

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

EXAMINATION REPORT  
OF  
CLAY TOWNSHIP  
ST. JOSEPH COUNTY, INDIANA  
January 1, 2007 to December 31, 2009



**FILED**  
04/27/2010



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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Trustee	Robbie M. Thomas	01-01-07 to 12-31-10
Chairman of the Township Board	Mike Dobson Alice Langel	01-01-07 to 12-31-07 01-01-08 to 12-31-10



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AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT ACCOUNTANT'S REPORT

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

We have examined the financial information presented herein of Clay Township (Township), for the period of January 1, 2007 to December 31, 2009. The Township's management is responsible for the financial information presented herein. Our responsibility is to express an opinion based on our examination.

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

In our opinion, the financial information referred to above presents fairly, in all material respects, the financial information of the Township for the years ended December 31, 2007, 2008, and 2009, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

The Schedule of Capital Assets, as listed in the Table of Contents, is presented for additional analysis and is not a required part of the basic financial information. It has not been subjected to the examination procedures applied to the basic financial information and, accordingly, we express no opinion on it.

STATE BOARD OF ACCOUNTS

March 25, 2010

CLAY TOWNSHIP, ST. JOSEPH COUNTY  
SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES  
ALL GOVERNMENTAL AND FIDUCIARY FUND TYPES  
As Of And For The Years Ended December 31, 2007, 2008, And 2009

	Cash and Investments 01-01-07	Receipts	Disbursements	Cash and Investments 12-31-07
<b>Governmental Funds:</b>				
Township	\$ 229,782	\$ 223,836	\$ 193,910	\$ 259,708
Dog	300	-	-	300
Township Assistance	114,277	79,927	62,689	131,515
Fire Territory	890,133	4,827,222	4,566,051	1,151,304
Rainy Day	47,596	2,035	-	49,631
Fire Equipment Debt	111,381	215,330	229,849	96,862
Station 1 Bond	-	-	-	-
Equipment Replacement	626,676	351,925	554,510	424,091
<b>Fiduciary Funds:</b>				
Payroll Deductions	-	-	-	-
Fire Territory Donations	11,744	18,975	19,852	10,867
<b>Totals</b>	<b><u>\$ 2,031,889</u></b>	<b><u>\$ 5,719,250</u></b>	<b><u>\$ 5,626,861</u></b>	<b><u>\$ 2,124,278</u></b>

	Cash and Investments 01-01-08	Receipts	Disbursements	Cash and Investments 12-31-08
<b>Governmental Funds:</b>				
Township	\$ 259,708	\$ 77,963	\$ 199,118	\$ 138,553
Dog	300	-	-	300
Township Assistance	131,515	21,399	54,693	98,221
Fire Territory	1,151,304	3,930,632	3,540,173	1,541,763
Rainy Day	49,631	101,998	-	151,629
Fire Equipment Debt	96,862	57,804	231,150	(76,484)
Station 1 Bond	-	-	-	-
Equipment Replacement	424,091	213,513	315,589	322,015
<b>Fiduciary Funds:</b>				
Payroll Deductions	-	-	-	-
Fire Territory Donations	10,867	19,475	21,071	9,271
<b>Totals</b>	<b><u>\$ 2,124,278</u></b>	<b><u>\$ 4,422,784</u></b>	<b><u>\$ 4,361,794</u></b>	<b><u>\$ 2,185,268</u></b>

	Cash and Investments 01-01-09	Receipts	Disbursements	Cash and Investments 12-31-09
<b>Governmental Funds:</b>				
Township	\$ 138,553	\$ 477,992	\$ 217,788	\$ 398,757
Dog	300	-	-	300
Township Assistance	98,221	120,622	60,324	158,519
Fire Territory	1,541,763	7,823,561	8,808,661	556,663
Rainy Day	151,629	200,402	-	352,031
Fire Equipment Debt	(76,484)	127,915	72,405	(20,974)
Station 1 Bond	-	-	-	-
Equipment Replacement	322,015	546,732	512,351	356,396
<b>Fiduciary Funds:</b>				
Payroll Deductions	-	-	-	-
Fire Territory Donations	9,271	70,511	36,392	43,390
<b>Totals</b>	<b><u>\$ 2,185,268</u></b>	<b><u>\$ 9,367,735</u></b>	<b><u>\$ 9,707,921</u></b>	<b><u>\$ 1,845,082</u></b>

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

CLAY TOWNSHIP, ST. JOSEPH COUNTY  
NOTES TO FINANCIAL INFORMATION

Note 1. Introduction

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

Note 2. Fund Accounting

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

Note 3. Budgets

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

Note 4. Property Taxes

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

Note 5. Deposits and Investments

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

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

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

Note 6. Pension Plan

Public Employees' Retirement Fund

Plan Description

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

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

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

Funding Policy and Annual Pension Cost

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

CLAY TOWNSHIP, ST. JOSEPH COUNTY  
SUPPLEMENTARY INFORMATION  
SCHEDULE OF CAPITAL ASSETS  
December 31, 2009

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

<u>Primary Government</u>	<u>Ending Balance</u>
Governmental activities:	
Capital assets, not being depreciated:	
Machinery and equipment	<u>\$ 2,749,810</u>

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

CLAY TOWNSHIP, ST. JOSEPH COUNTY  
EXAMINATION RESULTS AND COMMENTS

CAPITAL ASSET RECORDS

Information presented for audit did not indicate a complete inventory or record of capital assets. Only the fire department equipment is recorded in the asset records. Land, buildings, and non-fire department equipment has not been included

Every governmental unit should have a complete inventory of all capital assets owned which reflect their acquisition value. Such inventory should be recorded on the applicable Capital Assets Ledger. A complete inventory should be taken at least every two years for good internal control and for verifying account balances carried in the accounting records. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

OVERDRAWN FUND BALANCES

The Fire Debt Fund was overdrawn in 2008 and 2009 in the amount of \$76,484.13 and \$20,974.13, respectively.

The balance of any fund may not be reduced below zero. Routinely overdrawn funds could be an indicator of serious financial problems which should be investigated by the governmental unit. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

APPROPRIATIONS

The records presented for audit indicated the following expenditures in excess of budgeted appropriations:

<u>Fund</u>	<u>Year</u>	<u>Excess Amount Expended</u>
Fire Debt Fund	2009	<u>\$ 900</u>

IC 6-1.1-18-4 states in part: ". . . the proper officers of a political subdivision shall appropriate funds in such a manner that the expenditures for a year do not exceed its budget for that year as finally determined under this article."

CLAY TOWNSHIP, ST. JOSEPH COUNTY  
EXIT CONFERENCE

The contents of this report were discussed on March 25, 2010, with Robbie M. Thomas, Trustee; and Alice Langel, Chairman of the Township Board. The officials concurred with our findings.