

STATE BOARD OF ACCOUNTS
302 West Washington Street
Room E418
INDIANAPOLIS, INDIANA 46204-2769

EXAMINATION REPORT
OF
CLAY TOWNSHIP
ST. JOSEPH COUNTY, INDIANA
January 1, 2006 to December 31, 2006



FILED

11/20/2007

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OFFICIALS

Office

Official

Term

Trustee

Robbie M. Thomas

01-01-03 to 12-31-10

Chairman of the
Township Board

Alice Langel
Mike Dobson

01-01-06 to 12-31-06
01-01-07 to 12-31-07



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF CLAY TOWNSHIP, ST. JOSEPH COUNTY, INDIANA

We have examined the financial information presented herein of Clay Township (Township), for the period of January 1, 2006 to December 31, 2006. The Township's management is responsible for the financial information presented herein. Our responsibility is to express an opinion based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence supporting the financial information presented herein and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

In our opinion, the financial information referred to above presents fairly, in all material respects, the financial information of the Township for the year ended December 31, 2006, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

The Schedule of Capital Assets and Schedule of Long-Term Debt, as listed in the Table of Contents, are presented for additional analysis and are not required parts of the basic financial information. They have not been subjected to the examination procedures applied to the basic financial information, and accordingly, we express no opinion on them.

STATE BOARD OF ACCOUNTS

September 24, 2007

CLAY TOWNSHIP, ST. JOSEPH COUNTY
SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES
ALL GOVERNMENTAL AND FIDUCIARY FUND TYPES
As Of And For The Year Ended December 31, 2006

	Cash and Investments 01-01-06	Receipts	Disbursements	Cash and Investments 12-31-06
Governmental Funds:				
Township	\$ 182,437	\$ 252,755	\$ 205,410	\$ 229,782
Dog	302	122	124	300
Township Assistance	95,502	79,641	60,866	114,277
Fire Territory	506,471	3,138,447	2,754,785	890,133
Rainy Day	46,139	1,457	-	47,596
Fire Equipment Debt	92,606	245,702	226,927	111,381
Station 1 Bond	400	-	400	-
Equipment Replacement	760,932	776,094	910,350	626,676
Fiduciary Funds:				
Payroll Deductions	-	518,149	518,149	-
Fire Territory Donations	8,819	27,468	24,543	11,744
Totals	<u>\$ 1,693,608</u>	<u>\$ 5,039,835</u>	<u>\$ 4,701,554</u>	<u>\$ 2,031,889</u>

The accompanying notes are an integral part of the financial information.

CLAY TOWNSHIP, ST. JOSEPH COUNTY
NOTES TO FINANCIAL INFORMATION

Note 1. Introduction

The Township was established under the laws of the State of Indiana. The Township provides the following services: public safety, health and social services, culture and recreation, and general administrative services.

Note 2. Fund Accounting

The Township uses funds to report on its cash and investments and the results of its operations on a cash basis. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain governmental functions or activities.

Note 3. Budgets

The operating budget is initially prepared and approved at the local level. In addition, funds for which property taxes are levied are subject to final approval by the Indiana Department of Local Government Finance.

Note 4. Property Taxes

Property taxes levied are collected by the County Treasurer and are distributed to the Township in June and December. State statute (IC 6-1.1-17-16) requires the Indiana Department of Local Government Finance to establish property tax rates and levies by February 15. These rates were based upon the preceding year's March 1 (lien date) assessed valuations adjusted for various tax credits. Taxable property is assessed at 100% of the true tax value (determined in accordance with rules and regulations adopted by the Indiana Department of Local Government Finance). Taxes may be paid in two equal installments which become delinquent if not paid by May 10 and November 10, respectively. All property taxes collected by the County Treasurer and available for distribution were distributed to the Township on or prior to December 31 of the year collected.

Note 5. Deposits and Investments

Deposits, made in accordance with Indiana Code 5-13, with financial institutions in the State of Indiana at year end were entirely insured by the Federal Depository Insurance Corporation or by the Indiana Public Deposit Insurance Fund. This includes any deposit accounts issued or offered by a qualifying financial institution.

State statute (IC 5-13-9) authorizes the Township to invest in securities including, but not limited to, federal government securities, repurchase agreements, and certain money market mutual funds. Certain other statutory restrictions apply to all investments made by local governmental units.

CLAY TOWNSHIP, ST. JOSEPH COUNTY
NOTES TO FINANCIAL INFORMATION
(Continued)

Note 6. Pension Plan

Public Employees' Retirement Fund

Plan Description

The Township contributes to the Indiana Public Employees' Retirement Fund (PERF), a defined benefit pension plan. PERF is an agent multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. All full-time employees are eligible to participate in this defined benefit plan. State statutes (IC 5-10.2 and 5-10.3) govern, through the PERF Board, most requirements of the system, and give the Township authority to contribute to the plan. The PERF retirement benefit consists of the pension provided by employer contributions plus an annuity provided by the member's annuity savings account. The annuity savings account consists of members' contributions, set by state statute at 3% of compensation, plus the interest credited to the member's account. The employer may elect to make the contributions on behalf of the member.

PERF administers the plan and issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole and for its participants. That report may be obtained by contacting:

Public Employees' Retirement Fund
Harrison Building, Room 800
143 West Market Street
Indianapolis, IN 46204
Ph. (317) 233-4162

Funding Policy and Annual Pension Cost

The contribution requirements of the plan members for PERF are established by the Board of Trustees of PERF.

Note 7. Subsequent Event

On June 21, 2007, the Township approved resolution 6-27-07 authorizing a \$1,300,000 tax anticipation warrant. This loan was necessary to meet cash flow needs caused by the delay in tax collections.

CLAY TOWNSHIP, ST. JOSEPH COUNTY
SUPPLEMENTARY INFORMATION
SCHEDULE OF CAPITAL ASSETS

December 31, 2006

Capital assets are reported at actual or estimated historical cost based on appraisals or deflated current replacement cost. Contributed or donated assets are reported at estimated fair value at the time received.

Primary Government

Governmental activities:

Capital assets, not being depreciated:

Machinery and equipment \$ 2,749,810

Note that the Township's capital asset schedule does not include land and buildings.

CLAY TOWNSHIP, ST. JOSEPH COUNTY
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF LONG-TERM DEBT
 December 31, 2006

Description of Debt	Ending Balance	Due Within One Year
Governmental Activities:		
Bonds payable:		
General obligation bonds:	\$ 500,000	\$ 210,000

CLAY TOWNSHIP, ST. JOSEPH COUNTY
EXAMINATION RESULT AND COMMENT

COMPENSATION AND BENEFITS

The Township employed a Dispatch Supervisor who later became the Dispatch Operations Manager. The Dispatch Operations Manager's rate of pay for 2006 did not agree to the rate of pay shown on the Salary Resolution, Form 17. The Board minutes do not show any amendments to the approved rate of pay.

All compensation and benefits paid to officials and employees must be included in the labor contract, salary ordinance, resolution or salary schedule adopted by the governing body unless otherwise authorized by statute. Compensation should be made in a manner that will facilitate compliance with state and federal reporting requirements. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 17)

CLAY TOWNSHIP, ST. JOSEPH COUNTY
EXIT CONFERENCE

The contents of this report were discussed on September 24, 2007, with Robbie M. Thomas, Trustee.
The official concurred with our finding.