

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

FINANCIAL STATEMENTS EXAMINATION REPORT

OF

LUCE TOWNSHIP

SPENCER COUNTY, INDIANA

January 1, 2012 to December 31, 2015



FILED
04/25/2017

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials	2
Independent Accountant's Report.....	3
Financial Statements and Accompanying Notes:	
Statements of Receipts, Disbursements, and Cash and Investment	
Balances - Regulatory Basis	6-7
Notes to Financial Statements.....	8-10
Other Information - Unexamined:	
Combining Schedules of Receipts, Disbursements, and Cash and	
Investment Balances - Regulatory Basis	12-15
Schedule of Leases and Debt	16
Schedule of Capital Assets.....	17
Other Reports.....	18

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Trustee	Sarah L. Frederick	01-01-11 to 12-31-18
Chairman of the Township Board	Larry Blair Bonnie Young	01-01-12 to 12-31-14 01-01-15 to 12-31-17



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT ACCOUNTANT'S REPORT

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

We have examined the accompanying financial statements of Luce Township (Township), for the period of January 1, 2012 to December 31, 2015. 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 to the financial statements, the Township prepares its financial statements on the prescribed basis of accounting that demonstrates compliance with the reporting requirements established by the Indiana 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 effects on the financial statements of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

In our opinion, because of the matter discussed in the preceding paragraph, the financial statements referred to above do not present, in conformity with accounting principles generally accepted in the United States of America, the financial position and results of operations of the Township for the period of January 1, 2012 to December 31, 2015.

In our opinion, the financial statements referred to above present, in all material respects, the financial position and results of operations of the Township for the period of January 1, 2012 to December 31, 2015, based on the prescribed 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.

Paul D. Joyce
Paul D. Joyce, CPA
State Examiner

April 19, 2017

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FINANCIAL STATEMENTS AND ACCOMPANYING NOTES

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 Years Ended December 31, 2012 and 2013

φ

Fund	Cash and Investments 01-01-12	Receipts	Disbursements	Cash and Investments 12-31-12	Receipts	Disbursements	Cash and Investments 12-31-13
TOWNSHIP FUNDS	\$ 177,045	\$ 85,397	\$ 81,927	\$ 180,515	\$ 84,748	\$ 76,363	\$ 188,900
RECREATION	28,794	42,012	29,209	41,597	28,349	23,217	46,729
POOR RELIEF FUND	12,914	11,542	9,227	15,229	11,565	11,775	15,019
FIRE PROTECTION TERRITORY	48,301	127,735	122,137	53,899	130,855	122,251	62,503
RAINY DAY FUND	5,392	-	-	5,392	-	-	5,392
EXCESS LEVY	5,047	-	-	5,047	-	-	5,047
FIRE TERRITORY EQUIPMENT REPLACEMENT	29,865	31,124	29,865	31,124	32,821	29,865	34,080
FIRE DEBT	12,213	8,864	20,539	538	22,590	12,121	11,007
PAYROLL DEDUCTIONS	69	4,615	4,505	179	4,420	4,350	249
Totals	<u>\$ 319,640</u>	<u>\$ 311,289</u>	<u>\$ 297,409</u>	<u>\$ 333,520</u>	<u>\$ 315,348</u>	<u>\$ 279,942</u>	<u>\$ 368,926</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 Years Ended December 31, 2014 and 2015

Fund	Cash and Investments 01-01-14	Receipts	Disbursements	Cash and Investments 12-31-14	Receipts	Disbursements	Cash and Investments 12-31-15
TOWNSHIP FUNDS	\$ 188,900	\$ 87,041	\$ 86,062	\$ 189,879	\$ 86,533	\$ 87,640	\$ 188,772
RECREATION	46,729	27,810	20,529	54,010	23,168	25,677	51,501
POOR RELIEF FUND	15,019	11,349	10,714	15,654	16,586	13,709	18,531
FIRE PROTECTION TERRITORY	62,503	133,114	152,026	43,591	140,088	137,542	46,137
RAINY DAY FUND	5,392	-	-	5,392	2,138	5,000	2,530
EXCESS LEVY	5,047	-	-	5,047	-	-	5,047
FIRE TERRITORY EQUIPMENT REPLACEMENT	34,080	34,187	29,865	38,402	34,731	23,591	49,542
FIRE DEBT	11,007	1,004	9,874	2,137	-	2,137	-
PAYROLL DEDUCTIONS	249	5,066	5,066	249	8,136	8,115	270
Totals	<u>\$ 368,926</u>	<u>\$ 299,571</u>	<u>\$ 314,136</u>	<u>\$ 354,361</u>	<u>\$ 311,380</u>	<u>\$ 303,411</u>	<u>\$ 362,330</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 Indiana 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. The basis of accounting involves the reporting of only cash and investments and the changes therein resulting from cash inflows (receipts) and cash outflows (disbursements) reported in the period in which they occurred.

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. Amounts received from one or more of the following: property tax, certified shares (local option tax), property tax replacement credit (local option tax), county option income tax, wheel tax, innkeeper's 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. Amounts received from other governments in the form of operating grants, entitlements, or payments in lieu of taxes. Examples of intergovernmental receipts include, but are not limited to, the following: federal grants, state grants, cigarette tax distributions received from the state, motor vehicle highway distributions received from the state, local road and street distributions 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. Amounts received from various sources, including, but 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. Amounts disbursed 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. Amounts disbursed for 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, but are not limited to, the following: office supplies, operating supplies, and repair and maintenance supplies.

Other services and charges. Amounts disbursed for services including, but not limited to, the following: professional services, communication and transportation, printing and advertising, insurance, utility services, repairs and maintenance, and rental charges.

Capital outlay. Amounts disbursed for land, infrastructure, buildings, improvements, and machinery and equipment having an appreciable and calculable period of usefulness.

Other disbursements. Amounts disbursed for various other purposes including, but 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, make transfers 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 amounts 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 amounts 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, the following: 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.

OTHER INFORMATION - UNEXAMINED

The Township's Annual Financial 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 Township's Annual Financial Report 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 other 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, 2012

	TOWNSHIP FUNDS	RECREATION	POOR RELIEF FUND	FIRE PROTECTION TERRITORY	RAINY DAY FUND	EXCESS LEVY	FIRE TERRITORY EQUIPMENT REPLACEMENT	FIRE DEBT	PAYROLL DEDUCTIONS	Totals
Cash and investments - beginning	\$ 177,045	\$ 28,794	\$ 12,914	\$ 48,301	\$ 5,392	\$ 5,047	\$ 29,865	\$ 12,213	\$ 69	\$ 319,640
Receipts:										
Taxes	63,534	22,659	11,280	126,572	-	-	30,844	8,784	-	263,673
Intergovernmental receipts	17,746	5,713	242	1,009	-	-	246	70	-	25,026
Other receipts	4,117	13,640	20	154	-	-	34	10	4,615	22,590
Total receipts	85,397	42,012	11,542	127,735	-	-	31,124	8,864	4,615	311,289
Disbursements:										
Personal services	39,994	2,990	-	18,933	-	-	-	-	-	61,917
Supplies	4,888	3,984	-	44,400	-	-	-	-	-	53,272
Other services and charges	31,915	17,861	9,227	43,669	-	-	-	20,539	-	123,211
Capital outlay	5,130	4,374	-	15,135	-	-	29,865	-	-	54,504
Other disbursements	-	-	-	-	-	-	-	-	4,505	4,505
Total disbursements	81,927	29,209	9,227	122,137	-	-	29,865	20,539	4,505	297,409
Excess (deficiency) of receipts over disbursements	3,470	12,803	2,315	5,598	-	-	1,259	(11,675)	110	13,880
Cash and investments - ending	\$ 180,515	\$ 41,597	\$ 15,229	\$ 53,899	\$ 5,392	\$ 5,047	\$ 31,124	\$ 538	\$ 179	\$ 333,520

LUCE TOWNSHIP, SPENCER COUNTY
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
CASH AND INVESTMENT BALANCES - REGULATORY BASIS
For the Year Ended December 31, 2013

	TOWNSHIP FUNDS	RECREATION	POOR RELIEF FUND	FIRE PROTECTION TERRITORY	RAINY DAY FUND	EXCESS LEVY	FIRE TERRITORY EQUIPMENT REPLACEMENT	FIRE DEBT	PAYROLL DEDUCTIONS	Totals
Cash and investments - beginning	\$ 180,515	\$ 41,597	\$ 15,229	\$ 53,899	\$ 5,392	\$ 5,047	\$ 31,124	\$ 538	\$ 179	\$ 333,520
Receipts:										
Taxes	66,828	22,627	11,313	129,840	-	-	32,566	22,415	-	285,589
Intergovernmental receipts	13,953	5,288	144	612	-	-	154	106	-	20,257
Other receipts	3,967	434	108	403	-	-	101	69	4,420	9,502
Total receipts	84,748	28,349	11,565	130,855	-	-	32,821	22,590	4,420	315,348
Disbursements:										
Personal services	40,579	3,000	-	19,000	-	-	-	-	-	62,579
Supplies	4,860	3,994	-	44,380	-	-	-	-	-	53,234
Other services and charges	25,449	8,614	11,775	43,801	-	-	-	12,121	-	101,760
Capital outlay	5,475	7,609	-	15,070	-	-	29,865	-	-	58,019
Other disbursements	-	-	-	-	-	-	-	-	4,350	4,350
Total disbursements	76,363	23,217	11,775	122,251	-	-	29,865	12,121	4,350	279,942
Excess (deficiency) of receipts over disbursements	8,385	5,132	(210)	8,604	-	-	2,956	10,469	70	35,406
Cash and investments - ending	\$ 188,900	\$ 46,729	\$ 15,019	\$ 62,503	\$ 5,392	\$ 5,047	\$ 34,080	\$ 11,007	\$ 249	\$ 368,926

LUCE TOWNSHIP, SPENCER COUNTY
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
CASH AND INVESTMENT BALANCES - REGULATORY BASIS
For the Year Ended December 31, 2014

	TOWNSHIP FUNDS	RECREATION	POOR RELIEF FUND	FIRE PROTECTION TERRITORY	RAINY DAY FUND	EXCESS LEVY	FIRE TERRITORY EQUIPMENT REPLACEMENT	FIRE DEBT	PAYROLL DEDUCTIONS	FIRE TERRITORY EQUIPMENT REPLACEMENT	Totals
Cash and investments - beginning	\$ 188,900	\$ 46,729	\$ 15,019	\$ 62,503	\$ 5,392	\$ 5,047	\$ 34,080	\$ 11,007	\$ 249	\$ -	\$ 368,926
Receipts:											
Taxes	68,892	22,343	11,116	131,959	-	-	33,899	996	-	-	269,205
Intergovernmental receipts	15,264	5,467	233	1,122	-	-	288	8	-	-	22,382
Other receipts	2,885	-	-	33	-	-	-	-	5,066	-	7,984
Total receipts	87,041	27,810	11,349	133,114	-	-	34,187	1,004	5,066	-	299,571
Disbursements:											
Personal services	43,404	4,640	-	22,919	-	-	-	-	-	-	70,963
Supplies	5,073	3,283	-	59,729	-	-	-	-	-	-	68,085
Other services and charges	32,090	8,514	10,714	51,243	-	-	-	9,874	-	-	112,435
Capital outlay	5,495	4,092	-	18,135	-	-	29,865	-	-	-	57,587
Other disbursements	-	-	-	-	-	-	-	-	5,066	-	5,066
Total disbursements	86,062	20,529	10,714	152,026	-	-	29,865	9,874	5,066	-	314,136
Excess (deficiency) of receipts over disbursements	979	7,281	635	(18,912)	-	-	4,322	(8,870)	-	-	(14,565)
Cash and investments - ending	\$ 189,879	\$ 54,010	\$ 15,654	\$ 43,591	\$ 5,392	\$ 5,047	\$ 38,402	\$ 2,137	\$ 249	\$ -	\$ 354,361

LUCE TOWNSHIP, SPENCER COUNTY
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
CASH AND INVESTMENT BALANCES - REGULATORY BASIS
For the Year Ended December 31, 2015

	TOWNSHIP FUNDS	RECREATION	POOR RELIEF FUND	FIRE PROTECTION TERRITORY	RAINY DAY FUND	EXCESS LEVY	FIRE TERRITORY EQUIPMENT REPLACEMENT	FIRE DEBT	PAYROLL DEDUCTIONS	Totals
Cash and investments - beginning	\$ 189,879	\$ 54,010	\$ 15,654	\$ 43,591	\$ 5,392	\$ 5,047	\$ 38,402	\$ 2,137	\$ 249	\$ 354,361
Receipts:										
Taxes	69,368	16,392	16,392	131,058	-	-	34,563	-	-	267,773
Intergovernmental receipts	14,385	6,776	194	636	-	-	168	-	-	22,159
Other receipts	2,780	-	-	8,394	2,138	-	-	-	8,136	21,448
Total receipts	86,533	23,168	16,586	140,088	2,138	-	34,731	-	8,136	311,380
Disbursements:										
Personal services	48,792	5,000	3,230	22,969	-	-	-	-	-	79,991
Supplies	4,080	3,995	-	51,963	-	-	-	-	-	60,038
Other services and charges	30,487	9,082	10,479	50,331	5,000	-	-	-	-	105,379
Capital outlay	4,281	7,600	-	12,279	-	-	23,591	-	-	47,751
Other disbursements	-	-	-	-	-	-	-	2,137	8,115	10,252
Total disbursements	87,640	25,677	13,709	137,542	5,000	-	23,591	2,137	8,115	303,411
Excess (deficiency) of receipts over disbursements	(1,107)	(2,509)	2,877	2,546	(2,862)	-	11,140	(2,137)	21	7,969
Cash and investments - ending	\$ 188,772	\$ 51,501	\$ 18,531	\$ 46,137	\$ 2,530	\$ 5,047	\$ 49,542	\$ -	\$ 270	\$ 362,330

LUCE TOWNSHIP, SPENCER COUNTY
SCHEDULE OF LEASES AND DEBT
December 31, 2015

Description of Debt		Ending Principal Balance	Principal and Interest Due Within One Year
Type	Purpose		
Governmental activities: Notes and loans payable	Spencer County Bank	\$ 52,015	\$ 15,547
Totals		<u>\$ 52,015</u>	<u>\$ 15,547</u>

LUCE TOWNSHIP, SPENCER COUNTY
 SCHEDULE OF CAPITAL ASSETS
 December 31, 2015

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	\$ 13,500
Buildings	300,000
Machinery, equipment, and vehicles	<u>805,500</u>
Total governmental activities	<u>1,119,000</u>
Total capital assets	<u><u>\$ 1,119,000</u></u>

OTHER REPORTS

In addition to this report, other reports may have been issued for the Township. All reports can be found on the Indiana State Board of Accounts' website: <http://www.in.gov/sboa/>.