

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, 2010 to December 31, 2011



FILED
02/14/2013

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Trustee	Robert D. Salmon	01-01-07 to 12-31-14
Chairman of the Township Board	John Meyers Betty Easthom	01-01-10 to 12-31-10 01-01-11 to 12-31-12



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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 years ended December 31, 2010 and 2011. The financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on the financial statements 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, 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 period.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position and results of operations of the Township for the years ended December 31, 2010 and 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 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.

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

November 9, 2012

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FINANCIAL STATEMENTS

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 Year Ended December 31, 2010

Fund	Cash and Investments 01-01-10	Receipts	Disbursements	Cash and Investments 12-31-10
Township	\$ 61,037	\$ 54,974	\$ 72,733	\$ 43,278
Township Assistance	11,781	30,481	27,913	14,349
Fire Fighting	62,676	129,541	130,101	62,116
Cumulative Fire	132,202	87,348	21,500	198,050
Levy Excess	-	686	-	686
Rainy Day	1,867	2,436	-	4,303
Totals	<u>\$ 269,563</u>	<u>\$ 305,466</u>	<u>\$ 252,247</u>	<u>\$ 322,782</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 Year Ended December 31, 2011

Fund	Cash and Investments 01-01-11	Receipts	Disbursements	Cash and Investments 12-31-11
Township	\$ 43,278	\$ 54,430	\$ 79,011	\$ 18,697
Township Assistance	14,349	24,029	25,503	12,875
Fire Fighting	62,116	146,226	177,697	30,645
Rainy Day	4,303	-	-	4,303
Levy Excess	686	-	686	-
Cumulative Fire	198,050	96,234	112,483	181,801
Totals	<u>\$ 322,782</u>	<u>\$ 320,919</u>	<u>\$ 395,380</u>	<u>\$ 248,321</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 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 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, 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.

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.

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

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.

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 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.

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.

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

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.

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.

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

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.

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SUPPLEMENTARY INFORMATION – UNAUDITED

For additional financial information, the Township's 2010 Annual Report can be found on the Indiana Transparency Portal website: www.in.gov/itp/annual_reports/.

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 statements contained in this report and the financial information presented in the Annual Reports of the Township which are 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.

OTTER CREEK TOWNSHIP, VIGO 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	Totals
Cash and investments - beginning	\$ 61,037	\$ 11,781	\$ 62,676	\$ 132,202	\$ -	\$ 1,867	\$ 269,563
Receipts:							
Taxes	54,595	30,469	115,506	78,778	-	2,436	281,784
Charges for services	-	-	3,535	-	-	-	3,535
Other receipts	379	12	10,500	8,570	686	-	20,147
Total receipts	54,974	30,481	129,541	87,348	686	2,436	305,466
Disbursements:							
Personal services	32,884	-	-	-	-	-	32,884
Supplies	2,946	-	28,426	-	-	-	31,372
Other services and charges	26,103	1,603	93,675	-	-	-	121,381
Capital outlay	10,800	-	-	13,500	-	-	24,300
Other disbursements	-	26,310	8,000	8,000	-	-	42,310
Total disbursements	72,733	27,913	130,101	21,500	-	-	252,247
Excess (deficiency) of receipts over disbursements	(17,759)	2,568	(560)	65,848	686	2,436	53,219
Cash and investments - ending	\$ 43,278	\$ 14,349	\$ 62,116	\$ 198,050	\$ 686	\$ 4,303	\$ 322,782

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

	Township	Township Assistance	Fire Fighting	Rainy Day	Levy Excess	Cumulative Fire	Totals
Cash and investments - beginning	\$ 43,278	\$ 14,349	\$ 62,116	\$ 4,303	\$ 686	\$ 198,050	\$ 322,782
Receipts:							
Taxes	29,217	11,214	102,086	-	-	62,243	204,760
Intergovernmental	24,174	12,805	14,170	-	-	8,645	59,794
Charges for services	-	-	5,310	-	-	-	5,310
Other receipts	1,039	10	24,660	-	-	25,346	51,055
Total receipts	54,430	24,029	146,226	-	-	96,234	320,919
Disbursements:							
Personal services	36,531	-	9,400	-	-	-	45,931
Supplies	7,388	-	80,800	-	-	-	88,188
Other services and charges	25,495	25,503	67,497	-	-	-	118,495
Capital outlay	-	-	-	-	-	92,483	92,483
Other disbursements	9,597	-	20,000	-	686	20,000	50,283
Total disbursements	79,011	25,503	177,697	-	686	112,483	395,380
Deficiency of receipts over disbursements	(24,581)	(1,474)	(31,471)	-	(686)	(16,249)	(74,461)
Cash and investments - ending	\$ 18,697	\$ 12,875	\$ 30,645	\$ 4,303	\$ -	\$ 181,801	\$ 248,321

OTTER CREEK TOWNSHIP, VIGO COUNTY
SCHEDULE OF LEASES AND DEBT
December 31, 2011

<u>Lessor</u>	<u>Purpose</u>	<u>Annual Lease Payment</u>	<u>Lease Beginning Date</u>	<u>Lease Ending Date</u>
Governmental activities:				
Burnett Vol. Fire Dept.	Fire House	\$ 5,459	03-01-11	03-01-12
Otter Creek Vol. Fire Dept.	Fire House	4,959	03-01-11	03-01-12
Sandcut Vol. Fire Dept.	Fire House	<u>4,306</u>	03-01-11	03-01-12
Total governmental activities		<u>14,724</u>		
Total of annual lease payments		<u><u>\$ 14,724</u></u>		

OTTER CREEK TOWNSHIP, VIGO 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.

	<u>Ending Balance</u>
Governmental activities:	
Land	\$ 51,000
Buildings	10,000
Machinery, equipment and vehicles	<u>1,165,500</u>
Total governmental activities	<u>1,226,500</u>
Total capital assets	<u><u>\$ 1,226,500</u></u>

OTTER CREEK TOWNSHIP, VIGO COUNTY
EXAMINATION RESULT AND COMMENT

APPROPRIATIONS

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

<u>Fund</u>	<u>Years</u>	<u>Excess Amount Expended</u>
Township	2010	\$ 1, 862
Township	2011	6,880
Cumulative Fire	2011	77,423

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."

OTTER CREEK TOWNSHIP, VIGO COUNTY
EXIT CONFERENCE

The contents of this report were discussed on November 9, 2012, with Robert D. Salmon, Trustee.
The official concurred with our finding.