

**CLAY TOWNSHIP
MONTGOMERY COUNTY
Regular Audit
For the Years Ended December 31, 2011 and 2010**

Perry & Associates
Certified Public Accountants, A.C.



Dave Yost • Auditor of State

Board of Trustees
Clay Township
8207 Arlington Road
Brookville, Ohio 45309

We have reviewed the *Independent Accountants' Report* of Clay Township, Montgomery County, prepared by Perry & Associates, Certified Public Accountants, A.C., for the audit period January 1, 2010 through December 31, 2011. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

The financial statements in the attached report are presented in accordance with a regulatory basis of accounting prescribed or permitted by the Auditor of State. Due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA), modifications were required to the *Independent Accountants' Report* on your financial statements. While the Auditor of State does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. The attached report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the statements are misstated under the non-GAAP regulatory basis. The *Independent Accountants' Report* also includes an opinion on the financial statements using the regulatory format the Auditor of State permits.

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

A handwritten signature in cursive script that reads "Dave Yost".

Dave Yost
Auditor of State

October 23, 2012

This page intentionally left blank.

Clay Township
Montgomery County
Table of Contents
For the Years Ended December 31, 2011 and 2010

TITLE	PAGE
Independent Accountants' Report	1
Management's Discussion and Analysis	3
Basic Financial Statements for the Year Ended December 31, 2011:	
Government-Wide Financial Statements:	
Statements of Net Assets – Cash Basis.....	10
Statement of Activities – Cash Basis.....	11
Fund Financial Statements:	
Statements of Cash Basis Assets and Fund Balances – Governmental Funds	12
Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances– Governmental Funds.....	13
Statement of Receipts, Disbursements and Changes in Fund Balances – Budget and Actual – Budget Basis – General Fund	14
Statement of Receipts, Disbursements and Changes in Fund Balances – Budget and Actual – Budget Basis – Cemetery Fund	15
Statement of Receipts, Disbursements and Changes in Fund Balances – Budget and Actual – Budget Basis – Garbage and Waste District Fund.....	16
Statement of Receipts, Disbursements and Changes in Fund Balances – Budget and Actual – Budget Basis – Police District Fund.....	17
Statement of Receipts, Disbursements and Changes in Fund Balances – Budget and Actual – Budget Basis – Fire District Fund.....	18
Statement of Receipts, Disbursements and Changes in Fund Balances – Budget and Actual – Budget Basis – JEDD Fund	19
Basic Financial Statements for the Year Ended December 31, 2010:	
Government-Wide Financial Statements:	
Statements of Net Assets – Cash Basis.....	20
Statement of Activities – Cash Basis.....	21

Clay Township
Montgomery County
Table of Contents (Continued)
For the Years Ended December 31, 2011 and 2010

TITLE	PAGE
Basic Financial Statements for the Year Ended December 31, 2010 (Continued):	
Fund Financial Statements:	
Statements of Cash Basis Assets and Fund Balances – Governmental Funds	22
Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances– Governmental Funds.....	23
Statement of Receipts, Disbursements and Changes in Fund Balances – Budget and Actual – Budget Basis – General Fund	24
Statement of Receipts, Disbursements and Changes in Fund Balances – Budget and Actual – Budget Basis – Cemetery Fund	25
Statement of Receipts, Disbursements and Changes in Fund Balances – Budget and Actual – Budget Basis – Garbage and Waste District Fund.....	26
Statement of Receipts, Disbursements and Changes in Fund Balances – Budget and Actual – Budget Basis – Police District Fund	27
Statement of Receipts, Disbursements and Changes in Fund Balances – Budget and Actual – Budget Basis – Fire District Fund.....	28
Statement of Receipts, Disbursements and Changes in Fund Balances – Budget and Actual – Budget Basis – JEDD Fund	29
Notes to the Basic Financial Statements.....	30
Independent Accountants’ Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	42
Schedule of Audit Findings	44
Schedule of Prior Audit Findings	45

Perry & Associates
Certified Public Accountants, A.C.
www.perrycpas.com

MARIETTA
428 Second Street
Marietta, OH 45750
(740) 373-0056
(740) 373-2402 Fax

PARKERSBURG
1035 Murdoch Avenue
Parkersburg, WV 26101
(304) 422-2203
(304) 428-5587 Fax

ST. CLAIRSVILLE
121 E. Main Street
St. Clairsville, OH 43950
(740) 695-1569
(740) 695-5775 Fax

INDEPENDENT ACCOUNTANTS' REPORT

June 29, 2012

Clay Township
Montgomery County
8207 Arlington Road
Brookville, Ohio 45309

To the Board of Trustees:

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of **Clay Township**, Montgomery County, Ohio (the Township), as of and for the years ended December 31, 2011 and 2010, 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 opinion.

As discussed in Note 2.C., the accompanying financial statements and notes follow the 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 cash financial position of the governmental activities, each major fund and the aggregate remaining fund information of Clay Township, Montgomery County, Ohio, as of as of December 31, 2011 and 2010, and the respective changes in cash financial position, thereof and the respective budgetary comparison for the General , Cemetery, Garbage and Waste Disposal, Police District, Fire District and JEDD Funds thereof for the years then ended in conformity with the accounting basis Note 2.C. describes.

As described in Note 3, during 2011 the Township adopted Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 29, 2012, 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.

We conducted our audit to opine on the Township's financial statements taken as a whole. Management's Discussion and Analysis includes tables of net assets, changes in net assets and governmental activities. These tables provide additional information, but are not part of the basic financial statements. However these tables are management's responsibility, and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. These tables were subject to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole. Other than the aforementioned procedures applied to the tables, we applied no procedures to any other information in Management's Discussion and Analysis, and we express no opinion or any other assurance on it.

Respectfully Submitted,

A handwritten signature in cursive script that reads "Perry & Associates CPAs A.C.".

Perry and Associates
Certified Public Accountants, A.C.

Clay Township
Montgomery County
Management's Discussion and Analysis
For the Years Ended December 31, 2011 and 2010
(Unaudited)

This discussion and analysis of Clay Township, Montgomery County, Ohio's (the Township) financial performance provides an overall review of the Township's financial activities for the year ended December 31, 2011, 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 2011 are as follows:

Net assets of governmental activities increased \$82,802 or 7.7% in 2011, a significant change from the prior year. The funds most affected by the increase in net assets were the General Fund, Police District Fund, JEDD Fund and Cemetery Fund.

The Township's general receipts are primarily provided through property and other local taxes. These receipts represent 60.9% of the total cash received for governmental activities during the year. Property and other local tax receipts for 2011 increased \$102,718 or 9% compared to 2010 as development within the Township has slowed.

Key highlights for 2010 are as follows:

Net assets of governmental activities decreased by \$19,515 or 1.8% in 2010 as compared to 2009. Receipts decreased in most funds except the Fire District and Police District.

The Township's general receipts are primarily provided through property and other local taxes. These receipts represent 58.3% of the total cash received for governmental activities during the year. Property tax receipts for 2010 decreased \$2,185 or 0.2% compared to 2009 as the Police District and Fire District Funds had new levies approved.

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 cash basis of accounting.

Report Components

The Statement of Net Assets – Cash Basis and the Statement of Activities – Cash Basis 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. These statements present financial information by fund, presenting funds with the largest balances or most activity in separate columns.

The notes to the basic financial statements are an integral part of the government-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 cash basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles. Under the Township's cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

Clay Township
Montgomery County
Management's Discussion and Analysis (Continued)
For the Years Ended December 31, 2011 and 2010
(Unaudited)

Using the Basic Financial Statements (Continued)

Basis of Accounting (Continued)

As a result of using the 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 cash basis of accounting.

Reporting the Township as a Whole

The Statement of Net Assets – Cash Basis and the Statement of Activities – Cash Basis reflect how the Township did financially during 2011 and 2010, within the limitations of the cash basis accounting. The Statement of Net Assets – Cash Basis presents the cash balances and investments of the governmental of the Township at year end. The Statement of Activities – Cash Basis compares cash disbursements with program receipts for each governmental program. 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 governmental function 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 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 and income taxes.

In the Statement of Net Assets – Cash Basis and the Statement of Activities – Cash Basis, the Township has one type of activity:

Governmental activities All of the Township's basic services are reported here, including police, fire, streets, garbage and waste disposal, and cemetery. Property taxes finance most of these activities. Benefits provided through governmental activities are not necessarily paid for by the people receiving them.

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 Township has only Governmental Funds.

Clay Township
Montgomery County
Management's Discussion and Analysis (Continued)
For the Years Ended December 31, 2011 and 2010
(Unaudited)

Reporting the Township's Most Significant Funds (Continued)

Governmental Funds - All 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 spent to finance the Township's programs. The Township's significant governmental funds are presented on the financial statements in separate columns. The information for nonmajor funds (funds whose activity or balances are not large enough to warrant separate reporting) is combined and presented in total in a single column. The Township's major governmental funds are the General Fund, Cemetery Fund, Garbage and Waste Disposal District Fund, Police District Fund, Fire District Fund and JEDD Fund. The programs reported in governmental funds are closely related to those reported in the governmental activities section of the entity-wide statements.

The Township as a Whole

Table 1 provides a summary of the Township's net assets for 2011 compared to 2010 and 2010 compared to 2009 on a cash basis:

(Table 1)
Net Assets

	Governmental Activities		
	2011	2010	2009
Assets			
Cash and Cash Equivalents	\$ 1,157,093	\$ 1,074,291	\$ 1,093,806
Total Assets	\$1,157,093	\$1,074,291	\$1,093,806
Net Assets			
Restricted for:			
Capital Projects	\$ -	\$ 1,147	\$ 1,147
Other Purposes	870,215	803,348	730,046
Unrestricted	286,878	269,796	362,613
Total Net Assets	\$ 1,157,093	\$ 1,074,291	\$ 1,093,806

As mentioned previously, net assets of governmental activities increased \$82,802 or 7.7% during 2011. The primary reasons contributing to the increases in cash balances was that General Fund net change in fund balance for 2011 was \$17,802 as compared to (\$92,817) in 2010.

In 2010, net assets of governmental activities decreased \$19,515 or 1.8%. The primary reasons for the decrease as compared to 2009 was a decrease in cash collections of property taxes and the fact that no Issue I funds were awarded in 2010.

Clay Township
Montgomery County
Management's Discussion and Analysis (Continued)
For the Years Ended December 31, 2011 and 2010
(Unaudited)

The Township as a Whole (Continued)

Table 2 reflects the changes in net assets during 2011, 2010 and 2009 for governmental activities:

(Table 2)

Changes in Net Assets

	Governmental Activities		
	2011	2010	2009
Receipts:			
Program Receipts:			
Charges for Services and Sales	\$ 358,489	\$ 363,470	\$ 397,476
Operating Grants and Contributions	194,831	272,096	236,301
Total Program Receipts	<u>553,320</u>	<u>635,566</u>	<u>633,777</u>
General Receipts:			
Property and Other Local Taxes	1,241,359	1,138,641	1,140,826
Grants and Entitlements not Restricted to Specific Programs	143,662	63,309	125,847
Sale of Fixed Assets	-	-	3,723
Interest	1,293	3,912	1,798
Miscellaneous	100,333	112,960	171,442
Total General Receipts	<u>1,486,647</u>	<u>1,318,822</u>	<u>1,443,636</u>
Total Receipts	<u>2,039,967</u>	<u>1,954,388</u>	<u>2,077,413</u>
Disbursements:			
General Government	227,719	238,189	235,884
Public Safety	1,148,512	1,125,181	1,078,619
Public Works	536,900	562,008	514,678
Health	39,542	39,675	38,531
Capital Outlay	4,492	8,850	8,097
Debt Service:			
Principal Retirement	-	-	29,079
Interest and Fiscal Charges	-	-	1,245
Total Disbursements	<u>1,957,165</u>	<u>1,973,903</u>	<u>1,906,133</u>
Increase (Decrease) in Net Assets	82,802	(19,515)	171,280
Net Assets, January 1	<u>1,074,291</u>	<u>1,093,806</u>	<u>922,526</u>
Net Assets, December 31	<u>\$ 1,157,093</u>	<u>\$ 1,074,291</u>	<u>\$ 1,093,806</u>

Clay Township
Montgomery County
Management's Discussion and Analysis (Continued)
For the Years Ended December 31, 2011 and 2010
(Unaudited)

The Township as a Whole (Continued)

Program receipts represent 27.1% and 32.5% of total receipts for 2011 and 2010, respectively and are comprised of restricted intergovernmental receipts, charges for garbage and waste disposal services, township levied permissive motor vehicle tax, charges for cemetery services and burial plots and grants.

General receipts represent 72.9% and 67.5% of the Township's total receipts, and of this amount, 83.5% and 86.3% are property and other local taxes for 2011 and 2010, respectively. Charges for services cemetery fees and miscellaneous receipts make up the balance of the Township's general receipts. Other receipts are very insignificant and somewhat unpredictable revenue sources.

Disbursements for General Government represent the overhead costs of running the Township and the support services provided for the other Township activities. These include the costs of council, the auditor, treasurer, and income tax departments, as well as internal services such as payroll and purchasing. Since these costs do not represent direct services to residents, we try to control the costs which are 11.6% and 12.1% of total disbursements for 2011 and 2010, respectively.

Disbursements for Public Safety, Public Works and Health represent the costs for staffing and maintaining police and fire protection services, the costs of maintaining public roads and the costs for operating the ClayPhil Waste District and maintaining cemeteries located in the Township. Capital Outlay represents the cost of road improvements and projects.

Governmental Activities

If you look at the Statement of Activities – Cash Basis, 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 major program disbursements for governmental activities are for Public Safety and Public Works, which account for 58.7% and 27.4% of all governmental disbursements in, respectively in 2011; and 57.0% and 28.5% in 2010, respectively. General Government also represents a significant cost, which accounts for 11.6% and 12.1% of all governmental disbursements for 2011 and 2010, respectively. The next two columns of the Statement entitled Program 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.

Clay Township
Montgomery County
Management's Discussion and Analysis (Continued)
For the Years Ended December 31, 2011 and 2010
(Unaudited)

The Township as a Whole (Continued)

(Table 3)

Governmental Activities

	Total Cost of Services 2011	Net Cost of Services 2011	Total Cost of Services 2010	Net Cost of Services 2010	Total Cost of Services 2009	Net Cost of Services 2009
General Government	227,719	\$ (113,439)	\$ 238,189	\$ (105,768)	\$ 235,884	\$ 207,391
Public Safety	1,148,512	1,084,493	1,125,181	982,458	1,078,619	943,461
Public Works	536,900	399,211	562,008	424,797	514,678	112,371
Health	39,542	29,088	39,675	28,000	38,531	(29,288)
Capital Outlay	4,492	4,492	8,850	8,850	8,097	8,097
Debt Service:						
Principal Retirement	-	-	-	-	29,079	29,079
Interest and Fiscal Charges	-	-	-	-	1,245	1,245
Total Expenses	\$ 1,957,165	\$ 1,403,845	\$ 1,973,903	\$ 1,338,337	\$ 1,906,133	\$ 1,272,356

The dependence upon property and income tax receipts is apparent as over 63.4% and 57.7% of governmental expenses were supported through these general receipts in 2011 and 2010, respectively.

The Township's Funds

Total governmental funds had receipts of \$2,039,967 and \$1,954,388 and disbursements of \$1,957,165 and \$1,973,903 for 2011 and 2010, respectively. The greatest changes occurred within the General, Cemetery and JEDD Funds.

General Fund 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 fund is the General Fund.

During 2011, the Township amended its General Fund budget to reflect changing circumstances. In 2011, the difference between the final budgeted receipts and actual receipts was \$33,390; the Township received more than budgeted. Final budgeted receipts were \$214,100 and actual receipts were \$247,490.

During 2010, the Township amended its General Fund budget to reflect changing circumstances. In 2010, the difference between the final budgeted receipts and actual receipts was (\$68,678); the Township received less than budgeted. Final budgeted receipts were \$215,150 and actual receipts were \$145,372.

Final disbursements for 2011 for the General Fund, were budgeted at \$450,500 while actual disbursements were \$230,408. Final disbursements for 2010 for the General Fund, were budgeted at \$540,500 while actual disbursements were \$238,189.

Clay Township
Montgomery County
Management's Discussion and Analysis (Continued)
For the Years Ended December 31, 2011 and 2010
(Unaudited)

Capital Assets and Debt Administration

Capital Assets

The Township does not currently keep track of its capital assets and infrastructure. The Township has an up to date inventory list.

Debt

At December 31, 2010 and 2011, the Township had no outstanding debt.

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 local taxes and have very little industry to support the tax base. Health insurance continues to skyrocket. The trustees have agreed to a Health Saving Account high deductible health insurance plan for 2011.

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 Holly Buchanan, Clerk-Treasurer, Clay Township, 8207 Arlington Road, Brookville, OH 45309.

Clay Township
Montgomery County
Statement of Net Assets - Cash Basis
December 31, 2011

	Governmental Activities
Assets	
Equity in Pooled Cash and Cash Equivalents	\$ 1,157,093
<i>Total Assets</i>	\$ 1,157,093
Net Assets	
Restricted for:	
Other Purposes	\$ 870,215
Unrestricted	286,878
<i>Total Net Assets</i>	\$ 1,157,093

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

Clay Township
Montgomery County
Statement of Activities - Cash Basis
For the Year Ended December 31, 2011

	Program Cash Receipts			Net (Disbursements) and Receipts and Changes in Net Assets
	Cash Disbursements	Charges for Services	Operating Grants and and Contributions	Governmental Activities
Governmental Activities				
General Government	\$ 227,719	\$ 341,158	\$ -	\$ 113,439
Public Safety	1,148,512	6,877	57,142	(1,084,493)
Public Works	536,900	-	137,689	(399,211)
Health	39,542	10,454	-	(29,088)
Capital Outlay	4,492	-	-	(4,492)
<i>Total Governmental Activities</i>	<u>1,957,165</u>	<u>358,489</u>	<u>194,831</u>	<u>(1,403,845)</u>
<i>Total</i>	<u>\$ 1,957,165</u>	<u>\$ 358,489</u>	<u>\$ 194,831</u>	<u>(1,403,845)</u>
General Receipts				
Property Taxes and Other Local Taxes				1,241,359
Grants and Entitlements not Restricted to Specific Programs				143,662
Interest				1,293
Miscellaneous				100,333
<i>Total General Receipts</i>				<u>1,486,647</u>
Change in Net Assets				82,802
<i>Net Assets Beginning of Year</i>				<u>1,074,291</u>
<i>Net Assets End of Year</i>				<u>\$ 1,157,093</u>

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

Clay Township
Montgomery County
Statement of Cash Basis Assets and Fund Balances
Governmental Funds
December 31, 2011

	General	Cemetery	Garbage & Waste Disposal District	Police District	Fire District	JEDD	Other Governmental Funds	Total Governmental Funds
Assets								
Equity in Pooled Cash and Cash Equivalents	\$ 286,878	\$ 160,203	\$ 55,488	\$ 387,434	\$ 459	\$ 178,525	\$ 88,106	\$ 1,157,093
Total Assets	<u>\$ 286,878</u>	<u>\$ 160,203</u>	<u>\$ 55,488</u>	<u>\$ 387,434</u>	<u>\$ 459</u>	<u>\$ 178,525</u>	<u>\$ 88,106</u>	<u>\$ 1,157,093</u>
Fund Balances								
Restricted	\$ -	\$ 160,203	\$ -	\$ 387,434	\$ 459	\$ 178,525	\$ 67,291	\$ 793,912
Committed	-	-	55,488	-	-	-	20,815	76,303
Unassigned (Deficit)	286,878	-	-	-	-	-	-	286,878
Total Fund Balances	<u>\$ 286,878</u>	<u>\$ 160,203</u>	<u>\$ 55,488</u>	<u>\$ 387,434</u>	<u>\$ 459</u>	<u>\$ 178,525</u>	<u>\$ 88,106</u>	<u>\$ 1,157,093</u>

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

Clay Township
Montgomery County
Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances
Governmental Funds
For the Year Ended December 31, 2011

	General	Cemetery	Garbage & Waste Disposal District	Police District	Fire District	JEDD	Other Governmental Funds	Total Governmental Funds
Receipts								
Property and Other Taxes	\$ 63,727	\$ -	\$ -	\$ 390,266	\$ 663,221	\$ -	\$ 124,145	\$ 1,241,359
Charges for Services	-	-	286,303	-	-	-	-	286,303
Licenses, Permits and Fees	14,263	40,592	-	-	-	-	-	54,855
Fines and Forfeitures	5,703	-	-	-	-	-	383	6,086
Intergovernmental	143,662	-	-	57,142	-	-	137,689	338,493
Special Assessments	-	-	-	-	-	-	791	791
Interest	644	-	-	-	-	-	648	1,292
Other	19,491	22,341	-	22,292	-	45,459	1,205	110,788
<i>Total Receipts</i>	<u>247,490</u>	<u>62,933</u>	<u>286,303</u>	<u>469,700</u>	<u>663,221</u>	<u>45,459</u>	<u>264,861</u>	<u>2,039,967</u>
Disbursements								
Current:								
General Government	227,663	-	-	-	-	-	56	227,719
Public Safety	-	-	-	485,087	663,425	-	-	1,148,512
Public Works	-	-	273,294	-	-	-	263,606	536,900
Health	-	39,542	-	-	-	-	-	39,542
Capital Outlay	2,745	600	-	-	-	-	1,147	4,492
<i>Total Disbursements</i>	<u>230,408</u>	<u>40,142</u>	<u>273,294</u>	<u>485,087</u>	<u>663,425</u>	<u>-</u>	<u>264,809</u>	<u>1,957,165</u>
Net Change in Fund Balances	17,082	22,791	13,009	(15,387)	(204)	45,459	52	82,802
<i>Fund Balances Beginning of Year</i>	<u>269,796</u>	<u>137,412</u>	<u>42,479</u>	<u>402,821</u>	<u>663</u>	<u>133,066</u>	<u>88,054</u>	<u>1,074,291</u>
<i>Fund Balances End of Year</i>	<u>\$ 286,878</u>	<u>\$ 160,203</u>	<u>\$ 55,488</u>	<u>\$ 387,434</u>	<u>\$ 459</u>	<u>\$ 178,525</u>	<u>\$ 88,106</u>	<u>\$ 1,157,093</u>

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

Clay 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, 2011

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Property and Other Local Taxes	\$ 115,000	\$ 115,000	\$ 63,727	\$ (51,273)
Intergovernmental	53,000	53,000	143,662	90,662
Fines, Licenses and Permits	23,100	23,100	19,966	(3,134)
Interest	3,000	3,000	644	(2,356)
Other	20,000	20,000	19,491	(509)
<i>Total Receipts</i>	<u>214,100</u>	<u>214,100</u>	<u>247,490</u>	<u>33,390</u>
Disbursements				
Current:				
General Government	405,500	405,500	227,663	177,837
Capital Outlay	15,000	15,000	2,745	12,255
<i>Total Disbursements</i>	<u>420,500</u>	<u>420,500</u>	<u>230,408</u>	<u>190,092</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(206,400)</u>	<u>(206,400)</u>	<u>17,082</u>	<u>223,482</u>
Other Financing Sources (Uses)				
Other-Other Financing Uses	-	(30,000)	-	30,000
<i>Total Other Financing Sources (Uses)</i>	<u>-</u>	<u>(30,000)</u>	<u>-</u>	<u>30,000</u>
<i>Net Change in Fund Balance</i>	(206,400)	(236,400)	17,082	253,482
<i>Fund Balance Beginning of Year</i>	<u>269,796</u>	<u>269,796</u>	<u>269,796</u>	<u>-</u>
<i>Fund Balance End of Year</i>	<u>\$ 63,396</u>	<u>\$ 33,396</u>	<u>\$ 286,878</u>	<u>\$ 253,482</u>

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

Clay Township
Montgomery County
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual -Budget Basis
Cemetery Fund
For the Year Ended December 31, 2011

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Fines, Licenses and Permits	\$ 41,000	\$ 41,000	\$ 40,592	\$ (408)
Other	19,000	19,000	22,341	3,341
<i>Total Receipts</i>	<u>60,000</u>	<u>60,000</u>	<u>62,933</u>	<u>2,933</u>
Disbursements				
Current:				
Public Health	170,000	170,000	39,542	130,458
Capital Outlay	27,000	27,000	600	26,400
<i>Total Disbursements</i>	<u>197,000</u>	<u>197,000</u>	<u>40,142</u>	<u>156,858</u>
<i>Net Change in Fund Balance</i>	(137,000)	(137,000)	22,791	159,791
<i>Fund Balance Beginning of Year</i>	<u>137,412</u>	<u>137,412</u>	<u>137,412</u>	<u>-</u>
<i>Fund Balance End of Year</i>	<u>\$ 412</u>	<u>\$ 412</u>	<u>\$ 160,203</u>	<u>\$ 159,791</u>

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

Clay Township
Montgomery County
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual -Budget Basis
Garbage & Waste District Fund
For the Year Ended December 31, 2011

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Charges for Services	\$ 290,000	\$ 290,000	\$ 286,303	\$ (3,697)
<i>Total Receipts</i>	<u>290,000</u>	<u>290,000</u>	<u>286,303</u>	<u>(3,697)</u>
Disbursements				
Current:				
Public Works	311,900	311,900	273,294	38,606
<i>Total Disbursements</i>	<u>311,900</u>	<u>311,900</u>	<u>273,294</u>	<u>38,606</u>
<i>Net Change in Fund Balance</i>	(21,900)	(21,900)	13,009	34,909
<i>Fund Balance Beginning of Year</i>	<u>42,479</u>	<u>42,479</u>	<u>42,479</u>	<u>-</u>
<i>Fund Balance End of Year</i>	<u>\$ 20,579</u>	<u>\$ 20,579</u>	<u>\$ 55,488</u>	<u>\$ 34,909</u>

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

Clay Township
Montgomery County
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual -Budget Basis
Police District Fund
For the Year Ended December 31, 2011

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Property and Other Local Taxes	\$ 432,858	\$ 432,858	\$ 390,266	\$ (42,592)
Intergovernmental	57,142	57,142	57,142	-
Other	30,000	30,000	22,292	(7,708)
<i>Total Receipts</i>	<u>520,000</u>	<u>520,000</u>	<u>469,700</u>	<u>(50,300)</u>
Disbursements				
Current:				
Public Safety	851,800	851,800	485,087	366,713
<i>Total Disbursements</i>	<u>851,800</u>	<u>851,800</u>	<u>485,087</u>	<u>366,713</u>
<i>Net Change in Fund Balance</i>	(331,800)	(331,800)	(15,387)	316,413
<i>Fund Balance Beginning of Year</i>	381,871	381,871	381,871	-
<i>Prior Year Encumbrances Appropriated</i>	<u>20,950</u>	<u>20,950</u>	<u>20,950</u>	<u>-</u>
<i>Fund Balance End of Year</i>	<u>\$ 71,021</u>	<u>\$ 71,021</u>	<u>\$ 387,434</u>	<u>\$ 316,413</u>

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

Clay Township
Montgomery County
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual -Budget Basis
Fire District Fund
For the Year Ended December 31, 2011

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Property and Other Local Taxes	\$ 655,000	\$ 655,000	\$ 663,221	\$ 8,221
<i>Total Receipts</i>	<u>655,000</u>	<u>655,000</u>	<u>663,221</u>	<u>8,221</u>
Disbursements				
Current:				
Public Safety	597,975	663,440	663,425	15
<i>Total Disbursements</i>	<u>597,975</u>	<u>663,440</u>	<u>663,425</u>	<u>15</u>
<i>Net Change in Fund Balance</i>	57,025	(8,440)	(204)	8,236
<i>Fund Balance Beginning of Year</i>	<u>663</u>	<u>663</u>	<u>663</u>	<u>-</u>
<i>Fund Balance End of Year</i>	<u>\$ 57,688</u>	<u>\$ (7,777)</u>	<u>\$ 459</u>	<u>\$ 8,236</u>

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

Clay Township
Montgomery County
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual -Budget Basis
JEDD Fund
For the Year Ended December 31, 2011

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Receipts				
Other	\$ 50,000	\$ 50,000	\$ 45,459	\$ (4,541)
<i>Total Receipts</i>	<u>50,000</u>	<u>50,000</u>	<u>45,459</u>	<u>(4,541)</u>
Disbursements				
Current:				
General Government	173,000	173,000	-	173,000
<i>Total Disbursements</i>	<u>173,000</u>	<u>173,000</u>	<u>-</u>	<u>173,000</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(123,000)</u>	<u>(123,000)</u>	<u>45,459</u>	<u>168,459</u>
Other Financing Sources (Uses)				
Other Financing Uses	(5,000)	(5,000)	-	5,000
<i>Total Other Financing Sources (Uses)</i>	<u>(5,000)</u>	<u>(5,000)</u>	<u>-</u>	<u>5,000</u>
<i>Net Change in Fund Balance</i>	(128,000)	(128,000)	45,459	173,459
<i>Fund Balance Beginning of Year</i>	<u>133,066</u>	<u>133,066</u>	<u>133,066</u>	<u>-</u>
<i>Fund Balance End of Year</i>	<u>\$ 5,066</u>	<u>\$ 5,066</u>	<u>\$ 178,525</u>	<u>\$ 173,459</u>

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

Clay Township
Montgomery County
Statement of Net Assets - Cash Basis
December 31, 2010

	Governmental Activities
Assets	
Equity in Pooled Cash and Cash Equivalents	\$ 1,074,291
<i>Total Assets</i>	\$ 1,074,291
 Net Assets	
Restricted for:	
Capital Projects	\$ 1,147
Other Purposes	803,348
Unrestricted	269,796
<i>Total Net Assets</i>	\$ 1,074,291

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

Clay Township
Montgomery County
Statement of Activities - Cash Basis
For the Year Ended December 31, 2010

	Program Cash Receipts			Net (Disbursements) and Receipts and Changes in Net Assets
	Cash Disbursements	Charges for Services	Operating Grants and and Contributions	Governmental Activities
Governmental Activities				
General Government	\$ 238,189	\$ 343,957	\$ -	\$ 105,768
Public Safety	1,125,181	7,838	134,885	(982,458)
Public Works	562,008	-	137,211	(424,797)
Health	39,675	11,675	-	(28,000)
Capital Outlay	8,850	-	-	(8,850)
<i>Total Governmental Activities</i>	<u>1,973,903</u>	<u>363,470</u>	<u>272,096</u>	<u>(1,338,337)</u>
<i>Total</i>	<u>\$ 1,973,903</u>	<u>\$ 363,470</u>	<u>\$ 272,096</u>	<u>(1,338,337)</u>
General Receipts				
Property Taxes and Other Local Taxes				1,138,641
Grants and Entitlements not Restricted to Specific Programs				63,309
Interest				3,912
Miscellaneous				112,960
<i>Total General Receipts</i>				<u>1,318,822</u>
Change in Net Assets				(19,515)
<i>Net Assets Beginning of Year</i>				<u>1,093,806</u>
<i>Net Assets End of Year</i>				<u>\$ 1,074,291</u>

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

Clay Township
Montgomery County
Statement of Cash Basis Assets and Fund Balances
Governmental Funds
December 31, 2010

	General	Cemetery	Garbage & Waste Disposal District	Police District	Fire District	JEDD	Other Governmental Funds	Total Governmental Funds
Assets								
Equity in Pooled Cash and Cash Equivalents	\$ 269,796	\$ 137,412	\$ 42,479	\$ 402,821	\$ 663	\$ 133,066	\$ 88,054	\$ 1,074,291
<i>Total Assets</i>	<u>\$ 269,796</u>	<u>\$ 137,412</u>	<u>\$ 42,479</u>	<u>\$ 402,821</u>	<u>\$ 663</u>	<u>\$ 133,066</u>	<u>\$ 88,054</u>	<u>\$ 1,074,291</u>
Fund Balances								
Reserved:								
Reserved for Encumbrances	\$ -	\$ -	\$ -	\$ 20,950	\$ -	\$ -	\$ -	\$ 20,950
Unreserved:								
Undesignated (Deficit), Reported in:								
General Fund	269,796	-	-	-	-	-	-	269,796
Special Revenue Funds	-	137,412	42,479	381,871	663	133,066	86,907	782,398
Capital Projects Funds	-	-	-	-	-	-	1,147	1,147
<i>Total Fund Balances</i>	<u>\$ 269,796</u>	<u>\$ 137,412</u>	<u>\$ 42,479</u>	<u>\$ 402,821</u>	<u>\$ 663</u>	<u>\$ 133,066</u>	<u>\$ 88,054</u>	<u>\$ 1,074,291</u>

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

Clay Township
Montgomery County
Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances
Governmental Funds
For the Year Ended December 31, 2010

	General	Cemetery	Garbage & Waste Disposal District	Police District	Fire District	JEDD	Other Governmental Funds	Total Governmental Funds
Receipts								
Property and Other Taxes	\$ 36,811	\$ -	\$ -	\$ 402,008	\$ 570,908	\$ -	\$ 128,914	\$ 1,138,641
Charges for Services	-	-	287,395	-	-	-	-	287,395
Licenses, Permits and Fees	15,685	40,876	-	-	-	-	-	56,561
Fines and Forfeitures	6,989	-	-	-	-	-	25	7,014
Intergovernmental	63,309	-	-	57,520	77,365	-	137,211	335,405
Special Assessments	-	-	-	-	-	-	824	824
Interest	3,298	-	-	-	-	-	614	3,912
Other	18,380	19,296	-	28,794	-	42,902	14,364	123,736
<i>Total Receipts</i>	<u>144,472</u>	<u>60,172</u>	<u>287,395</u>	<u>488,322</u>	<u>648,273</u>	<u>42,902</u>	<u>281,952</u>	<u>1,953,488</u>
Disbursements								
Current:								
General Government	238,189	-	-	-	-	-	-	238,189
Public Safety	-	-	-	477,547	647,634	-	-	1,125,181
Public Works	-	-	267,296	-	-	-	294,712	562,008
Health	-	39,675	-	-	-	-	-	39,675
Capital Outlay	-	8,850	-	-	-	-	-	8,850
<i>Total Disbursements</i>	<u>238,189</u>	<u>48,525</u>	<u>267,296</u>	<u>477,547</u>	<u>647,634</u>	<u>-</u>	<u>294,712</u>	<u>1,973,903</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(93,717)</u>	<u>11,647</u>	<u>20,099</u>	<u>10,775</u>	<u>639</u>	<u>42,902</u>	<u>(12,760)</u>	<u>(20,415)</u>
Other Financing Sources (Uses)								
Other Financing Sources	900	-	-	-	-	-	-	900
<i>Total Other Financing Sources (Uses)</i>	<u>900</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>900</u>
Net Change in Fund Balances	(92,817)	11,647	20,099	10,775	639	42,902	(12,760)	(19,515)
<i>Fund Balances Beginning of Year</i>	<u>362,613</u>	<u>125,765</u>	<u>22,380</u>	<u>392,046</u>	<u>24</u>	<u>90,164</u>	<u>100,814</u>	<u>1,093,806</u>
<i>Fund Balances End of Year</i>	<u>\$ 269,796</u>	<u>\$ 137,412</u>	<u>\$ 42,479</u>	<u>\$ 402,821</u>	<u>\$ 663</u>	<u>\$ 133,066</u>	<u>\$ 88,054</u>	<u>\$ 1,074,291</u>

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

Clay 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, 2010

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Property and Other Local Taxes	\$ 30,694	\$ 115,000	\$ 36,811	\$ (78,189)
Intergovernmental	49,904	60,000	63,309	3,309
Fines, Licenses and Permits	-	22,150	22,674	524
Interest	-	6,000	3,298	(2,702)
Other	127,000	10,000	18,380	8,380
<i>Total Receipts</i>	<u>207,598</u>	<u>213,150</u>	<u>144,472</u>	<u>(68,678)</u>
Disbursements				
Current:				
General Government	<u>567,500</u>	<u>540,500</u>	<u>238,189</u>	<u>302,311</u>
<i>Total Disbursements</i>	<u>567,500</u>	<u>540,500</u>	<u>238,189</u>	<u>302,311</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(359,902)</u>	<u>(327,350)</u>	<u>(93,717)</u>	<u>233,633</u>
Other Financing Sources (Uses)				
Other Financing Sources	<u>-</u>	<u>2,000</u>	<u>900</u>	<u>(1,100)</u>
<i>Total Other Financing Sources (Uses)</i>	<u>-</u>	<u>2,000</u>	<u>900</u>	<u>(1,100)</u>
<i>Net Change in Fund Balance</i>	(359,902)	(325,350)	(92,817)	232,533
<i>Fund Balance Beginning of Year</i>	<u>362,613</u>	<u>362,613</u>	<u>362,613</u>	<u>-</u>
<i>Fund Balance End of Year</i>	<u>\$ 2,711</u>	<u>\$ 37,263</u>	<u>\$ 269,796</u>	<u>\$ 232,533</u>

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

Clay Township
Montgomery County
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual -Budget Basis
Cemetery Fund
For the Year Ended December 31, 2010

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Fines, Licenses and Permits	\$ 75,000	\$ 75,000	\$ 40,876	\$ (34,124)
Other	-	10,000	19,296	9,296
<i>Total Receipts</i>	75,000	85,000	60,172	(24,828)
Disbursements				
Current:				
Health	174,000	159,000	39,675	119,325
Capital Outlay	30,000	30,000	8,850	21,150
<i>Total Disbursements</i>	204,000	189,000	48,525	140,475
<i>Net Change in Fund Balance</i>	(129,000)	(104,000)	11,647	115,647
<i>Fund Balance Beginning of Year</i>	125,765	125,765	125,765	-
<i>Fund Balance End of Year</i>	\$ (3,235)	\$ 21,765	\$ 137,412	\$ 115,647

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

Clay Township
Montgomery County
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual -Budget Basis
Garbage & Waste District Fund
For the Year Ended December 31, 2010

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Charges for Services	\$ 280,000	\$ 280,000	\$ 287,395	\$ 7,395
<i>Total Receipts</i>	280,000	280,000	287,395	7,395
Disbursements				
Current:				
Public Works	300,204	290,204	267,296	22,908
<i>Total Disbursements</i>	300,204	290,204	267,296	22,908
<i>Net Change in Fund Balance</i>	(20,204)	(10,204)	20,099	30,303
<i>Fund Balance Beginning of Year</i>	22,380	22,380	22,380	-
<i>Fund Balance End of Year</i>	<u>\$ 2,176</u>	<u>\$ 12,176</u>	<u>\$ 42,479</u>	<u>\$ 30,303</u>

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

Clay Township
Montgomery County
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual -Budget Basis
Police District Fund
For the Year Ended December 31, 2010

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Property and Other Local Taxes	\$ 336,292	\$ 352,480	\$ 402,008	\$ 49,528
Intergovernmental	57,520	57,520	57,520	-
Other	45,000	30,000	28,794	(1,206)
<i>Total Receipts</i>	<u>438,812</u>	<u>440,000</u>	<u>488,322</u>	<u>48,322</u>
Disbursements				
Current:				
Public Safety	830,800	860,800	477,547	383,253
<i>Total Disbursements</i>	<u>830,800</u>	<u>860,800</u>	<u>477,547</u>	<u>383,253</u>
<i>Net Change in Fund Balance</i>	(391,988)	(420,800)	10,775	431,575
<i>Fund Balance Beginning of Year</i>	<u>392,046</u>	<u>392,046</u>	<u>392,046</u>	<u>-</u>
<i>Fund Balance End of Year</i>	<u>\$ 58</u>	<u>\$ (28,754)</u>	<u>\$ 402,821</u>	<u>\$ 431,575</u>

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

Clay Township
Montgomery County
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual -Budget Basis
Fire District Fund
For the Year Ended December 31, 2010

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Property and Other Local Taxes	\$ 482,130	\$ 482,635	\$ 570,908	\$ 88,273
Intergovernmental	77,365	77,365	77,365	-
<i>Total Receipts</i>	559,495	560,000	648,273	88,273
Disbursements				
Current:				
Public Safety	560,500	650,519	647,634	2,885
<i>Total Disbursements</i>	560,500	650,519	647,634	2,885
<i>Net Change in Fund Balance</i>	(1,005)	(90,519)	639	91,158
<i>Fund Balance Beginning of Year</i>	24	24	24	-
<i>Fund Balance End of Year</i>	\$ (981)	\$ (90,495)	\$ 663	\$ 91,158

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

Clay Township
Montgomery County
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual -Budget Basis
JEDD Fund
For the Year Ended December 31, 2010

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Other	\$ 65,000	\$ 50,000	\$ 42,902	\$ (7,098)
<i>Total Receipts</i>	<u>65,000</u>	<u>50,000</u>	<u>42,902</u>	<u>(7,098)</u>
Disbursements				
Current:				
General Government	150,000	130,000	-	130,000
<i>Total Disbursements</i>	<u>150,000</u>	<u>130,000</u>	<u>-</u>	<u>130,000</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(85,000)</u>	<u>(80,000)</u>	<u>42,902</u>	<u>122,902</u>
Other Financing Sources (Uses)				
Other Financing Uses	(5,000)	(5,000)	-	5,000
<i>Total Other Financing Sources (Uses)</i>	<u>(5,000)</u>	<u>(5,000)</u>	<u>-</u>	<u>5,000</u>
<i>Net Change in Fund Balance</i>	(90,000)	(85,000)	42,902	127,902
<i>Fund Balance Beginning of Year</i>	<u>90,164</u>	<u>90,164</u>	<u>90,164</u>	<u>-</u>
<i>Fund Balance End of Year</i>	<u><u>\$ 164</u></u>	<u><u>\$ 5,164</u></u>	<u><u>\$ 133,066</u></u>	<u><u>\$ 127,902</u></u>

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

Clay Township
Montgomery County
Notes to the Basic Financial Statements
For the Years Ended December 31, 2011 and 2010

Note 1 – Reporting Entity

Clay Township, Montgomery County, Ohio (the Township), is a body politic and corporate established in 1825 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 Township Fiscal Officer.

The reporting entity is comprised of the primary government and other organizations that were included to ensure that the financial statements are not misleading.

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, full time police department, maintenance of Township roads and bridges, and cemetery maintenance. The Township contracts with the Village of Phillipsburg, Village of Verona and City of Brookville for fire protection.

B. Component Units

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

C. Joint Ventures, Jointly Governed Organizations and Public Entity Risk Pools

A joint venture is a legal entity or other organization that results from a contractual arrangement and that is owned, operated, or governed by two or more participants as a separate and specific activity subject to joint control, in which the participants retain (a) an ongoing financial interest or (b) an ongoing financial responsibility. Under the cash basis of accounting, the Township does not report assets for equity interests in joint ventures.

The Township participates in one joint venture and one public entity risk pool; Notes 12 and 8 to the financial statements provide additional information for these entities. These organizations are:

Jointly Governed Organization:

Joint Economic Development District (JEDD) with the City of Clayton

Public Entity Risk Pool:

OTARMA – for group rating purposes with the Bureau of Worker's Compensation

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

Clay Township
Montgomery County
Notes to the Basic Financial Statements (Continued)
For the Years Ended December 31, 2011 and 2010

Note 2 – Summary of Significant Accounting Policies

As discussed further in Note 2.C, these financial statements are presented on the cash basis of accounting. The 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 cash basis of accounting. In the government-wide financial statements and the fund financial statements, 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 cash basis of accounting, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails. The following are the more significant of the Township's accounting policies.

A. Basis of Presentation

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

Government-Wide Financial Statements

The statement of net assets – cash basis and the statement of activities – cash basis display information about the Township as a whole. These statements include the financial activities of the primary government. Governmental activities generally are financed through taxes, intergovernmental receipts or other nonexchange transactions.

The statement of net assets – cash basis presents the cash balances, of the Township at year end. The statement of activities – cash basis compares disbursements with program receipts for each of the Township's governmental 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 cash basis or draws from the Township's general receipts.

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 fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column.

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 all governmental.

Clay Township
Montgomery County
Notes to the Basic Financial Statements (Continued)
For the Years Ended December 31, 2011 and 2010

Note 2 – Summary of Significant Accounting Policies (Continued)

B. Fund Accounting (Continued)

Governmental Funds

The Township classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants), and other nonexchange transactions as governmental funds. The Township's major governmental funds are the General, Cemetery, Garbage and Waste Disposal, Police District, Fire District and JEDD funds.

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.

Cemetery Fund – is used to account for all receipts received from the sale of cemetery lots and all fees related to burials in the Township's cemetery.

Garbage and Waste Disposal District Fund – is used to account for all receipts of charges for services to provide Township residents with trash pickup.

Police District Fund – is used to account for monies received from tax levies for the purpose of maintaining the police department.

Fire District Fund – is used to account for monies received from tax levies for the purpose of maintaining the fire department.

Joint Economic Development District (JEDD) Fund – is used to account for monies received from the City of Clayton for the purpose of facilitating economic development, creating or preserving jobs and employments opportunities and improving the economic welfare of the people in the Township

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

C. Basis of Accounting

The Township's financial statements are prepared using the cash basis of accounting. 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.

As a result of the use of the 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 liabilities and the related expenses) 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 tax budget, the certificate of estimated resources, and the appropriations ordinance, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount the Township may appropriate.

The appropriations ordinance 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 fund, department, and object level for all funds.

Clay Township
Montgomery County
Notes to the Basic Financial Statements (Continued)
For the Years Ended December 31, 2011 and 2010

Note 2 – Summary of Significant Accounting Policies (Continued)

D. Budgetary Process (Continued)

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

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

E. Cash and Investments

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

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

During 2011 and 2010, the Township invested in STAR Ohio.

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, 2011 and 2010.

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 2011 and 2010 were \$644 and \$3,298, respectively.

F. Restricted Assets

Cash, cash equivalents and investments are reported as restricted when limitations on their use change the nature or normal understanding of their use. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments, or imposed by law through constitutional provisions or enabling legislation.

G. Inventory and Prepaid Items

The Township reports disbursements for inventories and prepaid items when paid. These items are not reflected as assets in the accompanying financial statements.

H. 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.

Clay Township
Montgomery County
Notes to the Basic Financial Statements (Continued)
For the Years Ended December 31, 2011 and 2010

Note 2 – Summary of Significant Accounting Policies (Continued)

I. 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.

J. 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 9 and 10, the employer contributions include portions for pension benefits and for postretirement healthcare benefits.

K. Long-Term Obligations

The Township's 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.

L. 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 road and bridge maintenance, cemetery maintenance, fire protection, emergency rescue services and economic development. 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.

M. Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the Township is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

Nonspendable The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or are legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of interfund loans.

Restricted Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

Committed The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by formal action (resolution) of Township Trustees. Those committed amounts cannot be used for any other purpose unless the Township Trustees remove or change the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Clay Township
Montgomery County
Notes to the Basic Financial Statements (Continued)
For the Years Ended December 31, 2011 and 2010

Note 2 – Summary of Significant Accounting Policies (Continued)

M. Fund Balance (Continued)

Assigned Amounts in the assigned fund balance classification are intended to be used by the Township for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by Township Trustees or a Township official delegated that authority by resolution, or by State Statute.

Unassigned Unassigned fund balance is the residual classification for the general fund and includes amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The Township applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

N. Estimates

The cash basis of accounting used by the Township requires management to make estimates and assumptions that affect certain reported amounts and disclosures; accordingly, actual results could differ from those estimates.

Note 3 – Change in Accounting Principle

For 2011, the Township implemented Governmental Accounting Standard Board (GASB) Statement No. 54, “Fund Balance Reporting and Governmental Fund Type Definitions.” GASB Statement No. 54 enhances the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. This statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds.

Note 4 – 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 Fund, Cemetery Fund, Garbage and Waste Disposal District Fund, Police District Fund, Fire District Fund and JEDD Fund are prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The differences between the budgetary basis and the cash basis are outstanding year end encumbrances are treated as disbursements (budgetary basis) rather than as a reservation of fund balance (cash basis). There were no encumbrances outstanding at year end.

Note 5 – 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 treasury. Active monies must be maintained either as cash in the Township treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Clay Township
Montgomery County
Notes to the Basic Financial Statements (Continued)
For the Years Ended December 31, 2011 and 2010

Note 5 - Deposits and Investments (Continued)

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

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

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

1. United States 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 2 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.

Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the clerk/treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

Clay Township
Montgomery County
Notes to the Basic Financial Statements (Continued)
For the Years Ended December 31, 2011 and 2010

Note 5 - Deposits and Investments (Continued)

Deposits

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 five percent of the deposits being secured.

Investments

As of December 31, 2011, the Township had the following investments :

	Carrying Value 2011	Carrying Value 2010	Maturity
STAR Ohio	\$ 120,748	\$ 120,680	Average

Investment Maturities (In Years)					
Investment Type	Fair Value 2011	Less Than 1	1 - 2	3 - 5	More Than 5
STAR Ohio	\$ 120,748	\$ 120,748	\$ -	\$ -	\$ -

Investment Maturities (In Years)					
Investment Type	Fair Value 2010	Less Than 1	1 - 2	3 - 5	More Than 5
STAR Ohio	\$ 120,680	\$ 120,680	\$ -	\$ -	\$ -

Interest Rate Risk Interest rate risk arises because the fair value of investments changes as interest rates change. 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 that need to sell securities on the open market prior to maturity, and by investing operating funds primarily in short-term investments.

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.

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Township will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The U.S. Treasury Bills are exposed to custodial credit risk as they are uninsured, unregistered, and held by the counterparty's trust department or agent but not in the Township's name. The Township has no investment policy dealing with investment custodial risk beyond the requirements in ORC 135.14(M)(2) which states, "Payment for investments shall be made only upon the delivery of securities representing such investments to the treasurer, investing authority, or qualified trustee. If the securities transferred are not represented by a certificate, payment shall be made only upon receipt of confirmation of transfer from the custodian by the treasurer, governing board, or qualified trustee."

Clay Township
Montgomery County
Notes to the Basic Financial Statements (Continued)
For the Years Ended December 31, 2011 and 2010

Note 6 – Property Taxes

Property taxes include amounts levied against all real property, public utility property, and tangible personal property located in the Township. Property tax receipts received in 2011 and 2010 for real and public utility property taxes represents collections of the 2011 and 2010 taxes. Property tax payments received during 2011 and 2010 for tangible personal property (other than public utility property) are for 2011 and 2010 taxes.

2011 and 2010 real property taxes are levied after October 1, on the assessed values as of January 1, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. 2011 and real property taxes are collected in and intended to finance 2012 and 2011, respectively.

Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits later payment dates to be established.

Public utility tangible personal property is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2011 and 2010 public utility property taxes which became a lien on December 31, 2011 and 2010, respectively, are levied after October 1, and are collected in 2011 and 2010 with real property taxes.

2011 and 2010 tangible property taxes are levied after October 1, 2011 and 2010, respectively, on the value as of December 31, 2011 and 2010. Collections are made in 2011 and 2010. Tangible personal property assessments are being phased out – the assessment percentage for all property including inventory for 2011 was 6.25 percent and will be 0 percent in 2012. This was reduced from 12.5 percent for 2010. Payments by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 3, with the remainder due September 20.

The full tax rate for all Township operations for the year ended December 31, 2011 and 2010, was \$14.81 per \$1,000 of assessed value. The assessed values of real and personal property upon which 2011 and 2010 property tax receipts were based are as follows:

	2011	2010
Real Property:		
Residential and Agricultural	\$ 219,462,520	\$ 220,395,610
Commercial and Industrial	38,237,640	38,755,020
Public Utility - Personal Property	5,892,440	5,771,460
 Totall Assessed Value	 \$ 263,592,600	 \$ 264,922,090

The County Treasurer collects property taxes on behalf of all taxing districts in the county, including the Township. The County Auditor periodically remits to the Township its portion of the taxes collected.

Note 7 – Debt

The prior audit reflected an inaccurate balance due at December 31, 2009 of \$1,245 at an interest rate of 4.10%. This note was paid off during the year ended December 31, 2009.

Note 8 – Risk Management

The Township is exposed to various risks of property and casualty losses, and injuries to employees.

The Township insures against injuries to employees through the Ohio Bureau of Worker’s Compensation.

**Clay Township
Montgomery County**

*Notes to the Basic Financial Statements (Continued)
For the Years Ended December 31, 2011 and 2010*

Note 8 – Risk Management (Continued)

The Township belongs to the Ohio Township Association Risk Management Authority (OTARMA), a risk-sharing pool available to Ohio townships. OTARMA provides property and casualty coverage for its members. American Risk Pooling Consultants, Inc. (ARPCO), a division of York Insurance Services Group, Inc. (York), functions as the administrator of OTARMA and provides underwriting, claims, loss control, risk management, and reinsurance services for OTARMA. OTARMA is a member of the American Public Entity Excess Pool (APEEP), which is also administered by ARPCO. Member governments pay annual contributions to fund OTARMA. OTARMA pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

Casualty and Property Coverage

APEEP provides OTARMA with an excess risk-sharing program. Under this arrangement, OTARMA retains insured risks up to an amount specified in the contracts. At December 31, 2010, OTARMA retained \$350,000 for casualty claims and \$150,000 for property claims.

The aforementioned casualty and property reinsurance agreement does not discharge OTARMA's primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective government.

Financial Position

OTARMA's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2010 and 2009 (the latest information available):

	<u>2010</u>	<u>2009</u>
Assets	\$35,855,252	\$38,982,088
Liabilities	<u>(10,664,724)</u>	<u>(12,880,766)</u>
Net Assets	<u>\$25,190,528</u>	<u>\$26,101,322</u>

At December 31, 2010 and 2009, respectively, the liabilities above include approximately \$9.9 and \$12.0 million of estimated incurred claims payable. The assets above also include approximately \$9.5 and \$11.5 million of unpaid claims to be billed to approximately 940 member governments in the future, as of December 31, 2010 and 2009, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2011, the Township's share of these unpaid claims collectible in future years is approximately \$19,000.

Based on discussions with OTARMA, the expected rates OTARMA charges to compute member contributions, which are used to pay claims as they become due, are not expected to change significantly from those used to determine the historical contributions detailed below. By contract, the annual liability of each member is limited to the amount of financial contributions required to be made to OTARMA for each year of membership.

Contributions to OTARMA	
<u>Year</u>	<u>Contribution</u>
2011	\$ 25,731
2010	\$ 23,041
2009	\$ 22,982

Clay Township
Montgomery County
Notes to the Basic Financial Statements (Continued)
For the Years Ended December 31, 2011 and 2010

Note 8 – Risk Management (Continued)

After one year of membership, a member may withdraw on the anniversary of the date of joining OTARMA, if the member notifies OTARMA in writing 60 days prior to the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's contribution. Withdrawing members have no other future obligation to the pool. Also upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim occurred or was reported prior to the withdrawal.

Note 9 – 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% 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 E. Town St., Columbus, OH 43215-4642 or by calling (614) 222- 5601 or (800) 222-7377.

The Township's contribution rate for 2011 and 2010 was 14 percent of covered payroll. A portion of the Township's contribution equal to 7 percent of covered payroll was allocated to fund the post-employment health care plan. Employer contribution rates are actuarially determined. State statute sets a maximum contribution rate for the Township of 14 percent.

The Township's contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2011, 2010, and 2009 were \$108,552, \$112,558, and \$115,291, respectively; 100% has been contributed for 2011, 2010, and 2009.

Note 10 – Postretirement Benefit Plans

A. Ohio Public Employees Retirement System

The Ohio Public Employees Retirement System (OPERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit with either the traditional or combined plans. Health care coverage for disability recipients and primary survivor recipients is available. Members of the member-directed plan do not qualify for postretirement health care coverage. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit as described in GASB Statement No. 12, "Disclosure of Information on Postemployment Benefits other than Pension Benefits by State and Local Government Employers". A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of postretirement health care based on authority granted by State Statute. The 2011 local government employer contribution rate was 14% of covered payroll.

Clay Township
Montgomery County
Notes to the Basic Financial Statements (Continued)
For the Years Ended December 31, 2011 and 2010

Note 10 – Postretirement Benefit Plans (Continued)

The retirement board is also authorized to establish rules for the payment of a portion of the health care benefits by the retiree or the retiree's surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected. Active members do not make contributions to the postemployment health care plan.

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

Note 11 – Contingent Liabilities

The Township is a defendant in a 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.

Note 12 – Joint Ventures

Clay Township has a JEDD (Joint Economic Development District) with the city of Clayton. It is located in the eastern part of our township along State Route 40 and State Route 49. The JEDD generates income tax in the district and the funds are shared by the JEDD, Clay Township and the City of Clayton. The JEDD has its own governing board made up of members of both local governments and the business district where it is located.

Perry & Associates
Certified Public Accountants, A.C.

www.perrycpas.com

MARIETTA

428 Second Street
Marietta, OH 45750
(740) 373-0056
(740) 373-2402 Fax

PARKERSBURG

1035 Murdoch Avenue
Parkersburg, WV 26101
(304) 422-2203
(304) 428-5587 Fax

ST. CLAIRSVILLE

121 E. Main Street
St. Clairsville, OH 43950
(740) 695-1569
(740) 695-5775 Fax

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

June 29, 2012

Clay Township
Montgomery County
8207 Arlington Road
Brookville, Ohio 45309

To the Board of Trustees:

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of **Clay Township**, Montgomery County, Ohio (the Township) as of and for the years ended December 31, 2011 and 2010, which collectively comprise the District's basic financial statements and have issued our report dated June 29, 2012, wherein we noted the Township uses a comprehensive accounting basis other than generally accepted accounting principles and the Township implemented Governmental Accounting Standard No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* in 2011. 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 the purpose of expressing our opinion on the financial statements, but not for the purpose of opining 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.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. Therefore, we cannot assure that we have identified all deficiencies, significant deficiencies or material weaknesses. However, as described in the accompanying schedule of audit findings we identified a certain deficiency in internal control over financial reporting, that we consider a material weakness.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and timely corrected. We consider finding 2011-001 described in the accompanying schedule of audit findings to be a material weakness.

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*.

The Township's response to the finding identified in our audit is described in the accompanying schedule of audit findings. We did not audit the Township's response and, accordingly, we express no opinion on it.

We also noted certain other matters not requiring inclusion in this report that we reported to the Township's management in a separate letter dated June 29, 2012.

We intend this report solely for the information and use of management, Board of Trustees and others within the Township. We intend it for no one other than these specified parties.

Respectfully Submitted,



Perry and Associates
Certified Public Accountants, A.C.

**CLAY TOWNSHIP
MONTGOMERY COUNTY**

**SCHEDULE OF AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
--

FINDING NUMBER 2011-001

Material Weakness

Posting Receipts

Receipts should be posted to the fund and line item accounts as established by Ohio Administrative Code Section 117-7-01.

Receipts were not always posted correctly. The following posting errors were noted:

- Intergovernmental receipts were misclassified as Property and Other Local Taxes in both 2011 and 2010.

This resulted in reclassification entries being made to the Township's financial statements. The accompanying financial statements reflect all reclassifications.

To help ensure accuracy and reliability in the financial reporting process, we recommend that management perform a detailed review of its draft financial statements. Such review should include procedures to ensure that all sources of receipts and disbursements are properly identified and classified on the financial statements.

We also recommend the Fiscal Officer refer to Ohio Administrative Code Section 117-7-01 and/or the Ohio Township Handbook for guidance to determine the proper establishment of receipt and disbursement accounts and posting of receipts and disbursements.

Management's Response – I have posted homesteads and rollbacks to property tax for a long time. I'm not sure why it wasn't mentioned in any prior audits. I have created an intergovernmental line item so I can put the rollbacks and homesteads in correctly from this point on.

Clay Township
Montgomery County
Schedule of Prior Audit Findings
For the Years Ended December 31, 2011 and 2010

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2009-001	Auditor of State Bulletin 2000-008	Yes	
2009-002	Financial Reporting	No	Not Corrected, Repeated as Finding 2011-001
2009-003	Payroll Processing	Yes	
2009-004	ORC Section 5705.39	Yes	
2009-005	ORC Section 5705.41(B)	Yes	
2009-006	ORC Section 5705.36	Yes	

This page intentionally left blank.



Dave Yost • Auditor of State

CLAY 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
NOVEMBER 8, 2012