



**Auditor of State
Betty Montgomery**

ETNA TOWNSHIP
LICKING COUNTY

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**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

Etna Township
Licking County
P.O. Box 188
Etna, Ohio 43018

To the Board of Trustees:

We were engaged to audit the accompanying financial statements to Etna Township, Licking County, Ohio, (the Township) as of and for the years ended December 31, 2002, and December 31, 2001. These financial statements are the responsibility of the Township's management.

Management declined to provide written presentations related to the financial statements and the completeness and sufficiency of disclosures contained therein. Specific representations from management are a required part of an audit performed in accordance with *Government Auditing Standards*.

As discussed in Note 1, the Township prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

Since management did not provide specific written representations, the scope of our work was not sufficient to enable us to express an opinion, and we do not express, an opinion on these financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 16, 2003 on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our engagement.

This report is intended solely for the information and use of management, the Board of Trustees and other officials authorized to receive this report under § 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Betty Montgomery".

**Betty Montgomery
Auditor of State**

May 16, 2003

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**ETNA TOWNSHIP
LICKING COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2002**

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Local Taxes	\$195,488	\$126,317	\$321,805
Intergovernmental	66,066	82,775	148,841
Special Assessments	0	3,668	3,668
Licenses, Permits, and Fees	72,203	0	72,203
Earnings on Investments	9,579	1,005	10,584
Other Revenue	13,160	363	13,523
	<u>356,496</u>	<u>214,128</u>	<u>570,624</u>
Cash Disbursements:			
Current:			
General Government	146,868	0	146,868
Public Works	9,956	224,594	234,550
Health	19,688	0	19,688
Conservation - Recreation	3,032	0	3,032
Capital Outlay	5,134	684	5,818
	<u>184,678</u>	<u>225,278</u>	<u>409,956</u>
Total Cash Disbursements	<u>184,678</u>	<u>225,278</u>	<u>409,956</u>
Total Receipts Over/(Under) Disbursements	<u>171,818</u>	<u>(11,150)</u>	<u>160,668</u>
Other Financing Receipts and (Disbursements):			
Advances-In	350	0	350
Advances-Out	0	(350)	(350)
	<u>350</u>	<u>(350)</u>	<u>0</u>
Total Other Financing Receipts/(Disbursements)	<u>350</u>	<u>(350)</u>	<u>0</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	172,168	(11,500)	160,668
Fund Cash Balances, January 1, 2002	<u>352,302</u>	<u>112,984</u>	<u>465,286</u>
Fund Cash Balances, December 31, 2002	<u>\$524,470</u>	<u>\$101,484</u>	<u>\$625,954</u>
Reserve for Encumbrances, December 31, 2002	<u>\$0</u>	<u>\$116</u>	<u>\$116</u>

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

**ETNA TOWNSHIP
LICKING COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2001**

	<u>Governmental Fund Types</u>			<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
Cash Receipts:				
Local Taxes	\$183,963	\$118,107	\$0	\$302,070
Intergovernmental	110,827	82,812	452,106	645,745
Special Assessments	0	9,582	0	9,582
Licenses, Permits, and Fees	74,306	0	0	74,306
Earnings on Investments	21,010	2,037	0	23,047
Other Revenue	5,759	867	0	6,626
	<u>395,865</u>	<u>213,405</u>	<u>452,106</u>	<u>1,061,376</u>
Cash Disbursements:				
Current:				
General Government	161,890	0	0	161,890
Public Works	270,837	197,551	0	468,388
Health	16,779	0	0	16,779
Conservation - Recreation	3,913	0	0	3,913
Capital Outlay	15,060	0	452,106	467,166
	<u>468,479</u>	<u>197,551</u>	<u>452,106</u>	<u>1,118,136</u>
Total Cash Disbursements	<u>468,479</u>	<u>197,551</u>	<u>452,106</u>	<u>1,118,136</u>
Total Receipts Over/(Under) Disbursements	<u>(72,614)</u>	<u>15,854</u>	<u>0</u>	<u>(56,760)</u>
Other Financing Receipts and (Disbursements):				
Advances-In	6,500	500	0	7,000
Advances-Out	(500)	(6,500)	0	(7,000)
	<u>6,000</u>	<u>(6,000)</u>	<u>0</u>	<u>0</u>
Total Other Financing Receipts/(Disbursements)	<u>6,000</u>	<u>(6,000)</u>	<u>0</u>	<u>0</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(66,614)	9,854	0	(56,760)
Fund Cash Balances, January 1, 2001	<u>418,916</u>	<u>103,130</u>	<u>0</u>	<u>522,046</u>
Fund Cash Balances, December 31, 2001	<u><u>\$352,302</u></u>	<u><u>\$112,984</u></u>	<u><u>\$0</u></u>	<u><u>\$465,286</u></u>

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

**ETNA TOWNSHIP
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Etna Township, Licking County, (the Township) 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 Township is directed by a publicly-elected three-member Board of Trustees. The Township provides road and bridge maintenance, cemetery maintenance, and park maintenance.

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

B. Basis of Accounting

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized 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 prescribed or permitted by the Auditor of State.

C. Cash and Investments

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or disbursements, respectively.

The investment in STAR Ohio (The State Treasurer's investment pool) is valued at amounts reported by the State Treasurer.

D. Fund Accounting

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

1. General Fund

The General Fund is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

2. Special Revenue Funds

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

Gasoline Tax Fund - This fund receives gasoline tax money to pay for constructing, maintaining and repairing Township roads.

Road and Bridge Fund - This fund receives property tax money to pay for constructing, maintaining and repairing Township roads.

**ETNA TOWNSHIP
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

3. Capital Projects Funds

These funds are used to account for receipts that are restricted for the acquisition or construction of major capital projects (except those financed through enterprise or trust funds). The Township had the following significant Capital Projects Funds:

Issue II Fund - The Township received a grant from the State of Ohio for road work.

ODOD 629 – The Township received a grant from the State of Ohio for road work.

E. Budgetary Process

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

1. Appropriations

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

2. 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 also approve estimated resources.

3. Encumbrances

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

A summary of 2002 and 2001 budgetary activity appears in Note 3.

F. Property, Plant and Equipment

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets on the accompanying financial statements.

G. Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the Township's basis of accounting.

**ETNA TOWNSHIP
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(Continued)**

2. EQUITY IN POOLED CASH

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

	2002	2001
Demand deposits	\$13,897	\$18,435
STAR Ohio	612,057	446,851
Total deposits and investments	\$625,954	\$465,286

Deposits: Deposits are insured by the Federal Depository Insurance Corporation.

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

3. BUDGETARY ACTIVITY

Budgetary activity for the years ended December 31, 2002 and December 31, 2001 follows:

2002 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$331,113	\$356,496	\$25,383
Special Revenue	218,032	214,128	(3,904)
Total	\$549,145	\$570,624	\$21,479

2002 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$626,408	\$184,678	\$441,730
Special Revenue	323,245	225,394	97,851
Total	\$949,653	\$410,072	\$539,581

2001 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$300,365	\$395,865	\$95,500
Special Revenue	201,800	213,405	11,605
Capital Projects	206,735	452,106	245,371
Total	\$708,900	\$1,061,376	\$352,476

**ETNA TOWNSHIP
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(Continued)**

3. BUDGETARY ACTIVITY (Continued)

2001 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$699,566	\$468,479	\$231,087
Special Revenue	314,200	197,551	116,649
Capital Projects	206,735	452,106	(245,371)
Total	\$1,220,501	\$1,118,136	\$102,365

4. PROPERTY TAX

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

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

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

5. RETIREMENT SYSTEMS

The Township's employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-employer plan. The plan provides retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 2002 and 2001, PERS members contributed 8.5% of their gross salaries. The Township contributed an amount equal to 13.55% of participants' gross salaries for 2001 and 2002. The Township has paid all contributions required through December 31, 2002.

6. RISK MANAGEMENT

Risk Pool Membership

The Township has obtained commercial insurance for the following risks:

- Comprehensive property and general liability
- Vehicles
- Errors and omissions

**ETNA TOWNSHIP
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(Continued)**

7. JOINTLY GOVERNED ORGANIZATION

Southwest Licking Fire District – The Township appoints a person to represent the Township on the 5 member board of the Southwest Licking Fire District. There is no ongoing financial interest or responsibility by the Township.

8. CONTINGENT LIABILITIES

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

9. SUBSEQUENT EVENT

On February 7, 2003, the Board of Tax Appeals of the State of Ohio remanded to the Licking County Budget commission with orders to make an allocation of the 1997-2002 Undivided Local Government Fund (ULGF) and the 1997-2002 Undivided Local Government Revenue Assistance Fund (ULGRAF) in compliance with provisions of Ohio Revised Code Sections 5747.51 and 5747.62. In summary, the Board of Tax Appeals found that no alternative apportionment or formula allowed under Ohio Revised Code 5747.53 and 5747.63 was legally effective.

The County Budget Commission plans to appeal the ruling and the effect on future local government distributions cannot be determined at this time.

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**Auditor of State
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE AND ON INTERNAL CONTROL
REQUIRED BY GOVERNMENT AUDITING STANDARDS**

Etna Township
Licking County
P.O. Box 188
Etna, Ohio 43018

To the Board of Trustees:

We were engaged to audit the accompanying financial statements of Etna Township, Licking County, (the Township) as of and for the years ended December 31, 2002, and December 31, 2001, and have issued our report thereon dated May 16, 2003, wherein we did not express an opinion on the financial statements because management did not provide specific written representations.

Compliance

As part of our procedures we performed tests of the Township's compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of the engagement and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted immaterial instances of noncompliance that we have reported to management of the Township in a separate letter dated May 16, 2003.

Internal Control Over Financial Reporting

In planning and performing the engagement, we considered the Township's internal control over financial reporting. However, providing an opinion on the internal control over financial reporting was not an objective of the engagement and, accordingly, we express no such opinion. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements we were engaged to audit may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Township in a separate letter dated May 16, 2003.

Etna Township
Licking County
Independent Accountants' Report on Compliance and on Internal Control
Required by *Government Auditing Standards*
Page 2

This report is intended solely for the information and use of management and the Board of Trustees, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

May 16, 2003



**Auditor of State
Betty Montgomery**

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800-282-0370
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ETNA TOWNSHIP

LICKING COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
SEPTEMBER 11, 2003**