

ETNA TOWNSHIP
LICKING COUNTY, OHIO

REGULAR AUDIT

**FOR THE YEARS ENDED
DECEMBER 31, 2020 & 2019**

OHIO AUDITOR OF STATE
KEITH FABER



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Board of Trustees
Etna Township
P.O. Box 188
Etna, Ohio 43018

We have reviewed the *Independent Auditor's Report* of Etna Township, Licking County, prepared by Julian & Grube, Inc., for the audit period January 1, 2019 through December 31, 2020. 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. Etna Township is responsible for compliance with these laws and regulations.

A handwritten signature in cursive script that reads "Keith Faber".

Keith Faber
Auditor of State
Columbus, Ohio

May 20, 2022

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**ETNA TOWNSHIP
LICKING COUNTY, OHIO**

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Independent Auditor's Report

Etna Township
Licking County
81 Liberty Street
Etna, Ohio 43018

To the Board of Trustees:

Report on the Financial Statements

We have audited the accompanying financial statements of the cash balances, receipts, and disbursements for each governmental fund type and the fiduciary fund type combined total as of and for the year ended December 31, 2020 and for each governmental and fiduciary fund type as of and for the year ended December 31, 2019, and related notes of Etna Township, Licking County, Ohio.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D), as described in Note 2. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit 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 that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to Etna Township's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Etna Township's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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

As described in Note 2, the financial statements are prepared by Etna Township, on the basis of the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D), which is a basis of accounting other than accounting principles generally accepted in the United States of America (GAAP), to meet the requirements of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D).

The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 2 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Though Etna 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 "Unmodified 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 Etna Township, as of December 31, 2020 and 2019, or changes in net position thereof for the years then ended.

Unmodified 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 for each governmental fund type and the fiduciary fund type combined total as of and for the year ended December 31, 2020 and for each governmental and fiduciary fund type as of and for the year ended December 31, 2019, and related notes of Etna Township, in accordance with the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) as described in Note 2.

Emphasis of Matters

As described in Note 13 to the financial statements, for the year ended December 31, 2020, Etna Township adopted a change in accounting principle and removed the fund balance classifications from the Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Regulatory Cash Basis) – All Governmental Fund Types. As described in Note 14 to the financial statements, for the year ended December 31, 2020, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of Etna Township. As discussed in Note 11 to the financial statements, for the year ended December 31, 2019, Etna Township adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 84, Fiduciary Activities. Our opinions are not modified with respect to these matters.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 26, 2021 on our consideration of Etna Township's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Etna Township's 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 Etna Township's internal control over financial reporting and compliance.



Julian & Grube, Inc.
October 26, 2021

ETNA TOWNSHIP
LICKING COUNTY, OHIO

*Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
All Governmental Fund Types
For the Year Ended December 31, 2020*

	General	Special Revenue	Debt Service	Capital Projects	Totals (Memorandum Only)
Cash Receipts:					
Property and Other Taxes	\$ 453,446	\$ 950,048	\$ -	\$ -	\$ 1,403,494
Licenses, Permits, and Fees	176,291	-	-	-	176,291
Intergovernmental	1,309,670	714,771	-	1,179,564	3,204,005
Special Assessment	-	53,152	-	-	53,152
Earnings on Investments	17,844	705	-	-	18,549
Miscellaneous	58,658	1,570	-	-	60,228
<i>Total Cash Receipts</i>	<u>2,015,909</u>	<u>1,720,246</u>	<u>-</u>	<u>1,179,564</u>	<u>4,915,719</u>
Cash Disbursements:					
Current:					
General Government	712,906	26,354	-	-	739,260
Public Safety	215,519	-	-	-	215,519
Public Works	354,869	451,023	-	-	805,892
Health	66,636	-	-	-	66,636
Conservation-Recreation	4,571	-	-	-	4,571
Capital Outlay	315,874	150,374	-	1,179,564	1,645,812
Debt Service:					
Principal Retirement	-	-	88,942	-	88,942
<i>Total Cash Disbursements</i>	<u>1,670,375</u>	<u>627,751</u>	<u>88,942</u>	<u>1,179,564</u>	<u>3,566,632</u>
<i>Excess of Receipts over (under) Disbursements</i>	<u>345,534</u>	<u>1,092,495</u>	<u>(88,942)</u>	<u>-</u>	<u>1,349,087</u>
Other Financing Receipts (Disbursements)					
Other Debt Proceeds	-	5,472	-	-	5,472
Transfers In	-	-	100,000	-	100,000
Transfers Out	(100,000)	-	-	-	(100,000)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(100,000)</u>	<u>5,472</u>	<u>100,000</u>	<u>-</u>	<u>5,472</u>
<i>Net Change in Fund Cash Balances</i>	245,534	1,097,967	11,058	-	1,354,559
<i>Fund Cash Balances, January 1, Restated</i>	<u>2,141,792</u>	<u>1,200,588</u>	<u>1,509</u>	<u>225,635</u>	<u>3,569,524</u>
<i>Fund Cash Balances, December 31</i>	<u>\$ 2,387,326</u>	<u>\$ 2,298,555</u>	<u>\$ 12,567</u>	<u>\$ 225,635</u>	<u>\$ 4,924,083</u>

See accompanying notes to the financial statement

**ETNA TOWNSHIP
LICKING COUNTY**

*Statement of Additions, Deductions
and Changes in Fund Balances (Regulatory Cash Basis)*

Fiduciary Fund Type

For the Year Ended December 31, 2020

	Fiduciary Fund Type
	<u>Custodial</u>
Additions	
Other Amounts Collected for Distribution	<u>\$22,500</u>
<i>Total Additions</i>	<u>22,500</u>
<i>Net Change in Fund Balances</i>	22,500
<i>Fund Cash Balances, January 1</i>	<u>\$13,000</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$35,500</u></u>
<i>See accompanying notes to the financial statements</i>	

Etna Township
Licking County, Ohio
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 1 – Reporting Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Etna 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. The Township contracts with the West Licking Joint Fire District to provide fire services and ambulance services.

Public Entity Risk Pool and Jointly Governed Organizations

The Township participates in a Public Entity Risk Pool and six jointly governed organizations. Notes 8 and 15 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, and a statement of additions, deductions and changes in fund balances (regulatory cash basis) for all fiduciary fund types which are all organized on a fund type basis.

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 Fund:

Road and Bridge Fund This fund receives property taxes for maintenance and repair of roads within the Township.

Etna Township
Licking County, Ohio
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 2 – Summary of Significant Accounting Policies (Continued)

Debt Service Funds These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest. The Township had the following Debt Service Fund:

Debt Service Fund This fund receives its funding mainly through transfers to fund the debt retirement of the State Route 310 project.

Capital Project Funds These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Township had the following capital project fund:

Miscellaneous Capital Projects The proceeds are received and restricted for various capital improvements.

Fiduciary Funds

Fiduciary funds include custodial funds. Custodial funds are purely custodial in nature and are used to hold resources for individuals, organizations, or other governments. The Township disburses these funds as directed by the individual, organization, or other government. The Township's custodial fund accounts for performance deposits related to right-of-way permits for road projects.

For regulatory purpose, certain own source revenues are permitted to flow through clearing funds presented as custodial funds. The amounts distributed to the other funds of the entity are identified on the combined statement of additions, deductions and changes in fund balances (regulatory basis) all fiduciary fund types. Also, for regulatory purposes, certain deposits and clearing funds are permitted to be presented as custodial funds.

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 (except certain custodial funds) be budgeted annually.

Etna Township
Licking County, Ohio
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 2 – Summary of Significant Accounting Policies (Continued)

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. 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 2020 budgetary activity appears in Note 4.

Deposits and Investments

The Township 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. Money market mutual funds are recorded at share values the mutual funds report. Investment in STAR Ohio is measured at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

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.

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.

**Etna Township
Licking County, Ohio
Notes to the Financial Statements
For the Year Ended December 31, 2020**

Note 2 – Summary of Significant Accounting Policies (Continued)

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.

Note 3 – Compliance

The Township is in noncompliance with Ohio Revised Code Section 5705.41(D) for not timely certifying purchase orders prior to payment.

The Township is in non-compliance with Ohio Revised Code Section 5705.09(F) for not establishing and utilizing a Special Revenue Fund for CARES receipts and disbursements.

Note 4 – Budgetary Activity

Budgetary activity for the year ending 2020 follows:

Fund Type	2020 Budgeted vs. Actual Receipts		
	Budgeted Receipts	Actual Receipts	Variance
General	\$ 4,162,639	\$ 2,015,909	\$ (2,146,730)
Special Revenue	3,694,895	1,725,718	(1,969,177)
Debt Service	200,000	100,000	(100,000)
Capital Projects	1,975,000	1,179,564	(795,436)
Custodial	13,000	22,500	9,500
Total	\$ 10,045,534	\$ 5,043,691	\$ (5,001,843)

Etna Township
Licking County, Ohio
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 4 – Budgetary Activity – (Continued)

2020 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 3,529,836	\$ 1,777,868	\$ 1,751,968
Special Revenue	4,645,872	632,814	4,013,058
Debt Service	150,000	88,942	61,058
Capital Projects	2,000,000	1,179,564	820,436
Custodial	-	-	-
Total	\$ 10,325,708	\$ 3,679,188	\$ 6,646,520

Note 5 – 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:

	2020
Demand Deposits	\$ 352,453
Certificates of Deposits	3,606,723
Total Deposits	3,959,176
STAR Ohio	1,000,409
Total Deposits and Investments	\$ 4,959,585

Deposits

Deposits are insured by the Federal Depository Insurance Corporation or collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

Investments

Investments in STAR Ohio and mutual funds are not evidenced by securities that exist in physical or book-entry form.

Note 6 – 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.

Etna Township
Licking County, Ohio
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 7 – Defined Benefit Pension Plan

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

The Ohio Revised Code also prescribes contribution rates. For 2020, 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, 2020.

Note 8 – Risk Management

The Township belongs to the Ohio Plan Risk Management, Inc. (OPRM) (the "Plan"), a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to Ohio governments ("Members"). The Plan is legally separate from its member governments.

Pursuant to Section 2744.081 of the Ohio Revised Code, the plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages to its members sold through fourteen appointed independent agents in the State of Ohio.

OPRM coverage programs are developed specific to each member's risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member's exposure to loss. Effective November 1, 2017, the OPRM retained 47% of the premium and losses on the first \$250,000 casualty treaty and 30% of the first \$1,000,000 property treaty. The OPRM is also participated in a property primary excess of loss treaty. This treaty reimbursed the OPRM 30% for losses between \$200,000 and \$1,000,000. The reimbursement is based on the amount of loss between \$200,000 and \$1,000,000.

Effective November 1, 2018, the OPRM the property retention remained unchanged, however, the Plan assumed 100% of the first \$250,000 casualty treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. Effective November 1, 2019, the OPRM's property retention increased from 30% to 33%, while the casualty treaty remains unchanged and still assumes 100% of the first \$250,000 casualty treaty. Effective November 1, 2020, the OPRM's property retention increased from 33% to 55%, while the casualty treaty remains unchanged and still assumes 100% of the first \$250,000 casualty treaty. OPRM had 771 members as of December 31, 2020.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2020.

Assets	\$ 18,826,974
Liabilities	<u>(13,530,267)</u>
Members' Equity	\$ 5,296,707

You can read the complete audited financial statements for OPRM at the Plan's website, www.ohioplan.org.

Etna Township
Licking County, Ohio
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 9 – Postemployment Benefits

OPERS offers 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 0% during calendar year 2020. The portion of employer contributions allocated to health care for OPERS members in the member-directed plan was 4.0% during calendar year 2020.

Note 10 – Debt

Debt outstanding at December 31, 2020 was as follows:

Description	Principal	Interest Rate
ODOT State Route 310 Road Improvement Project	\$ 1,009,390	3.50%
OPWC CQ37W Brandy Mill Resurfacing Project	5,472	0%

During 2017, the Township in conjunction with three other entities, Southwest Licking Local School District, Licking County and Etna Corporate Park Joint Economic Development Zone No. 2, participated in State Infrastructure Bank Bonds originally issued in the amount of \$4,745,000 at 3.5% interest. The Township is obligated to pay quarterly payments in varying amounts through May of 2032. Payments are recorded in the Debt Service Fund as principal (no principal and interest breakdown is available) retirement. The OPWC loan is not closed and thus no amortization schedule is available.

Amortization

Amortization of the above debt, including interest, is scheduled as follows:

Year Ending December 31,	Payment
2021	\$ 87,304
2022	87,600
2023	89,436
2024	90,262
2025	87,442
2026-2030	434,580
2031-2032	132,766
Total	<u>\$ 1,009,390</u>

Note 11 – Contingent Liabilities

Amounts grantor agencies pay to the Township are subject to audit and adjustment by the grantor, principally the federal government. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

**Etna Township
Licking County, Ohio
Notes to the Financial Statements
For the Year Ended December 31, 2020**

Note 12 – Fund Balances

Included in fund balance are amounts the Township cannot spend. Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilities effective cash planning and control. At year end the balances of these amounts were as follows:

Fund Balances	General	Special Revenue	Total
Outstanding Encumbrances	\$ 7,493	\$ 5,063	\$ 12,556
Total	\$7,493	\$5,063	\$12,556

The fund balance of special revenue funds is restricted or committed. The fund balance of the debt service funds and capital projects funds are restricted, committed, or assigned. These restricted, committed, and assigned amounts in the special revenue, debt service, and capital projects would include the outstanding encumbrances. In the general fund, outstanding encumbrances are considered assigned.

Note 13 – Change in Accounting Principle

For 2020, the Township has made changes to their cash basis reporting model. These changes include modifications to the definition of fiduciary funds, adding a separate statement of additions, deductions, and changes in fund balances (regulatory cash basis) – fiduciary fund types, and removing the fund balance classifications from the combined statement of receipts, disbursements, and changes in fund balances (regulatory cash basis) – all governmental fund types.

Note 14 – COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Township. The impact on the Township’s future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

Note 15 - Jointly Governed Organizations/Intergovernmental Agreements

The Township participates in and receives income tax sharing compensation through four Joint Economic Development Districts and two Joint Economic Development Zones:

Etna-Reynoldsburg Joint Economic Development District 1 (JEDD 1) - The JEDD 1 is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The District was formed in accordance with Ohio Revised Code (ORC) Sections 715.72 through 715.81 as a result of an agreement between Etna Township and the City of Reynoldsburg entered into during 2015. The District’s purpose is to promote and facilitate economic development to create or preserve jobs and employment opportunities and to improve the economic welfare of the District, the municipality, and the township. The JEDD 1 levies a 2.00 percent income tax.

Etna Township
Licking County, Ohio
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 15 - Jointly Governed Organizations/Intergovernmental Agreements (Continued)

The JEDD 1 Board of Directors consists of five members, one member representing the City to serve a term of one year (Board Member No. 1), one member representing the Township to serve a term of two years (Board Member No. 2), one member representing the owners of businesses located within the District to serve a term of three years (Board Member No. 3), one member representing the persons working within the District to serve a term of four years (Board Member No. 4), and one member selected by the other members to serve a term of four years as chairperson of the Board (Board Member No. 5). After service of an initial term, terms for each member shall be for four years. A member may be reappointed to the Board, but no member shall serve more than two consecutive terms on the Board. The JEDD 1 operates on a calendar year basis. The term of the contract shall be for fifty (50) years, provided however, that if both parties agree in writing, said contract may be terminated after twenty-five (25) years. Additionally, such contract shall automatically renew for two (2) additional twenty-five (25) year terms, unless either party provides written notice of termination not later than two (2) years prior to the expiration of the original term or each additional term.

As part of the contract forming the JEDD 1, the Township and City provide certain services to the JEDD 1. The Township furnishes all usual and customary governmental services furnished by the Township to the other territory of the Township, including, but not limited to fire protection and EMS services, road construction and maintenance, administration of zoning, maintenance of township roads, snow removal, and general administration. The City, pursuant to the JEDD 1 agreement, furnishes services set forth in the agreement and engages activities to promote, complement and benefit economic development in the JEDD 1. The Township and the City may provide additional services as allowed by law as the Township and/or City and the Board deem appropriate and agree.

The gross revenues, less refunds, are paid in the following order of priority:

1. 20.00% to the Southwest Licking School District
2. 2.00% to the JEDD Board
3. 3.00% to the City of Reynoldsburg, to cover expenses related to the administration of the income tax (currently through the Regional Income Tax Agency (RITA)).
4. Repay the contracting parties the costs they incurred to establish or defend the existence of the District, if any, until paid in full, pro rata based on such cost.

From the remaining, net revenue plus the payment to Southwest Licking School District:

5. 20.00% to the City of Reynoldsburg
6. 10.00% to the Board Improvement Account
7. Any remaining amount after all other payments will be paid to Etna Township

During 2020, the township received \$35,832 under the JEDD 1 contract, which is included in the General Fund as Intergovernmental revenue.

Etna-Reynoldsburg Joint Economic Development District 2 (JEDD 2) - The JEDD 2 is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The District was formed in accordance with Ohio Revised Code (ORC) Sections 715.72 through 715.81 as a result of an agreement between Etna Township and the City of Reynoldsburg entered into during 2015. The District's purpose is to promote and facilitate economic development to create or preserve jobs and employment opportunities and to improve the economic welfare of the District, the municipality, and the township. The JEDD 2 levies a 2.00 percent income tax.

Etna Township
Licking County, Ohio
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 15 - Jointly Governed Organizations/Intergovernmental Agreements (Continued)

The JEDD 2 Board of Directors consists of five members, one member representing the City to serve a term of one year (Board Member No. 1), one member representing the Township to serve a term of two years (Board Member No. 2), one member representing the owners of businesses located within the District to serve a term of three years (Board Member No. 3), one member representing the persons working within the District to serve a term of four years (Board Member No. 4), and one member selected by the other members to serve a term of four years as chairperson of the Board (Board Member No. 5). After service of an initial term, terms for each member shall be for four years. A member may be reappointed to the Board, but no member shall serve more than two consecutive terms on the Board. The JEDD 2 operates on a calendar year basis. The term of the contract shall be for fifty (50) years, provided however, that if both parties agree in writing, said contract may be terminated after twenty-five (25) years. Additionally, such contract shall automatically renew for two (2) additional twenty-five (25) year terms, unless either party provides written notice of termination not later than two (2) years prior to the expiration of the original term or each additional term.

As part of the contract forming the JEDD 2, the Township and City provide certain services to the JEDD 2. The Township furnishes all usual and customary governmental services furnished by the Township to the other territory of the Township, including, but not limited to fire protection and EMS services, road construction and maintenance, administration of zoning, maintenance of township roads, snow removal, and general administration. The City, pursuant to the JEDD 2 agreement, furnishes services set forth in the agreement and engages activities to promote, complement and benefit economic development in the JEDD 2. The Township and the City may provide additional services as allowed by law as the Township and/or City and the Board deem appropriate and agree.

The gross revenues, less refunds, are paid in the following order of priority:

1. 2.00% to the JEDD Board
2. 3.00% to the City of Reynoldsburg, to cover expenses related to the administration of the income tax (currently through the Regional Income Tax Agency (RITA)).
3. Repay the contracting parties the costs they incurred to establish or defend the existence of the District, if any, until paid in full, pro rata based on such cost.

From the remaining, net revenue:

4. 20.00% to the Southwest Licking School District
5. 20.00% to the City of Reynoldsburg
6. 50.00% to Etna Township
7. Any remaining amount after all other payments will be paid to the Board Improvement Account.

During 2020, the township received \$19,619 under the JEDD 2 contract, which is included in the General Fund as Intergovernmental revenue.

Etna-Reynoldsburg Joint Economic Development District 3 (JEDD 3) - The JEDD 3 is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The District was formed in accordance with Ohio Revised Code (ORC) Sections 715.72 through 715.81 as a result of an agreement between Etna Township and the City of Reynoldsburg entered into during 2017. The District's purpose is to promote and facilitate economic development to create or preserve jobs and employment opportunities and to improve the economic welfare of the District, the municipality, and the township. The JEDD 3 levies a 2.00 percent income tax.

Etna Township
Licking County, Ohio
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 15 - Jointly Governed Organizations/Intergovernmental Agreements (Continued)

The JEDD 3 Board of Directors consists of five members, one member representing the City to serve a term of one year (Board Member No. 1), one member representing the Township to serve a term of two years (Board Member No. 2), one member representing the owners of businesses located within the District to serve a term of three years (Board Member No. 3), one member representing the persons working within the District to serve a term of four years (Board Member No. 4), and one member selected by the other members to serve a term of four years as chairperson of the Board (Board Member No. 5). After service of an initial term, terms for each member shall be for four years. A member may be reappointed to the Board, but no member shall serve more than two consecutive terms on the Board. The JEDD 3 operates on a calendar year basis. The term of the contract shall be for fifty (50) years, provided however, that if both parties agree in writing, said contract may be terminated after twenty-five (25) years. Additionally, such contract shall automatically renew for two (2) additional twenty-five (25) year terms, unless either party provides written notice of termination not later than two (2) years prior to the expiration of the original term or each additional term.

As part of the contract forming the JEDD 3, the Township and City provide certain services to the JEDD 3. The Township furnishes all usual and customary governmental services furnished by the Township to the other territory of the Township, including, but not limited to fire protection and EMS services, road construction and maintenance, administration of zoning, maintenance of township roads, snow removal, and general administration. The City, pursuant to the JEDD 3 agreement, furnishes services set forth in the agreement and engages activities to promote, complement and benefit economic development in the JEDD 3. The Township and the City may provide additional services as allowed by law as the Township and/or City and the Board deem appropriate and agree.

The gross revenues, less refunds, are paid in the following order of priority:

1. 20.00% to the Southwest Licking School District
2. 2.00% to the JEDD Board
3. 3.00% to the City of Reynoldsburg, to cover expenses related to the administration of the income tax (currently through the Regional Income Tax Agency (RITA).
4. Repay the contracting parties the costs they incurred to establish or defend the existence of the District, if any, until paid in full, pro rata based on such cost.

From the remaining, net revenue:

5. 15.00% to the City of Reynoldsburg
6. 20.00% to the Board Improvement Account
7. 5.00% to the West Licking Fire District
8. 5.00% to the Licking County Transportation Improvement District
9. 15.00% to the Career and Technology Centers of Licking County (C-TECH)
10. 15.00% to Licking County
11. Any remaining amount after all other payments will be paid to Etna Township.

During 2020, the township received \$75,662 under the JEDD 3 contract, which is included in the General Fund as Intergovernmental revenue.

Etna Township
Licking County, Ohio
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 15 - Jointly Governed Organizations/Intergovernmental Agreements (Continued)

Etna-Reynoldsburg Joint Economic Development District 4 (JEDD 4) - The JEDD 4 is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The District was formed in accordance with Ohio Revised Code (ORC) Sections 715.72 through 715.81 as a result of an agreement between Etna Township and the City of Reynoldsburg entered into during 2019. The District's purpose is to promote and facilitate economic development to create or preserve jobs and employment opportunities and to improve the economic welfare of the District, the municipality, and the township. Effective August 30, 2019, the JEDD 4 Board enacted an income tax levy of 2.00 percent.

The JEDD 4 Board of Directors consists of five members, one member representing the City to serve a term of one year (Board Member No. 1), one member representing the Township to serve a term of two years (Board Member No. 2), one member representing the owners of businesses located within the District to serve a term of three years (Board Member No. 3), one member representing the persons working within the District to serve a term of four years (Board Member No. 4), and one member selected by the other members to serve a term of four years as chairperson of the Board (Board Member No. 5). After service of an initial term, terms for each member shall be for four years. A member may be reappointed to the Board, but no member shall serve more than two consecutive terms on the Board. The JEDD 2 operates on a calendar year basis. The term of the contract shall be for fifty (50) years, provided however, that if both parties agree in writing, said contract may be terminated after twenty-five (25) years. Additionally, such contract shall automatically renew for two (2) additional twenty-five (25) year terms, unless either party provides written notice of termination not later than two (2) years prior to the expiration of the original term or each additional term.

As part of the contract forming the JEDD 4, the Township and City provide certain services to the JEDD 4. The Township furnishes all usual and customary governmental services furnished by the Township to the other territory of the Township, including, but not limited to fire protection and EMS services, road construction and maintenance, administration of zoning, maintenance of township roads, snow removal, and general administration. The City, pursuant to the JEDD 4 agreement, furnishes services set forth in the agreement and engages activities to promote, complement and benefit economic development in the JEDD 4. The Township and the City may provide additional services as allowed by law as the Township and/or City and the Board deem appropriate and agree.

The gross revenues, less refunds, are paid in the following order of priority:

1. 5.00% to Southwest Licking School District
2. 5.00% to the JEDD Board
3. 3.00% to the City of Reynoldsburg, to cover expenses related to the administration of the income tax (currently through the Regional Income Tax Agency (RITA)).
4. Repay the contracting parties the costs they incurred to establish or defend the existence of the District, if any, until paid in full, pro rata based on such cost.

From the remaining, net revenue:

5. 15.00% to the City of Reynoldsburg
6. 20.00% to the Board Improvement Account
7. 5.00% to the Licking County Transportation Improvement District (TID)
8. 5.00% to the Career and Technology Centers of Licking County (C-TECH)
9. 5.00% to Licking County
10. Any remaining amount after all other payments will be paid to Etna Township.

**Etna Township
Licking County, Ohio
Notes to the Financial Statements
For the Year Ended December 31, 2020**

Note 15 - Jointly Governed Organizations/Intergovernmental Agreements (Continued)

During 2020, the township received \$419 under the JEDD 4 contract, which is included in the General Fund as Intergovernmental revenue.

Etna Corporate Park Joint Economic Development Zone 1 (JEDZ 1) - The JEDZ 1 is a political subdivision of the state of Ohio established in accordance with Ohio Revised Code 715.691. It is located in Etna Township, pursuant to a contract with the City of Newark as provided in the statutory scheme for Joint Economic District Zones. Within its district, Newark's income tax is applicable to economic activity. The JEDZ 1 levies a 1.75 percent income tax. The City of Newark assesses and collects the income tax on behalf of the JEDZ 1.

The JEDZ 1 operates under a board established by the City, the Township, and Southwest Licking Local School District with the City and Township each appointing three members of the Board and Southwest Licking Local School District appointing one member of the board all of whom to serve terms of two years. The City, Township and the School District, in their sole discretion, may reappoint members of the Board for additional terms on the Board. The members of the Board serve without compensation. The JEDZ 1 operates on a calendar year basis. The term of the contract for the existence of the JEDZ 1 shall be in force and effect through December 31st of the year containing the 30th anniversary of the effective date of the contract.

As part of the contract forming the JEDZ 1, the Township and City provide certain services to the JEDZ 1. The Township furnishes all usual and customary governmental services furnished by the Township to the other territory of the Township, including, but not limited to administration of zoning, maintenance of township roads, snow removal, fire protection, police protection, emergency medical services and general administration. The City, pursuant to the JEDZ 1 agreement, furnishes services set forth in the agreement and engages activities to promote, complement and benefit economic development in the JEDZ 1. The Township and the City may provide additional services as allowed by law as the Township and/or City and the Board deem appropriate and agree.

The net income tax revenues are distributed annually, as follows:

1. 20.00% to the JEDZ 1. The JEDZ 1 by resolution has distributed half of this amount to Prologis.

The remaining 80.00% is distributed in the following manner:

2. 37.50% to Etna Township
3. 37.50% to the Southwest Licking Local School District
4. 12.50% to the City of Newark
5. 6.25% to Licking County
6. 5.625% to the Newark Income Tax Department
7. .625% to the Career and Technology Centers of Licking County (C-TEC)

During 2020, the township received \$244,281 under the JEDZ 1 contract, which is included in the General Fund as Intergovernmental revenue.

**Etna Township
Licking County, Ohio
Notes to the Financial Statements
For the Year Ended December 31, 2020**

Note 15 - Jointly Governed Organizations/Intergovernmental Agreements (Continued)

Etna Corporate Park Joint Economic Development Zone 2 (JEDZ 2) - The JEDZ 2 is a political subdivision of the state of Ohio established in accordance with Ohio Revised Code 715.691. It is located in Etna Township, pursuant to a contract with the City of Newark as provided in the statutory scheme for Joint Economic District Zones. Within its district, Newark's income tax is applicable to economic activity. The JEDZ 2 levies a 1.75 percent income tax. The City of Newark assesses and collects the income tax on behalf of the JEDZ 2.

The JEDZ 2 operates under a board established by the City, the Township, and Southwest Licking Local School District with the City and Township and each appointing three members of the Board and Southwest Licking Local School District appointing one member of the board all of whom to serve terms of two years. The City, Township, and the School District, in their sole discretion, may reappoint members of the Board for additional terms on the Board. The members of the Board serve without compensation. The JEDZ 2 operates on a calendar year basis. The term of the contract for the existence of the JEDZ 2 shall be in force and effect through December 31st of the year containing the 30th anniversary of the effective date of the contract.

As part of the contract forming the JEDZ 2, the Township and City provide certain services to the JEDZ 2. The Township furnishes all usual and customary governmental services furnished by the Township to the other territory of the Township, including, but not limited to administration of zoning, maintenance of township roads, snow removal, fire protection, police protection, emergency medical services and general administration. The City, pursuant to the JEDZ 2 agreement, furnishes services set forth in the agreement and engages activities to promote, complement and benefit economic development in the JEDZ 2. The Township and the City may provide additional services as allowed by law as the Township and/or City and the Board deem appropriate and agree.

The net income tax revenues are distributed quarterly, as follows:

1. 20.00% to the JEDZ 2

The remaining 80% is distributed in the following manner:

2. 37.50% to Etna Township
3. 35.00% to the Southwest Licking Local School District
4. 10.625% to the City of Newark
5. 5.00% to Licking County
6. 5.00% to the West Licking Joint Fire District
7. 5.625% to the Newark Income Tax Department
8. 1.25% to the Career and Technology Centers of Licking County (C-TEC)

During 2020, the township received \$880,867 under the JEDZ 2 contract, which is included in the General Fund as Intergovernmental revenue.

ETNA TOWNSHIP
LICKING COUNTY, OHIO

*Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
All Governmental Fund Types
For the Year Ended December 31, 2019*

	General	Special Revenue	Debt Service	Capital Projects	Totals (Memorandum Only)
Cash Receipts:					
Property and Other Taxes	\$ 430,626	\$ 921,631	\$ -	\$ -	\$ 1,352,257
Licenses, Permits, and Fees	175,565	-	-	-	175,565
Intergovernmental	1,426,927	1,150,528	1,666,343	-	4,243,798
Special Assessment	-	73,774	-	-	73,774
Earnings on Investments	81,163	3,087	-	-	84,250
Miscellaneous	34,248	-	-	-	34,248
<i>Total Cash Receipts</i>	<u>2,148,529</u>	<u>2,149,020</u>	<u>1,666,343</u>	<u>-</u>	<u>5,963,892</u>
Cash Disbursements:					
Current:					
General Government	768,053	-	-	-	768,053
Public Safety	132,228	-	-	-	132,228
Public Works	162,129	2,003,745	-	-	2,165,874
Health	50,789	-	-	-	50,789
Conservation-Recreation	44,952	-	-	-	44,952
Capital Outlay	314,601	394,017	-	-	708,618
Debt Service:					
Principal Retirement	-	-	1,929,789	-	1,929,789
Interest and Fiscal Charges	-	-	78,595	-	78,595
<i>Total Cash Disbursements</i>	<u>1,472,752</u>	<u>2,397,762</u>	<u>2,008,384</u>	<u>-</u>	<u>5,878,898</u>
<i>Excess of Receipts over (under) Disbursements</i>	<u>675,777</u>	<u>(248,742)</u>	<u>(342,041)</u>	<u>-</u>	<u>84,994</u>
Other Financing Receipts (Disbursements)					
Transfers In	-	-	291,000	-	291,000
Transfers Out	(291,000)	-	-	-	(291,000)
Other Debt Proceeds	-	-	40,705	-	40,705
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(291,000)</u>	<u>-</u>	<u>331,705</u>	<u>-</u>	<u>40,705</u>
<i>Net Change in Fund Cash Balances</i>	384,777	(248,742)	(10,336)	-	125,699
<i>Fund Cash Balances, January 1</i>	<u>1,756,900</u>	<u>1,449,330</u>	<u>11,845</u>	<u>225,635</u>	<u>3,443,710</u>
Fund Cash Balances, December 31					
Restricted	-	1,200,588	1,509	225,635	1,427,732
Unassigned	2,141,677	-	-	-	2,141,677
<i>Fund Cash Balances, December 31</i>	<u>\$ 2,141,677</u>	<u>\$ 1,200,588</u>	<u>\$ 1,509</u>	<u>\$ 225,635</u>	<u>\$ 3,569,409</u>

See accompanying notes to the financial statement

**ETNA TOWNSHIP
LICKING COUNTY**

*Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)*

Fiduciary Fund Type

For the Year Ended December 31, 2019

	Fiduciary Fund Type
	<u>Custodial</u>
Operating Cash Receipts	
Miscellaneous	<u>7,500</u>
<i>Total Operating Cash Receipts</i>	<u>7,500</u>
Operating Cash Disbursements	
Other	<u>25,000</u>
<i>Total Operating Cash Disbursements</i>	<u>25,000</u>
<i>Net Change in Fund Cash Balances</i>	(17,500)
<i>Fund Cash Balances, January 1</i>	<u>30,500</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$13,000</u></u>

See accompanying notes to the financial statements

Etna Township
Licking County, Ohio
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 1 – Reporting Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Etna 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. The Township contracts with the West Licking Joint Fire District to provide fire and ambulance services.

Public Entity Risk Pool and Jointly Governed Organizations

The Township participates in a Public Entity Risk Pool and six jointly governed organizations. Notes 8 and 12 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, and a statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for the fiduciary fund type which are organized on a fund type basis.

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 Fund:

Road and Bridge Fund This fund receives property taxes for maintenance and repair of roads within the Township.

Etna Township
Licking County, Ohio
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 2 – Summary of Significant Accounting Policies (Continued)

Debt Service Funds These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest. The Township had the following Debt Service Fund:

Debt Service Fund This fund receives its funding mainly through transfers and grants to fund the debt retirement of the State Route 310 project.

Capital Project Funds These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Township had the following capital project fund:

Miscellaneous Capital Projects The proceeds are received and restricted for various capital improvements.

Fiduciary Funds

Fiduciary funds include custodial funds. Custodial funds are purely custodial in nature and are used to hold resources for individuals, organizations or other governments. The Township disburses these funds as directed by the individual, organization or other government. The Township's custodial fund accounts for performance deposits related to right-of-way permits for road projects.

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 (except certain custodial funds) be budgeted annually.

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. 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.

Etna Township
Licking County, Ohio
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 2 – Summary of Significant Accounting Policies (Continued)

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 2019 budgetary activity appears in Note 4.

Deposits and Investments

The Township 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. Money market mutual funds are recorded at share values the mutual funds report. Investment in STAR Ohio is measured at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

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.

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.

Etna Township
Licking County, Ohio
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 2 – Summary of Significant Accounting Policies (Continued)

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.

Note 3 – Compliance

The Township is in noncompliance with Ohio Revised Code Section 5705.41(D) for not timely certifying purchase orders prior to payment.

Note 4 – Budgetary Activity

Budgetary activity for the year ending 2019 follows:

2019 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 5,381,472	\$ 2,148,529	\$ (3,232,943)
Special Revenue	3,159,902	2,149,020	(1,010,882)
Debt Service	2,090,440	1,998,048	(92,392)
Capital Projects	342,500	-	(342,500)
Custodial	30,500	7,500	(23,000)
Total	\$ 11,004,814	\$ 6,303,097	\$ (4,701,717)

Etna Township
Licking County, Ohio
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 4 – Budgetary Activity (Continued)

2019 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 5,071,650	\$ 1,769,104	\$ 3,302,546
Special Revenue	3,253,104	2,402,568	\$ 850,536
Debt Service	2,078,595	2,008,384	\$ 70,211
Capital Projects	200,000	-	\$ 200,000
Custodial	-	25,000	\$ (25,000)
Total	\$ 10,603,349	\$ 6,205,056	\$ 4,398,293

Note 5 – 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:

	2019
Demand Deposits	\$ 687,414
Certificates of Deposits	2,894,861
Total Deposits	3,582,275
STAR Ohio	135
Total Deposits and Investments	\$ 3,582,410

Deposits

Deposits are insured by the Federal Depository Insurance Corporation or collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

Investments

Investments in STAR Ohio and mutual funds are not evidenced by securities that exist in physical or book-entry form.

Note 6 – 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.

Etna Township
Licking County, Ohio
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 7 – Defined Benefit Pension Plan

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

The Ohio Revised Code also prescribes contribution rates. For 2019, 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, 2019.

Note 8 – Risk Management

The Township belongs to the Ohio Plan Risk Management, Inc. (OPRM) (the "Plan"), a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to Ohio governments ("Members"). The Plan is legally separate from its member governments.

Pursuant to Section 2744.081 of the Ohio Revised Code, the plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages to its members sold through fourteen appointed independent agents in the State of Ohio.

OPRM coverage programs are developed specific to each member's risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member's exposure to loss. Effective November 1, 2017, the OPRM retained 47% of the premium and losses on the first \$250,000 casualty treaty and 30% of the first \$1,000,000 property treaty. The OPRM is also participated in a property primary excess of loss treaty. This treaty reimbursed the OPRM 30% for losses between \$200,000 and \$1,000,000. The reimbursement is based on the amount of loss between \$200,000 and \$1,000,000.

Effective November 1, 2018, the OPRM the property retention remained unchanged, however, the Plan assumed 100% of the first \$250,000 casualty treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. Effective November 1, 2019, the OPRM's property retention increased from 30% to 33%, while the casualty treaty remains unchanged and still assumes 100% of the first \$250,000 casualty treaty. OPRM had 776 members as of December 31, 2019.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2019.

Assets	\$ 15,920,504
Liabilities	<u>(11,329,011)</u>
Members' Equity	\$ 4,591,493

You can read the complete audited financial statements for OPRM at the Plan's website, www.ohioplan.org.

Etna Township
Licking County, Ohio
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 9 – Postemployment Benefits

OPERS offers 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 0% during calendar year 2019. The portion of employer contributions allocated to health care for OPERS members in the member-directed plan was 4.0% during calendar year 2019.

Note 10 – Debt

Debt outstanding at December 31, 2019 was as follows:

	Principal	Interest Rate
ODOT State Route 310 Road Improvement Project	\$ 1,098,332	3.50%

The Township retired in full its proceeds drawn on a Park National Bank Note (\$1,700,000 (2017), \$101,698 (2018) and \$40,705 (2019)) that was issued to advance fund project costs in anticipation of grants to be received for the State Route 310 Improvements. The full principal amount outstanding was retired during 2019 in the amount of \$1,842,403. This was retired from the Debt Service Fund.

During 2017, the Township in conjunction with three other entities, Southwest Licking Local School District, Licking County and Etna Corporate Park Joint Economic Development Zone No. 2, participated in State Infrastructure Bank Bonds originally issued in the amount of \$4,745,000 at 3.5% interest. The Township is obligated to pay quarterly payments in varying amounts through May of 2032. Payments are recorded in the Debt Service Fund as principal (no principal and interest breakdown is available) retirement.

Amortization

Amortization of the above debt, including interest, is scheduled as follows:

Year Ending December 31,	Payment
2020	\$ 88,942
2021	87,304
2022	87,600
2023	89,436
2024	90,262
2025-2029	435,418
2030-2032	219,370
Total	\$ 1,098,332

Etna Township
Licking County, Ohio
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 11 – Change in Accounting Principle

For 2019, the Township has implemented GASB Statement No. 84, “Fiduciary Activities.” GASB Statement No. 84 establishes specific criteria for identifying activities that should be reported as fiduciary activities. Due to the implementation of GASB 84, the Township will no longer be reporting agency funds. The Township reviewed its fiduciary funds and certain funds will be reported in the new fiduciary classification of custodial funds. This implementation required did not require any restatement of fund balances.

Note 12 - Jointly Governed Organizations/Intergovernmental Agreements

The Township participates in and receives income tax sharing compensation through four Joint Economic Development Districts and two Joint Economic Development Zones:

Etna-Reynoldsburg Joint Economic Development District 1 (JEDD 1) - The JEDD 1 is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The District was formed in accordance with Ohio Revised Code (ORC) Sections 715.72 through 715.81 as a result of an agreement between Etna Township and the City of Reynoldsburg entered into during 2015. The District’s purpose is to promote and facilitate economic development to create or preserve jobs and employment opportunities and to improve the economic welfare of the District, the municipality, and the township. The JEDD 1 levies a 2.00 percent income tax.

The JEDD 1 Board of Directors consists of five members, one member representing the City to serve a term of one year (Board Member No. 1), one member representing the Township to serve a term of two years (Board Member No. 2), one member representing the owners of businesses located within the District to serve a term of three years (Board Member No. 3), one member representing the persons working within the District to serve a term of four years (Board Member No. 4), and one member selected by the other members to serve a term of four years as chairperson of the Board (Board Member No. 5). After service of an initial term, terms for each member shall be for four years. A member may be reappointed to the Board, but no member shall serve more than two consecutive terms on the Board. The JEDD 1 operates on a calendar year basis. The term of the contract shall be for fifty (50) years, provided however, that if both parties agree in writing, said contract may be terminated after twenty-five (25) years. Additionally, such contract shall automatically renew for two (2) additional twenty-five (25) year terms, unless either party provides written notice of termination not later than two (2) years prior to the expiration of the original term or each additional term.

As part of the contract forming the JEDD 1, the Township and City provide certain services to the JEDD 1. The Township furnishes all usual and customary governmental services furnished by the Township to the other territory of the Township, including, but not limited to fire protection and EMS services, road construction and maintenance, administration of zoning, maintenance of township roads, snow removal, and general administration. The City, pursuant to the JEDD 1 agreement, furnishes services set forth in the agreement and engages activities to promote, complement and benefit economic development in the JEDD 1. The Township and the City may provide additional services as allowed by law as the Township and/or City and the Board deem appropriate and agree.

Etna Township
Licking County, Ohio
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 12 - Jointly Governed Organizations/Intergovernmental Agreements (Continued)

The gross revenues, less refunds, are paid in the following order of priority:

1. 20.00% to the Southwest Licking School District
2. 2.00% to the JEDD Board
3. 3.00% to the City of Reynoldsburg, to cover expenses related to the administration of the income tax (currently through the Regional Income Tax Agency (RITA)).
4. Repay the contracting parties the costs they incurred to establish or defend the existence of the District, if any, until paid in full, pro rata based on such cost.

From the remaining, net revenue plus the payment to Southwest Licking School District:

5. 20.00% to the City of Reynoldsburg
6. 10.00% to the Board Improvement Account
7. Any remaining amount after all other payments will be paid to Etna Township

During 2019, the township did not receive any payments under the JEDD 1 contract.

Etna-Reynoldsburg Joint Economic Development District 2 (JEDD 2) - The JEDD 2 is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The District was formed in accordance with Ohio Revised Code (ORC) Sections 715.72 through 715.81 as a result of an agreement between Etna Township and the City of Reynoldsburg entered into during 2015. The District's purpose is to promote and facilitate economic development to create or preserve jobs and employment opportunities and to improve the economic welfare of the District, the municipality, and the township. The JEDD 2 levies a 2.00 percent income tax.

The JEDD 2 Board of Directors consists of five members, one member representing the City to serve a term of one year (Board Member No. 1), one member representing the Township to serve a term of two years (Board Member No. 2), one member representing the owners of businesses located within the District to serve a term of three years (Board Member No. 3), one member representing the persons working within the District to serve a term of four years (Board Member No. 4), and one member selected by the other members to serve a term of four years as chairperson of the Board (Board Member No. 5). After service of an initial term, terms for each member shall be for four years. A member may be reappointed to the Board, but no member shall serve more than two consecutive terms on the Board. The JEDD 2 operates on a calendar year basis. The term of the contract shall be for fifty (50) years, provided however, that if both parties agree in writing, said contract may be terminated after twenty-five (25) years. Additionally, such contract shall automatically renew for two (2) additional twenty-five (25) year terms, unless either party provides written notice of termination not later than two (2) years prior to the expiration of the original term or each additional term.

As part of the contract forming the JEDD 2, the Township and City provide certain services to the JEDD 2. The Township furnishes all usual and customary governmental services furnished by the Township to the other territory of the Township, including, but not limited to fire protection and EMS services, road construction and maintenance, administration of zoning, maintenance of township roads, snow removal, and general administration. The City, pursuant to the JEDD 2 agreement, furnishes services set forth in the agreement and engages activities to promote, complement and benefit economic development in the JEDD 2. The Township and the City may provide additional services as allowed by law as the Township and/or City and the Board deem appropriate and agree.

Etna Township
Licking County, Ohio
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 12 - Jointly Governed Organizations/Intergovernmental Agreements (Continued)

The gross revenues, less refunds, are paid in the following order of priority:

1. 2.00% to the JEDD Board
2. 3.00% to the City of Reynoldsburg, to cover expenses related to the administration of the income tax (currently through the Regional Income Tax Agency (RITA)).
3. Repay the contracting parties the costs they incurred to establish or defend the existence of the District, if any, until paid in full, pro rata based on such cost.

From the remaining, net revenue:

4. 20.00% to the Southwest Licking School District
5. 20.00% to the City of Reynoldsburg
6. 50.00% to Etna Township
7. Any remaining amount after all other payments will be paid to the Board Improvement Account.

During 2019, the township did not receive any payments under the JEDD 2 contract.

Etna-Reynoldsburg Joint Economic Development District 3 (JEDD 3) - The JEDD 3 is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The District was formed in accordance with Ohio Revised Code (ORC) Sections 715.72 through 715.81 as a result of an agreement between Etna Township and the City of Reynoldsburg entered into during 2017. The District's purpose is to promote and facilitate economic development to create or preserve jobs and employment opportunities and to improve the economic welfare of the District, the municipality, and the township. The JEDD 3 levies a 2.00 percent income tax.

The JEDD 3 Board of Directors consists of five members, one member representing the City to serve a term of one year (Board Member No. 1), one member representing the Township to serve a term of two years (Board Member No. 2), one member representing the owners of businesses located within the District to serve a term of three years (Board Member No. 3), one member representing the persons working within the District to serve a term of four years (Board Member No. 4), and one member selected by the other members to serve a term of four years as chairperson of the Board (Board Member No. 5). After service of an initial term, terms for each member shall be for four years. A member may be reappointed to the Board, but no member shall serve more than two consecutive terms on the Board. The JEDD 3 operates on a calendar year basis. The term of the contract shall be for fifty (50) years, provided however, that if both parties agree in writing, said contract may be terminated after twenty-five (25) years. Additionally, such contract shall automatically renew for two (2) additional twenty-five (25) year terms, unless either party provides written notice of termination not later than two (2) years prior to the expiration of the original term or each additional term.

As part of the contract forming the JEDD 3, the Township and City provide certain services to the JEDD 3. The Township furnishes all usual and customary governmental services furnished by the Township to the other territory of the Township, including, but not limited to fire protection and EMS services, road construction and maintenance, administration of zoning, maintenance of township roads, snow removal, and general administration. The City, pursuant to the JEDD 3 agreement, furnishes services set forth in the agreement and engages activities to promote, complement and benefit economic development in the JEDD 3. The Township and the City may provide additional services as allowed by law as the Township and/or City and the Board deem appropriate and agree.

Etna Township
Licking County, Ohio
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 12 - Jointly Governed Organizations/Intergovernmental Agreements (Continued)

The gross revenues, less refunds, are paid in the following order of priority:

1. 20.00% to the Southwest Licking School District
2. 2.00% to the JEDD Board
3. 3.00% to the City of Reynoldsburg, to cover expenses related to the administration of the income tax (currently through the Regional Income Tax Agency (RITA)).
4. Repay the contracting parties the costs they incurred to establish or defend the existence of the District, if any, until paid in full, pro rata based on such cost.

From the remaining, net revenue:

5. 15.00% to the City of Reynoldsburg
6. 20.00% to the Board Improvement Account
7. 5.00% to the West Licking Fire District
8. 5.00% to the Licking County Transportation Improvement District
9. 15.00% to the Career and Technology Centers of Licking County (C-TECH)
10. 15.00% to Licking County
11. Any remaining amount after all other payments will be paid to Etna Township.

During 2019, the township did not receive any payments under the JEDD 3 contract.

Etna-Reynoldsburg Joint Economic Development District 4 (JEDD 4) - The JEDD 4 is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The District was formed in accordance with Ohio Revised Code (ORC) Sections 715.72 through 715.81 as a result of an agreement between Etna Township and the City of Reynoldsburg entered into during 2019. The District's purpose is to promote and facilitate economic development to create or preserve jobs and employment opportunities and to improve the economic welfare of the District, the municipality, and the township. Effective August 30, 2019, the JEDD 4 Board enacted an income tax levy of 2.00 percent.

The JEDD 4 Board of Directors consists of five members, one member representing the City to serve a term of one year (Board Member No. 1), one member representing the Township to serve a term of two years (Board Member No. 2), one member representing the owners of businesses located within the District to serve a term of three years (Board Member No. 3), one member representing the persons working within the District to serve a term of four years (Board Member No. 4), and one member selected by the other members to serve a term of four years as chairperson of the Board (Board Member No. 5). After service of an initial term, terms for each member shall be for four years. A member may be reappointed to the Board, but no member shall serve more than two consecutive terms on the Board. The JEDD 4 operates on a calendar year basis. The term of the contract shall be for fifty (50) years, provided however, that if both parties agree in writing, said contract may be terminated after twenty-five (25) years. Additionally, such contract shall automatically renew for two (2) additional twenty-five (25) year terms, unless either party provides written notice of termination not later than two (2) years prior to the expiration of the original term or each additional term.

Etna Township
Licking County, Ohio
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 12 - Jointly Governed Organizations/Intergovernmental Agreements (Continued)

As part of the contract forming the JEDD 4, the Township and City provide certain services to the JEDD 4. The Township furnishes all usual and customary governmental services furnished by the Township to the other territory of the Township, including, but not limited to fire protection and EMS services, road construction and maintenance, administration of zoning, maintenance of township roads, snow removal, and general administration. The City, pursuant to the JEDD 4 agreement, furnishes services set forth in the agreement and engages activities to promote, complement and benefit economic development in the JEDD 4. The Township and the City may provide additional services as allowed by law as the Township and/or City and the Board deem appropriate and agree.

The gross revenues, less refunds, are paid in the following order of priority:

1. 5.00% to Southwest Licking School District
2. 5.00% to the JEDD Board
3. 3.00% to the City of Reynoldsburg, to cover expenses related to the administration of the income tax (currently through the Regional Income Tax Agency (RITA)).
4. Repay the contracting parties the costs they incurred to establish or defend the existence of the District, if any, until paid in full, pro rata based on such cost.

From the remaining, net revenue:

5. 15.00% to the City of Reynoldsburg
6. 20.00% to the Board Improvement Account
7. 5.00% to the Licking County Transportation Improvement District (TID)
8. 5.00% to the Career and Technology Centers of Licking County (C-TECH)
9. 5.00% to Licking County
10. Any remaining amount after all other payments will be paid to Etna Township.

During 2019, the township did not receive any payments under the JEDD 4 contract.

Etna Corporate Park Joint Economic Development Zone 1 (JEDZ 1) - The JEDZ 1 is a political subdivision of the state of Ohio established in accordance with Ohio Revised Code 715.691. It is located in Etna Township, pursuant to a contract with the City of Newark as provided in the statutory scheme for Joint Economic District Zones. Within its district, Newark's income tax is applicable to economic activity. The JEDZ 1 levies a 1.75 percent income tax. The City of Newark assesses and collects the income tax on behalf of the JEDZ 1.

The JEDZ 1 operates under a board established by the City, the Township, and Southwest Licking Local School District with the City and Township each appointing three members of the Board and Southwest Licking Local School District appointing one member of the board all of whom to serve terms of two years. The City, Township and the School District, in their sole discretion, may reappoint members of the Board for additional terms on the Board. The members of the Board serve without compensation. The JEDZ 1 operates on a calendar year basis. The term of the contract for the existence of the JEDZ 1 shall be in force and effect through December 31st of the year containing the 30th anniversary of the effective date of the contract.

Etna Township
Licking County, Ohio
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 12 - Jointly Governed Organizations/Intergovernmental Agreements (Continued)

As part of the contract forming the JEDZ 1, the Township and City provide certain services to the JEDZ 1. The Township furnishes all usual and customary governmental services furnished by the Township to the other territory of the Township, including, but not limited to administration of zoning, maintenance of township roads, snow removal, fire protection, police protection, emergency medical services and general administration. The City, pursuant to the JEDZ 1 agreement, furnishes services set forth in the agreement and engages activities to promote, complement and benefit economic development in the JEDZ 1. The Township and the City may provide additional services as allowed by law as the Township and/or City and the Board deem appropriate and agree.

The net income tax revenues are distributed annually, as follows:

1. 20.00% to the JEDZ 1. The JEDZ 1 by resolution has distributed half of this amount to Prologis.

The remaining 80.00% is distributed in the following manner:

2. 37.50% to Etna Township
3. 37.50% to the Southwest Licking Local School District
4. 12.50% to the City of Newark
5. 6.25% to Licking County
6. 5.625% to the Newark Income Tax Department
7. .625% to the Career and Technology Centers of Licking County (C-TEC)

During 2019, the township received \$351,328 under the JEDZ 1 contract, which is included in the General Fund as Intergovernmental revenue. Effective with the year beginning January 1, 2020, distributions will be made quarterly.

Etna Corporate Park Joint Economic Development Zone 2 (JEDZ 2) - The JEDZ 2 is a political subdivision of the state of Ohio established in accordance with Ohio Revised Code 715.691. It is located in Etna Township, pursuant to a contract with the City of Newark as provided in the statutory scheme for Joint Economic District Zones. Within its district, Newark's income tax is applicable to economic activity. The JEDZ 2 levies a 1.75 percent income tax. The City of Newark assesses and collects the income tax on behalf of the JEDZ 2.

The JEDZ 2 operates under a board established by the City, the Township, and Southwest Licking Local School District with the City and Township and each appointing three members of the Board and Southwest Licking Local School District appointing one member of the board all of whom to serve terms of two years. The City, Township, and the School District, in their sole discretion, may reappoint members of the Board for additional terms on the Board. The members of the Board serve without compensation. The JEDZ 2 operates on a calendar year basis. The term of the contract for the existence of the JEDZ 2 shall be in force and effect through December 31st of the year containing the 30th anniversary of the effective date of the contract.

Etna Township
Licking County, Ohio
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 12 - Jointly Governed Organizations/Intergovernmental Agreements (Continued)

As part of the contract forming the JEDZ 2, the Township and City provide certain services to the JEDZ 2. The Township furnishes all usual and customary governmental services furnished by the Township to the other territory of the Township, including, but not limited to administration of zoning, maintenance of township roads, snow removal, fire protection, police protection, emergency medical services and general administration. The City, pursuant to the JEDZ 2 agreement, furnishes services set forth in the agreement and engages activities to promote, complement and benefit economic development in the JEDZ 2. The Township and the City may provide additional services as allowed by law as the Township and/or City and the Board deem appropriate and agree.

The net income tax revenues are distributed quarterly, as follows:

1. 20.00% to the JEDZ 2

The remaining 80% is distributed in the following manner:

2. 37.50% to Etna Township
3. 35.00% to the Southwest Licking Local School District
4. 10.625% to the City of Newark
5. 5.00% to Licking County
6. 5.00% to the West Licking Joint Fire District
7. 5.625% to the Newark Income Tax Department
8. 1.25% to the Career and Technology Centers of Licking County (C-TEC)

During 2019, the township received \$1,244,533 and under the JEDZ 2 contract, of which \$1,013,757 and \$230,776, is included in the General Fund and Special Revenue Funds, respectively, as Intergovernmental revenue.

**Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other
Matters Based on an Audit of Financial Statements Performed in Accordance with
*Government Auditing Standards***

Etna Township
Licking County
81 Liberty Street
Etna, Ohio 43018

To the Board of Trustees:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the cash balances, receipts, and disbursements for each governmental fund type and the fiduciary fund type combined total of Etna Township, Licking County, Ohio, as of and for the year ended December 31, 2020, and for each governmental and fiduciary fund type as of and for the year ended December 31, 2019, and the related notes to the financial statements and have issued our report thereon dated October 26, 2021, wherein we noted as described in Note 2 to the financial statements, Etna Township followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. Furthermore, as discussed in Note 13 to the financial statements, for the year ended December 31, 2020, Etna Township adopted a change in accounting principle and removed the fund balance classifications from the Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Regulatory Cash Basis) – All Governmental Fund Types. Additionally, as described in Note 14 to the financial statements, for the year ended December 31, 2020, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of Etna Township. Lastly, as discussed in Note 11 to the financial statements, for the year ended December 31, 2019, Etna Township adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 84, Fiduciary Activities.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Etna Township's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Etna Township's internal control. Accordingly, we do not express an opinion on the effectiveness of Etna Township's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of Etna Township's financial statements will not be prevented, or detected and corrected, on a timely basis. 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 deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses as items 2020-001 through 2020-004 that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Etna Township's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*, and which are described in the accompanying schedule of findings and responses as items 2020-002 and 2020-003.

Etna Township's Responses to Findings

Etna Township's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. Etna Township's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Etna Township's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Etna Township's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Julian & Grube, Inc.
October 26, 2021

**ETNA TOWNSHIP
LICKING COUNTY, OHIO**

**SCHEDULE OF FINDINGS AND RESPONSES
DECEMBER 31, 2020 AND 2019**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS	
Finding Number	2020-001

Material Weakness - Financial Statement Presentation

Accurate financial reporting is required in order to provide management and other stakeholders with objective and timely information to enable well-informed decisions. Presentation of materially correct financial statements and the related footnotes is the responsibility of management. This responsibility remains intact even if management decides to outsource this function for efficiency purposes or any other reason. In either case, it is important that control procedures are developed related to the financial statements that enable management to identify, prevent, detect and correct potential misstatements in the financial statements and footnotes. In general, an accounting and information system should be designed to provide management with accurate and timely information.

The following adjustments were made to the financial statements to properly record significant transactions for the years ended December 31, 2020 and 2019, respectively.

2020:

- In the General Fund, intergovernmental receipts were decreased \$377,766, general government disbursements were decreased \$26,354, capital outlay disbursements were decreased \$41,524. Additionally, in the Coronavirus Relief Fund (Special Revenue Fund Type), intergovernmental receipts were increased \$377,766, general government disbursements were increased \$26,354, capital outlay disbursements were increased \$41,524. These adjustments were necessary to properly record COVID-19 monies in a separate special revenue fund as required.
- In the Road and Bridge Fund (Special Revenue Fund Type), intergovernmental receipts were increased \$127,714, other debt proceeds were increased \$5,472 and miscellaneous receipts were decreased \$133,186 to properly record on-behalf payments from the Ohio Public Works Commission.
- In the General Fund, transfers out were increased \$100,000, and general government disbursements were decreased \$100,000. In the Debt Service Fund Type, transfers in were increased \$100,000, and other debt proceeds were decreased \$100,000. These adjustments were necessary to properly record transfers to the debt service fund from the general fund.
- In the General Fund, intergovernmental receipts were increased \$1,256,680, and property and other tax receipts were decreased \$1,256,680 to properly record member distributions from the JEDD's and the JEDZ's.
- In the General Fund, public safety disbursements were decreased \$340,027, and public works disbursements were increased \$340,027. These adjustments were necessary to record residential waste disposal in the financial statement function line item as recommended by the Ohio Township Manual.

2019:

- In the General Fund, transfers out were increased \$291,000, and general government disbursements were decreased \$291,000. In the Debt Service Fund Type, transfers in were increased \$291,000, and other debt proceeds were decreased \$291,000. These adjustments were necessary to properly record transfers to the debt service fund from the general fund.

**ETNA TOWNSHIP
LICKING COUNTY, OHIO**

**SCHEDULE OF FINDINGS AND RESPONSES
DECEMBER 31, 2020 AND 2019**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS – (Continued)	
Finding Number	2020-001 – (Continued)

- In the Debt Service Fund Type, other debt proceeds were increased \$40,705, interest disbursements were increased \$78,595, principal disbursements were decreased \$37,890, intergovernmental receipts were increased \$1,666,343, and other debt proceeds were decreased \$1,666,343, to properly record additional interest disbursements/additional draws on the Park National Bank Note and to properly record grant proceeds.
- In the Road and Bridge Fund (Special Revenue Fund Type), intergovernmental receipts were increased \$394,017, and capital outlay disbursements were increased \$394,017 to properly record on-behalf payments from the Ohio Public Works Commission.
- In the General Fund, intergovernmental receipts were increased \$1,363,232, property and other tax receipts were decreased \$1,011,957, miscellaneous receipts were decreased \$405,328, and the unassigned cash fund balance was decreased \$54,053. In the Gasoline Tax Fund (Special Revenue Fund Type), intergovernmental receipts were increased \$49,992, and the restricted cash fund balance was increased \$49,992, in the Miscellaneous Special Revenue Fund (Special Revenue Fund Type), intergovernmental receipts were increased \$4,061, and the restricted cash fund balance was increased \$4,061. In the Road and Bridge Fund (Special Revenue Fund Type), intergovernmental receipts were increased \$176,723, and miscellaneous receipts were decreased \$176,723. These adjustments were necessary to properly record member distributions from the JEDD's and the JEDZ's.
- In the General Fund, public safety disbursements were increased \$132,228, and public works disbursements were decreased \$132,228. These adjustments were necessary to properly record disbursements for safety services.

The amounts have been adjusted to the Township's financial statements and accounting ledgers.

Control procedures not properly developed related to the financial statements limit management's ability to identify, prevent, detect, and correct potential misstatements in the financial statements and footnotes. Additionally, management will not have the necessary information to make timely and well-informed business decisions.

We recommend the Township implement additional control procedures that enable management to more timely prevent or detect and correct potential misstatements in the financial statements and related notes prior to presenting them to the auditors. A second review of the monthly cash activity and financial statements by someone other than the individual preparing them would be beneficial.

Client Response: The Township Fiscal Officer will more closely examine HINKLE filed report prior to filing and will consider above adjustments in future years.

Finding Number	2020-002
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Material Weakness/Noncompliance – Coronavirus Relief Funds

Ohio Rev. Code 5705.09(F) provides that each subdivision shall establish a special fund for each class of revenues derived from a source other than the general property tax, which the law requires to be used for a particular purpose.

In 2020, Coronavirus Aid, Relief and Economic Security (CARES) receipts and disbursements were posted to the General Fund, instead of properly establishing a Special Revenue CARES Fund.

**ETNA TOWNSHIP
LICKING COUNTY, OHIO**

**SCHEDULE OF FINDINGS AND RESPONSES
DECEMBER 31, 2020 AND 2019**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS – (Continued)	
Finding Number	2020-002 – (Continued)

Not posting monies to the proper fund could result in disbursements being made that are not allowable based on the restrictions of the fund.

The Township should refer to the Township Handbook for guidance for the proper establishment of new funds. Also, the Township should refer to Ohio Auditor of State website for guidance on accounting for CARES monies.

Client Response: The Township Fiscal Officer will review the Township Handbook and the Ohio Auditor of State’s website for guidance on the establishment of new funds and CARES monies.

Finding Number	2020-003
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Material Weakness/Noncompliance – Purchase Orders

Ohio Revised Code Section 5705.41(D) requires that no orders or contracts involving the expenditure of money are to be made unless there is a certificate of the fiscal officer that the amount required for the order or contract has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances.

The Township had 68% and 84% of examined disbursements that were not certified in a timely manner for the years ended December 31, 2020 and 2019, respectively.

Without timely certification, the Township may expend more funds than available in the treasury, or in the process of collection, or appropriated. This may also result in unnecessary purchases.

We recommend that all orders or contracts involving the expenditure of money be timely certified to ensure all monies expended are lawfully appropriated and available in the treasury or in the process of collection. The Township may also use “Then & Now” certification to approve a purchase order, when applicable.

Client Response: The Township should develop additional procedures to help ensure purchases are authorized through timely and appropriate purchase orders.

Finding Number	2020-004
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Material Weakness – Estimated Receipts vs. Actual Receipts

Certain internal controls are necessary for Township’s to appropriately estimate their annual receipts and modify such estimates up or down in a timely manner, with approval by the County Auditor. It is critical for the Township to maintain detailed supporting documents from internal sources or external sources (if applicable) to support estimated receipts. Accurate estimated receipts are important because there is a relation to allowable appropriations based on estimated receipts and further accurate estimates are especially important to Ohio Townships, as their elected official salaries are based on the budgets and any revisions.

**ETNA TOWNSHIP
LICKING COUNTY, OHIO**

**SCHEDULE OF FINDINGS AND RESPONSES
DECEMBER 31, 2020 AND 2019**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS – (Continued)	
Finding Number	2020-004 – (Continued)

For 2019 and 2020,

- Approximately \$1.6 million (2019) and \$2.0 million (2020) was included in estimated receipts for anticipation of additional funding needed for a purchase of a park.
- Approximately \$1.5 million (2020) was included in estimated receipts for funding related to Pike Street, which is a collaborative project with the Licking County Transportation District.

Including estimated receipts that are ultimately not collected during a fiscal year and not adjusting down or up accordingly could effect related appropriations and more significantly Township elected pay for a particular year, as based on the Township Compensation Chart, pay should be based on the most recent County approved amended certificate of resources.

We recommend that Township implement additional internal controls regarding the supporting documentation for estimated receipts that are included in the estimated resources. Such additional controls could include timeline ledgers to support and document information from either internal and/or external sources to support the inclusion of receipts, and or commitment letters from outside funding sources such as grantors, banks, other agencies, etc.

Client Response: The Township Trustees affirm that estimated receipts are in fact included on good faith. Particularly for 2019 and 2020, it was anticipated that the Township would need to obtain borrowings to fund a park purchase, however, due to delays in the purchase due to COVID-19 and increased JEDS(Z) receipts, additional funding from outside sources was not deemed necessary. Additionally, the Pike Street project also was delayed due to COVID-19, the length of the delay was not known until subsequent year end.

OHIO AUDITOR OF STATE KEITH FABER



ETNA TOWNSHIP

LICKING COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 6/2/2022

88 East Broad Street, Columbus, Ohio 43215
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at
www.ohioauditor.gov