

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

EXAMINATION REPORT
OF
BENTON TOWNSHIP
MONROE COUNTY, INDIANA
January 1, 2007 to December 31, 2007



FILED
06/17/2011

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Officials	2
Independent Accountant's Report.....	3
Financial Information:	
Schedule of Receipts, Disbursements, and Cash and Investment Balances	4
Notes to Financial Information	5
Supplementary Information:	
Schedule of Capital Assets.....	6
Schedule of Long-Term Debt	7
Examination Results and Comments:	
Disbursement Documentation	8
Compensation and Benefits	8
Improper Payments	8-9
Prescribed Forms	9
Personal Expenses.....	9
Overpayment of Contracts.....	10
Non-Issuance of 1099 Misc.....	10
Conflict of Interest Disclosure.....	10-11
Advance Payments.....	11
Appropriations.....	11
Audit Costs – Condition of Records.....	12
Official Bond Information	12
Exit Conference.....	13
Official Response	14
Summary	15

OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Trustee	Donna S. Richardson	01-01-03 to 12-31-07
	Daphne Sego	01-01-08 to 01-19-08
	Heather Cohee	01-20-08 to 12-31-11
President of the Township Board	E. Dale McClung	01-01-05 to 01-07-08
	Diane Street	01-08-08 to 01-27-09
	Eric Schmitz	01-28-09 to 12-31-11



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2769

Telephone: (317) 232-2513
Fax: (317) 232-4711
Web Site: www.in.gov/sboa

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, 2007 to December 31, 2007. 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 year ended December 31, 2007, 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

May 10, 2011

BENTON TOWNSHIP, MONROE 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, 2007

	Cash and Investments 01-01-07	Receipts	Disbursements	Cash and Investments 12-31-07
Governmental Funds:				
Township	\$ 9,735	\$ 115,535	\$ 75,098	\$ 50,172
Township Assistance	8,233	10,161	16,792	1,602
Firefighting	53,935	95,208	106,709	42,434
Fire Debt	4,013	58,679	52,078	10,614
Fire Equipment Debt	195,094	-	195,094	-
Cumulative Fire	52,181	38,184	40,688	49,677
Rainy Day	3,285	-	-	3,285
Fiduciary Fund:				
Payroll Withholdings	-	482	-	482
Totals	<u>\$ 326,476</u>	<u>\$ 318,249</u>	<u>\$ 486,459</u>	<u>\$ 158,266</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, 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 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 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.

BENTON TOWNSHIP, MONROE COUNTY
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF CAPITAL ASSETS
 December 31, 2007

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	658,775
Construction in progress	<u>69,705</u>
 Total governmental activities, capital assets not being depreciated	 \$ <u>936,980</u>

BENTON TOWNSHIP, MONROE COUNTY
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF LONG-TERM DEBT
 December 31, 2007

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	\$ 121,853	\$ 43,977

BENTON TOWNSHIP, MONROE COUNTY
EXAMINATION RESULTS AND COMMENTS

DISBURSEMENT DOCUMENTATION

One payment of \$1,950 (Check 1133 on November 21, 2007, issued from the Fire Debt Fund), equal to one percent of the fire barn loan, was written to Marvin Richardson, Fire Chief, and did not have adequate supporting documentation such as a contract or invoices.

Supporting documentation such as receipts, canceled checks, tickets, invoices, bills, contracts, and other public records must be available for audit to provide supporting information for the validity and accountability of monies disbursed. Payments without supporting documentation may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

Marvin Richardson, Fire Chief, reimbursed \$1,950 to the Township. (See Summary, page 15)

COMPENSATION AND BENEFITS

Donna S. Richardson, former Trustee, received \$8,644 in payments for the year 2007 which were not included in the payroll system or on the salary approved by the Township Board.

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)

Donna S. Richardson, former Trustee, reimbursed \$8,644 to the Township. (See Summary, page 15)

IMPROPER PAYMENTS

A White River Co-Op invoice in the amount of \$1,255.60 for fuel delivered on June 20, 2007, was presented for examination. No delivery address was documented on the invoice and we were not provided documentation to show that this fuel was for Township purposes. Subsequent to the delivery of this fuel, a check in the amount of \$1,255.60 was issued by the Township on June 20, 2007, and made payable to Donna S. Richardson for reimbursement of this invoice. The Township also issued a check on July 30, 2007, made payable to White River Co-Op, in the amount of \$1,255.60 for the fuel delivered on this invoice.

Based on our review, we determined the payments noted above were for the same invoice. We also determined the fuel was delivered for purposes other than township business and that Donna S. Richardson was personally responsible for the payment to White River Co-Op for the fuel delivered on this invoice. We are therefore requesting that Donna S. Richardson, former Trustee, reimburse the Township \$2,511.20. This amount is for the amount improperly reimbursed to Donna S. Richardson without supporting documentation in the amount of \$1,255.60 and for the amount paid to White River Co-Op by the Township for fuel delivered for purposes other than township business in the amount of \$1,255.60. A similar comment appeared in the prior examination, Report B31479, for gas delivered to Donna S. Richardson's home and not used for township business.

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

Supporting documentation such as receipts, canceled checks, tickets, invoices, bills, contracts, and other public records must be available for audit to provide supporting information for the validity and accountability of monies disbursed. Payments without supporting documentation may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

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 unit may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

Donna S. Richardson, former Trustee, reimbursed \$2,511.20 to the Township. (See Summary, page 15)

PRESCRIBED FORMS

Donna S. Richardson, former Trustee, was reimbursed for mileage without filing Mileage Claim, General Form 101.

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)

PERSONAL EXPENSES

Donna S. Richardson, former Trustee, was paid \$4,525 for rent expense for 2007. The Township budget for rent was only \$1,500.

Daphne Segó, former Clerk and former Trustee, was paid \$2,400 for rent expense for 2007.

Indiana Code 36-6-8-3(a) state in part: ". . . If the township executive uses a part of the executive's residence for an office, the township legislative body shall appropriate a reasonable sum for that office space."

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 unit may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

Donna S. Richardson, former Trustee, reimbursed \$3,025 to the Township. (See Summary, page 15)

Daphne Segó, former Clerk and former Trustee, reimbursed \$2,400 to the Township. (See Summary, page 15)

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

OVERPAYMENT OF CONTRACTS

Records presented for examination indicate Daphne Sego, former Clerk and former Trustee, received 11 payments during 2007 totaling \$2,600 for the Senior Citizen's Building cleaning contract which resulted in an overpayment to Daphne Sego of \$200 for the contract in 2007 (contract amount \$2,400).

Payments made or received for contractual services should be supported by a written contract. Each governmental unit is responsible for complying with the provisions of its contracts. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

Daphne Sego, former Clerk and former Trustee, reimbursed \$200 to the Township. (See Summary, page 15)

NON-ISSUANCE OF 1099 MISC

Payments of \$600 or more were made to five persons performing work for the Township who were not issued 1099-Misc for 2007.

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)

CONFLICT OF INTEREST DISCLOSURE

Daphne Sego, former Clerk and former Trustee, is the spouse of Barry Sego who performed contract labor for the Township. 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 . . ."

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

"(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."

"(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 31-9-2-2) of a public servant who is: (A) unemancipated; and (B) less than eighteen (18) years of age. (3) Any individual more than one-half (½) of whose support is provided during a year by the public servant."

ADVANCE PAYMENTS

The Trustee, Clerk, and Township Board members were paid their 2007 annual salaries in advance.

The Trustee was paid in full by June 18, 2007. The Clerk was paid in full by September 28, 2007. The Township Board members were paid in full by October 4, 2007.

Salaries and wages of public officers may not be paid in advance. {IC 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)

APPROPRIATIONS

The records presented for examination indicated the following expenditures in excess of budgeted appropriations for 2007:

Fund	Excess Amount Expended
Township Fund	\$ 7,798
Firefighting Fund	9,909
Fire Debt	42

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."

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

AUDIT COSTS - CONDITION OF RECORDS

Additional examination time was required to audit financial statements and other information necessary for the examination report.

Audit costs or other costs incurred because of poor records, nonexistent records or other inadequate bookkeeping practices may be the personal obligation of the responsible official or employee of the governmental unit. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

OFFICIAL BOND INFORMATION

Donna S. Richardson, former Trustee, has a Public Official Bond with EMC Insurance Companies. The bond provides \$15,000 of coverage for the period January 1, 2007 to January 31, 2010.

BENTON TOWNSHIP, MONROE COUNTY
EXIT CONFERENCE

The contents of this report were discussed on May 10, 2011, with Daphne Segó, former Clerk and former Trustee. The official concurred with our findings.

The contents of this report were discussed on May 10, 2011, with Donna S. Richardson, former Trustee. The official response has been made a part of this report and may be found on page 14.

The contents of this report were discussed on May 11, 2011, with Marvin Richardson, Fire Chief.

RESPONSE - 5/19/11

To: State Board of Accounts
From: Donna S. Richardson, Formerly Benton Twp. Trustee
RE: Audit 2007, Benton Township, Monroe County

Enclosed are three checks to repay Benton Twp. for:

#1 Marvin Richardson - Vol. F.F., Fire Chief for \$1950. I am repaying this amount. I needed and was grateful for his assistance & help on the new fire bldg. It should have been a ^{personal} donation in his honor to the F.F./EMS volunteers.

#2 Donna Richardson - a personal check for \$7480.20

#3 Daphne Gego - Twp. Clerk - Daphne's check is enclosed for \$2600. She did not ask for rent. I needed her to handle the office equipment at her home where she used her computer. I should have paid her personally and I will try to reimburse her.

Audit Costs - Condition of records - that hurts! During my years of working outside the home, it was my pride in keeping good and accurate records. I will contact ^{the Board} and offer to reimburse for the audit at a later time.

No excuses - I have done wrong, but I hope these repayments will help to make things right and help to set me free. My body and mind were telling me I needed help but I was not listening. Thank you, Donna S. Richardson
but I am now.

BENTON TOWNSHIP, MONROE COUNTY
SUMMARY

	<u>Charges</u>	<u>Credits</u>	<u>Balance Due</u>
Marvin Richardson, Fire Chief: Disbursement Documentation, page 8	\$ 1,950.00	\$ 1,950.00	\$ -
Donna S. Richardson, former Trustee: Compensation and Benefits, page 8	\$ 8,644.00	\$	\$
Improper Payments, pages 8 and 9	2,511.20		
Personal Expenses, page 9	3,025.00		
Reimbursed by Donna S. Richardson	<u> </u>	14,180.20	<u> </u> -
Totals Donna S. Richardson, former Trustee	<u>\$ 14,180.20</u>	<u>\$ 14,180.20</u>	<u>\$ -</u>
Daphne Segó, former Township Clerk: Personal Expenses, page 9	\$ 2,400.00	\$	\$
Overpayment of Contracts, page 10	200.00		
Reimbursed by Daphne Segó	<u> </u>	2,600.00	<u> </u> -
Totals Daphne Segó, former Township Clerk	<u>\$ 2,600.00</u>	<u>\$ 2,600.00</u>	<u>\$ -</u>