

LICKING TOWNSHIP
LICKING COUNTY
REGULAR AUDIT
JANUARY 1, 2012 – DECEMBER 31, 2013





Dave Yost • Auditor of State

Board of Trustees
Licking Township
P.O. Box 222
Jacksontown, Ohio 43030

We have reviewed the *Independent Auditor's Report* of Licking Township, Licking County, prepared by Wilson, Shannon & Snow, Inc., for the audit period January 1, 2012 through December 31, 2013. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. Licking Township is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost
Auditor of State

April 22, 2014

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**LICKING TOWNSHIP
LICKING COUNTY**

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INDEPENDENT AUDITOR'S REPORT

Licking Township
Licking County
P.O. Box 222
Jacksontown, Ohio 43030

To the Board of Trustees:

Report on the Financial Statements

We have audited the accompanying financial statements and related notes of Licking Township, Licking County, (the Township) as of and for the years ended December 31, 2013 and 2012.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Township's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Township's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinion.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 1 of the financial statements, the Township prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America, to satisfy requirements.

Wilson, Shannon & Snow, Inc.

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Licking Township
Licking County
Independent Auditor's Report

The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Township as of December 31, 2013 and 2012, or changes in financial position thereof for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash balances of Licking Township, Licking County as of December 31, 2013 and 2012, and its combined cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 1.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 15, 2014 on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township's internal control over financial reporting and compliance.

Wilson, Shuman & Snow, Inc.

March 15, 2014

**LICKING TOWNSHIP
LICKING COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2013**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Permanent</u>	
Cash Receipts:				
Local Taxes	\$ 121,783	\$ 412,918	\$ -	\$ 534,701
Intergovernmental	747,150	178,470	-	925,620
Charges for Services	-	72,406	-	72,406
Licenses, Permits, and Fees	20,704	2,615	-	23,319
Earnings on Investments	5,826	1,000	305	7,131
Other Revenue	890	8,716	-	9,606
	<u>896,353</u>	<u>676,125</u>	<u>305</u>	<u>1,572,783</u>
Total Cash Receipts				
	<u>896,353</u>	<u>676,125</u>	<u>305</u>	<u>1,572,783</u>
Cash Disbursements:				
Current:				
General Government	224,345	-	-	224,345
Public Safety	-	278,642	-	278,642
Public Works	-	429,910	-	429,910
Health	25,383	2,736	-	28,119
Capital Outlay	-	7,399	-	7,399
	<u>249,728</u>	<u>718,687</u>	<u>-</u>	<u>968,415</u>
Total Cash Disbursements				
	<u>249,728</u>	<u>718,687</u>	<u>-</u>	<u>968,415</u>
Total Receipts Over/(Under) Disbursements	<u>646,625</u>	<u>(42,562)</u>	<u>305</u>	<u>604,368</u>
Other Financing Receipts and (Disbursements):				
Sale of Capital Assets	-	3,200	-	3,200
Other Financing Uses	(405)	-	-	(405)
	<u>(405)</u>	<u>3,200</u>	<u>-</u>	<u>2,795</u>
Total Other Financing Receipts/(Disbursements)				
	<u>(405)</u>	<u>3,200</u>	<u>-</u>	<u>2,795</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	646,220	(39,362)	305	607,163
Fund Cash Balances, January 1	3,173,025	685,062	12,519	3,870,606
Fund Cash Balances, December 31	<u>\$ 3,819,245</u>	<u>\$ 645,700</u>	<u>\$ 12,824</u>	<u>\$ 4,477,769</u>
Fund Cash Balance, December 31				
Nonspendable	\$ -	\$ -	\$ 9,500	\$ 9,500
Restricted	-	645,700	3,324	649,024
Unassigned	3,819,245	-	-	3,819,245
Fund Cash Balance, December 31	<u>\$ 3,819,245</u>	<u>\$ 645,700</u>	<u>\$ 12,824</u>	<u>\$ 4,477,769</u>

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

**LICKING TOWNSHIP
LICKING COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2012**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Permanent</u>	
Cash Receipts:				
Local Taxes	\$ 122,238	\$ 413,282	\$ -	\$ 535,520
Intergovernmental	90,353	192,780	-	283,133
Charges for Services	-	66,809	-	66,809
Licenses, Permits, and Fees	19,937	780	-	20,717
Earnings on Investments	5,776	737	71	6,584
Other Revenue	15,174	3,388	-	18,562
	<u>253,478</u>	<u>677,776</u>	<u>71</u>	<u>931,325</u>
Total Cash Receipts				
Cash Disbursements:				
Current:				
General Government	219,999	-	-	219,999
Public Safety	-	297,093	-	297,093
Public Works	-	385,702	-	385,702
Health	27,406	-	-	27,406
Capital Outlay	1,883	16,908	-	18,791
	<u>249,288</u>	<u>699,703</u>	<u>-</u>	<u>948,991</u>
Total Cash Disbursements				
Total Receipts Over (Under) Disbursements	<u>4,190</u>	<u>(21,927)</u>	<u>71</u>	<u>(17,666)</u>
Other Financing Receipts and (Disbursements):				
Sale of Capital Assets	-	650	-	650
Transfers-In	-	229,012	-	229,012
Transfers Out	(229,012)	-	-	(229,012)
	<u>(229,012)</u>	<u>229,662</u>	<u>-</u>	<u>650</u>
Total Other Financing Receipts/(Disbursements)				
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(224,822)	207,735	71	(17,016)
Fund Cash Balances, January 1	<u>3,397,847</u>	<u>477,327</u>	<u>12,448</u>	<u>3,887,622</u>
Fund Cash Balances, December 31	<u><u>\$ 3,173,025</u></u>	<u><u>\$ 685,062</u></u>	<u><u>\$ 12,519</u></u>	<u><u>\$ 3,870,606</u></u>
Fund Cash Balance, December 31				
Nonspendable	\$ -	\$ -	\$ 9,500	\$ 9,500
Restricted	-	685,062	3,019	688,081
Unassigned	3,173,025	-	-	3,173,025
Fund Cash Balance, December 31	<u><u>\$ 3,173,025</u></u>	<u><u>\$ 685,062</u></u>	<u><u>\$ 12,519</u></u>	<u><u>\$ 3,870,606</u></u>

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

**LICKING TOWNSHIP
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of Licking Township, Licking County, (the Township) as a body corporate and politic. A publicly-elected three-member Board of Trustees directs the Township. The Township provides road and bridge maintenance, cemetery maintenance, and fire and ambulance services to Licking Township, Bowling Green Township and Franklin Township. Police protection is provided by the Licking County Sheriff.

The Township participates in the Ohio Township Association Risk Management Authority (OTARMA) public entity risk pool. Note 6 to the financial statements provide additional information for this entity.

The Township's management believes these financial statements present all activities for which the Township is financially accountable.

B. Accounting Basis

These financial statements follow the accounting basis the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. The Township recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the Auditor of State prescribes or permits.

C. Deposits and Investments

The Township's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

The Township values its certificates of deposit at cost.

D. Fund Accounting

The Township uses fund accounting to segregate cash and investments that are restricted as to use. The Township classifies its funds into the following types:

1. General Fund

The General Fund reports all financial resources except those required to be accounted for in another fund.

**LICKING TOWNSHIP
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012
(CONTINUED)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

2. Special Revenue Funds

These funds account for proceeds from specific sources (other than from private-purpose trusts or for capital projects) that are restricted to expenditure for specific purposes. The Township had the following significant Special Revenue Funds:

Road and Bridge Fund - This fund receives taxes and intergovernmental money for constructing, maintaining, and repairing Township roads and bridges.

Fire Operation Fund – This fund receives taxes and intergovernmental money for the purpose of providing fire and emergency ambulance protection to Licking Township, Bowling Green Township, and Franklin Township.

3. Permanent Fund

This fund accounts for assets held under a trust agreement that are legally restricted to the extent that only earnings, not principal, are available to support the Township's programs. The Township had the following Permanent Fund:

Cemetery Endowment Fund – This fund receives interest earned on the nonexpendable corpus from a trust agreement. These earnings are used for the general maintenance and upkeep of the Township's cemetery.

E. Budgetary Process

The Ohio Revised Code requires that each fund be budgeted annually.

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control and appropriations may not exceed estimated resources. The Board of Trustees must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Appropriations lapse at year end.

2. Estimated Resources

Estimated resources include estimates of cash to be received (budgeted receipts) plus cash as of January 1. The County Budget Commission must also approve estimated resources.

3. Encumbrances

The Ohio Revised Code requires the Township to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year.

**LICKING TOWNSHIP
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012
(CONTINUED)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process (Continued)

A summary of 2013 and 2012 budgetary activity appears in Note 3.

F. Property, Plant, and Equipment

The Township records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

G. Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

H. Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the Township must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

1. Nonspendable

The Township classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

2. Restricted

Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

3. Committed

Trustees can *commit* amounts via formal action (resolution). The Township must adhere to these commitments unless the Trustees amend the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

4. Assigned

Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by Township Trustees or a Township official delegated that authority by resolution, or by State Statute.

**LICKING TOWNSHIP
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012
(CONTINUED)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. Fund Balance (Continued)

5. Unassigned

Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The Township applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

2. EQUITY IN POOLED DEPOSITS

The Township maintains a deposit and investments pool all funds use. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of deposits and investments at December 31 was as follows:

	2013	2012
Demand deposits	\$4,328,017	\$3,720,854
Certificates of Deposit	149,752	149,752
Total deposits	\$4,477,769	\$3,870,606

Deposits: Deposits are insured by the Federal Depository Insurance Corporation or collateralized by the financial institution's public entity deposit pool.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending 2013 and 2012 follows:

2013 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$241,873	\$896,353	\$654,480
Special Revenue	695,331	679,325	(16,006)
Permanent	200	305	105
Total	\$937,404	\$1,575,983	\$638,579

**LICKING TOWNSHIP
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012
(CONTINUED)**

3. BUDGETARY ACTIVITY (Continued)

2013 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$3,414,962	\$250,133	\$3,164,829
Special Revenue	1,315,866	718,687	597,179
Permanent	3,219	0	3,219
Total	\$4,734,047	\$968,820	\$3,765,227

2012 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$45,125	\$253,478	\$208,353
Special Revenue	940,546	907,438	(33,108)
Permanent	900	71	(829)
Total	\$986,571	\$1,160,987	\$174,416

2012 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$3,657,513	\$478,300	\$3,179,213
Special Revenue	1,153,947	699,703	454,244
Permanent	3,148	0	3,148
Total	\$4,814,608	\$1,178,003	\$3,636,605

The Township had appropriations which exceeded estimated resources within the General Fund contrary to Ohio Revised Code Section 5705.39 at December 31, 2012. In additions, authorization amending appropriations were not provided contrary to Ohio Revised Code Section 5705.40 at December 31, 2013 and 2012.

4. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which the Trustees adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. The financial statements include homestead and rollback amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

Tangible personal property tax is assessed by the property owners, who must file a list of such property to the County by each April 30.

The County is responsible for assessing property, and for billing, collecting, and distributing all property taxes on behalf of the Township.

**LICKING TOWNSHIP
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012
(CONTINUED)**

5. RETIREMENT SYSTEMS

The Township's certified Fire Fighters belong to the Police and Fire Pension Fund (OP&F). Other employees belong to the Ohio Public Employees Retirement System (OPERS). OP&F and OPERS are cost-sharing, multiple-employer plans. The Ohio Revised Code prescribes these plans' benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2013 and 2012, OP&F participants contributed 10% of their wages. For 2013 and 2012, the Township contributed to OP&F an amount equal to 24% of full-time fire fighters' wages. For 2013 and 2012, OPERS members contributed 10% of their gross salaries and the Township contributed an amount equaling 14% of participants' gross salaries. The Township has paid all contributions required through December 31, 2013.

6. RISK MANAGEMENT

The Township is exposed to various risks of property and casualty losses, and injuries to employees.

The Township insures against injuries to employees through the Ohio Bureau of Worker's Compensation.

The Township belongs to the Ohio Township Association Risk Management Authority (OTARMA), a risk-sharing pool available to Ohio townships. OTARMA provides property and casualty coverage for its members. York Risk Pooling Services, Inc. (formally known as American Risk Pooling Consultants, Inc.) (York or Management), functions as the administrator of the Pool and provides underwriting claims, loss control, risk management, and reinsurance services for the Pool. Member governments pay annual contributions to fund OTARMA. OTARMA pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

Casualty and Property Coverage

APEEP provides OTARMA with an excess risk-sharing program. Under this arrangement, OTARMA retains insured risks up to an amount specified in the contracts. At December 31, 2012, OTARMA retained \$350,000 for casualty claims and \$250,000 for property claims.

The aforementioned casualty and property reinsurance agreement does not discharge OTARMA's primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective government.

Financial Position

OTARMA's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2012 and 2011 (the latest information available):

	<u>2012</u>	<u>2011</u>
Assets	\$34,771,270	\$35,086,165
Liabilities	(9,355,082)	(9,718,792)
Net Position	<u>\$25,416,188</u>	<u>\$25,367,373</u>

**LICKING TOWNSHIP
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012
(CONTINUED)**

6. RISK MANAGEMENT (Continued)

At December 31, 2012 and 2011, respectively, the liabilities above include approximately \$8.7 and \$9.1 million of estimated incurred claims payable. The assets above also include approximately \$7.96 and \$8.6 million of unpaid claims to be billed to approximately 944 member governments in the future, as of December 31, 2012 and 2011, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2012, the Township's share of these unpaid claims collectible in future years is approximately \$11,705.

Based on discussions with OTARMA, the expected rates OTARMA charges to compute member contributions, which are used to pay claims as they become due, are not expected to change significantly from those used to determine the historical contributions detailed below. By contract, the annual liability of each member is limited to the amount of financial contributions required to be made to OTARMA for each year of membership.

<u>Contributions to OTARMA</u>	
<u>2012</u>	<u>2011</u>
\$13,005	\$12,554

After one year of membership, a member may withdraw on the anniversary of the date of joining OTARMA, if the member notifies OTARMA in writing 60 days prior to the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's contribution. Withdrawing members have no other future obligation to the pool. Also upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim occurred or was reported prior to the withdrawal.



**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
REQUIRED BY GOVERNMENT AUDITING STANDARDS**

Licking Township
Licking County
P.O. Box 222
Jacksontown, Ohio 43030

To the Board of Trustees:

We have audited, in accordance auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of Licking Township, Licking County, Ohio (the Township) as of and for the years ended December 31, 2013 and 2012, and the related notes to the financial statements and have issued our report thereon dated March 15, 2014, wherein we noted the Cemetery followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 permit.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the Township's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of opining on the effectiveness of the Township's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Township's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in more than a reasonable possibility that a material misstatement of the Township's financial statements will not be prevented, or detected and timely corrected.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

Wilson, Shannon & Snow, Inc.

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Compliance and Other Matters

As part of reasonably assuring whether the Township's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed instances of noncompliance or other matters we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2013-01 and 2013-02.

Township's Response to Findings

The Township's responses to the findings identified in our audit are described in the accompanying schedule of findings. We did not audit the Township's responses and, accordingly, we express no opinion on them.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Township's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Township's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Wilson, Sherman & Snow, Inc.

March 15, 2014

**LICKING TOWNSHIP
LICKING COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2013 AND 2012**

FINDING RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS

Finding Number	2013-01
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Ohio Revised Code Section 5705.39 requires that a subdivision’s total appropriations from each fund should not exceed the total estimated resources. The following fund had appropriations exceeding estimated resources at December 31, 2012:

<u>Fund</u>	<u>Appropriations</u>	<u>Estimated Resources</u>	<u>Noncompliance</u>
General	\$3,657,513	\$3,442,972	(\$214,541)

With appropriations exceeding estimated resources the Township may spend more funds than in the Treasury or process of collection and cause fund deficits. We recommend that the Township monitor the original budget to determine compliance with the Ohio Revised Code when the original budget is adopted.

Official’s Response: The Township will adopt procedures to verify appropriations do not exceed estimated resources on an annual basis.

Finding Number	2013-02
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Ohio Revised Code Section 5705.40 provides any appropriation measure may be amended if the entity complies with the same laws used in making the original appropriation.

The Township did not reduce appropriations during 2012 which caused appropriations to exceed estimated resources as described in Finding 2013-01.

Furthermore during 2013 and 2012, the Trustees passed a motion authorizing the Fiscal Officer to adjust appropriations within a fund and/or between funds as needed throughout the year. However, Ohio Revised Code Section 5705.40 requires that any appropriation adjustments or transfers must be identified and specifically approved by the Trustees as a general authorization is not permissible.

We recommend the Township develop and review existing procedures regarding supplemental appropriations during the year. This may prevent the Township from over appropriating funds or adjusting appropriations without specific approval by the Trustees.

Official’s Response: The Township will review its current procedures related to adopting supplemental appropriations.

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Dave Yost • Auditor of State

LICKING TOWNSHIP

LICKING COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
MAY 8, 2014