

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

FINANCIAL STATEMENT EXAMINATION REPORT

OF

BENTON TOWNSHIP

MONROE COUNTY, INDIANA

January 1, 2011 to December 31, 2011



**FILED**  
02/12/2013



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### SCHEDULE OF OFFICIALS

| <u>Office</u>                     | <u>Official</u> | <u>Term</u>          |
|-----------------------------------|-----------------|----------------------|
| Trustee                           | Heather Cohee   | 01-20-08 to 03-01-12 |
|                                   | (Vacant)        | 03-02-12 to 03-21-12 |
|                                   | Michelle Bright | 03-22-12 to 12-31-14 |
| Chairman of the<br>Township Board | Eric Schmitz    | 01-01-11 to 01-29-12 |
|                                   | Diane Street    | 01-30-12 to 01-07-13 |
|                                   | Lynn Stevens    | 01-08-13 to 12-31-13 |



**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 accompanying financial statement of Benton Township (Township), for the year ended December 31, 2011. The financial statement is the responsibility of the Township's management. Our responsibility is to express an opinion on the financial statement 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 statement and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

As discussed in Note 1, the Township prepares its financial statement on the prescribed basis of accounting that demonstrates compliance with the reporting requirements established by the State Board of Accounts as allowed by state statute (IC 5-11-1-6), which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The basis noted above is a different basis than that used in the prior year.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the financial position and results of operations of the Township for the year ended December 31, 2011, on the basis of accounting described in Note 1.

Our examination was conducted for the purpose of forming an opinion on the Township's financial statement. The Combining Schedule of Receipts, Disbursements, and Cash and Investment Balances – Regulatory Basis, Schedule of Leases and Debt, and Schedule of Capital Assets, as listed in the Table of Contents, are presented for additional analysis and are not required parts of the financial statement. They have not been subjected to the examination procedures applied to the financial statement and, accordingly, we express no opinion on them.

The Township's response to the Examination Results and Comments identified in our examination is described in the accompanying section of the report entitled Official Response. We did not examine the Township's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the Township's management, Township Board, and others within the entity and is not intended to be and should not be used by anyone other than these specified parties. In accordance with Indiana Code 5-11-5-1, this report is a part of the public records of the State Board of Accounts and of the office examined.

STATE BOARD OF ACCOUNTS

December 7, 2012

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## FINANCIAL STATEMENT

The financial statement and accompanying notes were approved by management of the Township.  
The financial statement and notes are presented as intended by the Township.

BENTON TOWNSHIP, MONROE COUNTY  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -  
REGULATORY BASIS  
For The Year Ended December 31, 2011

| Fund                     | Cash and<br>Investments<br>01-01-11 | Receipts          | Disbursements     | Cash and<br>Investments<br>12-31-11 |
|--------------------------|-------------------------------------|-------------------|-------------------|-------------------------------------|
| Township Fund            | \$ (1,849)                          | \$ 88,177         | \$ 92,751         | \$ (6,423)                          |
| Township Assistance Fund | 16,927                              | 13,472            | 14,770            | 15,629                              |
| Fire Fighting Fund       | (4,240)                             | 492,148           | 425,870           | 62,038                              |
| Rainy Day Fund           | 3,285                               | -                 | -                 | 3,285                               |
| Cumulative Fire Fighting | 23,439                              | 53,206            | 45,086            | 31,559                              |
| Payroll Deduction        | 3,996                               | -                 | 6,747             | (2,751)                             |
| Fire/EMS Debt Fund       | 16,962                              | 16,379            | 33,378            | (37)                                |
| Totals                   | <u>\$ 58,520</u>                    | <u>\$ 663,382</u> | <u>\$ 618,602</u> | <u>\$ 103,300</u>                   |

The notes to the financial statement is an integral part of this statement.

BENTON TOWNSHIP, MONROE COUNTY  
NOTES TO FINANCIAL STATEMENT

**Note 1. Summary of Significant Accounting Policies**

*A. Reporting Entity*

The Township was established under the laws of the State of Indiana. The Township operates under a township trustee/township board form of government and provides some or all of the following services: public safety (fire), health and social services (township assistance), culture and recreation (parks and/or community centers), and general administrative services (weed and dog control).

The accompanying financial statement presents the financial information for the Township.

*B. Basis of Accounting*

The financial statement is reported on a regulatory basis of accounting prescribed by the State Board of Accounts in accordance with state statute (IC 5-11-1-6), which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Receipts are recorded when received and disbursements are recorded when paid.

The regulatory basis of accounting differs from accounting principles generally accepted in the United States of America in that receipts are recognized when received in cash, rather than when earned, and disbursements are recognized when paid, rather than when a liability is incurred.

*C. Cash and Investments*

Investments are stated at cost. Any changes in fair value of the investments are reported as receipts in the year of the sale of the investment.

*D. Receipts*

Receipts are presented in the aggregate on the face of the financial statement. The aggregate receipts include the following sources:

Taxes which can include one or more of the following: property taxes, certified shares (local option tax), property tax replacement credit (local option tax), county option income tax, wheel tax, boat and trailer excise tax, and other taxes that are set by the Township.

Intergovernmental receipts which include receipts from other governments in the form of operating grants, entitlements, or payments in lieu of taxes. Examples of this type of receipts include, but are not limited to: federal grants, state grants, cigarette tax distributions received from the state, financial institution tax received from the state, auto excise surtax received from the state, commercial vehicle excise tax received from the state, major moves distributions received from the state, and riverboat receipts received from the county.

Other receipts which include amounts received from various sources which can include, but are not limited to the following: net proceeds from borrowings; interfund loan activity; transfers authorized by statute, ordinance, resolution or court order; internal service receipts; and fiduciary receipts.

BENTON TOWNSHIP, MONROE COUNTY  
NOTES TO FINANCIAL STATEMENT  
(Continued)

*E. Disbursements*

Disbursements are presented in the aggregate on the face of the financial statement. The aggregate disbursements include the following uses:

Personal services include outflows for salaries, wages, and related employee benefits provided for all persons employed. In those units where sick leave, vacation leave, overtime compensation, and other such benefits are appropriated separately, such payments would also be included.

Supplies which include articles and commodities that are entirely consumed and materially altered when used and/or show rapid depreciation after use for a short period of time. Examples of supplies include office supplies, operating supplies, and repair and maintenance supplies.

Other services and charges which include, but are not limited to: professional services, communication and transportation, printing and advertising, insurance, utility services, repairs and maintenance, and rental charges.

Debt service principal and interest which include fixed obligations resulting from financial transactions previously entered into by the Township. It includes all expenditures for the reduction of the principal and interest of the Township's general obligation indebtedness.

Capital outlay which include all outflows for land, infrastructure, buildings, improvements, and machinery and equipment having an appreciable and calculable period of usefulness.

Other disbursements which include, but are not limited to the following: interfund loan payments, loans made to other funds, internal service disbursements, and transfers out that are authorized by statute, ordinance, resolution, or court order.

*F. Interfund Transfers*

The Township may, from time to time, transfer money from one fund to another. These transfers, if any, are included as a part of the receipts and disbursements of the affected funds and as a part of total receipts and disbursements. The transfers are used for cash flow purposes as provided by various statutory provisions.

*G. Fund Accounting*

Separate funds are established, maintained, and reported by the Township. Each fund is used to account for money received from and used for specific sources and uses as determined by various regulations. Restrictions on some funds are set by statute while other funds are internally restricted by the Township. The money accounted for in a specific fund may only be available for use for certain, legally restricted purposes. Additionally, some funds are used to account for assets held by the Township in a trustee capacity as an agent of individuals, private organizations, other funds, or other governmental units and therefore the funds cannot be used for any expenditures of the unit itself.

BENTON TOWNSHIP, MONROE COUNTY  
NOTES TO FINANCIAL STATEMENT  
(Continued)

**Note 2. Budgets**

The operating budget is initially prepared and approved at the local level. The fiscal officer of the Township submits a proposed operating budget to the governing board for the following calendar year. The budget is advertised as required by law. Prior to adopting the budget, the governing board conducts public hearings and obtains taxpayer comments. Prior to November 1, the governing board approves the budget for the next year. The budget for funds for which property taxes are levied or highway use taxes are received is subject to final approval by the Indiana Department of Local Government Finance.

**Note 3. Property Taxes**

Property taxes levied are collected by the County Treasurer and are scheduled to be distributed to the Township in June and December; however, situations can arise which would delay the distributions. 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 percent 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 normally become delinquent if not paid by May 10 and November 10, respectively.

**Note 4. Deposits and Investments**

Deposits, made in accordance with state statute (IC 5-13), with financial institutions in the State of Indiana at year end should be 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 statutes authorize 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.

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## SUPPLEMENTARY INFORMATION – UNAUDITED

For additional financial information, the Township's 2011 Annual Report information can be found on the Gateway website: <https://gateway.ifionline.org/>.

Differences may be noted between the financial information presented in the financial statement contained in this report and the financial information presented in the Annual Report of the Township which is referenced above. These differences, if any, are due to adjustments made to the financial information during the course of the examination. This is a common occurrence in any financial statement examination. The financial information presented in this report is examined information, and the accuracy of such information can be determined by reading the opinion given in the Independent Accountant's Report.

The supplementary information presented was approved by management of the Township. It is presented as intended by the Township.

BENTON TOWNSHIP, MONROE COUNTY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2011

|  | Township<br>Fund  | Township<br>Assistance<br>Fund | Fire<br>Fighting<br>Fund | Rainy<br>Day<br>Fund | Cumulative<br>Fire<br>Fighting | Payroll<br>Deduction | Fire/EMS<br>Debt<br>Fund | Totals            |
|--|-------------------|--------------------------------|--------------------------|----------------------|--------------------------------|----------------------|--------------------------|-------------------|
| Cash and investments - beginning                   | \$ (1,849)        | \$ 16,927                      | \$ (4,240)               | \$ 3,285             | \$ 23,439                      | \$ 3,996             | \$ 16,962                | \$ 58,520         |
| Receipts:  |                   |                                |                          |                      |                                |                      |                          |                   |
| Taxes  | 18,579            | 6,681                          | 85,217                   | -                    | 34,321                         | -                    | 16,277                   | 161,075           |
| Intergovernmental                                  | 56,626            | 4,973                          | -                        | -                    | 11,381                         | -                    | -                        | 72,980            |
| Other receipts                                     | 12,972            | 1,818                          | 406,931                  | -                    | 7,504                          | -                    | 102                      | 429,327           |
| Total receipts                                     | <u>88,177</u>     | <u>13,472</u>                  | <u>492,148</u>           | <u>-</u>             | <u>53,206</u>                  | <u>-</u>             | <u>16,379</u>            | <u>663,382</u>    |
| Disbursements:                                     |                   |                                |                          |                      |                                |                      |                          |                   |
| Personal services                                  | 31,955            | 3,603                          | 3,000                    | -                    | -                              | 6,747                | -                        | 45,305            |
| Supplies   | 4,820             | -                              | 40,860                   | -                    | 22,601                         | -                    | -                        | 68,281            |
| Other services and charges                         | 30,938            | 9,572                          | 128,820                  | -                    | -                              | -                    | -                        | 169,330           |
| Debt service - principal and interest              | -                 | -                              | -                        | -                    | -                              | -                    | 33,378                   | 33,378            |
| Capital outlay                                     | 16,436            | -                              | -                        | -                    | -                              | -                    | -                        | 16,436            |
| Other disbursements                                | 8,602             | 1,595                          | 253,190                  | -                    | 22,485                         | -                    | -                        | 285,872           |
| Total disbursements                                | <u>92,751</u>     | <u>14,770</u>                  | <u>425,870</u>           | <u>-</u>             | <u>45,086</u>                  | <u>6,747</u>         | <u>33,378</u>            | <u>618,602</u>    |
| Excess (deficiency) of receipts over disbursements | <u>(4,574)</u>    | <u>(1,298)</u>                 | <u>66,278</u>            | <u>-</u>             | <u>8,120</u>                   | <u>(6,747)</u>       | <u>(16,999)</u>          | <u>44,780</u>     |
| Cash and investments - ending                      | <u>\$ (6,423)</u> | <u>\$ 15,629</u>               | <u>\$ 62,038</u>         | <u>\$ 3,285</u>      | <u>\$ 31,559</u>               | <u>\$ (2,751)</u>    | <u>\$ (37)</u>           | <u>\$ 103,300</u> |

BENTON TOWNSHIP, MONROE COUNTY  
 SCHEDULE OF LEASES AND DEBT  
 December 31, 2011

| Description of Debt      |                                  | Ending<br>Principal<br>Balance | Principal and<br>Interest Due<br>Within One<br>Year |
|--------------------------|----------------------------------|--------------------------------|---|
| Type                     | Purpose                          |                                |   |
| Governmental activities: |                                  |                                |   |
| Notes and loans payable  | 7000 series 7500 2011 fire truck | \$ 355,295                     | \$ 80,179   |
| Totals                   |                                  | <u>\$ 355,295</u>              | <u>\$ 80,179</u>                                    |

BENTON TOWNSHIP, MONROE COUNTY  
 SCHEDULE OF CAPITAL ASSETS  
 December 31, 2011

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.

|                                   | Ending<br>Balance |
|-----------------------------------|-------------------|
| Governmental activities:          |                   |
| Land                              | \$ 62,300         |
| Buildings                         | 222,713           |
| Improvements other than buildings | 15,000            |
| Machinery, equipment and vehicles | 969,110           |
| Total governmental activities     | 1,269,123         |
| Total capital assets              | \$ 1,269,123      |

BENTON TOWNSHIP, MONROE COUNTY  
EXAMINATION RESULTS AND COMMENTS

**OVERPAYMENT OF SALARY**

Heather Cohee, former Trustee, was paid more than the approved salary for the years 2011 and 2012.

| <u>Name</u>            | <u>Years</u> | <u>Approved Annual Salary</u> | <u>Amount Paid</u> | <u>Period Held Position</u> | <u>Prorated Salary</u> | <u>Amount Overpaid</u> |
|------------------------|--------------|-------------------------------|--------------------|-----------------------------|------------------------|------------------------|
| Heather Cohee, Trustee | 2011         | \$ 15,000                     | \$18,200           | Full year                   | \$ 15,000              | \$ 3,200               |
| Heather Cohee, Trustee | 2012         | 15,000                        | 2,570              | 2 months                    | 2,500                  | 70                     |

Heather Cohee, former Trustee, was requested to repay the Township \$3,270 for the overpayment of salary. (See Summary of Charges, page 27)

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)

**UNDOCUMENTED PAYMENTS**

Several payments were observed which did not contain adequate supporting documentation, such as receipts, invoices, and other public records. Due to the lack of supporting information, the validity and accountability for some money disbursed could not be established. A detail of undocumented payments is summarized in the following schedule:

Undocumented Check Payments:

| <u>Payee</u>  | <u>Purpose as Stated on Check Memo Line</u> | <u>Date</u> | <u>Check Number</u> | <u>Amount</u> |
|---------------|---|-------------|---------------------|---------------|
| Heather Cohee | Rent/Phone                                  | 01-05-11    | 2621                | \$ 210.00     |
| Heather Cohee | Rent/Phone                                  | 02-17-11    | 2518                | 210.00        |
| Heather Cohee | Rent/Phone                                  | 03-14-11    | 2778                | 210.00        |
| Heather Cohee | Mileage                                     | 03-31-11    | 2786                | 400.00        |
| Heather Cohee | Web Address                                 | 04-01-11    | 2784                | 170.00        |
| Heather Cohee | Lease                                       | 04-01-11    | 2787                | 1,000.00      |
| Heather Cohee | Rent/Phone                                  | 04-11-11    | 2804                | 214.00        |
| Heather Cohee | Rent/Phone                                  | 05-01-11    | 2833                | 210.00        |
| Heather Cohee | Rent/Phone                                  | 06-22-11    | 2447                | 210.00        |
| Heather Cohee | Miles                                       | 06-24-11    | 2449                | 200.00        |
| Heather Cohee | Rent/Phone                                  | 07-05-11    | 2458                | 210.00        |
| Heather Cohee | Rent/Phone                                  | 07-14-11    | 2459                | 210.00        |
| Heather Cohee | Rent/Phone                                  | 08-08-11    | 2539                | 210.00        |
| Heather Cohee | Mileage                                     | 08-20-11    | 2543                | 400.00        |
| Heather Cohee | (nothing stated)                            | 09-02-11    | 2541                | 260.00        |
| Heather Cohee | (nothing stated)                            | 10-01-11    | 2549                | 350.00        |

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

Undocumented Check Payments (continued):

| <u>Payee</u>   | <u>Purpose as Stated on Check Memo Line</u> | <u>Date</u> | <u>Check Number</u> | <u>Amount</u> |
|----------------|---|-------------|---------------------|---------------|
| Heather Cohee  | (nothing stated)                            | 10-01-11    | 2550                | 200.00        |
| Heather Cohee  | Rent/Phone                                  | 11-17-11    | 2598                | 210.00        |
| Todd Cohee     | Spring Clean Cemt                           | 05-09-11    | 2852                | 1,250.00      |
| Todd Cohee     | Cemt Strm Dam                               | 06-27-11    | 2451                | 1,500.00      |
| Todd Cohee     | cemt mow                                    | 07-14-11    | 2460                | 1,300.00      |
| Todd Cohee     | tree removal                                | 07-14-11    | 2461                | 1,800.00      |
| Todd Cohee     | Cemt  | 08-04-11    | 2538                | 1,000.00      |
| Brittany Cohee | (nothing stated)                            | 01-03-11    | 2696                | 250.00        |
| Brittany Cohee | (nothing stated)                            | 01-06-11    | 2623                | 250.00        |
| Brittany Cohee | clean                                       | 01-17-11    | 2640                | 200.00        |
| Brittany Cohee | (nothing stated)                            | 01-19-11    | 2768                | 240.00        |
| Brittany Cohee | clean - hours - meeting                     | 01-29-11    | 2489                | 240.00        |
| Brittany Cohee | (nothing stated)                            | 02-06-11    | 2494                | 120.00        |
| Brittany Cohee | (nothing stated)                            | 02-14-11    | 2505                | 240.00        |
| Brittany Cohee | (nothing stated)                            | 02-15-11    | 2504                | 240.00        |
| Brittany Cohee | (nothing stated)                            | 02-22-11    | 2650                | 250.00        |
| Brittany Cohee | (nothing stated)                            | 02-26-11    | 2530                | 250.00        |
| Brittany Cohee | (nothing stated)                            | 03-04-11    | 2918                | 350.00        |
| Brittany Cohee | (nothing stated)                            | 03-10-11    | 2769                | 250.00        |
| Brittany Cohee | (nothing stated)                            | 03-13-11    | 2919                | 250.00        |
| Brittany Cohee | (nothing stated)                            | 03-18-11    | 2920                | 300.00        |
| Brittany Cohee | (nothing stated)                            | 03-21-11    | 2533                | 260.00        |
| Brittany Cohee | (nothing stated)                            | 03-28-11    | 2534                | 250.00        |
| Brittany Cohee | (nothing stated)                            | 03-29-11    | 2765                | 350.00        |
| Brittany Cohee | (nothing stated)                            | 04-01-11    | 2766                | 250.00        |
| Brittany Cohee | (nothing stated)                            | 04-05-11    | 2799                | 250.00        |
| Brittany Cohee | (nothing stated)                            | 04-06-11    | 2762                | 350.00        |
| Brittany Cohee | (nothing stated)                            | 04-08-11    | 2767                | 260.00        |
| Brittany Cohee | (nothing stated)                            | 04-11-11    | 2535                | 250.00        |
| Brittany Cohee | (nothing stated)                            | 04-18-11    | 2661                | 240.00        |
| Brittany Cohee | (nothing stated)                            | 04-24-11    | 2915                | 250.00        |
| Brittany Cohee | (nothing stated)                            | 04-28-11    | 2763                | 450.00        |
| Brittany Cohee | (nothing stated)                            | 04-30-11    | 2662                | 240.00        |
| Brittany Cohee | (nothing stated)                            | 05-01-11    | 2760                | 250.00        |
| Brittany Cohee | (nothing stated)                            | 05-01-11    | 2917                | 240.00        |
| Brittany Cohee | hours - cleaning - flowers                  | 05-11-11    | 2764                | 700.00        |
| Brittany Cohee | (nothing stated)                            | 05-21-11    | 2761                | 100.00        |
| Brittany Cohee | June pay 250 x 4                            | 05-31-11    | 2759                | 1,000.00      |
| Brittany Cohee | (nothing stated)                            | 06-28-11    | 2911                | 450.00        |
| Brittany Cohee | Pay 6/14/11 - 6/26/11                       | 06-29-11    | 2466                | 400.00        |
| Brittany Cohee | Pay 6/27/11 - 7/3/11                        | 06-30-11    | 2467                | 300.00        |

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

Undocumented Check Payments (continued):

| <u>Payee</u>   | <u>Purpose as Stated on Check Memo Line</u> | <u>Date</u> | <u>Check<br/>Number</u> | <u>Amount</u>    |
|----------------|---|-------------|-------------------------|------------------|
| Brittany Cohee | (nothing stated)                            | 07-06-11    | 2910                    | 150.00           |
| Brittany Cohee | (nothing stated)                            | 07-08-11    | 2907                    | 260.00           |
| Brittany Cohee | (nothing stated)                            | 07-13-11    | 2912                    | 240.00           |
| Brittany Cohee | (nothing stated)                            | 07-15-11    | 2913                    | 400.00           |
| Brittany Cohee | cleaning - lawn help                        | 07-20-11    | 2440                    | 300.00           |
| Brittany Cohee | (nothing stated)                            | 07-20-11    | 2914                    | 400.00           |
| Brittany Cohee | (nothing stated)                            | 07-21-11    | 2439                    | 250.00           |
| Brittany Cohee | (nothing stated)                            | 10-01-11    | 2413                    | 240.00           |
| Brittany Cohee | (nothing stated)                            | 10-06-11    | 2464                    | 200.00           |
| Brittany Cohee | (nothing stated)                            | 10-15-11    | 2412                    | 240.00           |
| Brittany Cohee | (nothing stated)                            | 10-31-11    | 3058                    | 200.00           |
| Brittany Cohee | (nothing stated)                            | 11-02-11    | 3049                    | 100.00           |
| Brittany Cohee | (nothing stated)                            | 11-02-11    | 3056                    | 100.00           |
| Brittany Cohee | (nothing stated)                            | 11-03-11    | 3057                    | 150.00           |
| Brittany Cohee | (nothing stated)                            | 11-09-11    | 3055                    | 300.00           |
| Brittany Cohee | (nothing stated)                            | 11-14-11    | 3053                    | 250.00           |
| Brittany Cohee | (nothing stated)                            | 11-16-11    | 3054                    | 250.00           |
| Brittany Cohee | (nothing stated)                            | 11-19-11    | 3048                    | 300.00           |
| Brittany Cohee | (nothing stated)                            | 11-20-11    | 3047                    | 250.00           |
| Brittany Cohee | (nothing stated)                            | 11-24-11    | 3051                    | 250.00           |
| Brittany Cohee | (nothing stated)                            | 12-01-11    | 3050                    | 250.00           |
| Nicole Cohee   | (nothing stated)                            | 12-26-11    | 3052                    | <u>200.00</u>    |
|                | Total for 2011                              |             |                         | <u>27,484.00</u> |
| Brittany Cohee | (nothing stated)                            | 02-01-12    | 2419                    | 240.00           |
| Brittany Cohee | (nothing stated)                            | 02-06-12    | 2418                    | <u>240.00</u>    |
|                | Total for 2012                              |             |                         | <u>480.00</u>    |

Undocumented Credit Card Payments:

| <u>Payee</u> | <u>Vendor Paid on Credit Card</u> | <u>Date</u> | <u>Check<br/>Number</u> | <u>Amount</u> |
|--------------|-----------------------------------|-------------|-------------------------|---------------|
| Visa         | Lakeside Market                   | 11-17-11    | 2601                    | 11.28         |
| Visa         | Neathers BP                       | 11-17-11    | 2601                    | 37.67         |
| Visa         | Cardinal Fitness                  | 11-17-11    | 2601                    | 34.95         |
| Visa         | Cardinal Fitness                  | 12-19-11    | 2778                    | 49.95         |

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

Undocumented Credit Card Payments (continued):

| <u>Payee</u>  | <u>Vendor Paid on Credit Card</u> | <u>Date</u> | <u>Check Number</u> | <u>Amount</u> |
|---|-----------------------------------|-------------|---------------------|---------------|
| Visa  | CVS Pharmacy                      | 12-19-11    | 2778                | 18.28         |
| Visa  | Buffalo Wild Wings                | 12-19-11    | 2778                | 11.76         |
| Visa  | Kroger Fuel (Corbin, KY)          | 01-17-12    | 2814                | 76.01         |
| Visa  | Cardinal Fitness                  | 01-17-12    | 2814                | 44.95         |
| Visa  | Cardinal Fitness                  | 02-17-12    | 2847                | 34.95         |
| Visa  | Circle K 79                       | 02-17-12    | 2847                | 100.00        |
| Visa  | Cardinal Fitness                  | 03-16-12    | 2880                | 19.95         |
| Visa  | Circle K 29                       | 03-16-12    | 2880                | 98.83         |
| Total Undocumented Credit Card Payments                             |                                   |             |                     | 538.58        |
| Total Undocumented Check and Credit Card Payments for 2011 and 2012 |                                   |             |                     | \$28,502.58   |

Heather Cohee, former Trustee, was paid for mileage without filing a Mileage Claim, General Form 101, or otherwise documenting miles traveled.

Brittany Cohee was an employee of the Township, but timesheets were only provided for two weeks in 2011. No additional documentation or records of hours worked were presented for examination. The check paid for the two weeks of timesheets provided is not included in the schedule of undocumented payments above.

No contract with Todd Cohee was presented for examination for mowing of cemeteries or tree removal.

The Township VISA credit card was used in some instances to purchase items without any supporting documentation. Additionally, in some instances, the credit card of the township appeared to be used to pay for personal purchases, including gym membership expenses and food and fuel purchases in multiple months through February 2012. No amount was reimbursed to the Township by Heather Cohee, former Trustee, for these expenses.

Heather Cohee, former Trustee, was requested to repay the Township \$28,502.58 for the undocumented payments. (See Summary of Charges, page 27)

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)

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)

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

The State Board of Accounts will not take exception to the use of credit cards by a governmental unit provided the following criteria are observed:

1. The governing board must authorize credit card use through an ordinance or resolution, which has been approved in the minutes.
2. Issuance and use should be handled by an official or employee designated by the board.
3. The purposes for which the credit card may be used must be specifically stated in the ordinance or resolution.
4. When the purpose for which the credit card has been issued has been accomplished, the card should be returned to the custody of the responsible person.
5. The designated responsible official or employee should maintain an accounting system or log which would include the names of individuals requesting usage of the cards, their position, estimated amounts to be charged, fund and account numbers to be charged, date the card is issued and returned, etc.
6. Credit cards should not be used to bypass the accounting system. One reason that purchase orders are issued is to provide the fiscal officer with the means to encumber and track appropriations to provide the governing board and other officials with timely and accurate accounting information and monitoring of the accounting system.
7. Payment should not be made on the basis of a statement or a credit card slip only. Procedures for payments should be no different than for any other claim. Supporting documents such as paid bills and receipts must be available. Additionally, any interest or penalty incurred due to late filing or furnishing of documentation by an officer or employee should be the responsibility of that officer or employee.
8. If properly authorized, an annual fee may be paid. (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 entity may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

**ASSET OWNERSHIP**

A Stihl Trimmer and accessory was purchased for the Township. Todd Cohee was issued a check for reimbursement of the purchase price by the Township. The Township has 100 percent ownership of the equipment, but the Trustee cannot find the equipment.

Heather Cohee, former Trustee, was requested to repay the Township \$331.20 for the purchase price of this equipment. (See Summary of Charges, page 27)

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

Governmental units should have internal controls in effect which provide reasonable assurance regarding the reliability of financial information and records, effectiveness and efficiency of operations, proper execution of management's objectives, and compliance with laws and regulations. Among other things, segregation of duties, safeguarding controls over cash and all other assets and all forms of information processing are necessary for proper internal control. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

**REPORTING TO INTERNAL REVENUE SERVICE**

The Township did not comply with directives of the Internal Revenue Service (IRS) by failing to properly calculate and remit all payroll withholdings and/or required payroll reports for 2011. Additionally, the Township did not issue a Form 1099-MISC or W-2 for reportable expenditures made to individuals. IRS regulations require payments to an individual who is not an employee to be reported to the IRS on Form 1099-MISC if the payments are \$600 or more in a calendar year.

*Payroll Withholdings*

Although the Township remitted employee payroll withholdings in 2011, based upon information presented for examination, we could not verify withholdings were properly calculated. Additionally, information presented for examination indicated no payroll withholdings were actually withheld from employees. Every employee of the Township, except Heather Cohee, former Trustee, had W-4s on file for 2011; however, their gross paychecks were not reduced.

*Form W-2*

Information presented for examination indicated a 2011 W-2 was not filed for Heather Cohee, former Trustee.

The Trustee may be personally responsible for any amounts that were not properly withheld from employees, employer amounts not properly remitted, as well as any penalties and interest assessed due to late or nonfiling.

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 Services 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)

**INDEBTEDNESS**

The fire truck purchase, and remaining balance for renovations, were made with proceeds of a loan that was not properly approved by the Township Board. The total loan proceeds were \$355,259. The fire truck was purchased for \$287,149 and the remaining \$68,110 was designated for building renovations. The

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

loan was not properly entered into by the Township Board or Trustee. No advertisement of a meeting to incur debt for this loan was presented for examination. No documentation was presented for examination that indicated the Township Board approved the loan at any board meeting in 2011. Neither the Trustee nor Township Board signed the promissory note from the financial institution.

Indiana Code 5-3-1-2(d) states:

"If the event is a sale of bonds, notes, or warrants, notice shall be published two (2) times, at least one (1) week apart, with:

- (1) the first publication made at least fifteen (15) days before the date of the sale; and
- (2) the second publication made at least three (3) days before the date of the sale."

Indiana Code 36-8-13-6 states in part:

"(a) Subject to section 6.5 of this chapter, the executive and legislative body, on behalf of the township, may also borrow the necessary money from a financial institution in Indiana to make the purchase on the same terms. They shall, on behalf of the township, execute and deliver to the institution the negotiable note or bond of the township for the sum borrowed . . ."

(b) . . . The executive and legislative body shall appropriate and levy a tax each year sufficient to pay the obligation according to its terms. An obligation of the township executed under this chapter is a valid and binding obligation of the township, notwithstanding any tax limitation, debt limitation, bonding, borrowing, or other statute to the contrary."

Indiana Code 36-8-13-6.5(a) states in part:

"If the executive and the legislative body determine that money should be borrowed under section 6 of this chapter, not less than ten (10) taxpayers in the township who disagree with the determination may file a petition in the office of the county auditor not more than thirty (30) days after notice of the determination is given."

***APPROPRIATIONS NOT APPROVED***

The Township purchased a fire truck without receiving the proper appropriation approvals. No documentation was presented for examination that indicated the Township Board, or Department of Local Government Finance, approved an additional appropriation for the purchase of the fire truck.

Indiana Code 36-8-13-5 states in part:

"After a sufficient appropriation has been made and approved and is available for the purchase of firefighting apparatus and equipment, including housing, the township executive, with the approval of the township legislative body, may purchase it for the township on an installment conditional sale or mortgage contract . . ."

**SUMMARY OF ADDITIONAL APPROPRIATION PROCEDURES:**

1. Notice to Taxpayers is published at least ten (10) days prior to the taxing unit's public meeting on the proposed additional appropriation.

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

2. Public meeting is held on the date and time as advertised. Resolution/Ordinance is passed.
3. Appropriations that require DLGF approval are reviewed by the Department to insure that funds are available. . . .

(Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 4)

**TRANSACTION RECORDING**

Some items were not entered in the ledger of the Township by Heather Cohee, former Trustee. Examples of such items included a check disbursed for the new fire truck in the amount of \$287,149, and other less significant checks to vendors paid at the end of the year. The current Trustee, Michelle Bright, has made corrections to the ledgers to show all activity of the Township for 2011.

All financial transactions pertaining to the governmental unit should be recorded in the records of the governmental unit. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

**SALES TAX PAID**

Sales tax was paid on multiple purchases. Sales tax paid on disbursements reviewed totaled \$249.45.

Governmental funds generally are exempt from the payment of sales tax on qualifying purchases. Respective tax agencies should always be contacted concerning tax exemptions and payments. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

**OVERDRAWN FUND BALANCES**

The Township Fund was overdrawn in 2011 by \$6,423. The Payroll Deduction Fund was overdrawn by \$2,751 and the Fire/EMS Debt Fund was overdrawn by \$37 in 2011.

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**

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

| Fund                     | Years | Excess<br>Amount<br>Expended |
|--------------------------|-------|------------------------------|
| Township                 | 2011  | \$ 19,241                    |
| Fire Fighting            | 2011  | 347,224                      |
| Cumulative Fire Fighting | 2011  | 86                           |

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

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."

**AUDIT COSTS - CONDITION OF RECORDS**

Due to the condition of records, additional examination costs of \$3,838.58 were incurred. (See Summary of Charges, page 27)

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**

Heather Cohee, former Trustee, had a Public Official Bond with State Farm Fire and Casualty Company. The bond provides \$15,000 of coverage for the period January 20, 2008 to January 20, 2011. The bond was renewed and provides \$15,000 of coverage from January 20, 2011 to January 20, 2014. The amount of coverage is less than the \$30,000 required by Indiana Code.

Indiana Code 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 . . ."

Indiana Code 5-4-1-18(c)(2) states in part: "The amount may not be less than thirty thousand dollars (\$30,000) nor more than three hundred thousand dollars (\$300,000) unless the fiscal body approves a greater amount . . ."

BENTON TOWNSHIP, MONROE COUNTY  
EXIT CONFERENCE

The contents of this report were discussed on December 7, 2012, with Michelle Bright, Trustee; Eric Schmitz, Secretary of the Township Board; and Heather Cohee, former Trustee. The official responses have been made a part of this report and may be found on pages 25 and 26.

As of December 2012, the Township continues to deal with financial and legal ramifications as a result of actions or inactions which occurred during Ms. Cohee's tenure as Trustee. Ongoing issues include, but are not limited to, the following:

1. Continuing efforts to mitigate issues resulting from an inappropriately purchased fire truck which has cost taxpayers thousands in legal fees to date;
2. Ongoing investigations and issues with the Internal Revenue Service which has cost taxpayers thousands in penalties and fees to date;
3. Severe revenue shortfalls and subsequent cut in funding of all township services due to lack of adhering to mandated budget and reporting processes;
4. Absent, deficient, and disorganized records which have interfered with reporting to various federal, state, and local agencies, and well as ongoing criminal and civil investigations.

We estimate it will take several years before the Township is able to fully recover.



Michelle Bright  
Trustee

From: Heather Cohee  
Sent: Sunday, December 16, 2012 10:35 AM  
Subject: Re: Benton Township 2011 exit conference - State Board of Accounts

Please add this to the audit.

#### Over payment of salary \$3270.00

My last full day as the Benton Township was March 1, 2012 at 5:00 pm. I was not paid for that day and on the audit I was not given the credit for that pay.

#### Undocumented Payments

##### Visa/debit card

The gym membership was for every Benton Township employee and family member that wanted to use it. You will find that the board passed it in the monthly meeting. The deal with the gym that anyone who wanted to use it would come in and add to my membership. I already had the membership it would only be \$5.00 a person.

CVS- The charge for \$18.28 was for items used in the township/fire department. Same as for the charges at Lakeside.

The visa card was not a credit card the charges were taken out monthly. When I did not have a charge slip for the amount I did ask for it. Sometimes I received it and others I did not. I was not

You will find the in the meeting notes the passing for this card.

Assets ownership- All assets were given back to the township.

##### Fire Truck Loan-

You will find that I called the DLGF and SBA many times to find out how to get this loan and was told that they do not tell townships they can not get loans. You will also find meetings about the fire truck. We even had people show up for them.

Audit I was not given the chance to do anything for this audit.

official bond. at no time was I told the bond that I took out was not the amount needed.

The other items covered in this audit are the same as the last audit. and since the last audit come out the same day as I left office I could not fix the problems that you found.

Not doing the books in 2012- The end of year was not sent into your department until the last day. You can not open a new year while the old year is still open.

Heather Cohee

BENTON TOWNSHIP, MONROE COUNTY  
SUMMARY OF CHARGES

|  | <u>Charges</u>         | <u>Credits</u>  | <u>Balance Due</u>      |
|--|------------------------|-----------------|-------------------------|
| Heather Cohee, former Trustee:                     |                        |                 |                         |
| Overpayment of Salary, page 15                     | \$ 3,270.00            | \$ -            | \$ 3,270.00             |
| Undocumented Payments, pages 15 through 19         | 28,502.58              | -               | 28,502.58               |
| Asset Ownership, pages 19 and 20                   | 331.20                 | -               | 331.20                  |
| Audit Cost - Condition of Records, page 23         | <u>3,838.58</u>        | <u>-</u>        | <u>3,838.58</u>         |
| <br>Total Charges to Heather Cohee, former Trustee | <br><u>\$35,942.36</u> | <br><u>\$ -</u> | <br><u>\$ 35,942.36</u> |

This report was forwarded to the Office of the Indiana Attorney General and the local prosecuting attorney.

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AFFIDAVIT



STATE OF INDIANA )  
Monroe COUNTY )

I, Brandon Knight, Field Examiner, being duly sworn on my oath, state that the foregoing report based on the official records of Benton Township, Monroe County, Indiana, for the period from January 1, 2011 to December 31, 2011, is true and correct to the best of my knowledge and belief.

Brandon Knight  
Field Examiner

Subscribed and sworn to before me this 28<sup>th</sup> day of JANUARY, 2013.

Daniel Bixler  
Notary Public  
DANIEL BIXLER

My Commission Expires: APRIL 09, 2015

County of Residence: MONROE CTY, IN.