

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

FINANCIAL STATEMENT EXAMINATION REPORT

OF

LUCE TOWNSHIP

SPENCER COUNTY, INDIANA

January 1, 2010 to December 31, 2011



FILED
08/20/2012

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OFFICIALS

Office

Official

Term

Trustee

James Rapp
Sarah L. Frederick

01-01-07 to 12-31-10
01-01-11 to 12-31-14

Chairman of the
Township Board

Larry Blair

01-01-10 to 12-31-12



STATE OF INDIANA
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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF LUCE TOWNSHIP, SPENCER COUNTY, INDIANA

We have examined the financial statements of Luce Township (Township), for the period of January 1, 2010 to December 31, 2011. 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, 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 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.

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

June 19, 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.

LUCE TOWNSHIP, SPENCER 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	\$ 146,241	\$ 88,107	\$ 97,404	\$ 136,944
Township Assistance	8,403	9,298	6,255	11,446
Fire Fighting	129,170	132,537	146,585	115,122
Dog	1,575	-	1,575	-
Park And Recreation	15,311	31,057	23,072	23,296
Fire Debt	27,004	6,068	21,774	11,298
Levy Excess	5,047	-	-	5,047
Rainy Day	2,061	3,331	-	5,392
Payroll Deductions	(68)	4,772	4,704	-
Totals	<u>\$ 334,744</u>	<u>\$ 275,170</u>	<u>\$ 301,369</u>	<u>\$ 308,545</u>

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

LUCE TOWNSHIP, SPENCER 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	\$ 136,944	\$ 122,160	\$ 82,059	\$ 177,045
Park and Recreation	23,296	25,398	19,900	28,794
Township Assistance	11,446	11,667	10,199	12,914
Fire Fighting	115,122	154,417	191,373	78,166
Rainy Day	5,392	-	-	5,392
Excess Levy	5,047	-	-	5,047
Fire Debt	11,298	22,689	21,774	12,213
Payroll Deductions	-	3,824	3,755	69
Totals	<u>\$ 308,545</u>	<u>\$ 340,155</u>	<u>\$ 329,060</u>	<u>\$ 319,640</u>

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

LUCE TOWNSHIP, SPENCER 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.

LUCE TOWNSHIP, SPENCER COUNTY
NOTES TO FINANCIAL STATEMENTS
(Continued)

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.

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.

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. 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.

LUCE TOWNSHIP, SPENCER COUNTY
NOTES TO FINANCIAL STATEMENTS
(Continued)

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.

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 any replacement items purchased.

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.

LUCE TOWNSHIP, SPENCER 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	Dog	Park And Recreation	Fire Debt	Levy Excess	Rainy Day	Payroll Deductions	Totals
Cash and investments - beginning	\$ 146,241	\$ 8,403	\$ 129,170	\$ 1,575	\$ 15,311	\$ 27,004	\$ 5,047	\$ 2,061	\$ (68)	\$ 334,744
Receipts:										
Taxes	81,974	9,245	126,714	-	29,873	6,006	-	1,756	-	255,568
Other receipts	6,133	53	5,823	-	1,184	62	-	1,575	4,772	19,602
Total receipts	88,107	9,298	132,537	-	31,057	6,068	-	3,331	4,772	275,170
Disbursements:										
Personal services	38,026	6,255	17,205	-	2,660	-	-	-	-	64,146
Supplies	4,429	-	41,153	-	3,970	-	-	-	-	49,552
Other services and charges	24,688	-	43,693	-	8,670	21,774	-	-	-	98,825
Capital outlay	30,045	-	44,450	-	7,772	-	-	-	-	82,267
Other disbursements	216	-	84	1,575	-	-	-	-	4,704	6,579
Total disbursements	97,404	6,255	146,585	1,575	23,072	21,774	-	-	4,704	301,369
Excess (deficiency) of receipts over disbursements	(9,297)	3,043	(14,048)	(1,575)	7,985	(15,706)	-	3,331	68	(26,199)
Cash and investments - ending	\$ 136,944	\$ 11,446	\$ 115,122	\$ -	\$ 23,296	\$ 11,298	\$ 5,047	\$ 5,392	\$ -	\$ 308,545

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

	Township	Park and Recreation	Township Assistance	Fire Fighting	Rainy Day	Excess Levy	Fire Debt	Payroll Deductions	Totals
Cash and investments - beginning	\$ 136,944	\$ 23,296	\$ 11,446	\$ 115,122	\$ 5,392	\$ 5,047	\$ 11,298	\$ -	\$ 308,545
Receipts:									
Taxes	60,743	22,487	11,197	144,532	-	-	22,487	-	261,446
Intergovernmental	12,924	2,911	270	2,700	-	-	202	-	19,007
Other receipts	48,493	-	200	7,185	-	-	-	3,824	59,702
Total receipts	<u>122,160</u>	<u>25,398</u>	<u>11,667</u>	<u>154,417</u>	<u>-</u>	<u>-</u>	<u>22,689</u>	<u>3,824</u>	<u>340,155</u>
Disbursements:									
Personal services	37,869	2,485	-	18,992	-	-	-	-	59,346
Supplies	4,774	3,960	-	41,645	-	-	-	-	50,379
Other services and charges	34,919	9,325	9,914	43,679	-	-	19,234	-	117,071
Debt service - principal and interest	175	-	-	-	-	-	2,540	-	2,715
Capital outlay	1,981	4,130	285	44,258	-	-	-	-	50,654
Other disbursements	2,341	-	-	42,799	-	-	-	3,755	48,895
Total disbursements	<u>82,059</u>	<u>19,900</u>	<u>10,199</u>	<u>191,373</u>	<u>-</u>	<u>-</u>	<u>21,774</u>	<u>3,755</u>	<u>329,060</u>
Excess (deficiency) of receipts over disbursements	<u>40,101</u>	<u>5,498</u>	<u>1,468</u>	<u>(36,956)</u>	<u>-</u>	<u>-</u>	<u>915</u>	<u>69</u>	<u>11,095</u>
Cash and investments - ending	<u>\$ 177,045</u>	<u>\$ 28,794</u>	<u>\$ 12,914</u>	<u>\$ 78,166</u>	<u>\$ 5,392</u>	<u>\$ 5,047</u>	<u>\$ 12,213</u>	<u>\$ 69</u>	<u>\$ 319,640</u>

LUCE TOWNSHIP, SPENCER COUNTY
 SCHEDULE OF LEASES AND DEBT
 December 31, 2011

Description of Debt		Ending Principal Balance	Principal and Interest Due Within One Year
Type	Purpose		
Governmental activities:			
Notes and loans payable	Integra Bank/Old National Bank	\$ 19,856	\$ 20,538
Totals		<u>\$ 19,856</u>	<u>\$ 20,538</u>

LUCE TOWNSHIP, SPENCER 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.

	Ending Balance
Governmental activities:	
Land	\$ 417,500
Infrastructure	21,000
Buildings	1,352,198
Improvements other than buildings	100,400
Machinery, equipment and vehicles	771,590
 Total capital assets	 \$ 2,662,688

LUCE TOWNSHIP, SPENCER COUNTY
EXIT CONFERENCE

The contents of this report were discussed on June 19, 2012, with Sarah L. Frederick, Trustee. Our examination disclosed no material items that warrant comment at this time.