

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

EXAMINATION REPORT  
OF  
OTTER CREEK TOWNSHIP  
RIPLEY COUNTY, INDIANA  
January 1, 2008 to December 31, 2009



**FILED**  
04/29/2010



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OFFICIALS

Office

Official

Term

Trustee

Cynthia Melton

01-01-07 to 12-31-10

Chairman of the  
Township Board

Matt McNew

01-01-08 to 12-31-10



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT ACCOUNTANT'S REPORT

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

We have examined the financial information presented herein of Otter Creek Township (Township), for the period of January 1, 2008 to December 31, 2009. The Township's management is responsible for the financial information presented herein. Our responsibility is to express an opinion based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence supporting the financial information presented herein and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

In our opinion, the financial information referred to above presents fairly, in all material respects, the financial information of the Township for the years ended December 31, 2008 and 2009, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

STATE BOARD OF ACCOUNTS

March 25, 2010

OTTER CREEK TOWNSHIP, RIPLEY 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, 2008 And 2009

	Cash and Investments 01-01-08	Receipts	Disbursements	Cash and Investments 12-31-08
Governmental Funds:				
Township	\$ 1,093	\$ 28,916	\$ 18,544	\$ 11,465
Dog	3	-	-	3
Township Assistance	4,903	5,840	3,588	7,155
Firefighting	390	15,890	11,000	5,280
Rainy Day	47	-	-	47
Fiduciary Fund:				
Payroll Withholdings	642	-	642	-
Totals	<u>\$ 7,078</u>	<u>\$ 50,646</u>	<u>\$ 33,774</u>	<u>\$ 23,950</u>
	Cash and Investments 01-01-09	Receipts	Disbursements	Cash and Investments 12-31-09
Governmental Funds:				
Township	\$ 11,465	\$ 18,571	\$ 18,246	\$ 11,790
Dog	3	-	-	3
Township Assistance	7,155	10,572	5,269	12,458
Firefighting	5,280	11,731	14,000	3,011
Rainy Day	47	797	-	844
Totals	<u>\$ 23,950</u>	<u>\$ 41,671</u>	<u>\$ 37,515</u>	<u>\$ 28,106</u>

The accompanying notes are an integral part of the financial information.

OTTER CREEK TOWNSHIP, RIPLEY COUNTY  
NOTES TO FINANCIAL INFORMATION

Note 1. Introduction

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

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.

OTTER CREEK TOWNSHIP, RIPLEY COUNTY  
EXAMINATION RESULTS AND COMMENTS

APPROPRIATIONS

Records presented for examination indicated 2009 expenditures were in excess of budgeted appropriation for the Firefighting Fund in the amount of \$2,228.

IC 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."

FIRE CONTRACTS

The Township paid Otter Creek Volunteer Fire Department in excess of the approved contract amounts as shown in the following schedule:

<u>Years</u>	<u>Approved Contract Amount</u>	<u>Amount Paid</u>	<u>Excess Paid</u>
2008	\$ 10,000	\$ 11,000	\$ (1,000)
2009	<u>8,000</u>	<u>14,000</u>	<u>(6,000)</u>
Totals	<u>\$ 18,000</u>	<u>\$ 25,000</u>	<u>\$ (7,000)</u>

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)

BANK ACCOUNT RECONCILIATIONS

Depository reconciliations of the fund balances to the bank account balances were incorrect. The reconciliation was not to the record balance and the amount of outstanding checks on the reconciliation was \$17,968 less than the actual total of checks outstanding.

IC 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."

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)

OTTER CREEK TOWNSHIP, RIPLEY COUNTY  
EXAMINATION RESULTS AND COMMENTS  
(Continued)

OPTICAL IMAGES OF CHECKS

The financial institution did not return the actual cancelled checks with the monthly bank statements, but instead returned optical images of only the front side of the checks.

IC 5-15-6-3(a) concerning optical imaging of checks states in part:

". . . 'original records' includes the optical image of a check or deposit document when:

- (1) the check or deposit document is recorded, copied, or reproduced by an optical imaging process . . . ; and
- (2) the drawer of the check receives an optical image of the check after the check is processed for payment . . ."

Furthermore, IC 26-2-8-111 states in part:

"(a) If a law requires that certain records be retained, that requirement is met by retaining an electronic record of the information in the record that:

- (1) accurately reflects the information set forth in the record after it was first generated in its final form as an electronic record or otherwise; and
- (2) remains accessible for later reference."

"(e) If a law requires retention of a check, that requirement is satisfied by retention of an electronic record of the information on the front and back of the check in accordance with subsection (a)."

OTTER CREEK TOWNSHIP, RIPLEY COUNTY  
EXIT CONFERENCE

The contents of this report were discussed on March 25, 2010, with Cynthia Melton, Trustee.