

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

EXAMINATION REPORT

OF

CLAY TOWNSHIP

LAGRANGE COUNTY, INDIANA

January 1, 2005 to December 31, 2006



**FILED**

11/26/2007



## TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Officials .....	2
Independent Accountant's Report .....	3
Financial Information:	
Schedules of Receipts, Disbursements, and Cash and Investment Balances .....	4
Notes to Financial Information.....	5
Examination Results and Comments:	
Condition of Records .....	6
Penalties, Interest and Other Charges .....	6
Exit Conference .....	7

OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Trustee	William F. Connelly	01-01-03 to 12-31-10
Chairman of the Township Board	Richard E. Yoder Bernard J. Hoffman	01-01-05 to 12-31-06 01-01-07 to 12-31-07



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF CLAY TOWNSHIP, LAGRANGE COUNTY, INDIANA

We have examined the financial information presented herein of Clay Township (Township), for the period of January 1, 2005 to December 31, 2006. The Township's management is responsible for the financial information presented herein. Our responsibility is to express an opinion based on our examination.

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

In our opinion, the financial information referred to above presents fairly, in all material respects, the financial information of the Township for the years ended December 31, 2005 and 2006, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

STATE BOARD OF ACCOUNTS

October 4, 2007

CLAY TOWNSHIP, LAGRANGE COUNTY  
SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES  
ALL GOVERNMENTAL FUND TYPES  
As Of And For The Years Ended December 31, 2005 And 2006

	Cash and Investments 01-01-05	Receipts	Disbursements	Cash and Investments 12-31-05
Governmental Funds:				
Township	\$ 19,137	\$ 65,564	\$ 52,995	\$ 31,706
Dog	1,188	1,019	888	1,319
Township Assistance	23,079	10,542	14,937	18,684
Firefighting	52,581	32,550	9,437	75,694
Levy Excess	-	268	268	-
Cumulative Fire	18,917	43,138	92	61,963
Totals	<u>\$ 114,902</u>	<u>\$ 153,081</u>	<u>\$ 78,617</u>	<u>\$ 189,366</u>

	Cash and Investments 01-01-06	Receipts	Disbursements	Cash and Investments 12-31-06
Governmental Funds:				
Township	\$ 31,706	\$ 59,029	\$ 54,711	\$ 36,024
Dog	1,319	1,521	2,840	-
Township Assistance	18,684	11,841	13,827	16,698
Firefighting	75,694	20,824	24,558	71,960
Levy Excess	-	425	-	425
Cumulative Fire	61,963	28,161	20,246	69,878
Totals	<u>\$ 189,366</u>	<u>\$ 121,801</u>	<u>\$ 116,182</u>	<u>\$ 194,985</u>

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

CLAY TOWNSHIP, LAGRANGE COUNTY  
NOTES TO FINANCIAL INFORMATION

Note 1. Introduction

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

Note 2. Fund Accounting

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

Note 3. Budgets

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

Note 4. Property Taxes

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

Note 5. Deposits and Investments

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

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

CLAY TOWNSHIP, LAGRANGE COUNTY  
EXAMINATION RESULTS AND COMMENTS

CONDITION OF RECORDS

The fund balances in the ledger did not always agree with the annual reports filed by the Township. The bank reconciliation did not agree with the sum of all fund balances in the ledger or on the annual reports.

At all times, the manual and/or computerized records, subsidiary ledgers, control ledger, and reconciled bank balance should agree. If the reconciled bank balance is less than the subsidiary or control ledgers, then the responsible official or employee may be held personally responsible for the amount needed to balance the fund. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

Officials and employees are required to use State Board of Accounts prescribed or approved forms in the manner prescribed. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

PENALTIES, INTEREST AND OTHER CHARGES

Penalties and interest totaling \$26.68 were paid to the Indiana Department of Workforce Development in 2005 and \$24.08 in 2006.

Officials and employees have the duty to pay claims and remit taxes in a timely fashion. Failure to pay claims or remit taxes in a timely manner could be an indicator of serious financial problems which should be investigated by the governmental unit.

Additionally, officials and employees have a responsibility to perform duties in a manner which would not result in any unreasonable fees being assessed against the governmental unit.

Any penalties, interest or other charges paid by the governmental unit may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

CLAY TOWNSHIP, LAGRANGE COUNTY  
EXIT CONFERENCE

The contents of this report were discussed on October 4, 2007, with William F. Connelly, Trustee.