

STATE BOARD OF ACCOUNTS
302 West Washington Street
Room E418
INDIANAPOLIS, INDIANA 46204-2765

EXAMINATION REPORT

OF

OTSEGO TOWNSHIP

STEUBEN COUNTY, INDIANA

January 1, 2004 to December 31, 2005



FILED

10/02/2006

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OFFICIALS

Office

Official

Term

Trustee

D. Kim Kepler

01-01-03 to 12-31-06

Chairman of the
Township Board

Wandalee Cospers

01-01-04 to 12-31-06



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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

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

INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF OTSEGO TOWNSHIP, STEUBEN COUNTY, INDIANA

We have examined the schedules of receipts, disbursements, and cash and investment balances of Otsego Township (Township), for the period of January 1, 2004 to December 31, 2005. The Township's management is responsible for the schedules. 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 schedule of receipts, disbursements, and cash and investment balances and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

In our opinion, the schedules referred to above present fairly, in all material respects, the cash transactions of the Township for the years ended December 31, 2004 and 2005, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

STATE BOARD OF ACCOUNTS

September 14, 2006

OTSEGO TOWNSHIP, STEUBEN COUNTY
SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES
ALL GOVERNMENTAL AND FIDUCIARY FUND TYPES
As Of And For The Years Ended December 31, 2004 And 2005

	Cash and Investments 01-01-04	Receipts	Disbursements	Cash and Investments 12-31-04
Governmental Funds:				
General	\$ 25,083	\$ 26,683	\$ 24,820	\$ 26,946
Dog	498	328	244	582
Township Assistance	35,485	9,777	12,445	32,817
Firefighting	27,367	17,078	39,926	4,519
Park and Recreation	5,534	2,204	3,000	4,738
Cumulative Fire	42,450	7,028	-	49,478
Fiduciary Fund:				
Payroll Withholdings	639	-	639	-
Totals	<u>\$ 137,056</u>	<u>\$ 63,098</u>	<u>\$ 81,074</u>	<u>\$ 119,080</u>

	Cash and Investments 01-01-05	Receipts	Disbursements	Cash and Investments 12-31-05
Governmental Funds:				
General	\$ 26,946	\$ 55,862	\$ 23,306	\$ 59,502
Dog	582	314	282	614
Township Assistance	32,817	475	2,626	30,666
Firefighting	4,519	51,201	30,314	25,406
Park and Recreation	4,738	6,395	3,023	8,110
Levy Excess	-	177	-	177
Cumulative Fire	49,478	29,449	-	78,927
Totals	<u>\$ 119,080</u>	<u>\$ 143,873</u>	<u>\$ 59,551</u>	<u>\$ 203,402</u>

The accompanying notes are an integral part of the schedules.

OTSEGO TOWNSHIP, STEUBEN COUNTY
NOTES TO SCHEDULES

Note 1. Introduction

The Township was established under the laws of the State of Indiana. The Township provides the following services: public safety, health and social services, culture and recreation, and general administrative services.

Note 2. Fund Accounting

The Township uses funds to report on its cash and investments and the results of its operations on a cash basis. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain governmental functions or activities.

Note 3. Budgets

The operating budget is initially prepared and approved at the local level. In addition, funds for which property taxes are levied are subject to final approval by the Indiana Department of Local Government Finance.

Note 4. Property Taxes

Property taxes levied are collected by the County Treasurer and are distributed to the Township in June and December. State statute (IC 6-1.1-17-16) requires the Indiana Department of Local Government Finance to establish property tax rates and levies by February 15. These rates were based upon the preceding year's March 1 (lien date) assessed valuations adjusted for various tax credits. Taxable property is assessed at 100% of the true tax value (determined in accordance with rules and regulations adopted by the Indiana Department of Local Government Finance). Taxes may be paid in two equal installments which become delinquent if not paid by May 10 and November 10, respectively. All property taxes collected by the County Treasurer and available for distribution were distributed to the Township on or prior to December 31 of the year collected.

Note 5. Deposits and Investments

Deposits, made in accordance with Indiana Code 5-13, with financial institutions in the State of Indiana at year end were entirely insured by the Federal Depository Insurance Corporation or by the Indiana Public Deposit Insurance Fund. This includes any deposit accounts issued or offered by a qualifying financial institution.

State statute (IC 5-13-9) authorizes the Township to invest in securities including, but not limited to, federal government securities, repurchase agreements, and certain money market mutual funds. Certain other statutory restrictions apply to all investments made by local governmental units.

OTSEGO TOWNSHIP, STEUBEN COUNTY
EXAMINATION RESULTS AND COMMENTS

PENALTIES, INTEREST AND OTHER CHARGES

Penalties and interest totaling \$25.04 were paid to the Internal Revenue Service on January 14, 2005, for the tax period ending September 30, 2004.

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)

INTEREST ON INVESTMENTS

Interest earned on investments in some instances was automatically added to the principal and not recorded in the records.

Interest on investments should not be automatically added into the investment. Instead, interest on investments should be paid to the governmental unit at each maturity date and posted to the appropriate fund. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

OTSEGO TOWNSHIP, STEUBEN COUNTY
EXIT CONFERENCE

The contents of this report were discussed on September 14, 2006, with D. Kim Kepler, Trustee.