

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

EXAMINATION REPORT
OF
VAN BUREN TOWNSHIP
BROWN COUNTY, INDIANA
January 1, 2010 to December 31, 2010



FILED

06/27/2011

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Officials	2
Independent Accountant's Report.....	3
Financial Statement(s):	
Statement(s) of Receipts, Disbursements, and Cash and Investment Balances - Regulatory Basis	6
Notes to Financial Statement(s).....	7-10
Supplementary Information:	
Combining Schedule(s) of Receipts, Disbursements, and Cash and Investment Balances - Regulatory Basis	12
Examination Result(s) and Comment(s):	
Misuse of Line of Credit.....	13
Overpayment of Compensation.....	13
Appropriations.....	14
Overdrawn Cash Balance.....	14
Contracts	14
Supporting Documentation	14-15
Federal and State Agencies – Compliance Requirements	15
Condition of Records	15-16
Fund Sources and Uses	16
Official Bond	16
Audit Cost - Condition of Records	16
Loss on Township Property	17
Exit Conference.....	18
Official Response	19-20
Summary	21

OFFICIALS

Office

Official

Term

Trustee

Nettie P. Walls
Vicki Payne

01-01-10 to 12-31-10
01-01-11 to 12-31-14

Chairman of the
Township Board

Rick White
Ben Phillips

01-01-10 to 12-31-10
01-01-11 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 VAN BUREN TOWNSHIP, BROWN COUNTY, INDIANA

We have examined the financial statement of Van Buren (Township), for the period of January 1, 2010 to December 31, 2010. The Township's management is responsible for the financial statement. 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 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 statements 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, 2010, on the basis of accounting described in Note 1.

The Combining Schedule(s) of Receipts, Disbursements, and Cash and Investment Balances - Regulatory Basis, as listed in the Table of Contents, is presented for additional analysis and is not a required part of the financial statement. It has not been subjected to the examination procedures applied to the financial statement and, accordingly, we express no opinion on it.

The Township's response to the Examination Result(s) and Comment(s) 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 and the Township Board, 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

May 5, 2011

(This page intentionally left blank.)

FINANCIAL STATEMENT(S)

VAN BUREN TOWNSHIP, BROWN COUNTY
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For The Year Ended December 31, 2010

	Cash and Investments 01-01-10	Receipts	Disbursements	Cash and Investments 12-31-10
Township	\$ 11,449	\$ 52,688	\$ 26,865	\$ 37,272
Township Assistance	7,979	22,689	14,637	16,031
Fire Fighting	1,331	25,511	29,636	(2,794)
Cumulative Fire	51,224	105,792	58,526	98,490
Levy Excess	-	223	-	223
Rainy Day	525	6,153	-	6,678
Mellott Cemetary	1,936	9	500	1,445
Grandview Church	2,461	2,051	2,965	1,547
Phillips Cemetary	-	1,502	-	1,502
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Totals	<u>\$ 76,905</u>	<u>\$ 216,618</u>	<u>\$ 133,129</u>	<u>\$ 160,394</u>

VAN BUREN TOWNSHIP, BROWN COUNTY
NOTES TO FINANCIAL STATEMENT(S)

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(s) present(s) the financial information for the Township (primary government), and does not include financial information for any of the Township's legally separate component units, which accounting principles generally accepted in the United States of America require to be reported with the financial information of the Township (primary government).

B. Basis of Accounting

The financial statements are 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 statements. The aggregate receipts may include, but are not limited to, 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, innkeepers tax, food and beverage tax, county economic development income tax, boat and trailer excise tax, county adjusted gross income tax, and other taxes that are set by the Township.

Licenses and permits which include amounts received from businesses, occupations, or nonbusinesses that must be licensed before doing business within the government's jurisdiction or permits levied according to the benefits presumably conferred by the permit. Examples of licenses and permits include: peddler licenses, dog tax licenses, auctioneer license, building and planning permits, demolition permits, electrical permits, sign permits, and gun permits.

VAN BUREN TOWNSHIP, BROWN COUNTY
NOTES TO FINANCIAL STATEMENT(S)
(Continued)

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, motor vehicle highway distribution received from the state, local road and street distribution 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.

Charges for services which can include, but are not limited to the following: planning commission charges, building department charges, copies of public records, copy machine charges, accident report copies, gun permit applications, 911 telephone services, recycling fees, dog pound fees, emergency medical service fees, park rental fees, swimming pool receipts, cable tv receipts, ordinance violations, fines and fees, bond forfeitures, court costs, and court receipts.

Fines and forfeits which include receipts derived from fines and penalties imposed for the commission of statutory offenses, violation of lawful administrative rules and regulations (fines), and for the neglect of official duty and monies derived from confiscating deposits held as performance guarantees (forfeitures).

Utility fees which are comprised mostly of charges for current services.

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.

E. Disbursements

Disbursements are presented in the aggregate on the face of the financial statements. The aggregate disbursements may include, but are not limited to, 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.

VAN BUREN TOWNSHIP, BROWN COUNTY
NOTES TO FINANCIAL STATEMENT(S)
(Continued)

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.

Utility operating expenses which include all outflows for operating the utilities.

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.

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.

VAN BUREN TOWNSHIP, BROWN COUNTY
NOTES TO FINANCIAL STATEMENT(S)
(Continued)

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% 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 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 5. Risk Management

The Township may be exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; job related illnesses or injuries to employees; medical benefits to employees, retirees, and dependents; and natural disasters.

These risks can be mitigated through the purchase of insurance, establishment of a self-insurance fund, and/or participation in a risk pool. The purchase of insurance transfers the risk to an independent third party. The establishment of a self-insurance fund allows the Township to set aside money for claim settlements. The self-insurance fund would be included in the financial statements. The purpose of participation in a risk pool is to provide a medium for the funding and administration of the risks. These risks may also be mitigated by the Township by recording as a disbursement and replacement items purchased.

SUPPLEMENTARY INFORMATION – UNAUDITED

For additional financial information, the Township's Annual Report(s) can be found on the Indiana Transparency Portal website: www.in.gov/itp/annual_reports/.

VAN BUREN TOWNSHIP, BROWN COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2010

	Township	Township Assistance	Fire Fighting	Cumulative Fire	Levy Excess	Rainy Day	Mellott Cemetary	Grandview Church	Phillips Cemetary	Totals
Cash and investments - beginning	\$ 11,449	\$ 7,979	\$ 1,331	\$ 51,224	\$ -	\$ 525	\$ 1,936	\$ 2,461	\$ -	\$ 76,905
Receipts:										
Taxes	49,976	20,689	24,511	105,792	223	-	-	-	-	201,191
Intergovernmental	-	-	-	-	-	6,153	-	-	-	6,153
Other receipts	2,712	2,000	1,000	-	-	-	9	2,051	1,502	9,274
Total receipts	52,688	22,689	25,511	105,792	223	6,153	9	2,051	1,502	216,618
Disbursements:										
Personal services	14,595	4,923	-	-	-	-	-	-	-	19,518
Supplies	1,345	537	-	-	-	-	-	-	-	1,882
Other services and charges	10,925	1,824	27,636	-	-	-	500	2,965	-	43,850
Capital outlay	-	-	-	58,526	-	-	-	-	-	58,526
Other disbursements	-	7,353	2,000	-	-	-	-	-	-	9,353
Total disbursements	26,865	14,637	29,636	58,526	-	-	500	2,965	-	133,129
Excess (deficiency) of receipts over disbursements	25,823	8,052	(4,125)	47,266	223	6,153	(491)	(914)	1,502	83,489
Cash and investments - ending	\$ 37,272	\$ 16,031	\$ (2,794)	\$ 98,490	\$ 223	\$ 6,678	\$ 1,445	\$ 1,547	\$ 1,502	\$ 160,394

VAN BUREN TOWNSHIP, BROWN COUNTY
EXAMINATION RESULT(S) AND COMMENT(S)

MISUSE OF LINE OF CREDIT

Nettie P. Walls, former Trustee, entered into a loan agreement with National City Bank in March 2006, for a business line of credit. Prior examination Reports B34259 and B37305 covering the period of January 1, 2006 to December 31, 2009, Nettie P. Walls, former Trustee, was advised to close the business loan agreement due to a lack of authority to incur debt unless specifically permitted by statute. Nettie P. Walls, former Trustee, stated in 2009 the business loan had been closed. When the newly elected Trustee, Vicki Payne, took office on January 1, 2011, she inquired of accounts at the bank and found the line of credit was still open and active.

Vicki Payne, Trustee, brought the line of credit to the attention of the local prosecutor on January 6, 2011, who then transferred the matter to Special Prosecuting Attorney, Robert Cline of Morgan County for review. Detective Kevin Getz, with the Indiana State Police interviewed Nettie P. Walls, former Trustee, on February 23, 2011, and she admitted to the personal use of the line of credit. Charges were filed on February 24, 2011, against Nettie P. Walls in The Brown County Circuit Court Cause # 7001-1101 FD-0055.

Nettie P. Walls, former Trustee, paid the balance due of \$6,471.00 on February 24, 2011, for the line of credit.

A review of the transaction history of the line of credit disclosed that most drawdowns were not deposited into the Township ledger. We determined that \$2,965.84 was paid by the Township to National City Bank for personal expenses and interest that should have been paid by Nettie P. Walls.

Nettie P. Walls, former Trustee, reimbursed the Township \$2,965.84 for personal expenses and interest. (See Summary, page 21)

A governmental unit may not incur indebtedness unless specifically allowed by statute. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

Funds misappropriated, diverted or unaccounted for through malfeasance, misfeasance, or nonfeasance in office of any officer or employee may be the personal obligation of the responsible officer or employee. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

OVERPAYMENT OF COMPENSATION

Nettie P. Walls, former Trustee, received salary payments during the examination period which exceeded the approved salary resolution. The approved salary for 2010 was \$10,500.00, but the amount paid was \$10,647.00, an overpayment of \$147.00

Nettie P. Walls, former Trustee, reimbursed the Township for the overpayment in the amount of \$147.00. (See Summary, page 21)

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)

VAN BUREN TOWNSHIP, BROWN COUNTY
 EXAMINATION RESULT(S) AND COMMENT(S)
 (Continued)

APPROPRIATIONS

The records presented for examination indicated the following expenditures in excess of budgeted appropriations for the year 2010:

Fund	Excess Amount Expended
Township	\$ 1,420
Fire Fighting	14,636
Cumulative Fire	109

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."

OVERDRAWN CASH BALANCE

The cash balance of the Fire Fighting Fund was overdrawn in 2010.

The cash balance of any fund may not be reduced below zero. Routinely overdrawn funds could be an indicator of serious financial problems which should be investigated by the governmental unit. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

CONTRACTS

Records presented for examination indicate that payments were made to the Van Buren Volunteer Fire Department totaling \$22,000 in 2010 without a contract. The budget was \$11,000 per year for fire protection and \$1,000 was an unpaid balance due from 2009. A cumulative overpayment of \$10,000 was made to the Van Buren Volunteer Fire Department in 2010 as a result of these transactions.

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)

Governmental units have a responsibility to collect amounts owed to the governmental unit pursuant to procedures authorized by statute. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

SUPPORTING DOCUMENTATION

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. Similar comments appeared in prior Reports B28657, B34259, and B37305.

VAN BUREN TOWNSHIP, BROWN COUNTY
EXAMINATION RESULT(S) AND COMMENT(S)
(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)

FEDERAL AND STATE AGENCIES - COMPLIANCE REQUIREMENTS

The proper payroll taxes were not withheld from wages paid to the Trustee, the Clerk, and the Board members for 2010. Wages paid to Township Officials were not reported on a Federal W-2 form and no Federal Form 941's were presented for examination.

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)

Similar comments appeared in prior Reports B34259 and B37305.

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)

CONDITION OF RECORDS

The following deficiencies relating to the recordkeeping were noted; similar comments appeared in prior Reports B34259 and B37305.

1. Depository reconciliations of the fund balances to the bank account balances were not presented for examination or were incorrect.

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."

VAN BUREN TOWNSHIP, BROWN COUNTY
EXAMINATION RESULT(S) AND COMMENT(S)
(Continued)

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)

2. There were a considerable number of posting errors. Column totals of the various funds were not footed or cross-footed to determine accuracy and completeness of transaction postings. Appropriation balances were not kept throughout the examination period and numerous transactions were not posted to appropriation accounts.

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

FUND SOURCES AND USES

Funds were disbursed from the Township Assistance Fund for workman's compensation insurance premiums for Township employees which had not been budgeted in the Fund.

Similar comments appeared in prior Reports B34259 and B37305.

Sources and uses of funds should be limited to those authorized by the enabling statute, ordinance, resolution, or grant agreement. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

OFFICIAL BOND

Nettie P. Walls, former Trustee, was covered by an official bond with Pekin Insurance Company for \$15,000.

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 . . ."

AUDIT COST - CONDITION OF RECORDS

We noted the following concerning the records: Township Trustee ledger was not properly posted, bank reconciliations were not performed, and a line of credit with National City Bank was used for personal expenses. Additional audit time was required to prepare financial statements and other information necessary for the examination report.

The State of Indiana incurred additional audit fees in the investigation of the items mentioned herein.

Audit costs or other costs incurred because of missing funds, 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)

VAN BUREN TOWNSHIP, BROWN COUNTY
EXAMINATION RESULT(S) AND COMMENT(S)
(Continued)

LOSS ON TOWNSHIP PROPERTY

The controls over the receipting, disbursing, recording, and accounting for the financial activities were insufficient.

The Township entered into a real estate lease for a church building owned by the Township with the trustees and congregation of Grandview Apostolic Church on February 1, 1990, for \$600 a year. The Township was to provide insurance on the church and the church trustees were to provide \$100,000 liability insurance for the use of the facility. An arson fire destroyed the church in 2010 and no coverage had been purchased by the Trustee for the premises.

Indiana Code 36-6-4-3 states in part: "The executive shall do the following . . . (2) Manage all township property interests . . ."

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)

VAN BUREN TOWNSHIP, BROWN COUNTY
EXIT CONFERENCE

The contents of this report were discussed on May 9, 2011, with Vicki Payne, Trustee; Ben Phillips, Chairman of the Township Board; and Kathi Smith, Township Board member.

The contents of this report were discussed on May 9, 2011, with Nettie P. Walls, former Trustee. The official response has been made a part of this report and may be found on pages 19 and 20.

NETTIE P WALLS
7768 BECKS GROVE RD
FREETOWN, IN 47235
PHONE 812-988-7783
FAX 812-988-7804
E-MAIL WALLSN7783@AOL.COM

05/26/11

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
ROOM E418 INDIANA GOVERNMENT CENTER SOUTH
INDIANAPOLIS, IN 46204-2765

OFFICIAL RESPONSE TO VAN BUREN TWP AUDIT 2010

MISUSE OF LINE OF CREDIT

I do not contest the misuse of credit as such. I do disagree with the amount to be paid back. In 2007, I paid \$831.03 back to the TWP. For interest and charges I had made. I did pay the balance due on Feb, 17, 2011, and closed the account out, not Feb 24th. I paid this before I had any idea that I was under investigation. This was a huge mistake that I made, and I offer no excuse. I do apologize to the people of Van Buren Twp and the SBOA.

OVERPAYMENT OF COMPENSATION

No contest

CONTRACTS

The reason there was more paid to the Van Buren Fire Dept, was because we were just getting the tax years caught up, and we were paid distribution funds for 2 years of taxes. We were behind on the contracts with the Dept, and we were catching up. This second pay was for the 2009 contract.

SUPPORTING DOCUMENTATION

I tried my best, and thought I had all my documentation, but evidently, I didn't.

CONDITION OF RECORDS

I guess I don't understand what footing and cross footing means, or bank reconciliations, or posting. I reconciled with the bank statements every month, and put the finding in the appropriations book. That is what I was told to do. I was told it did not have to be on the bank statement. I added every column, then did the summation across the bottom. I took every bank statement, and made sure that everything on that statement was posted. I do know that I made some mistakes, and skipped some checks, so they were not all in order, but I thought I had them all posted. I went over that book forward, and backward, and everything in between. I thought I had it in pretty good shape. I guess I don't think as well as I used to.

FUND SOURCES AND USES

NETTIE P WALLS
7768 BECKS GROVE RD
FREETOWN, IN 47235
PHONE 812-988-7783
FAX 812-988-7804
E-MAIL WALLSN7783@AOL.COM

05/26/11

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
ROOM E418 INDIANA GOVERNMENT CENTER SOUTH
INDIANAPOLIS, IN 46204-2765

Once again, the workmen's compensation insurance, was not for Township employees, it was for poor relief recipients, if they were required to work off the help. It is put in the budget for 2011.

AUDIT COST-CONDITION OF RECORDS

I have to disagree with the audit costs. This is extreme. I do not have the ability to pay this sum of money. I do beg for leniency, or mercy or whatever. If I do have to pay, it would have to be a small monthly sum.

LOSS OF TOWNSHIP PROPERTY

As for the insurance on the church: I tried to get insurance on the building, but was told the building was too old, and only the contents could be insured.

In summation, I do hope that you would consider how hard I worked for this township for the 25 years I was trustee. During the previous reassessment, I worked hard getting the reassessment going again. I worked in the assessor's office, and the auditor's office, doing what needed to be done to get it done. I then worked with Nexus doing paperwork, so it would be less time Nexus would need to complete. I worked over 80 days helping, so that Nexus would not have to be there any more days than necessary. Nexus charge was \$750.00 per day. This was at no extra pay or milage for me.

I worked diligently with the Fire Dept. Numerous times my husband and I gave men jobs helping work on our house or barn, and paid them out of our pocket, so they would be able to get back on their feet. I gave people who didn't qualify for help, gas money out of my pocket and food out of my pantry and freezer. We hired 3 guys at our Co., J & R Concrete at different times. I always tried to be the best I could be. I made a huge mistake. God has forgiven me, but I have a hard time forgiving myself. Thank you for your consideration.

Sincerely



Nettie Walls

VAN BUREN TOWNSHIP, BROWN COUNTY
SUMMARY

	Charges	Credits	Balance Due
Nettie P. Walls, former Trustee:			
Misuse of Line of Credit, page 13	\$ 2,965.84	\$	\$
Overpayment of Compensation, page 13	147.00		
Reimbursed by Nettie P. Walls			
June 21, 2011, Receipt 0100		3,112.84	-
Totals	\$ 3,112.84	\$ 3,112.84	\$ -