

STATE BOARD OF ACCOUNTS
302 West Washington Street
Room E418
INDIANAPOLIS, INDIANA 46204-2765

EXAMINATION REPORT
OF
CLAY COUNTY, INDIANA
January 1, 2005 to December 31, 2005



FILED
09/14/2006

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OFFICIALS

| <u>Office</u> | <u>Official</u> | <u>Term</u> |
|---|--|--|
| Auditor | Joseph Dierdorf | 01-01-03 to 12-31-06 |
| Treasurer | Jack Withers, Sr. | 01-01-04 to 12-31-07 |
| Clerk | Mary Brown | 01-01-05 to 12-31-08 |
| Sheriff | Robert Carter Larry Pierce Michael W. Heaton | 01-01-03 to 03-07-05 03-08-05 to 03-30-05 03-31-05 to 12-31-06 |
| Recorder | Angela Modesitt | 01-01-05 to 12-31-08 |
| President of the Board of County Commissioners | David Parr Charles Brown | 01-01-05 to 12-31-05 01-01-06 to 12-31-06 |
| President of the County Council | Warren Stevenson Larry Moss | 01-01-05 to 12-31-05 01-01-06 to 12-31-06 |



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2765

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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE CLAY COUNTY, INDIANA

We have examined the schedule of receipts, disbursements, and cash and investment balances of Clay County (County), for the period of January 1, 2005 to December 31, 2005. The County's management is responsible for the schedule. Our responsibility is to express an opinion based on our examination.

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

In our opinion, the schedule referred to above presents fairly, in all material respects, the cash transactions of the County for the year ended December 31, 2005, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

STATE BOARD OF ACCOUNTS

August 7, 2005

CLAY COUNTY
SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES
ALL GOVERNMENTAL AND FIDUCIARY FUND TYPES
As Of And For The Year Ended December 31, 2005

| | Cash and Investments 01-01-05 | Receipts | Disbursements | Cash and Investments 12-31-05 |
|---|-------------------------------------|--------------|---------------|-------------------------------------|
| Governmental Funds: | | | | |
| General Fund | \$ 825,423 | \$ 4,589,842 | \$ 4,928,627 | \$ 486,638 |
| Accident Report | 1,808 | 1,789 | 1,766 | 1,831 |
| Adult Probation Administration Fees | 14,751 | 23,147 | 20,392 | 17,506 |
| Adult Probation User Fees | 118,675 | 70,857 | 63,201 | 126,331 |
| Aerial Map | 3,733 | 224 | - | 3,957 |
| Association Ditches | - | 35,150 | 35,150 | - |
| At Risk Attendance | 17,839 | 69,776 | 44,551 | 43,064 |
| Aviation | 22,679 | 46,422 | 58,601 | 10,500 |
| Aviation IDOT Grant | 50 | - | - | 50 |
| Brickcraft Road Project | - | 159,000 | 159,000 | - |
| Bulletproof Vest Grant | - | 5,390 | 5,264 | 126 |
| Campaign Finance Enforcement | 140 | - | - | 140 |
| Child Restraint Violation Fines | - | 50 | 50 | - |
| Children with Special Health Needs | - | 26,423 | 26,423 | - |
| Children's Psychiatric Residential Treatment Services | 37,016 | 39,741 | 54,548 | 22,209 |
| City and Town Ordinance Violations | - | 2,086 | 2,086 | - |
| Clay-Owen-Vigo Recycling Grant | - | 6,505 | 6,442 | 63 |
| Clerk Incentives | 11,300 | 22,823 | 9,710 | 24,413 |
| Clerk's Record Perpetuation | 33,232 | 12,541 | 10,748 | 35,025 |
| Clerk's User Fees | 27,531 | 6,658 | 4,888 | 29,301 |
| Community Corrections Home Detention | 135,214 | 99,926 | 86,920 | 148,220 |
| Community Corrections Transitions Program | 8,627 | 8,278 | 16,905 | - |
| Council on Domestic Abuse | - | 7,903 | 7,903 | - |
| County Corrections | 20,059 | 17,929 | 13,680 | 24,308 |
| County Sales Disclosure | 4,499 | 5,115 | - | 9,614 |
| Crime Victim Assistance 2005 | 978 | 16,075 | 16,976 | 77 |
| Crime Victim Assistance 2006 | - | 16,075 | 13,738 | 2,337 |
| Cumulative Bridge | 1,634,347 | 2,153,244 | 2,053,310 | 1,734,281 |
| Cumulative Capital Development | 222,864 | 293,195 | 300,725 | 215,334 |
| Cumulative Voting | 33,976 | 76,258 | 79,460 | 30,774 |
| Debt Service Reserve (Indiana Varnishing Company) | 21,848 | - | 21,848 | - |
| Drainage Maintenance | 16,076 | - | 3,676 | 12,400 |
| Drug Forfeiture Fund | 12,371 | - | 11,000 | 1,371 |
| Drug Free Community | 20,251 | 20,958 | 18,523 | 22,686 |
| Education Plate Fee | - | 2,438 | 2,438 | - |
| Emergency Gas Pull Over | - | 450 | 450 | - |
| Emergency Management Fire and Building Service | - | 1,700 | 1,700 | - |
| Emergency Telephone System | 414,505 | 556,664 | 661,002 | 310,167 |
| Family and Children | 455,687 | 805,943 | 579,369 | 682,261 |
| Federal Equitable | - | 51,219 | 13,425 | 37,794 |
| Firearms Training | 1,091 | 3,530 | 1,379 | 3,242 |
| First Responder Community Equipment | 13,774 | - | 13,774 | - |
| General Drain Improvement | 25,434 | 4,199 | 2,824 | 26,809 |
| Guardian Ad Litem | - | 2,098 | 696 | 1,402 |
| HAVA Title III Grant | - | 40,000 | - | 40,000 |
| Health | 53,768 | 146,945 | 197,802 | 2,911 |
| Health Maintenance | 36,811 | 43,525 | 24,525 | 55,811 |
| Hepatitis B Vaccine | 2,164 | 1,360 | 1,285 | 2,239 |
| Highway | 865,556 | 2,536,270 | 2,687,943 | 713,883 |
| Homeland Security Grant | 13,688 | 2,374 | 16,062 | - |
| Homeland Security Grant - Live Scan | - | 34,483 | 34,483 | - |
| Hospital Care for the Indigent | - | 109,919 | 109,919 | - |
| Host Homes | - | 7,359 | 7,359 | - |
| Indiana Housing Finance Authority | - | 1,500 | 1,500 | - |
| Indiana Tobacco Prevention Grant | 23,183 | 13,522 | 31,942 | 4,763 |

The accompanying notes are an integral part of the schedules.

CLAY COUNTY
SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES
ALL GOVERNMENTAL AND FIDUCIARY FUND TYPES
As Of And For The Year Ended December 31, 2005
(Continued)

| | Cash and Investments 01-01-05 | Receipts | Disbursements | Cash and Investments 12-31-05 |
|--|-------------------------------------|-----------|---------------|-------------------------------------|
| Governmental Funds (continued): | | | | |
| Interstate Compact Fee | - | 188 | 150 | 38 |
| JAIBG Program Grant | 4,160 | 17,000 | 20,944 | 216 |
| Jail - CAGIT | 871,111 | 868,572 | 1,007,876 | 731,807 |
| Jail Bond | 1,065 | - | - | 1,065 |
| Jury Pay | 41,938 | 4,325 | - | 46,263 |
| Juvenile Probation Administration Fees | 973 | 4,690 | - | 5,663 |
| Juvenile Probation User Fees | 36,539 | 11,564 | 9,700 | 38,403 |
| Law Enforcement Block Grant | 2 | - | - | 2 |
| Law Enforcement Continuing Education | 1,555 | - | 910 | 645 |
| Local Emergency Plan Commission | 4,945 | - | 1,294 | 3,651 |
| Local Emergency Plan Subgrant | 174 | - | - | 174 |
| Local Planning | 3,239 | - | - | 3,239 |
| Local Road and Street | 79,685 | 348,167 | 373,084 | 54,768 |
| Medical Assistance to Wards | - | 1,057 | 1,057 | - |
| Mortgage Fee | - | 3,783 | 3,783 | - |
| New Jail Construction (Retainage) | 342,099 | - | - | 342,099 |
| Overpayments - Property Tax | - | 40 | - | 40 |
| Park and Recreation | 5,521 | 23,049 | 20,536 | 8,034 |
| Plat Book | 40,707 | 7,530 | - | 48,237 |
| PON Immunization Grant | 12 | - | - | 12 |
| Pretrial Diversion | 3,095 | 18,055 | 16,160 | 4,990 |
| Project Respect | 5,476 | 14,900 | 20,376 | - |
| Property Reassessment | 1,583,681 | 1,586,388 | 1,721,329 | 1,448,740 |
| Prosecutor Check Collection Fees | 7,839 | 5,130 | 1,994 | 10,975 |
| Prosecutor Incentives | 13,311 | 22,821 | 15,839 | 20,293 |
| Prosecutors Deferral Fees | 35,050 | 145,833 | 121,784 | 59,099 |
| Public Defender | 35,246 | 13,128 | 8,367 | 40,007 |
| Public Health Bioterrorism Grant | - | 20,000 | 1,000 | 19,000 |
| Public Health Emergency Preparedness Coordinator | - | 53,739 | 53,739 | - |
| Rainy Day Fund | 396,752 | - | 1,176 | 395,576 |
| Recorder's Records Perpetuation | 133,222 | 43,615 | 52,785 | 124,052 |
| Redevelopment Distribution Capital Bond | 47,818 | - | - | 47,818 |
| Sales Disclosure | 2,835 | 8,090 | 10,125 | 800 |
| Self Insurance | 137,100 | 612,247 | 699,081 | 50,266 |
| Sheriff's Commissary | 17,244 | 135,564 | 133,882 | 18,926 |
| Special Death Benefits | - | 689 | 689 | - |
| State Drunk Driving Fees | 380 | - | - | 380 |
| State Settlement | - | 78,453 | 78,453 | - |
| State Welfare Excise Tax | - | 9,574 | 9,574 | - |
| Stop Grant 2005 | 12,318 | 951 | 13,269 | - |
| Stop Grant 2006 | - | 12,071 | 10,313 | 1,758 |
| Surveyor's Corner Perpetuation | 9,860 | 7,295 | 2,937 | 14,218 |
| Tax Increment Financing - Jackson Township | 49,716 | 26,899 | 12,850 | 63,765 |
| Tax Increment Financing - Posey Township | 5,625 | 3,511 | 4,185 | 4,951 |
| Tax Increment Financing - Van Buren Township | 50,569 | 34,304 | 3,303 | 81,570 |
| Title III Vote Machine Reimbursement | 120,584 | - | - | 120,584 |
| Tobacco Settlement Distribution | 45,265 | 21,628 | 46,086 | 20,807 |
| Women, Infants and Children 2005 | 2,022 | 108,142 | 110,164 | - |
| Women, Infants and Children 2006 | 141 | 28,534 | 27,434 | 1,241 |

The accompanying notes are an integral part of the schedules.

CLAY COUNTY
SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES
ALL GOVERNMENTAL AND FIDUCIARY FUND TYPES
As Of And For The Year Ended December 31, 2005
(Continued)

| | Cash and Investments 01-01-05 | Receipts | Disbursements | Cash and Investments 12-31-05 |
|--------------------------------|-------------------------------------|----------------------|----------------------|-------------------------------------|
| Fiduciary Funds: | | | | |
| Aviation Rotary | 14,584 | 26,841 | 23,908 | 17,517 |
| City and Town Court Costs | - | 11,463 | 11,463 | - |
| Clerk of the Circuit Court | 365,424 | 3,429,942 | 3,237,397 | 557,969 |
| Community Corrections | 9,867 | 99,396 | 99,926 | 9,337 |
| Community Corrections | 9,784 | 92,749 | 89,831 | 12,702 |
| Congressional School Interest | 5,772 | 150 | 1,275 | 4,647 |
| Congressional School Principal | 10,789 | - | - | 10,789 |
| Coroner's Continuing Education | 105 | 1,419 | 1,495 | 29 |
| County Prosecutor Trust | 2,757 | 29,413 | 27,662 | 4,508 |
| County Recorder | 5 | 135,085 | 135,090 | - |
| County Sheriff | 30,133 | 1,018,050 | 1,033,210 | 14,973 |
| Court of Appeals Transcript | 156 | - | - | 156 |
| Dog Collection Tax | - | 1,449 | 1,449 | - |
| Inheritance Tax | 86,902 | 585,592 | 619,986 | 52,508 |
| Overweight Vehicle Fines | 76 | 1,968 | 2,044 | - |
| Payroll Withholdings | 44,215 | 3,803,071 | 3,818,066 | 29,220 |
| Probation Department | 430 | 4,457 | 4,847 | 40 |
| Probation Supplemental | 1,143 | 188 | - | 1,331 |
| Riverboat Revenue Sharing | - | 167,455 | 167,455 | - |
| Sewage Collections | 19,118 | 39,845 | 58,963 | - |
| Sheriff's Pension Trust | 683,585 | 74,696 | 47,960 | 710,321 |
| State Fines and Forfeitures | 839 | 16,764 | 13,741 | 3,862 |
| Surplus Tax | 6,666 | 459 | 459 | 6,666 |
| Tax Distribution | - | 22,830,567 | 22,830,567 | - |
| Tax Sale Redemption | 19 | - | - | 19 |
| Tax Sale Surplus | 152,775 | 41,261 | 159,580 | 34,456 |
| Title Check Fees | 1,466 | 986 | - | 2,452 |
| Treasurer Trust | 70,810 | 21,930,724 | 21,578,601 | 422,933 |
| Welfare Trust | 13,919 | 5,068 | 1,354 | 17,633 |
| Totals | <u>\$ 10,831,161</u> | <u>\$ 70,849,462</u> | <u>\$ 71,048,545</u> | <u>\$ 10,632,078</u> |

The accompanying notes are an integral part of the schedules.

CLAY COUNTY
NOTES TO SCHEDULE

Note 1. Introduction

The County was established under the laws of the State of Indiana. The County provides the following services: public safety (police), highways and streets, health, welfare and social services, culture and recreation, public improvements, planning and zoning, and general administrative services.

Note 2. Fund Accounting

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

Note 3. Budgets

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

Note 4. Property Taxes

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

Note 5. Deposits and Investments

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

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

CLAY COUNTY
NOTES TO SCHEDULE
(Continued)

Note 6. Pension Plan

Public Employees' Retirement Fund

Plan Description

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

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

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

Funding Policy and Annual Pension Cost

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

Note 7. Long-Term Debt

The County has entered into various debts such as general obligation bonds for courthouse renovations, revenue bonds for infrastructure improvements and capital leases for Sheriff's Department vehicles and a county jail. The outstanding principal at December 31, 2005, was \$645,000, \$450,000, and \$11,900,000, respectively.

CLAY COUNTY
OTHER REPORTS

The annual report presented herein was prepared in addition to other official reports prepared for the individual County offices listed below:

County Sheriff
County Aviation
County Probation
County Prosecuting Attorney
County Community Corrections

CLAY COUNTY
EXIT CONFERENCE

The contents of this report were discussed on August 7, 2006, with Charles Brown, President of the Board of County Commissioners; Joseph Dierdorf, Auditor; and Mary Jo Alumbaugh, Chief Deputy Auditor. Our examination disclosed no material items that warrant comment at this time.