



**Auditor of State
Betty Montgomery**

WASHINGTON TOWNSHIP
MONTGOMERY COUNTY

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Auditor of State Betty Montgomery

INDEPENDENT ACCOUNTANTS' REPORT

Washington Township
Montgomery County
8200 McEwen Road
Dayton, Ohio 45458

To the Board of Trustees:

We have audited the accompanying financial statements of Washington Township (the Township), Montgomery County, as of and for the year ended December 31, 2003. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of the Township as of December 31, 2003, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 31, 2004 on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

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

Betty Montgomery
Auditor of State

March 31, 2004

**WASHINGTON TOWNSHIP
MONTGOMERY COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN FUND
CASH BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2003**

	<u>General</u>	<u>Special Revenue</u>	<u>Capital Project</u>	<u>Totals (Memorandum Only)</u>
Cash Receipts:				
Property Tax and Other Local Taxes	\$927,500	\$10,778,132		\$11,705,632
Special Assessments		2,984		2,984
Intergovernmental Receipts	1,107,443	1,513,521	160,155	2,781,119
Licenses, Permits, and Fees	58,771	17,100		75,871
Fines and Forfeitures	7,441			7,441
Earnings on Investments	229,881	66,189		296,070
Miscellaneous	188,702	161,231		349,933
Total Cash Receipts	<u>2,519,738</u>	<u>12,539,157</u>	<u>160,155</u>	<u>15,219,050</u>
Cash Disbursements:				
Current:				
General Government	2,019,127			2,019,127
Public Safety	16,268	6,548,023	6,454	6,570,745
Public Works	24,716	2,136,764	29,824	2,191,304
Health	57,525	53,383		110,908
Debt Service:				
Principal Payments	106,360	372,963		479,323
Interest Payments	58,640	55,080		113,720
Capital Outlay	250,423	2,825,773	56,042	3,132,238
Total Cash Disbursements	<u>2,533,059</u>	<u>11,991,986</u>	<u>92,320</u>	<u>14,617,365</u>
Total Receipts Over/(Under) Disbursements	<u>(13,321)</u>	<u>547,171</u>	<u>67,835</u>	<u>601,685</u>
Other Financing Receipts:				
Proceeds of Notes		5,000,000		5,000,000
Other Sources	473,928	13,000		486,928
Total Other Financing Receipts	<u>473,928</u>	<u>5,013,000</u>		<u>5,486,928</u>
Cash Receipts and Other Financing Receipts Over Cash Disbursements	460,607	5,560,171	67,835	6,088,613
Fund Cash Balances, January 1	2,531,233	7,531,239		10,062,472
Fund Cash Balances, December 31	<u>\$2,991,840</u>	<u>\$13,091,410</u>	<u>\$67,835</u>	<u>\$16,151,085</u>
Reserves for Encumbrances, December 31	<u>\$172,912</u>	<u>\$2,205,411</u>	<u>\$67,835</u>	<u>\$2,446,158</u>

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

**WASHINGTON TOWNSHIP
MONTGOMERY COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN FUND CASH
BALANCES - ALL PROPRIETARY FUND TYPES AND SIMILAR FIDUCIARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2003**

	<u>Proprietary Fund Types</u>		<u>Fiduciary Funds</u>		<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Internal Service</u>	<u>Non-Expendable Trust</u>	<u>Agency</u>	
Operating Cash Receipts:					
Charges for Services	\$1,109,135				\$1,109,135
Other Operating Receipts	193,734	16,572		41,149	251,455
Total Operating Cash Receipts	<u>1,302,869</u>	<u>16,572</u>		<u>41,149</u>	<u>1,360,590</u>
Operating Cash Disbursements:					
Recreation	2,172,673				2,172,673
Contractual Services		13,719			13,719
Supplies and Materials			64		64
Capital Outlay	50,778				50,778
Total Operating Cash Disbursements	<u>2,223,451</u>	<u>13,719</u>	<u>64</u>		<u>2,237,234</u>
Operating Income/(Loss)	<u>(920,582)</u>	<u>2,853</u>	<u>(64)</u>	<u>41,149</u>	<u>(876,644)</u>
Non-Operating Cash Receipts:					
Property Tax and Other Local Taxes	793,789				793,789
Intergovernmental Receipts	96,446				96,446
Interest			28		28
Total Non-Operating Cash Receipts	<u>890,235</u>		<u>28</u>		<u>890,263</u>
Non-Operating Cash Disbursements:					
Other Non-Operating Cash Disbursements				38,448	38,448
Net Receipts Over/(Under) Disbursements	(30,347)	2,853	(36)	2,701	(24,829)
Fund Cash Balances, January 1	<u>592,600</u>	<u>3,229</u>	<u>3,972</u>	<u>7,121</u>	<u>606,922</u>
Fund Cash Balances, December 31	<u><u>\$562,253</u></u>	<u><u>\$6,082</u></u>	<u><u>\$3,936</u></u>	<u><u>\$9,822</u></u>	<u><u>\$582,093</u></u>
Reserve for Encumbrances, December 31	<u><u>\$129,554</u></u>	<u><u>\$1,734</u></u>			<u><u>\$131,288</u></u>

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

**WASHINGTON TOWNSHIP
MONTGOMERY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

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

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

B. Basis of Accounting

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

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

C. Cash and Investments

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

Certificates of Deposit and Federal Agency Instrumentalities are valued at cost. Investments in STAR Ohio are recorded at share values reported by the fund.

D. Fund Accounting

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

1. General Fund

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

2. Special Revenue Funds

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

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

WASHINGTON TOWNSHIP
MONTGOMERY COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003
(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

3. Capital Project Funds

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

Assistance to Fire Fighters Grant Fund – This fund receives federal grant monies to purchase equipment.

4. Enterprise Fund

This fund is 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 fund through user charges and property taxes.

5. Internal Service Fund

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

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

6. Fiduciary Funds (Trust and Agency Funds)

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

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.

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

**WASHINGTON TOWNSHIP
MONTGOMERY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process

The Ohio Revised Code requires that each fund be budgeted annually.

1. Appropriations

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

2. Estimated Resources

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

3. Encumbrances

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

A summary of 2003 budgetary activity appears in Note 3.

F. Property, Plant and Equipment

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

G. Accumulated Leave

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

2. EQUITY IN POOLED CASH AND INVESTMENTS

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

**WASHINGTON TOWNSHIP
MONTGOMERY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003
(Continued)**

2. EQUITY IN POOLED CASH AND INVESTMENTS (Continued)

	2003
Demand deposits	\$5,045,112
Certificates of deposit	5,300,791
Total deposits	10,345,903
Federal Agency Instrumentalities	5,449,196
STAR Ohio	938,079
Total investments	6,387,275
Total deposits and investments	\$16,733,178

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.

Investments: Government backed securities including the Federal Agency Instrumentalities are held in book-entry form by the Federal Reserve, in the name of the Township's financial institution. The financial institution maintains records identifying the Township as an owner of these securities.

The Township's agent holds securities collateralizing repurchase agreements. The securities are not in the Township's name. Investments in STAR Ohio are not evidenced by securities that exist in physical or book-entry form.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2003 follows:

2003 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$2,856,999	\$2,993,666	\$136,667
Special Revenue	17,505,145	17,552,157	47,012
Capital Projects	160,155	160,155	0
Enterprise	2,138,945	2,193,104	54,159
Internal Service	16,500	16,572	72
Fiduciary	35,025	41,177	6,152
Total	\$22,712,769	\$22,956,831	\$244,062

**WASHINGTON TOWNSHIP
MONTGOMERY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003
(Continued)**

3. BUDGETARY ACTIVITY (Continued)

2003 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$5,318,717	\$2,705,971	\$2,612,746
Special Revenue	24,741,943	14,197,397	10,544,546
Capital Projects	160,155	160,155	0
Enterprise	2,635,330	2,353,005	282,325
Internal Service	19,357	15,453	3,904
Fiduciary	41,212	38,512	2,700
Total	\$32,916,714	\$19,470,493	\$13,446,221

4. PROPERTY TAX

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

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

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

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

5. DEBT

A. Fire Station and Equipment Bond

On August 12, 2003, the Township issued a ten year, \$5,000,000 Fire Station and Equipment Bond, which was used for the purpose of constructing two fire stations and refinancing the purchase of two fire trucks.

Fire Station and Equipment Bond outstanding at December 31, 2003 was as follows:

	Principal	Interest Rate
Fire Station and Equipment Bond	\$5,000,000	3.62%

**WASHINGTON TOWNSHIP
MONTGOMERY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003
(Continued)**

5. DEBT (Continued)

B. Park Improvement Bond

On April 29, 2002, the Township issued a nine year, \$1,172,791 Park Improvement Bond, which was used for the purchase of 55.028 acres of land.

Park Improvement Bond outstanding at December 31, 2003 was as follows:

	Principal	Interest Rate
Park Improvement Bond	\$1,066,430	5%

C. Future Annual Debt Service Requirements

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

	Park Improvement Bond	Fire Station and Equipment Bond
Year ending December 31:		
2004	\$165,000	\$676,475
2005	165,000	658,375
2006	165,000	640,275
2007	165,000	622,175
2008	165,000	604,075
2009 – 2014	495,000	2,748,875
Total	\$1,320,000	\$5,950,250

6. RETIREMENT SYSTEMS

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

Contribution rates are also prescribed by the Ohio Revised Code. For 2003, members of OP&F participants contributed 10% of their wages. The Township contributed an amount equal to 24% of their wages to OP&F. PERS members contributed 8.5% of their gross salaries. The Township contributed an amount equal to 13.55% of participants' gross salaries for 2003. The Township has paid all contributions required through December 31, 2003.

**WASHINGTON TOWNSHIP
MONTGOMERY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003
(Continued)**

7. RISK MANAGEMENT

Commercial Insurance

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. The Township pays a small monthly administrative fee/stop-loss premium and then only pays for actual benefit payments issued by Great West.

8. CONTINGENT LIABILITIES

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

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Auditor of State Betty Montgomery

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

Washington Township
Montgomery County
8200 McEwen Road
Dayton, Ohio 45458

To the Board of Trustees:

We have audited the accompanying financial statements of Washington Township (the Township), Montgomery County, as of and for the year ended December 31, 2003, and have issued our report thereon dated March 31, 2004. 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 *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Township's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on 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 such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to management of the Township in a separate letter dated March 31, 2004.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Township's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that does not require inclusion in this report, that we have reported to management of the Township in a separate letter dated March 31, 2004.

Washington Township
Montgomery County
Independent Accountants' Report on Compliance and on Internal Control
Required by *Government Auditing Standards*
Page 2

This report is intended solely for the information and use of the audit committee, management, and the Board of Trustees, and is not intended to be and should not be used by anyone other than these specified parties.

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

Betty Montgomery
Auditor of State

March 31, 2004



**Auditor of State
Betty Montgomery**

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140
Telephone 614-466-4514
800-282-0370
Facsimile 614-466-4490

WASHINGTON TOWNSHIP

MONTGOMERY COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
MAY 6, 2004**