

LICKING TOWNSHIP
LICKING COUNTY
REGULAR AUDIT
JANUARY 1, 2017 – DECEMBER 31, 2017





Dave Yost • Auditor of State

Board of Township 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, 2017 through December 31, 2017. 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 6, 2018

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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 statement of the cash balances, receipts and disbursements by fund type, and related notes of Licking Township, Licking County, Ohio (the Township) as of and for the year ended December 31, 2017.

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 such 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 opinions.

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

As described in Note 2 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 (GAAP), to satisfy these requirements.

Licking Township
Licking County
Independent Auditor's Report

Although the effects on the financial statements of the variances between the regulatory accounting basis and GAAP are not reasonably determinable, we presume they are material.

Though the Township does not intend these statements to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. Our opinion on this accounting basis is in the *Opinion on Regulatory Basis of Accounting* paragraph below.

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, 2017, and the respective changes in financial position thereof for the year then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements by fund type, and related notes of Licking Township, Licking County, as of December 31, 2017, for the year 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.

Emphasis of Matter

As discussed in Note 11 to the financial statements, for the year ended December 31, 2017, the Township changed its financial presentation from those comparable to the requirements of Governmental Accounting Standards Board Statement No. 34, "*Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*" to the accounting practices the Auditor of State prescribes or permits. We did not modify our opinion regarding this matter.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 12, 2018, 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, Sherman & Snow, Inc.

March 12, 2018
Newark, Ohio

**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, 2017**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Permanent</u>	
Cash Receipts:				
Local Taxes	\$ 145,736	\$ 867,315	\$ -	\$ 1,013,051
Intergovernmental	49,807	177,231	-	227,038
Charges for Services	-	101,966	-	101,966
Licenses, Permits, and Fees	40,157	1,800	-	41,957
Earnings on Investments	42,838	2,004	115	44,957
Other Revenue	-	37,594	-	37,594
	<u>278,538</u>	<u>1,187,910</u>	<u>115</u>	<u>1,466,563</u>
Total Cash Receipts				
Cash Disbursements:				
Current:				
General Government	495,576	-	-	495,576
Public Safety	-	567,500	-	567,500
Public Works	-	183,740	-	183,740
Health	125,236	6,456	-	131,692
Capital Outlay	-	22,662	-	22,662
	<u>620,812</u>	<u>780,358</u>	<u>-</u>	<u>1,401,170</u>
Total Cash Disbursements				
Net Change in Fund Balances	(342,274)	407,552	115	65,393
Fund Cash Balances, January 1	<u>3,539,989</u>	<u>664,286</u>	<u>13,031</u>	<u>4,217,306</u>
Fund Cash Balances, December 31	<u>\$ 3,197,715</u>	<u>\$ 1,071,838</u>	<u>\$ 13,146</u>	<u>\$ 4,282,699</u>
Fund Cash Balance, December 31				
Nonspendable	\$ -	\$ -	\$ 9,500	\$ 9,500
Restricted	-	1,071,838	3,646	1,075,484
Assigned	3,197,715	-	-	3,197,715
Fund Cash Balance, December 31	<u>\$ 3,197,715</u>	<u>\$ 1,071,838</u>	<u>\$ 13,146</u>	<u>\$ 4,282,699</u>

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

LICKING TOWNSHIP
LICKING COUNTY
Notes to the Financial Statements
For the Year Ended December 31, 2017

Note 1 – Reporting 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, fire protection and emergency medical services to Licking Township, Bowling Green Township and Franklin Township.

Public Entity Risk Pools

The Township participates in the Ohio Township Association Risk Management Authority (OTARMA) and the Ohio Public Entity Consortium (through the Ohio Insurances Agency), which is a public entity risk pool. Notes 6 and 10 to the financial statements provide additional information for these entities. The Township's management believes these financial statements present all activities for which the Township is financially accountable.

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

The Township's financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types.

Fund Accounting

The Township uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Township are presented below:

General Fund The general fund accounts for and reports all financial resources not accounted for and reported in another fund. The general fund balance is available to the Township for any purpose provided it is expended or transferred according to the general laws of Ohio.

Special Revenue Funds These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Township had the following significant Special Revenue Funds:

Road and Bridge Fund The road and bridge fund accounts for and reports that portion of voted real estate taxes and intergovernmental revenues restricted for maintenance and repair of roads within the Township.

Fire Fund The fire fund accounts for and reports that portion of voted real estate taxes and intergovernmental revenues restricted for fire operations and emergency services within and outside the Township.

Permanent Funds This fund accounts for and report resources that are restricted to the extent that only earnings, and not principal, may be used for purposes that support the reporting government's programs (for the benefit of the government or its citizenry). The Township had the following significant Permanent Fund:

LICKING TOWNSHIP
LICKING COUNTY
Notes to the Financial Statements
For the Year Ended December 31, 2017

Note 2 – Summary of Significant Accounting Policies (Continued)

Cemetery Endowment Fund – The cemetery endowment fund accounts for and reports interest earned on the nonexpendable corpus from a trust agreement restricted for the general maintenance and upkeep of the Township’s cemetery.

Basis of Accounting

These financial statements follow 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). This basis is similar to the cash receipts and disbursements accounting basis. The Board 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 financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D) permit.

Budgetary Process

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

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

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

Encumbrances The Ohio Revised Code requires the Township to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year-end are carried over, and need not be reappropriated.

A summary of 2017 budgetary activity appears in Note 3.

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 certificates of deposit at cost

Capital Assets

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

LICKING TOWNSHIP
LICKING COUNTY
Notes to the Financial Statements
For the Year Ended December 31, 2017

Note 2 – Summary of Significant Accounting Policies (Continued)

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.

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:

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

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.

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.

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.

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.

LICKING TOWNSHIP
LICKING COUNTY
Notes to the Financial Statements
For the Year Ended December 31, 2017

Note 3 – Budgetary Activity

Budgetary activity for the year ending December 31, 2017, follows:

2017 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$250,908	\$278,538	\$27,630
Special Revenue	1,144,440	1,187,910	43,470
Permanent	75	115	40
Total	\$1,395,423	\$1,466,563	\$71,140

2017 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$3,790,347	\$646,578	\$3,143,769
Special Revenue	1,804,310	795,801	1,008,509
Permanent	3,606	0	3,606
Total	\$5,598,263	\$1,442,379	\$4,155,884

Note 4 – Deposits and Investments

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:

	2017
Demand deposits	\$98,672
Certificates of deposit	2,140,252
Other time deposits (savings and NOW accounts)	2,043,775
Total deposits and investments	\$4,282,699

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation, collateralized by securities specifically pledged by the financial institution, and collateralized by the Township’s pooled collateral investment pool. Beginning November 1, 2017, the Township’s financial institution joined the Ohio Pooled Collateral System (OPCS) implemented by the Office of the Ohio Treasurer of State.

Investments

As of December 31, 2017, the Township had the following inactive investments:

Investment	Amount	Maturity Date
Certificate of Deposit 3	\$30,000	June 20, 2020
Certificate of Deposit 4	110,252	June 22, 2020
Estate Tax Certificate of Deposit 1	1,500,000	May 23, 2019
Estate Tax Certificate of Deposit 2	500,000	May 5, 2020

LICKING TOWNSHIP
LICKING COUNTY
Notes to the Financial Statements
For the Year Ended December 31, 2017

Note 5 – Property Taxes

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.

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

Note 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

The Pool is a member of American Public Entity Excess Pool (APEEP), which is also administered by York. APEEP provides the Pool with an excess risk-sharing program. Under this arrangement, OTARMA retains insured risks up to an amount specified in the contracts. At December 31, 2016, 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, 2016 (the latest information available).

	2016
Assets	\$38,473,283
Liabilities	8,244,140
Net Position	\$30,229,143

LICKING TOWNSHIP
LICKING COUNTY
Notes to the Financial Statements
For the Year Ended December 31, 2017

Note 6 – Risk Management (Continued)

At December 31, 2016 the liabilities above include approximately \$7.4 million of estimated incurred claims payable. The assets above also include approximately \$6.9 million of unpaid claims to be billed to approximately 1,010 member governments in the future, as of December 31, 2016. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2017, the Township's share of these unpaid claims collectible in future years is approximately \$7,582.

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.

2017 Contributions to OTARMA
\$16,849

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.

Note 7 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

Some employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent of their gross salaries and the Township contributed an amount equaling 14 percent of participants' gross salaries. The Township has paid all contributions required through December 31, 2017.

Ohio Police and Fire Retirement System

Township's certified Fire Fighters and full-time Police Officers belong to the Police and Fire Pension Fund (OP&F). OP&F is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OP&F participants contributed 12.25 percent of their wages. The Township contributed to OP&F an amount equal to 24 percent of full-time fire fighters' wages, respectively. The Township has paid all contributions required through December 31, 2017.

LICKING TOWNSHIP
LICKING COUNTY
Notes to the Financial Statements
For the Year Ended December 31, 2017

Note 8 – Postemployment Benefits

Both OPERS and OP&F offer cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the Traditional Pension Plan and Combined Plan was 1.0 percent during calendar year 2017. OP&F contributes 0.5 percent to fund these benefits.

Note 9 – Contingent Liabilities

The Township is defendant in several lawsuits. Although management cannot presently determine the outcome of these suits, management believes that the resolution of these matters will not materially adversely affect the Township’s financial condition.

Note 10 – Public Entity Risk Pool

The Township pays premiums to the Ohio Public Entity Consortium (through June 2017 - Ohio Insurances Agency and Burnham and Flowers effective July 1, 2017) providing health care insurance providing benefits for hospitalization, surgical care, medical care, and prescription drug coverage.

Note 11 – Change in Basis of Accounting

The Township presented its financial statements on the *modified* cash basis of accounting for the year ended December 31, 2016. This year the Township elected to present its financial statements by fund type using the regulatory basis of accounting as prescribed by the State Auditor’s Office. This accounting basis presents the Township’s financial statements by fund type rather than presenting each major fund in a separate column with nonmajor funds aggregated and presented in a single column, rather than a column for each fund type under the modified basis of accounting.

Note 12 – Contractual Commitments

The Township had the following significant contractual commitment at December 31, 2017:

<u>Project</u>	<u>Contractor</u>	<u>Contract Amount</u>	<u>Amount Disbursed at 12/31/17</u>	<u>Contract Balance at 12/31/17</u>
Fire Station	Robertson Construction	\$2,155,000	\$220,018	\$1,934,982

**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 with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the cash balances, receipts, and disbursements by fund type of Licking Township, Licking County, (the Township) as of and for the year ended December 31, 2017, and the related notes to the financial statements and have issued our report thereon dated March 12, 2018 wherein we noted the Township adopted financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit as disclosed in Note 11.

Internal Control over Financial Reporting

As part of our financial statement audit, we considered the Township's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the Township's internal control. Accordingly, we have not opined on it.

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 a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Township's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings that we consider a significant deficiency. We consider finding 2017-001 a significant deficiency.

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 no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

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 report is not suitable for any other purpose.

Wilson, Shuman & Snow, Inc.

March 12, 2018
Newark, Ohio

**LICKING TOWNSHIP
LICKING COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2017**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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Finding Number	2017-001
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Financial Reporting

All local public offices should maintain an accounting system and accounting records sufficient to enable the public office to identify, assemble, analyze, classify, record and report transactions, maintain accountability for the related assets, document compliance with finance-related legal and contractual requirements and prepare financial statements.

Auditor of State Bulletin 2015-007 *Required "Annual Financial Report Filing by Public Offices and Other Entities Required to File"* provides comprehensive guidance related to required annual financial report filings by public offices required to file, including the completeness and accuracy of the financial statements and notes to the financial statements filed with the AOS HINKLE system.

Testing of the 2016 modified cash basis financial statements and notes to the financial statements filed with the AOS HINKLE system identified the following discrepancies:

- Auditor of State Bulletin 2011-004 provides guidance on the implementation of Governmental Accounting Standards Board Statement No. 54 – Fund Balance Reporting and Governmental Fund Type Definitions, specifically the proper presentation of fund balances as nonspendable, restricted, committed, assigned and unassigned. Audit reclassifications totaling \$3,197,715 were required within the General Fund to properly present assigned fund balance – subsequent year appropriations and assigned fund balance – encumbrances. An audit reclassification was also required within the Township’s Other Governmental Funds – Permanent Fund, to properly present the corpus as nonspendable fund balance totaling \$9,500.
- The notes to the financial statements filed with the AOS HINKLE system required significant revisions to properly present and reconcile financial information to the underlying cash basis financial statements. Revisions included changes to the listing of significant funds, deposits and investments, budgetary activity, and contractual commitments.

We recommend the Township develop procedures to review the presentation of its fund balances within the UAN accounting system prior to finalizing its year-end financial statements and filing the Township’s financial statements and notes to the financial statements with the AOS HINKLE system.

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

**LICKING TOWNSHIP
LICKING COUNTY**

**CORRECTIVE ACTION PLAN
DECEMBER 31, 2017**

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2017-001	The Township will monitor the preparation of the basic financial statements.	December 31, 2018	Andrea Lynch, Fiscal Officer

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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
APRIL 19, 2018