

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

EXAMINATION REPORT

OF

DUDLEY TOWNSHIP

HENRY COUNTY, INDIANA

January 1, 2007 to December 31, 2009



**FILED**

04/22/2010



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OFFICIALS

Office

Official

Term

Trustee

Linda Edwards

01-01-07 to 12-31-10

Chairman of the  
Township Board

Janice Spurgin  
Wanda Sue Claar

01-01-07 to 12-31-07  
01-01-08 to 12-31-10



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF DUDLEY TOWNSHIP, HENRY COUNTY, INDIANA

We have examined the financial information presented herein of Dudley 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 present 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.

STATE BOARD OF ACCOUNTS

March 23, 2010

DUDLEY TOWNSHIP, HENRY COUNTY  
SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES  
ALL GOVERNMENTAL 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
Governmental Funds:				
Township	\$ 36,892	\$ 8,536	\$ 14,631	\$ 30,797
Township Assistance	7,704	-	2,289	5,415
Firefighting	4,884	18,405	24,426	(1,137)
Cumulative Fire	<u>29,522</u>	<u>12,235</u>	<u>14,658</u>	<u>27,099</u>
Totals	<u>\$ 79,002</u>	<u>\$ 39,176</u>	<u>\$ 56,004</u>	<u>\$ 62,174</u>

	Cash and Investments 01-01-08	Receipts	Disbursements	Cash and Investments 12-31-08
Governmental Funds:				
Township	\$ 30,797	\$ 8,302	\$ 14,971	\$ 24,128
Township Assistance	5,415	-	2,139	3,276
Firefighting	(1,137)	15,618	22,930	(8,449)
Cumulative Fire	<u>27,099</u>	<u>8,420</u>	<u>3,451</u>	<u>32,068</u>
Totals	<u>\$ 62,174</u>	<u>\$ 32,340</u>	<u>\$ 43,491</u>	<u>\$ 51,023</u>

	Cash and Investments 01-01-09	Receipts	Disbursements	Cash and Investments 12-31-09
Governmental Funds:				
Township	\$ 24,128	\$ 7,167	\$ 14,641	\$ 16,654
Township Assistance	3,276	1,058	1,398	2,936
Firefighting	(8,449)	12,601	19,416	(15,264)
Cumulative Fire	<u>32,068</u>	<u>-</u>	<u>1,057</u>	<u>31,011</u>
Totals	<u>\$ 51,023</u>	<u>\$ 20,826</u>	<u>\$ 36,512</u>	<u>\$ 35,337</u>

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

DUDLEY TOWNSHIP, HENRY 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, 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.

DUDLEY TOWNSHIP, HENRY COUNTY  
EXAMINATION RESULTS AND COMMENTS

OVERDRAWN CASH BALANCES

The cash balance of the Firefighting Fund was overdrawn in 2007, 2008, and 2009.

The cash 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)

OFFICIAL BOND

A current bond was not on file in the County Recorder's office for Linda Edwards, Township Trustee.

IC 5-4-1-5.1(b) states in part: "Every elected or appointed officer, official, deputy, or employee of a political subdivision . . . shall file the bond in the office of the county recorder . . ."

CONDITION OF RECORDS

The following deficiencies relating to the recordkeeping were noted.

1. Record balances were not reconciled to depository balances.

IC 5-13-6-1(e) states: "All local investment officers shall reconcile at least monthly the balance of public funds, as disclosed by the records of the local officers, with the balance statements provided by the respective depositories."

2. A check in the amount of \$900 disbursed from the Firefighting Fund in 2008 was not recorded.

Controls over the receipting, disbursing, recording, and accounting for the financial activities are necessary to avoid substantial risk of invalid transactions, inaccurate records and financial statements and incorrect decision making. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

PAYROLL DEDUCTIONS

The following conditions were discovered during the review of payroll records:

1. Payments to the Township Clerk were made without payroll deductions for taxes for 2007, 2008, and 2009;
2. A portion of the Trustee's salary was excluded from amounts reported on the Internal Revenue Service (IRS) Form W-2 for 2007, 2008, and 2009;
3. There were no payroll deductions from the portion of the Trustee's salary that was not reported on the IRS Form W-2 for 2007, 2008, and 2009;

DUDLEY TOWNSHIP, HENRY COUNTY  
EXAMINATION RESULTS AND COMMENTS  
(Continued)

4. There were no remittances of withholdings from the salaries of Board members for 2007, 2008, and 2009; and
5. Withholding amounts from the salaries of Board members were incorrect for 2009.

Political subdivisions are required to comply with all grant agreements, rules, regulations, bulletins, directives, letters, letter rulings, and filing requirements concerning reports and other procedural matters of federal and state agencies, including opinions of the Attorney General of the State of Indiana, and court decisions. Governmental units should file accurate reports required by federal and state agencies. Noncompliance may require corrective action. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

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)

Each governmental unit is responsible for compliance with all rules, regulations, guidelines, and directives of the Internal Revenue Service and the Indiana Department of Revenue. All questions concerning taxes should be directed to these agencies. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

TRANSFER

A transfer of \$5,635 was made in 2007 from the Cumulative Fire Fund to the Firefighting Fund and has not been repaid.

IC 36-1-8-5 states in part:

"Whenever the purposes of a tax levy have been fulfilled, the township board shall have authority to order the trustee to transfer any unused and unencumbered balance in the fund resulting from such general or special levy to the township fund or rainy day fund. Funds for redemption of township assistance obligations are transferred to the Township Assistance Fund."

IC 36-1-8-4 concerning temporary transfers states in part:

"(a) . . . (3) Except as provided in subsection (b), the prescribed period must end during the budget year of the year in which the transfer occurs. (4) The amount transferred must be returned to the other fund at the end of the prescribed period. . . ."

DUDLEY TOWNSHIP, HENRY COUNTY  
EXAMINATION RESULTS AND COMMENTS  
(Continued)

"(b) If the fiscal body of a political subdivision determines that an emergency exists that requires an extension of the prescribed period of a transfer under this section, the prescribed period may be extended for not more than six (6) months beyond the budget year of the year in which the transfer occurs if the fiscal body does the following: (1) Passes an ordinance or a resolution that contains the following: (A) A statement that the fiscal body has determined that an emergency exists. (B) A brief description of the grounds for the emergency. (C) The date the loan will be repaid that is not more than six (6) months beyond the budget year in which the transfer occurs. (2) Immediately forwards the ordinance or resolution to the state board of accounts and the Department of Local Government Finance."

DUDLEY TOWNSHIP, HENRY COUNTY  
EXIT CONFERENCE

The contents of this report were discussed on March 23, 2010, with Linda Edwards, Trustee. The official concurred with our findings.