for the General, Road and Bridge, Police, and Fire funds were \$2,292,077 over final budgeted receipts or 13 percent.

Final disbursements for the four major funds were budgeted at \$33,640,211 while actual disbursements were \$18,713,790.

Debt Administration

Debt

At December 31, 2008, the Township's outstanding debt included \$2,500,000 in fire bonds for the construction of two fire stations and a training tower. For further information regarding the Township's debt, refer to Note 9 to the basic financial statements.

Current Issues

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

The Finance department started work on a new chart of accounts late in the year. The chart will be completed in early 2009 at which time a conversion to the new accounts will be performed. The new chart of accounts will allow a more consistent and detailed breakout of revenue and expenses, facilitating more useful reports for staff and citizens.

Contacting the Township's Financial Management

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

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**WASHINGTON TOWNSHIP
MONTGOMERY COUNTY**

**STATEMENT OF NET ASSETS - MODIFIED CASH BASIS
DECEMBER 31, 2008**

	<u>Governmental Activities</u>	<u>Business - Type Activities</u>	<u>Total</u>
Assets			
Equity in Pooled Cash and Cash Equivalents	\$4,759,483	\$285,159	\$5,044,642
Investments	15,419,582		15,419,582
Total Assets	<u>20,179,065</u>	<u>285,159</u>	<u>20,464,224</u>
Net Assets			
Restricted for:			
Special Revenue	13,928,986		13,928,986
Unrestricted	6,250,079	285,159	6,535,238
Total Net Assets	<u>\$20,179,065</u>	<u>\$285,159</u>	<u>\$20,464,224</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, 2008**

	Program Cash Receipts		
Cash Disbursements	Charges for Services and Sales	Operating Grants, Contributions and Interest	
Governmental Activities			
General Government	\$2,825,796	\$39,106	
Police	3,458,047	61,439	\$409,544
Fire	6,171,312	232,189	976,546
Public Works	2,542,943	34,899	1,151,884
Health	141,963	22,500	
Capital Outlay	2,845,690		
Debt Service	605,810		
Total Governmental Activities	18,591,561	390,133	2,537,974
Business Type Activities			
Recreation Center	2,881,666	1,388,158	175,808
Total	\$21,473,227	\$1,778,291	\$2,713,782

General Receipts

Property Taxes Levied for:

- General Purposes
- Road & Bridge
- Police
- Fire
- Recreation

Grants and Entitlements not Restricted to
Specific Programs

Sale of Capital Assets

Interest

Miscellaneous

Total General Receipts

Transfers

Total General Receipts and Transfers

Change in Net Assets

Net Assets Beginning of Year

Net Assets End of Year

See accompanying notes to the basic financial statements.

Net (Disbursements) Receipts and Changes in Net Assets

Governmental Activities	Business-Type Activities	Total
(\$2,786,690)		(\$2,786,690)
(2,987,064)		(2,987,064)
(4,962,577)		(4,962,577)
(1,356,160)		(1,356,160)
(119,463)		(119,463)
(2,845,690)		(2,845,690)
(605,810)		(605,810)
<u>(15,663,454)</u>		<u>(15,663,454)</u>
	(\$1,317,700)	(1,317,700)
<u>(15,663,454)</u>	<u>(1,317,700)</u>	<u>(16,981,154)</u>
1,104,012		1,104,012
3,858,549		3,858,549
2,679,775		2,679,775
6,025,893		6,025,893
	970,287	970,287
2,523,173		2,523,173
75,041	2,251	77,292
580,616		580,616
781,511	109,566	891,077
17,628,570	1,082,104	18,710,674
(500)	500	
<u>17,628,070</u>	<u>1,082,604</u>	<u>18,710,674</u>
1,964,616	(235,096)	1,729,520
<u>18,214,449</u>	<u>520,255</u>	<u>18,734,704</u>
<u>\$20,179,065</u>	<u>\$285,159</u>	<u>\$20,464,224</u>

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**WASHINGTON TOWNSHIP
MONTGOMERY COUNTY**

**STATEMENT OF MODIFIED CASH BASIS ASSETS AND FUND BALANCES
GOVERNMENTAL FUNDS
DECEMBER 31, 2008**

	<u>General</u>	<u>Road & Bridge Fund</u>	<u>Police Fund</u>	<u>Fire Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets						
Equity in Pooled Cash and Cash Equivalents	\$1,466,528	\$1,627,398	\$517,880	\$791,168	\$340,345	\$4,743,319
Investments	4,767,388	5,290,345	1,683,526	2,571,929	1,106,394	15,419,582
Total Assets	<u>6,233,916</u>	<u>6,917,743</u>	<u>2,201,406</u>	<u>3,363,097</u>	<u>1,446,739</u>	<u>20,162,901</u>
Fund Balances						
Reserved:						
Reserved for Encumbrances	207,824	604,501	1,843	89,622	35,345	939,135
Unreserved:						
Undesignated (Deficit), Reported in:						
General Fund	6,026,092					6,026,092
Special Revenue Funds		6,313,242	2,199,563	3,273,475	1,411,394	13,197,674
Total Fund Balances	<u>\$6,233,916</u>	<u>\$6,917,743</u>	<u>\$2,201,406</u>	<u>\$3,363,097</u>	<u>\$1,446,739</u>	<u>\$20,162,901</u>

See accompanying notes to the basic financial statements.

WASHINGTON TOWNSHIP
MONTGOMERY COUNTY

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET ASSETS OF GOVERNMENTAL ACTIVITIES
DECEMBER 31, 2008

Total Governmental Fund Balances	\$20,162,901
Amounts reported for governmental activities in the statement of net assets are different because	
Governmental activities' net assets include the internal service funds' cash and cash equivalents. The proprietary funds' statements include these assets.	<u>16,164</u>
Net Assets of Governmental Activities	<u><u>\$20,179,065</u></u>

See accompanying notes to the basic financial statements.

**WASHINGTON TOWNSHIP
MONTGOMERY COUNTY**

**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN MODIFIED CASH BASIS FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2008**

	<u>General</u>	<u>Road & Bridge Fund</u>	<u>Police Fund</u>	<u>Fire Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Receipts						
Property and Other Local Taxes	\$1,104,012	\$3,858,549	\$2,679,775	\$6,025,893		\$13,668,229
Charges for Services				231,359		231,359
Licenses, Permits and Fees	39,106		75	830	\$22,500	62,511
Fines and Forfeitures	61,364					61,364
Intergovernmental	2,523,173	565,434	409,544	976,546	426,940	4,901,637
Special Assessments					34,899	34,899
Interest	580,616				159,510	740,126
Other	265,917	303,462	87	5,341	79,238	654,045
Total Receipts	<u>4,574,188</u>	<u>4,727,445</u>	<u>3,089,481</u>	<u>7,239,969</u>	<u>723,087</u>	<u>20,354,170</u>
Disbursements						
Current:						
General Government	2,825,796					2,825,796
Police	20,212		3,433,781			3,453,993
Fire				6,171,312		6,171,312
Public Works	36,121	2,276,099			230,723	2,542,943
Health	69,180				72,783	141,963
Capital Outlay	189,846	1,738,530	195,069	248,243	474,002	2,845,690
Debt Service:						
Principal Retirement				500,000		500,000
Interest and Fiscal Charges				105,810		105,810
Total Disbursements	<u>3,141,155</u>	<u>4,014,629</u>	<u>3,628,850</u>	<u>7,025,365</u>	<u>777,508</u>	<u>18,587,507</u>
Excess of Receipts Over (Under) Disbursements	<u>1,433,033</u>	<u>712,816</u>	<u>(539,369)</u>	<u>214,604</u>	<u>(54,421)</u>	<u>1,766,663</u>
Other Financing Sources (Uses)						
Sale of Capital Assets	10,912	28,055	16,307	18,012	1,755	75,041
Transfers Out	(500)					(500)
Advances In					11,500	11,500
Advances Out	(11,500)					(11,500)
Other Financing Sources	127,466					127,466
Total Other Financing Sources (Uses)	<u>126,378</u>	<u>28,055</u>	<u>16,307</u>	<u>18,012</u>	<u>13,255</u>	<u>202,007</u>
Net Change in Fund Balances	1,559,411	740,871	(523,062)	232,616	(41,166)	1,968,670
Fund Balances Beginning of Year	<u>4,674,505</u>	<u>6,176,872</u>	<u>2,724,468</u>	<u>3,130,481</u>	<u>1,487,905</u>	<u>18,194,231</u>
Fund Balances End of Year	<u>\$6,233,916</u>	<u>\$6,917,743</u>	<u>\$2,201,406</u>	<u>\$3,363,097</u>	<u>\$1,446,739</u>	<u>\$20,162,901</u>

See accompanying notes to the basic financial statements.

WASHINGTON TOWNSHIP
MONTGOMERY COUNTY

RECONCILIATION OF THE STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES
IN MODIFIED CASH BASIS FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2008

Net Change in Fund Balances - Total Governmental Funds	\$1,968,670
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).	<u>(4,054)</u>
Change in Net Assets of Governmental Activities	<u><u>\$1,964,616</u></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
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2008**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Receipts				
Property and Other Local Taxes	\$1,039,082	\$1,073,709	\$1,104,012	\$30,303
Licenses, Permits and Fees	65,000	\$65,000	39,106	(25,894)
Fines and Forfeitures	50,000	50,000	61,364	11,364
Intergovernmental	857,521	858,500	2,523,173	1,664,673
Interest	680,000	\$680,000	580,616	(99,384)
Other	254,500	254,500	265,917	11,417
Total receipts	<u>2,946,103</u>	<u>2,981,709</u>	<u>4,574,188</u>	<u>1,592,479</u>
Disbursements				
Current:				
General Government	3,369,501	3,438,501	2,945,802	492,699
Police	21,020	21,620	20,212	1,408
Public Works	41,800	41,800	36,121	5,679
Health	68,000	69,500	69,180	320
Capital Outlay	4,175,852	4,054,752	277,664	3,777,088
Total Disbursements	<u>7,676,173</u>	<u>7,626,173</u>	<u>3,348,979</u>	<u>4,277,194</u>
Excess of Receipts Over (Under) Disbursements	<u>(4,730,070)</u>	<u>(4,644,464)</u>	<u>1,225,209</u>	<u>5,869,673</u>
Other Financing Sources (Uses)				
Sale of Capital Assets			10,912	10,912
Transfers Out	(500)	(500)	(500)	
Advances Out	(13,000)	(13,000)	(11,500)	1,500
Other Financing Sources	20,000	20,000	127,466	107,466
Total Other Financing Sources (Uses)	<u>6,500</u>	<u>6,500</u>	<u>126,378</u>	<u>119,878</u>
Net Change in Fund Balance	(4,723,570)	(4,637,964)	1,351,587	5,989,551
Fund Balance Beginning of Year	4,497,562	4,497,562	4,497,562	
Prior Year Encumbrances Appropriated	<u>176,943</u>	<u>176,943</u>	<u>176,943</u>	
Fund Balance End of Year	<u>(\$49,065)</u>	<u>\$36,541</u>	<u>\$6,026,092</u>	<u>\$5,989,551</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, 2008**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Receipts				
Property and Other Local Taxes	\$3,766,800	\$3,866,993	\$3,858,549	(\$8,444)
Intergovernmental	428,450	428,450	565,434	136,984
Other	9,000	9,000	303,462	294,462
Total receipts	<u>4,204,250</u>	<u>4,304,443</u>	<u>4,727,445</u>	<u>423,002</u>
Disbursements				
Current:				
Public Works	2,679,074	3,025,074	2,503,717	521,357
Capital Outlay	8,209,314	7,363,314	2,115,413	5,247,901
Total Disbursements	<u>10,888,388</u>	<u>10,388,388</u>	<u>4,619,130</u>	<u>5,769,258</u>
Excess of Receipts Over (Under) Disbursements	<u>(6,684,138)</u>	<u>(6,083,945)</u>	<u>108,315</u>	<u>6,192,260</u>
Other Financing Sources (Uses)				
Sale of Capital Assets	10,000	10,000	28,055	18,055
Total Other Financing Sources (Uses)	<u>10,000</u>	<u>10,000</u>	<u>28,055</u>	<u>18,055</u>
Net Change in Fund Balance	(6,674,138)	(6,073,945)	136,370	6,210,315
Fund Balance Beginning of Year	5,684,572	5,684,572	5,684,572	
Prior Year Encumbrances Appropriated	<u>492,299</u>	<u>492,299</u>	<u>492,299</u>	
Fund Balance End of Year	<u>(\$497,267)</u>	<u>\$102,926</u>	<u>\$6,313,241</u>	<u>\$6,210,315</u>

See accompanying notes to the basic financial statements.

**WASHINGTON TOWNSHIP
MONTGOMERY COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL-BUDGET BASIS
POLICE FUND
FOR THE YEAR ENDED DECEMBER 31, 2008**

	<u>Budgeted Amounts</u>			Variance with Final Budget
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Receipts				
Property and Other Local Taxes	\$2,672,045	\$2,672,045	\$2,679,775	\$7,730
Licenses, Permits and Fees	100	100	75	(25)
Intergovernmental	331,850	331,850	409,544	77,694
Other			87	87
Total receipts	<u>3,003,995</u>	<u>3,003,995</u>	<u>3,089,481</u>	<u>85,486</u>
Disbursements				
Current:				
Police	3,731,050	3,761,050	3,435,624	325,426
Capital Outlay	<u>2,184,646</u>	<u>1,984,646</u>	<u>195,069</u>	<u>1,789,577</u>
Total Disbursements	<u>5,915,696</u>	<u>5,745,696</u>	<u>3,630,693</u>	<u>2,115,003</u>
Excess of Receipts Over (Under) Disbursements	<u>(2,911,701)</u>	<u>(2,741,701)</u>	<u>(541,212)</u>	<u>2,200,489</u>
Other Financing Sources (Uses)				
Sale of Capital Assets	<u>19,900</u>	<u>19,900</u>	<u>16,307</u>	<u>(3,593)</u>
Total Other Financing Sources (Uses)	<u>19,900</u>	<u>19,900</u>	<u>16,307</u>	<u>(3,593)</u>
Net Change in Fund Balance	(2,891,801)	(2,721,801)	(524,905)	2,196,896
Fund Balance Beginning of Year	2,474,645	2,474,645	2,474,645	
Prior Year Encumbrances Appropriated	<u>249,823</u>	<u>249,823</u>	<u>249,823</u>	
Fund Balance End of Year	<u>(\$167,333)</u>	<u>\$2,667</u>	<u>\$2,199,563</u>	<u>\$2,196,896</u>

See accompanying notes to the basic financial statements.

**WASHINGTON TOWNSHIP
MONTGOMERY COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL-BUDGET BASIS
FIRE FUND
FOR THE YEAR ENDED DECEMBER 31, 2008**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Receipts				
Property and Other Local Taxes	\$6,063,684	\$6,063,684	\$6,025,893	(\$37,791)
Charges for Services	215,000	215,000	231,359	16,359
Licenses, Permits and Fees	500	500	830	330
Intergovernmental	768,975	768,975	976,546	207,571
Other	700	700	5,341	4,641
Total receipts	<u>7,048,859</u>	<u>7,048,859</u>	<u>7,239,969</u>	<u>191,110</u>
Disbursements				
Current:				
Fire	6,788,239	6,863,239	6,208,433	654,806
Capital Outlay	2,485,715	2,410,715	300,744	2,109,971
Debt Service:				
Principal Retirement	500,000	500,000	500,000	
Interest and Fiscal Charges	106,000	106,000	105,810	190
Total Disbursements	<u>9,879,954</u>	<u>9,879,954</u>	<u>7,114,987</u>	<u>2,764,967</u>
Excess of Receipts Over (Under) Disbursements	<u>(2,831,095)</u>	<u>(2,831,095)</u>	<u>124,982</u>	<u>2,956,077</u>
Other Financing Sources (Uses)				
Sale of Capital Assets	6,800	6,800	18,012	11,212
Total Other Financing Sources (Uses)	<u>6,800</u>	<u>6,800</u>	<u>18,012</u>	<u>11,212</u>
Net Change in Fund Balance	(2,824,295)	(2,824,295)	142,994	2,967,289
Fund Balance Beginning of Year	3,065,213	3,065,213	3,065,213	
Prior Year Encumbrances Appropriated	<u>65,268</u>	<u>65,268</u>	<u>65,268</u>	
Fund Balance End of Year	<u>\$306,186</u>	<u>\$306,186</u>	<u>\$3,273,475</u>	<u>\$2,967,289</u>

See accompanying notes to the basic financial statements.

**WASHINGTON TOWNSHIP
MONTGOMERY COUNTY**

**STATEMENT OF FUND NET ASSETS - MODIFIED CASH BASIS
PROPRIETARY FUNDS
DECEMBER 31, 2008**

	Business-Type Activities	Governmental Activity
	Recreation	
	Enterprise Fund	Internal Service
Assets		
Equity in Pooled Cash and Cash Equivalents	\$285,159	\$16,164
Total Assets	285,159	16,164
 Net Assets		
Other Purposes	285,159	
Unrestricted		16,164
Total Net Assets	\$285,159	\$16,164

See accompanying notes to the basic financial statements.

**WASHINGTON TOWNSHIP
MONTGOMERY COUNTY**

**STATEMENT OF CASH RECEIPTS,
DISBURSEMENTS AND CHANGES IN FUND NET ASSETS - MODIFIED CASH BASIS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2008**

	<u>Business-Type Activities</u>	<u>Governmental</u>
	<u>Recreation</u>	<u>Activity</u>
	<u>Enterprise Fund</u>	<u>Internal Service</u>
Operating Receipts		
Charges for Services	\$1,388,158	\$33,304
Property and Other Local Taxes	970,287	
Intergovernmental	175,808	
Other Operating Receipts	109,566	
Total Operating Receipts	<u>2,643,819</u>	<u>33,304</u>
Operating Disbursements		
Salaries	1,406,624	16,083
Employee Fringe Benefits	429,260	
Purchased Services	103,162	
Materials and Supplies	250,995	20,227
Other	691,625	1,048
Total Operating Disbursements	<u>2,881,666</u>	<u>37,358</u>
Operating Income (Loss)	<u>(237,847)</u>	<u>(4,054)</u>
Non-Operating Receipts (Disbursements)		
Other Financing Sources	2,251	
Total Non-Operating Receipts (Disbursements)	<u>2,251</u>	
Income (Loss) before Transfers	(235,596)	(4,054)
Transfers In	<u>500</u>	
Change in Net Assets	(235,096)	(4,054)
Net Assets Beginning of Year	<u>520,255</u>	<u>20,218</u>
Net Assets End of Year	<u><u>\$285,159</u></u>	<u><u>\$16,164</u></u>

See accompanying notes to the basic financial statements.

**WASHINGTON TOWNSHIP
MONTGOMERY COUNTY**

**STATEMENT OF FIDUCIARY NET ASSETS - MODIFIED CASH BASIS
FIDUCIARY FUNDS
DECEMBER 31, 2008**

	Private Purpose Trust	Agency
Assets		
Equity in Pooled Cash and Cash Equivalents	\$3,761	\$7,935
Total Assets	3,761	7,935
Net Assets		
Unrestricted	\$3,761	\$7,935

See accompanying notes to the basic financial statements.

WASHINGTON TOWNSHIP
MONTGOMERY COUNTY

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS - MODIFIED CASH BASIS
FIDUCIARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2008

	<u>Private Purpose Trust</u>
Additions	
Interest	\$130
Total Additions	<u>130</u>
Deductions	
Payments in Accordance with Trust Agreements	<u>113</u>
Total Deductions	<u>113</u>
Change in Net Assets	17
Net Assets - Beginning of Year	<u>3,744</u>
Net Assets - End of Year	<u><u>\$3,761</u></u>

See accompanying notes to the basic financial statements.

**WASHINGTON TOWNSHIP
MONTGOMERY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008**

1. REPORTING ENTITY

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

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

A. Primary Government

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

B. Component Units

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

**WASHINGTON TOWNSHIP
MONTGOMERY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Basis of Presentation

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

1. Township-Wide Financial Statements

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

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

2. Fund Financial Statements

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

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

**WASHINGTON TOWNSHIP
MONTGOMERY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Fund Accounting

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

1. Governmental Funds

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

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

2. Proprietary Funds

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

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

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

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

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

3. Fiduciary Funds

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

**WASHINGTON TOWNSHIP
MONTGOMERY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

4. Agency Funds

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

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

C. Basis of Accounting

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

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

D. Budgetary Process

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

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

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

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

**WASHINGTON TOWNSHIP
MONTGOMERY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Cash and Investments

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

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

During 2008, the Township invested in nonnegotiable certificates of deposit, U.S. Agencies, and STAR Ohio. The nonnegotiable certificates of deposit and the U.S. Agencies are reported at cost.

STAR Ohio is an investment pool, managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price, which is the price the investment could be sold for on December 31, 2008.

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 2008 was \$580,616, which includes \$391,045 assigned from other Township funds.

F. Capital Assets

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

G. Interfund Receivables / Payables

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

H. Accumulated Leave

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

I. Employer Contributions to Cost-Sharing Pension Plans

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

J. Long-Term Obligations

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

**WASHINGTON TOWNSHIP
MONTGOMERY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

K. Net Assets

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

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

L. Fund Balance Reserves

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

3. BUDGETARY BASIS OF ACCOUNTING

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budgetary Basis presented for the General, Police, Fire and Road & Bridge funds are prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference between the budgetary basis and the modified cash basis is that outstanding year end encumbrances are treated as disbursements (budgetary basis) rather than as a reservation of fund balance (modified cash basis) and outstanding year end advances are treated as an other financing source or use (budgetary basis) rather than as an interfund receivable or payable (modified cash basis). The encumbrances outstanding at year end (budgetary basis) amounted to \$207,824 for the General Fund, \$1,843 for the Police Fund, \$89,622 for the Fire Fund, and \$604,501 for the Road & Bridge Fund. The outstanding advances at year end amounted to \$11,500 for the General Fund.

4. DEPOSITS AND INVESTMENTS

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

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

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

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

**WASHINGTON TOWNSHIP
MONTGOMERY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008
(Continued)**

4. DEPOSITS AND INVESTMENTS (Continued)

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

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

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

A. Deposits

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

Custodial credit risk is the risk that, in the event of bank failure, the Township will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year end, \$5,022,603 of the Township's bank balance of \$5,056,338 was exposed to custodial credit risk because those deposits were uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the Township's name.

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

**WASHINGTON TOWNSHIP
MONTGOMERY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008
(Continued)**

4. DEPOSITS AND INVESTMENTS (Continued)

B. Investments

As of December 31, 2008, the Township had the following investments:

	Carrying Value	Maturity				Concentration of Credit Risk
		Less Than One Year	1-3	3-4	4-5	
FHLB	\$ 3,385,990		\$1,250,000	\$2,135,990		21.96
Fannie Mae	998,336	\$ 498,353	498,983			6.47
Freddie Mac	500,000		500,000			3.24
Fed. Farm Cr.	500,000				\$500,000	3.24
STAR Ohio	8,917,019	8,917,019				57.83
N.C.B. Sweep	501,000	501,000				3.26
Money Market	617,237	617,237				4.00
Total Portfolio	\$15,419,582	\$10,035,256	\$2,748,336	\$2,135,990	\$500,000	

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

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

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

Reconciliation of Cash and Investment to the Statements of Net Assets: The following is a reconciliation of cash and investments as reported in the footnote above to cash and investments as reported on the statements of net assets as of December 31, 2008.

Cash and Investments per footnote

Carrying amounts of deposits	\$5,056,338
Investments	15,419,582
Total	<u><u>\$20,475,920</u></u>

Cash and Investments per Statements of Net Assets

Governmental activities	\$20,179,065
Business type activities	285,159
Agency funds	7,935
Private purpose trust funds	3,761
Total	<u><u>\$20,475,920</u></u>

**WASHINGTON TOWNSHIP
MONTGOMERY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008
(Continued)**

5. PROPERTY TAXES

Property taxes include amounts levied against all real property, public utility property, and tangible personal property located in the Township. Real property tax receipts received in 2008 represent the collection of 2007 taxes. Real property taxes received in 2008 were levied after October 1, 2007, on the assessed values as of January 1, 2007, the lien date. Assessed values for real property taxes are established by State Statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31st; if paid semi-annually, the first payment is due December 31st, with the remainder payable by June 20th. Under certain circumstances, State Statute permits alternate payment dates to be established.

Public utility property tax receipts received in 2008 represent the collection of 2007 taxes. Public utility real and tangible personal property taxes received in 2007 became a lien on December 31, 2006, were levied after October 1, 2007, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

Tangible personal property tax receipts received in 2008 (other than public utility property) represent the collection of 2007 taxes. Tangible personal property taxes received in 2008 were levied after October 1, 2007, on the true value as of December 31, 2007. Tangible personal property is currently assessed at 6.25 percent of true value for capital assets and 6.25 percent for inventory. Amounts paid by multi-county taxpayers are due September 20th. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30th; if paid semi-annually, the first payment is due April 30th, with the remainder payable by September 20th.

The full tax rate for all Township operations for the year ended December 31, 2008, was \$16.85 per \$1,000 of assessed value. The full tax rate for all operations, (County, School, Township, City, JVS, Library and Park District), is \$107.44 per \$1,000 of assessed value. The assessed values of real property, public utility property, and tangible personal property upon which 2008 property tax receipts were based are as follows:

Real Property	
Residential/Agricultural	\$1,351,085,460
Commercial/Industrial/Mineral	313,752,900
Public Utility Property	
Real	
Personal	21,909,160
Tangible Personal Property	21,972,930
Total Assessed Value	<u>\$1,708,720,450</u>

6. RISK MANAGEMENT

The Township has obtained commercial insurance for the following risks:

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

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

**WASHINGTON TOWNSHIP
MONTGOMERY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008
(Continued)**

7. DEFINED BENEFIT PENSION PLAN

A. Ohio Public Employees Retirement System

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

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

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

For the year ended December 31, 2008, OPERS members were required to contribute 10 percent of their annual covered salaries. The Township's contribution rate for pension benefits for 2008 was 14 percent. The Ohio Revised Code provides statutory authority for member and employer contributions.

The Township's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2008, 2007, and 2006 were \$728,943, \$665,183 and \$600,990 respectively, equal to required contributions for each year.

B. Ohio Police and Fire Pension Fund

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

Plan members are required to contribute 10 percent of their annual covered salary to fund pension obligations while the Township is required to contribute 24 percent for firefighters. Contributions are authorized by State Statute. The Township's contributions to the Fund for firefighters were \$363,563 for the year ended December 31, 2008, \$352,033 for the year ended December 31, 2007, and \$350,277 for the year ended December 31, 2006. The full amount has been contributed for 2008, 2007, and 2006.

**WASHINGTON TOWNSHIP
MONTGOMERY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008
(Continued)**

8. POST EMPLOYMENT BENEFITS

A. Ohio Public Employees Retirement System

Plan Description - OPERS maintains a cost-sharing multiple employer defined benefit post-employment healthcare 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 10 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 45. The Ohio Revised Code permits, but does not mandate, OPERS to provide OPEB benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report. Interested parties may obtain a copy by writing OPERS, 277 East Town Street, Columbus OH 43215-4642, or by calling 614-222-5601 or 800-222-7377.

Funding Policy - The Ohio Revised Code provides the statutory authority requiring public employers to fund post retirement health care through their contributions to OPERS. A portion of each employer's contribution to OPERS is set aside for the funding of post retirement health care benefits. Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2008, state and local employers contributed at a rate of 14.00% of covered payroll, and public safety and law enforcement employers contributed at 17.40%. The Ohio Revised Code currently limits the employer contribution to a rate not to exceed 14.0% of covered payroll for state and local employer units and 18.1% of covered payroll for law and public safety employer units. Active members do not make contributions to the OPEB Plan.

OPERS' Post Employment Health Care plan was established under, and is administrated in accordance with, Internal Revenue Code 401(h). Each year, the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding of post employment health care benefits. For 2008, the employer contribution allocated to the health care plan was 7.0% of covered payroll. The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care benefits provided, by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected. Actual employer contributions for 2008 which were used to fund post-employment benefits were \$364,472.

OPERS Retirement Board Implements its Health Care Preservation Plan - The Health Care Preservation Plan (HCPP) adopted by the OPERS Retirement Board on September 9, 2004, was effective January 1, 2007. Member and employer contribution rates increased as of January 1, 2006, January 1, 2007 and January 1, 2008, which allowed additional funds to be allocated to the health care plan.

B. Ohio Police and Fire Pension Fund

Plan Description - The Township contributes to the Ohio Police and Fire Pension Fund (OP&F) sponsored health care program, a cost-sharing multiple-employer defined postemployment 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 FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008
(Continued)**

8. POST EMPLOYMENT BENEFITS (Continued)

OP&F provides access to post-retirement health care coverage for any person who receives or is eligible to receive a monthly service, disability, or survivor benefit check or is a spouse or eligible dependent child of such person. The health care coverage provided by OP&F meets the definition of an 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 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 OP&F, 140 East Town Street, Columbus, Ohio 43215-5164.

Funding Policy – The Ohio Revised Code provides for contribution requirements of the participating employers and of plan members to the 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, 24 percent of covered payroll for fire employers. The Ohio Revised Code states that the employer contribution may not exceed 24 percent 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 administered 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. For the year ended December 31, 2008, the employer contribution allocated to the health care plan was 6.75 percent of covered payroll. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees' primary responsibility to ensure that pension benefits are adequately funded and is limited by the provisions of Sections 115 and 401(h).

The OP&F Board of Trustees also is 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 2008 to fund post employment benefits were \$94,232 for fire employees.

**WASHINGTON TOWNSHIP
MONTGOMERY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008
(Continued)**

9. DEBT

The Township's long-term debt activity for the year ended December 31, 2008, was as follows:

	<u>Interest Rate</u>	<u>Balance 12/31/2007</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance 12/31/2008</u>	<u>Due Within One Year</u>
Township Activities						
General Obligation Bonds:						
2003 Issue (\$5,000,000)						
Fire Station & Equipment Bond	3.62%	\$3,000,000	\$0	\$500,000	\$2,500,000	\$500,000

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

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

<u>Year</u>	<u>G.O. Bonds</u>	
	<u>Principal</u>	<u>Interest</u>
2009	\$ 500,000	\$ 87,157
2010	500,000	68,805
2011	500,000	50,454
2012	500,000	32,203
2013	500,000	13,751
	<u>\$2,500,000</u>	<u>\$252,370</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, 2008, were an overall debt margin of \$179,415,647 and an unvoted debt margin of \$93,979,625.

10. INTER-FUND TRANSFERS AND INTER-FUND RECEIVABLES/PAYABLES (ADVANCES)

During 2008 the following Inter Fund Transfers were made:

Transfers from the General Fund to:	
Recreation Fund – Enterprise	<u>\$500.00</u>
Total transfers from the General Fund	<u>\$500.00</u>

Transfers represent the allocation of unrestricted receipts collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

Inter-fund balances at December 31, 2008, consisted of the following individual fund receivables and payables:

Due to General Fund from:	
Other Governmental Funds	\$11,500

The balance due to the General Fund includes loans made to cover first year expenses for the Lighting Fund. The amount is expected to be repaid within one year.

**WASHINGTON TOWNSHIP
MONTGOMERY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008
(Continued)**

11. CONTINGENT LIABILITIES

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

Amounts grantor agencies pay to the Township are subject to audit and adjustment by the grantor, principally the Federal Government. Grantors may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

12. SUBSEQUENT EVENTS

Effective January 1, 2009 the township changed insurance carriers for health insurance. The township has gone to the fixed monthly premium policy and will no longer pay for actual benefits except for run out claims from the previous health carrier.

One of the Townships three trustees ran for and was elected to the Ohio State Legislature. He resigned effective 12/31/2008 at the end of his first year of a four year term. The two current trustees appointed a replacement for 2009. Candidates who want to serve the last two years of the four year term, will have to file and run in the 2009 general election.

**WASHINGTON TOWNSHIP
MONTGOMERY COUNTY**

**FEDERAL AWARDS EXPENDITURES SCHEDULE
FOR THE YEAR ENDED DECEMBER 31, 2008**

FEDERAL GRANTOR <i>Pass Through Grantor</i> Program Title	Pass Through Entity Number	Federal CFDA Number	Disbursements
U.S. DEPARTMENT OF HOMELAND SECURITY			
<i>Passed Through Ohio Emergency Management Agency</i>			
Disaster Grants-Public Assistance (Presidentially Declared Disasters)	113-81494	97.036	<u>\$547,057</u>
Total U.S. Department of Homeland Security			<u>547,057</u>
Total			<u><u>\$547,057</u></u>

The accompanying notes are an integral part of this schedule.

**WASHINGTON TOWNSHIP
MONTGOMERY COUNTY**

**NOTES TO THE FEDERAL AWARDS EXPENDITURES SCHEDULE
FISCAL YEAR ENDED DECEMBER 31, 2008**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

The accompanying Federal Awards Expenditures Schedule (the Schedule) summarizes activity of the Township's federal award programs. The schedule has been prepared on the cash basis of accounting.

NOTE B - MATCHING REQUIREMENTS

Certain Federal programs require that the Township contribute non-Federal funds (matching funds) to support the Federally-funded programs. The Township has complied with the matching requirements. The expenditure of non-Federal matching funds is not included on the Schedule.



Mary Taylor, CPA

Auditor of State

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

Washington Township
Montgomery County
8200 McEwen Rd
Dayton, Ohio 45458

To the Board of Trustees:

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Washington Township, Montgomery County, (the Township) as of and for the year ended December 31, 2008, which collectively comprise the Township's basic financial statements and have issued our report thereon dated July 31, 2009, wherein we noted the Township uses a comprehensive accounting basis other than generally accepted accounting principles. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

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

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

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

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

We noted certain matters that we reported to the Township's management in a separate letter dated August 12, 2009.

One First National Plaza / 130 W. Second St. / Suite 2040 / Dayton, OH 45402
Telephone: (937) 285-6677 (800) 443-9274 Fax: (937) 285-6688
www.auditor.state.oh.us

Compliance and Other Matters

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

We did note certain noncompliance or other matter that we reported to the Township's management in a separate letter dated August 12, 2009.

We intend this report solely for the information and use of the audit committee, management, Board of Trustees, and federal awarding agencies and pass through entities. We intend it for anyone other than these specified parties.

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

Mary Taylor, CPA
Auditor of State

August 12, 2009



Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO THE MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Washington Township
Montgomery County
8200 McEwen Rd
Dayton, Ohio 45458

To the Board of Trustees:

Compliance

We have audited the compliance of Washington Township (the Township) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that apply to its major federal program for the year ended December 31, 2008. The summary of auditor's results section of the accompanying schedule of findings identifies the Township's major federal program. The Township's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. Our responsibility is to express an opinion on the Township's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to reasonably assure whether noncompliance occurred with the types of compliance requirements referred to above that could directly and materially affect a major federal program. An audit includes examining, on a test basis, evidence about the Township's compliance with those requirements and performing other procedures we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Township's compliance with those requirements.

In our opinion, Washington Township complied, in all material respects, with the requirements referred to above that apply to its major federal program for the year ended December 31, 2008.

Internal Control Over Compliance

The Township's management is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Township's internal control over compliance with requirements that could directly and materially affect a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Township's internal control over compliance.

**Internal Control Over Compliance
(Continued)**

A *control deficiency* in internal control over compliance exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent or detect noncompliance with a federal program compliance requirement on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the Township's ability to administer a federal program such that there is more than a remote likelihood that the Township's internal control will not prevent or detect more-than-inconsequential noncompliance with a federal program compliance requirement.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that the Township's internal control will not prevent or detect material noncompliance with a federal program's compliance requirements.

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

We intend this report solely for the information and use of the audit committee, management, Board of Trustees, federal awarding agencies, and pass-through entities. It is not intended for anyone other than these specified parties.



Mary Taylor, CPA
Auditor of State

August 12, 2009

**WASHINGTON TOWNSHIP
MONTGOMERY COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
DECEMBER 31, 2008**

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unqualified
(d)(1)(ii)	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any other significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material internal control weaknesses reported for major federal programs?	No
(d)(1)(iv)	Were there any other significant deficiencies in internal control reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unqualified
(d)(1)(vi)	Are there any reportable findings under § .510?	No
(d)(1)(vii)	Major Programs (list):	Disaster Grants-Public Assistance (Presidentially Declared Disasters) CFDA 97.036
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$ 300,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	No

**2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS**

None.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None.



Mary Taylor, CPA
Auditor of State

WASHINGTON TOWNSHIP

MONTGOMERY COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
OCTOBER 6, 2009**