

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

FINANCIAL STATEMENTS EXAMINATION REPORT

OF

LICKING TOWNSHIP

BLACKFORD COUNTY, INDIANA

January 1, 2010 to December 31, 2011



FILED
11/14/2012

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Trustee	Christina S. Holtzleiter	01-01-07 to 12-31-14
Chairman of the Township Board	Jacob H. Holsten	01-01-10 to 12-31-12



STATE OF INDIANA
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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF LICKING TOWNSHIP, BLACKFORD COUNTY, INDIANA

We have examined the accompanying financial statements of Licking 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 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.

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, 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

October 11, 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.

LICKING TOWNSHIP, BLACKFORD 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	\$ 166,553	\$ 45,532	\$ 31,377	\$ 180,708
Township Assistance	378,250	139,137	186,424	330,963
Fire Fighting	81,921	55,486	29,107	108,300
Levy Excess	-	479	-	479
Rainy Day	-	3,455	-	3,455
Library	19,799	7,835	7,350	20,284
Payroll Deductions	-	3,747	3,747	-
Totals	<u>\$ 646,523</u>	<u>\$ 255,671</u>	<u>\$ 258,005</u>	<u>\$ 644,189</u>

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

LICKING TOWNSHIP, BLACKFORD 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	\$ 180,708	\$ 46,544	\$ 32,048	\$ 195,204
Township Assistance	330,963	122,754	253,979	199,738
Fire Fighting	108,300	56,085	32,991	131,394
Library	20,284	5,113	5,650	19,747
Rainy Day	3,455	-	3,455	-
Levy Excess	479	-	-	479
Payroll Deductions	-	3,808	3,808	-
Totals	<u>\$ 644,189</u>	<u>\$ 234,304</u>	<u>\$ 331,931</u>	<u>\$ 546,562</u>

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

LICKING TOWNSHIP, BLACKFORD 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.

LICKING TOWNSHIP, BLACKFORD 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.

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.

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.

LICKING TOWNSHIP, BLACKFORD 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 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.

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.

LICKING TOWNSHIP, BLACKFORD 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	Levy Excess	Rainy Day	Library	Payroll Deductions	Totals
Cash and investments - beginning	\$ 166,553	\$ 378,250	\$ 81,921	\$ -	\$ -	\$ 19,799	\$ -	\$ 646,523
Receipts:								
Taxes	43,438	128,761	55,039	-	-	7,765	-	235,003
Intergovernmental	-	-	-	-	3,455	-	-	3,455
Other receipts	2,094	10,376	447	479	-	70	3,747	17,213
Total receipts	45,532	139,137	55,486	479	3,455	7,835	3,747	255,671
Disbursements:								
Personal services	18,854	39,828	4,672	-	-	-	3,747	67,101
Supplies	914	144,547	1,438	-	-	-	-	146,899
Other services and charges	9,742	2,049	22,997	-	-	7,350	-	42,138
Other disbursements	1,867	-	-	-	-	-	-	1,867
Total disbursements	31,377	186,424	29,107	-	-	7,350	3,747	258,005
Excess (deficiency) of receipts over disbursements	14,155	(47,287)	26,379	479	3,455	485	-	(2,334)
Cash and investments - ending	\$ 180,708	\$ 330,963	\$ 108,300	\$ 479	\$ 3,455	\$ 20,284	\$ -	\$ 644,189

LICKING TOWNSHIP, BLACKFORD 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	Library	Rainy Day	Levy Excess	Payroll Deductions	Totals
Cash and investments - beginning	\$ 180,708	\$ 330,963	\$ 108,300	\$ 20,284	\$ 3,455	\$ 479	\$ -	\$ 644,189
Receipts:								
Taxes	37,398	106,814	13,173	4,458	-	-	-	161,843
Intergovernmental	3,860	13,292	38,159	625	-	-	-	55,936
Other receipts	5,286	2,648	4,753	30	-	-	3,808	16,525
Total receipts	<u>46,544</u>	<u>122,754</u>	<u>56,085</u>	<u>5,113</u>	<u>-</u>	<u>-</u>	<u>3,808</u>	<u>234,304</u>
Disbursements:								
Personal services	19,998	4,296	4,959	-	-	-	-	29,253
Supplies	1,192	4,558	3,171	-	-	-	-	8,921
Other services and charges	10,858	245,125	24,861	5,650	-	-	-	286,494
Other disbursements	-	-	-	-	3,455	-	3,808	7,263
Total disbursements	<u>32,048</u>	<u>253,979</u>	<u>32,991</u>	<u>5,650</u>	<u>3,455</u>	<u>-</u>	<u>3,808</u>	<u>331,931</u>
Excess (deficiency) of receipts over disbursements	<u>14,496</u>	<u>(131,225)</u>	<u>23,094</u>	<u>(537)</u>	<u>(3,455)</u>	<u>-</u>	<u>-</u>	<u>(97,627)</u>
Cash and investments - ending	<u>\$ 195,204</u>	<u>\$ 199,738</u>	<u>\$ 131,394</u>	<u>\$ 19,747</u>	<u>\$ -</u>	<u>\$ 479</u>	<u>\$ -</u>	<u>\$ 546,562</u>

LICKING TOWNSHIP, BLACKFORD COUNTY
EXAMINATION RESULTS AND COMMENTS

ORGANIZATION MEETINGS

The minutes presented for examination did not indicate the election of officers for the Township Board since February 10, 2010.

Indiana Code 36-6-6-7(a) states: "The legislative body shall meet at the office of the executive on the first Tuesday after the first Monday in January of each year. At this meeting the legislative body shall elect one (1) member as chairman for that year and one (1) member as secretary for that year."

ANNUAL FINANCIAL REPORT

The Annual Financial Reports for 2010 and 2011 were not filed with the State Examiner until April 29, 2011, and March 28, 2012, respectively.

Indiana Code 5-11-1-4 (a) states:

"The state examiner shall require from every municipality and every state or local governmental unit, entity, or instrumentality financial reports covering the full period of each fiscal year. These reports shall be prepared, verified, and filed with the state examiner not later than sixty (60) days after the close of each fiscal year. The reports must be in the form and content prescribed by the state examiner and filed electronically in the manner prescribed under IC 5-14-3-8.7."

The 2010 and 2011 Annual Financial Reports were not approved by the Township Board until April 11, 2011, and April 12, 2012, respectively.

Indiana Code 36-6-6-9(a) states: "The legislative body shall meet on or before the third Tuesday after the first Monday in January of each year. At this meeting it shall consider and approve, in whole or in part, the annual report of the executive presented by IC 36-6-4-12."

CERTIFIED REPORT (FORM 100R) NOT TIMELY FILED

The Township did not file a Certified Report of Names, Address, Duties, and Compensation of Public Employees (Form 100R or its equivalent) with the State Board of Accounts for the years 2010 and 2011 on a timely basis. These reports, which are due in January of the following year, were filed May 2, 2011, and March 2, 2012, respectively.

Indiana Code 5-11-13-1(a) states in part:

"Every . . . township . . . shall during the month of January of each year prepare, make, and sign a written or printed certified report, correctly and completely showing the names and addresses of each and all officers, employees . . . and the respective duties and compensation of each, and shall forthwith file said report in the office of the state examiner of the state board of accounts. . . ."

LICKING TOWNSHIP, BLACKFORD COUNTY
EXAMINATION RESULTS AND COMMENTS
(Continued)

RESOLUTION ESTABLISHING SALARIES OF TOWNSHIP OFFICERS AND EMPLOYEES (FORM 17)

The salaries for the Trustee and other Township employees were not approved by the Township Board using Township Form 17 for the years 2010 and 2011.

Indiana Code 36-6-6-10(b) states: The township legislative body shall fix the: (1) salaries; (2) wages; (3) rates of hourly pay; and (4) remuneration other than statutory allowances; of all officers and employees of the township."

Indiana Code 36-6-6-10 requires the township board to set the salaries; wages; rates of hourly pay; and remuneration other than statutory allowances of all township officials and employees, except assessing officials and employees, for the year 1985 and each year thereafter. However, please remember the township board should RECORD THE SALARIES SO FIXED IN THE TOWNSHIP BOARD MINUTES. A type of format for recording these salaries should be the existing format of Township Form No. 17. We recommend the board set the salaries of township officials and employees, in conjunction with the preparation and completion of the township budget.

Township Form No. 17 (Revised 2008) has been prescribed to fulfill the requirements of the statute. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 2)

CAPITAL ASSETS

The Township did not maintain a record of capital assets.

Every governmental unit should have a complete inventory of all capital assets owned which reflect their acquisition value. Such inventory should be recorded on the applicable Capital Assets Ledger. A complete inventory should be taken at least every two years for good internal control and for verifying account balances carried in the accounting records. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

LICKING TOWNSHIP, BLACKFORD COUNTY
EXIT CONFERENCE

The contents of this report were discussed on October 11, 2012, with Christina S. Holtzleiter, Trustee.
The official concurred with our findings.