

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

FINANCIAL STATEMENTS EXAMINATION REPORT

OF

OTTER CREEK TOWNSHIP

VIGO COUNTY, INDIANA

January 1, 2012 to December 31, 2015



FILED
04/26/2017

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Trustee	Robert D. Salmon	01-01-11 to 12-31-18
Chairman of the Township Board	Betty Easthom	01-01-12 to 12-31-14
	Samuel Plant	01-01-15 to 12-31-16
	Betty Easthom	01-01-17 to 12-31-17



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF OTTER CREEK TOWNSHIP, VIGO COUNTY, INDIANA

We have examined the accompanying financial statements of Otter Creek Township (Township), for the period of January 1, 2012 to December 31, 2015. The Township's management is responsible for the financial statements. 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 statements 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 to the financial statements, the Township prepares its financial statements on the prescribed basis of accounting that demonstrates compliance with the reporting requirements established by the Indiana 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 effects on the financial statements of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

In our opinion, because of the matter discussed in the preceding paragraph, the financial statements referred to above do not present, in conformity with accounting principles generally accepted in the United States of America, the financial position and results of operations of the Township for the period of January 1, 2012 to December 31, 2015.

In our opinion, the financial statements referred to above present, in all material respects, the financial position and results of operations of the Township for the period of January 1, 2012 to December 31, 2015, based on the prescribed basis of accounting described in Note 1.

Our examination was conducted for the purpose of forming an opinion on the Township's financial statements. The Combining Schedules 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 statements. They have not been subjected to the examination procedures applied to the financial statements and, accordingly, we express no opinion on them.

Paul D. Joyce
Paul D. Joyce, CPA
State Examiner

April 5, 2017

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FINANCIAL STATEMENTS AND ACCOMPANYING NOTES

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

OTTER CREEK TOWNSHIP, VIGO COUNTY
 STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Years Ended December 31, 2012 and 2013

Fund	Cash and Investments 01-01-12	Receipts	Disbursements	Cash and Investments 12-31-12	Receipts	Disbursements	Cash and Investments 12-31-13
Township	\$ 18,697	\$ 78,667	\$ 93,139	\$ 4,225	\$ 233,050	\$ 200,662	\$ 36,613
Township Assistance	12,875	27,644	22,721	17,798	21,800	19,400	20,198
Fire Fighting	30,645	194,840	205,788	19,697	173,194	178,778	14,113
Rainy Day	4,303	-	4,303	-	-	-	-
Cumulative Fire	181,801	143,123	77,621	247,303	202,135	368,217	81,221
PAYROLL DEDUCTIONS	-	-	-	-	9,726	9,726	-
Totals	<u>\$ 248,321</u>	<u>\$ 444,274</u>	<u>\$ 403,572</u>	<u>\$ 289,023</u>	<u>\$ 639,905</u>	<u>\$ 776,783</u>	<u>\$ 152,145</u>

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

OTTER CREEK TOWNSHIP, VIGO COUNTY
 STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Years Ended December 31, 2014 and 2015

Fund	Cash and Investments 01-01-14	Receipts	Disbursements	Cash and Investments 12-31-14	Receipts	Disbursements	Cash and Investments 12-31-15
TOWNSHIP FUND	\$ 36,613	\$ 67,873	\$ 80,707	\$ 23,779	\$ 57,454	\$ 72,594	\$ 8,639
TOWNSHIP ASSISTANCE	20,198	19,452	22,027	17,623	40,563	19,106	39,080
FIRE FIGHTING FUND	14,113	272,469	199,158	87,424	117,128	148,247	56,305
CUMULATIVE FIRE	81,221	325,126	152,058	254,289	68,515	75,394	247,410
FIRE DEBT SERVICE FUND	-	-	-	-	77,148	81,231	(4,083)
PAYROLL DEDUCTIONS	-	18,174	18,174	-	10,072	10,072	-
TOWNSHIP L/R PAYMENT	-	-	-	-	99,286	70,000	29,286
Totals	<u>\$ 152,145</u>	<u>\$ 703,094</u>	<u>\$ 472,124</u>	<u>\$ 383,115</u>	<u>\$ 470,166</u>	<u>\$ 476,644</u>	<u>\$ 376,637</u>

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

OTTER CREEK TOWNSHIP, VIGO COUNTY
NOTES TO FINANCIAL STATEMENTS

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 statements present the financial information for the Township.

B. Basis of Accounting

The financial statements are reported on a regulatory basis of accounting prescribed by the Indiana 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. The basis of accounting involves the reporting of only cash and investments and the changes therein resulting from cash inflows (receipts) and cash outflows (disbursements) reported in the period in which they occurred.

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 include the following sources:

Taxes. Amounts received from one or more of the following: property tax, certified shares (local option tax), property tax replacement credit (local option tax), county option income tax, wheel tax, innkeeper's 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.

Intergovernmental receipts. Amounts received from other governments in the form of operating grants, entitlements, or payments in lieu of taxes. Examples of intergovernmental receipts include, but are not limited to, the following: federal grants, state grants, cigarette tax distributions received from the state, motor vehicle highway distributions received from the state, local road and street 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.

OTTER CREEK TOWNSHIP, VIGO COUNTY
NOTES TO FINANCIAL STATEMENTS
(Continued)

Charges for services. Amounts received for services including, but not limited to, the following: planning commission charges, building department charges, copies of public records, copy machines 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.

Other receipts. Amounts received from various sources, including, but 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 include the following uses:

Personal services. Amounts disbursed 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. Amounts disbursed for 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, but are not limited to, the following: office supplies, operating supplies, and repair and maintenance supplies.

Other services and charges. Amounts disbursed for services including, but not limited to, the following: professional services, communication and transportation, printing and advertising, insurance, utility services, repairs and maintenance, and rental charges.

Capital outlay. Amounts disbursed for land, infrastructure, buildings, improvements, and machinery and equipment having an appreciable and calculable period of usefulness.

Other disbursements. Amounts disbursed for various other purposes including, but 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, make transfers 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 amounts received from and used for specific sources and uses as determined by various regulations. Restrictions on some funds are set by statute while other

OTTER CREEK TOWNSHIP, VIGO COUNTY
NOTES TO FINANCIAL STATEMENTS
(Continued)

funds are internally restricted by the Township. The amounts 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.

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, the following: 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.

OTTER CREEK TOWNSHIP, VIGO COUNTY
NOTES TO FINANCIAL STATEMENTS
(Continued)

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.

Note 6. Cash Balance Deficits

The financial statements contain some funds with deficits in cash. This is a result of expenditures exceeding revenues.

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OTHER INFORMATION - UNEXAMINED

The Township's Annual Financial 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 statements contained in this report and the financial information presented in the Township's Annual Financial Report 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 other information presented was approved by management of the Township. It is presented as intended by the Township.

OTTER CREEK TOWNSHIP, VIGO COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2012

	Township	Township Assistance	Fire Fighting	Rainy Day	Cumulative Fire	PAYROLL DEDUCTIONS	Totals
Cash and investments - beginning	\$ 18,697	\$ 12,875	\$ 30,645	\$ 4,303	\$ 181,801	\$ -	\$ 248,321
Receipts:							
Taxes	33,873	12,159	112,579	-	62,512	-	221,123
Intergovernmental receipts	29,209	15,467	13,624	-	7,565	-	65,865
Charges for services	-	-	4,154	-	-	-	4,154
Other receipts	15,585	18	64,483	-	73,046	-	153,132
Total receipts	<u>78,667</u>	<u>27,644</u>	<u>194,840</u>	<u>-</u>	<u>143,123</u>	<u>-</u>	<u>444,274</u>
Disbursements:							
Personal services	39,656	-	4,800	-	-	-	44,456
Supplies	6,362	-	32,607	-	-	-	38,969
Other services and charges	19,615	22,721	110,662	-	-	-	152,998
Capital outlay	1,340	-	2,683	4,303	7,621	-	15,947
Other disbursements	26,166	-	55,036	-	70,000	-	151,202
Total disbursements	<u>93,139</u>	<u>22,721</u>	<u>205,788</u>	<u>4,303</u>	<u>77,621</u>	<u>-</u>	<u>403,572</u>
Excess (deficiency) of receipts over disbursements	<u>(14,472)</u>	<u>4,923</u>	<u>(10,948)</u>	<u>(4,303)</u>	<u>65,502</u>	<u>-</u>	<u>40,702</u>
Cash and investments - ending	<u>\$ 4,225</u>	<u>\$ 17,798</u>	<u>\$ 19,697</u>	<u>\$ -</u>	<u>\$ 247,303</u>	<u>\$ -</u>	<u>\$ 289,023</u>

OTTER CREEK TOWNSHIP, VIGO COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2013

	Township	Township Assistance	Fire Fighting	Rainy Day	Cumulative Fire	PAYROLL DEDUCTIONS	Totals
Cash and investments - beginning	\$ 4,225	\$ 17,798	\$ 19,697	\$ -	\$ 247,303	\$ -	\$ 289,023
Receipts:							
Taxes	42,823	7,861	111,182	-	64,032	-	225,898
Intergovernmental receipts	9,394	9,270	13,785	-	7,939	-	40,388
Charges for services	-	-	1,000	-	-	-	1,000
Other receipts	180,833	4,669	47,227	-	130,164	9,726	372,619
Total receipts	<u>233,050</u>	<u>21,800</u>	<u>173,194</u>	<u>-</u>	<u>202,135</u>	<u>9,726</u>	<u>639,905</u>
Disbursements:							
Personal services	42,081	-	-	-	-	-	42,081
Supplies	3,860	-	97,264	-	-	-	101,124
Other services and charges	38,662	19,400	41,514	-	-	-	99,576
Capital outlay	747	-	-	-	180,711	-	181,458
Other disbursements	115,312	-	40,000	-	187,506	9,726	352,544
Total disbursements	<u>200,662</u>	<u>19,400</u>	<u>178,778</u>	<u>-</u>	<u>368,217</u>	<u>9,726</u>	<u>776,783</u>
Excess (deficiency) of receipts over disbursements	<u>32,388</u>	<u>2,400</u>	<u>(5,584)</u>	<u>-</u>	<u>(166,082)</u>	<u>-</u>	<u>(136,878)</u>
Cash and investments - ending	<u>\$ 36,613</u>	<u>\$ 20,198</u>	<u>\$ 14,113</u>	<u>\$ -</u>	<u>\$ 81,221</u>	<u>\$ -</u>	<u>\$ 152,145</u>

OTTER CREEK TOWNSHIP, VIGO COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2014

	TOWNSHIP FUND	TOWNSHIP ASSISTANCE	FIRE FIGHTING FUND	CUMULATIVE FIRE	FIRE DEBT SERVICE FUND	PAYROLL DEDUCTIONS	TOWNSHIP L/R PAYMENT	Totals
Cash and investments - beginning	\$ 36,613	\$ 20,198	\$ 14,113	\$ 81,221	\$ -	\$ -	\$ -	\$ 152,145
Receipts:								
Taxes	48,466	5,310	109,236	61,183	-	-	-	224,195
Intergovernmental receipts	18,154	14,142	12,974	7,267	-	-	-	52,537
Charges for services	-	-	2,255	-	-	-	-	2,255
Other receipts	1,253	-	148,004	256,676	-	18,174	-	424,107
Total receipts	<u>67,873</u>	<u>19,452</u>	<u>272,469</u>	<u>325,126</u>	<u>-</u>	<u>18,174</u>	<u>-</u>	<u>703,094</u>
Disbursements:								
Personal services	42,226	-	-	-	-	-	-	42,226
Supplies	3,866	-	67,841	-	-	-	-	71,707
Other services and charges	25,758	22,027	71,317	-	-	-	-	119,102
Capital outlay	-	-	-	43,349	-	-	-	43,349
Other disbursements	8,857	-	60,000	108,709	-	18,174	-	195,740
Total disbursements	<u>80,707</u>	<u>22,027</u>	<u>199,158</u>	<u>152,058</u>	<u>-</u>	<u>18,174</u>	<u>-</u>	<u>472,124</u>
Excess (deficiency) of receipts over disbursements	<u>(12,834)</u>	<u>(2,575)</u>	<u>73,311</u>	<u>173,068</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>230,970</u>
Cash and investments - ending	<u>\$ 23,779</u>	<u>\$ 17,623</u>	<u>\$ 87,424</u>	<u>\$ 254,289</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 383,115</u>

OTTER CREEK TOWNSHIP, VIGO COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2015

	TOWNSHIP FUND	TOWNSHIP ASSISTANCE	FIRE FIGHTING FUND	CUMULATIVE FIRE	FIRE DEBT SERVICE FUND	PAYROLL DEDUCTIONS	TOWNSHIP L/R PAYMENT	Totals
Cash and investments - beginning	\$ 23,779	\$ 17,623	\$ 87,424	\$ 254,289	\$ -	\$ -	\$ -	\$ 383,115
Receipts:								
Taxes	15,996	36,029	103,910	55,887	69,142	-	89,146	370,110
Intergovernmental receipts	27,782	4,534	12,437	6,692	8,006	-	10,140	69,591
Other receipts	13,676	-	781	5,936	-	10,072	-	30,465
Total receipts	57,454	40,563	117,128	68,515	77,148	10,072	99,286	470,166
Disbursements:								
Personal services	43,882	-	13,374	-	-	-	-	57,256
Supplies	1,138	-	67,524	-	-	-	-	68,662
Other services and charges	26,231	19,106	67,349	-	81,231	-	-	193,917
Capital outlay	1,343	-	-	75,394	-	-	70,000	146,737
Other disbursements	-	-	-	-	-	10,072	-	10,072
Total disbursements	72,594	19,106	148,247	75,394	81,231	10,072	70,000	476,644
Excess (deficiency) of receipts over disbursements	(15,140)	21,457	(31,119)	(6,879)	(4,083)	-	29,286	(6,478)
Cash and investments - ending	\$ 8,639	\$ 39,080	\$ 56,305	\$ 247,410	\$ (4,083)	\$ -	\$ 29,286	\$ 376,637

OTTER CREEK TOWNSHIP, VIGO COUNTY
SCHEDULE OF LEASES AND DEBT
December 31, 2015

Description of Debt		Ending	Principal and
Type	Purpose	Principal	Interest Due
		Balance	Within One
			Year
Governmental activities:			
Notes and loans payable	Emergency Fire Loan	\$ -	\$ -
Notes and loans payable	New Fire House	<u>1,785,000</u>	<u>139,000</u>
Total governmental activities		<u>1,785,000</u>	<u>139,000</u>
Totals		<u>\$ 1,785,000</u>	<u>\$ 139,000</u>

OTTER CREEK TOWNSHIP, VIGO COUNTY
 SCHEDULE OF CAPITAL ASSETS
 December 31, 2015

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 Balance
Governmental activities:	
Land	\$ 52,000
Buildings	1,422,000
Machinery, equipment, and vehicles	1,240,000
Total governmental activities	2,714,000
Total capital assets	\$ 2,714,000

OTHER REPORTS

In addition to this report, other reports may have been issued for the Township. All reports can be found on the Indiana State Board of Accounts' website: <http://www.in.gov/sboa/>.