

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

EXAMINATION REPORT  
OF  
BENTON TOWNSHIP  
MONROE COUNTY, INDIANA  
January 1, 2005 to December 31, 2006



**FILED**  
12/31/2007



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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Trustee	Donna S. Richardson	01-01-03 to 12-31-10
Chairman of the Township Board	E. Dale McClung	01-01-05 to 12-31-07



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF BENTON TOWNSHIP, MONROE COUNTY, INDIANA

We have examined the financial information presented herein of Benton 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.

The Schedule of Capital Assets and Schedule of Long-Term Debt, as listed in the Table of Contents, are presented for additional analysis and are not required parts of the basic financial information. They have not been subjected to the examination procedures applied to the basic financial information, and accordingly, we express no opinion on them.

STATE BOARD OF ACCOUNTS

December 5, 2007

BENTON TOWNSHIP, MONROE 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, 2005 And 2006

	Cash and Investments 01-01-05	Receipts	Disbursements	Cash and Investments 12-31-05
Governmental Funds:				
Township	\$ 49,836	\$ 60,076	\$ 83,941	\$ 25,971
Dog	410	118	465	63
Township Assistance	10,155	5,820	11,940	4,035
Firefighting	72,557	38,229	81,140	29,646
Fire Debt	2,206	4,103	6,309	-
Fire Equipment	1,724	-	-	1,724
Cumulative Fire	21,978	14,711	16,214	20,475
Rainy Day	3,285	-	-	3,285
Fiduciary Fund:				
Payroll Withholdings	(15)	-	30	(45)
Totals	<u>\$ 162,136</u>	<u>\$ 123,057</u>	<u>\$ 200,039</u>	<u>\$ 85,154</u>

	Cash and Investments 01-01-06	Receipts	Disbursements	Cash and Investments 12-31-06
Governmental Funds:				
Township	\$ 25,971	\$ 79,558	\$ 95,794	\$ 9,735
Dog	63	132	195	-
Township Assistance	4,035	16,353	12,155	8,233
Firefighting	29,646	114,646	90,357	53,935
Fire Debt	-	12,013	8,000	4,013
Fire Equipment Debt	-	195,094	-	195,094
Fire Equipment	1,724	-	1,724	-
Cumulative Fire	20,475	56,885	25,179	52,181
Rainy Day	3,285	-	-	3,285
Fiduciary Fund:				
Payroll Withholdings	(45)	45	-	-
Totals	<u>\$ 85,154</u>	<u>\$ 474,726</u>	<u>\$ 233,404</u>	<u>\$ 326,476</u>

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

BENTON TOWNSHIP, MONROE 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. 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.

Note 6. Subsequent Event

During 2007, the Township purchased a new truck and equipment for the fire department costing \$65,251. The Township is also building a new fire barn. As of November 30, 2007, the Township had spent \$56,619 on the new building.

BENTON TOWNSHIP  
SUPPLEMENTARY INFORMATION  
SCHEDULE OF CAPITAL ASSETS

December 31, 2006

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>Ending Balance</u>
Governmental activities:	
Capital assets, not being depreciated:	
Land	\$ 62,300
Improvements other than buildings	15,000
Buildings	131,200
Machinery and equipment	<u>600,924</u>
 Total governmental activities, capital assets not being depreciated	 <u>\$ 809,424</u>

BENTON TOWNSHIP  
 SUPPLEMENTARY INFORMATION  
 SCHEDULE OF LONG-TERM DEBT  
 December 31, 2006

The Township has entered into the following debt:

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental Activities:		
Notes and loans payable	\$ 203,000	\$ 60,631

BENTON TOWNSHIP, MONROE COUNTY  
EXAMINATION RESULTS AND COMMENTS

APPROPRIATIONS

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

<u>Fund</u>	<u>Years</u>	<u>Excess Amount Expended</u>
Township Fund	2006	\$ 17,628
Township Assistance	2005	440
Township Assistance	2006	155

Indiana Code 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."

BANK ACCOUNT RECONCILIATIONS

The December 31, 2006, depository reconciliation did not balance with the Financial and Appropriations Ledger by the amount of \$756.90. The difference was due to the December 31, 2006, outstanding check list including \$412.65 of checks that had actually cleared the bank and numerous posting errors that were made to the ledger that netted out to an amount of \$344.25.

Indiana Code 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."

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)

ADVANCE PAYMENT OF SALARIES

The Trustee, Clerk, and Township Board Members were all paid their 2006 annual salaries in advance.

The Trustee was paid in full on June 12, 2006. The Clerk was paid in full on September 25, 2006, and the Township Board members were paid in full on August 21, 2006.

Salaries and wages of public officers may not be paid in advance. [Indiana Code 5-7-3-1] (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 17)

Compensation and any other payments for goods and services should not be paid in advance of receipt of the goods or services unless specifically authorized by statute. Payments made for goods or services which are not received may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

BENTON TOWNSHIP, MONROE COUNTY  
EXAMINATION RESULTS AND COMMENTS  
(Continued)

PENALTIES, INTEREST, AND OTHER CHARGES

The Trustee personally paid the following penalties and interest to the Internal Revenue Service:

1. \$65.09 for the late remittance of federal employment taxes for the December 31, 2004, reporting period;
2. \$32.00 for the late remittance of federal employment taxes for the June 30, 2005, reporting period; and
3. \$35.53 for the late remittance of federal employment taxes for the June 30, 2006, reporting period.

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)

COMPENSATION AND BENEFITS

Donna S. Richardson, Trustee, received \$1,738.35 in payments for the year 2005 and \$12,097 for the year 2006 which were not included in the payroll system or approved in the salary resolutions. The payments were made without payroll deductions for taxes.

All compensation and benefits paid to officials and employees must be included in the labor contract, salary ordinance, resolution or salary schedule adopted by the governing body unless otherwise authorized by statute. Compensation should be made in a manner that will facilitate compliance with state and federal reporting requirements. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 17)

Indiana Code 36-6-6-10(d) states in part: ". . . the township legislative body may not alter the salaries of elected or appointed officers during the fiscal year for which they are fixed . . ."

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)

Donna S. Richardson, Trustee, was asked to reimburse the Township Fund for the \$13,835.35 overpayment. (See Summary, page 13)

BENTON TOWNSHIP, MONROE COUNTY  
EXAMINATION RESULTS AND COMMENTS  
(Continued)

FEDERAL AND STATE AGENCIES - COMPLIANCE REQUIREMENTS

The Township paid a cellular phone bill for Donna S. Richardson, Trustee. The monthly bill was \$22.85, which resulted in payments of \$274.20 for each year during the examination period. The payments were not based on actual Township business use.

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)

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)

CONFLICT OF INTEREST DISCLOSURE

Melvin Richardson is the spouse of Donna S. Richardson, Trustee. He was paid for various Township construction projects during 2005 and 2006. A Uniform Conflict of Interest Disclosure Statement does not appear to have been filed.

Indiana Code 35-44-1-3 states in part:

"(a) A public servant who knowingly or intentionally: (1) has a pecuniary interest in; or (2) derives a profit from; a contract or purchase connected with an action by the governmental entity served by the public servant commits conflict of interest, a Class D felony . . ."

"(c) This section does not prohibit a public servant from having a pecuniary interest in or deriving a profit from a contract or purchase connected with the governmental entity served . . . (3) if the public servant; (A) is an elected public servant . . . and (B) makes a disclosure under subsection (d)(1) through (d)(6)."

"(d) A disclosure required by this section must: (1) be in writing; (2) describe the contract or purchase to be made by the governmental entity; (3) describe the pecuniary interest that the public servant has in the contract or purchase; (4) be affirmed under penalty of perjury; (5) be submitted to the governmental entity and be accepted by the governmental entity in a public meeting of the governmental entity prior to final action on the contract or purchase; (6) be filed within fifteen (15) days after final action on the contract or purchase with: (A) the state board of accounts; and (B) . . . the clerk of the circuit court in the county where the governmental entity takes final action on the contract or purchase . . ."

"(g) A public servant has a pecuniary interest in a contract or purchase if the contract or purchase will result or is intended to result in an ascertainable increase in the income or net worth of: (1) the public servant; or (2) a dependent of the public servant who: (A) is under the direct or indirect administrative control of the public servant; or (B) receives a contract or purchase order that is reviewed, approved, or directly or indirectly administered by the public servant . . ."

BENTON TOWNSHIP, MONROE COUNTY  
EXAMINATION RESULTS AND COMMENTS  
(Continued)

"(k) As used in this section, 'dependent' means any of the following: (1) The spouse of a public servant. (2) A child, stepchild, or adoptee (as defined in IC 31-3-4-1) of a public servant who is: (A) unemancipated; and (B) less than eighteen (18) years of age. (3) Any individual more than one-half (2) of whose support is provided during a year by the public servant."

PERSONAL EXPENSES

Donna S. Richardson, Trustee, was reimbursed, \$722.50 for unleaded gas purchased and delivered to her home on June 9, 2006. She was also paid \$3,900 for rent expense for 2006, but the Township budget for rent was only \$1,500.

Public funds may not be used to pay for personal items or for expenses which do not relate to the functions and purposes of the governmental unit. Any personal expenses paid by the governmental entity may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

Donna S. Richardson, Trustee, was asked to reimburse the Township Fund for \$3,122.50 of personal expenses. (See Summary, page 13)

BENTON TOWNSHIP, MONROE COUNTY  
EXIT CONFERENCE

The contents of this report were discussed on December 5, 2007, with Donna S. Richardson, Trustee.

BENTON TOWNSHIP, MONROE COUNTY  
SUMMARY

	<u>Charges</u>	<u>Credits</u>	<u>Balance Due</u>
Donna S. Richardson, Trustee:			
Compensation and Benefits, page 9	\$ 13,835.35	\$	\$
Paid by Donna S. Richardson, Trustee			
Deposited January 20, 2007		1,206.00	-
Deposited December 6, 2007		12,629.35	-
Personal Expenses, page 11	3,122.50		
Paid by Donna S. Richardson, Trustee			
Deposited December 6, 2007		<u>3,122.50</u>	<u>-</u>
Totals	<u>\$ 16,957.85</u>	<u>\$ 16,957.85</u>	<u>\$ -</u>