

ETNA TOWNSHIP

LICKING COUNTY

**JANUARY 1, 2017 TO DECEMBER 31, 2018
AGREED-UPON PROCEDURES**

OHIO AUDITOR OF STATE
KEITH FABER



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Board of Trustees
Etna Township
81 Liberty Street
Etna, Ohio 43018

We have reviewed the *Independent Accountants' Report on Applying Agreed-Upon Procedures* of Etna Township, Licking County, prepared by Julian & Grube, Inc., for the period January 1, 2017 through December 31, 2018. Based upon this review, we have accepted this report in lieu of the audit required by Section 117.11, Revised Code.

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

November 6, 2019

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Julian & Grube, Inc.
Serving Ohio Local Governments

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INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Etna Township
Licking County
81 Liberty Street
Etna, Ohio 43018

We have performed the procedures enumerated below, which were agreed to by the Board of Trustees and the management of Etna Township (the Township) and the Auditor of State, on the receipts, disbursements and balances recorded in the Townships cash basis accounting records for the years ended December 31, 2018 and 2017 and certain compliance requirements related to those transactions and balances, included in the information provided to us by the management of the Township. The Township is responsible for the receipts, disbursements and balances recorded in the cash basis accounting records for the years ended December 31, 2018 and 2017 and certain compliance requirements related to these transactions and balances included in the information provided to us by the Township. The sufficiency of the procedures is solely the responsibility of the parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

This report only describes exceptions exceeding \$10.

Cash and Investments

1. We recalculated the December 31, 2018 and December 31, 2017 bank reconciliations. We found no exceptions.
2. We agreed the January 1, 2017 beginning fund balances recorded in the Cash Summary by Fund Report to the December 31, 2016 balances in the prior year documentation in the prior year Agreed-Upon Procedures working papers. We found no exceptions. We also agreed the January 1, 2018 beginning fund balances recorded in the Cash Summary by Fund Report to the December 31, 2017 balances in the Cash Summary by Fund Report. We found no exceptions.
3. We agreed the totals per the bank reconciliations to the total of the December 31, 2018 and 2017 fund cash balances reported in the Cash Summary by Fund Report. The amounts agreed.
4. We observed the year-end bank balances on the financial institution's website. The balances agreed. We also agreed the confirmed balances to the amounts appearing in the December 31, 2018 bank reconciliation without exception.
5. We selected a sample (agreed upon) of five reconciling debits (such as outstanding checks) from the December 31, 2018 bank reconciliation:
 - a. We traced each debit to the subsequent January bank statement. We found no exceptions.
 - b. We traced the amounts and dates to the check register, to determine the debits were dated prior to December 31. There were no exceptions.

6. We inspected investments held at December 31, 2018 and December 31, 2017 to determine that they:
 - a. Were of a type authorized by Ohio Rev. Code Sections 135.13, 135.14 or 135.144. We found no exceptions.
 - b. Mature within the prescribed time limits noted in Ohio Rev. Code Section 135.13 or 135.14. We noted no exceptions.

Property Taxes, Intergovernmental and Other Confirmable Cash Receipts

1. We selected a property tax receipt from one *Statement of Semiannual Apportionment of Taxes* (the Statement) for 2018 and one from 2017:
 - a. We traced the gross receipts from the *Statement* to the amount recorded in the Receipt Export Report. The amounts agreed.
 - b. We inspected the Receipt Export Report to confirm the receipt was allocated to the proper funds as required by Ohio Rev. Code Sections 5705.05-.06 and 5705.10. We found no exceptions.
 - c. We inspected the Receipt Export Report to confirm whether the receipt was recorded in the proper year. The receipt was recorded in the proper year.
2. We inspected the Receipt Export Report to determine whether it included two real estate tax receipts for 2018 and 2017. The Receipt Export Report included the proper number of tax receipts for each year.
3. We selected all five receipts from the State Distribution Transaction Lists (DTL) from 2018 and all four receipts from 2017. We also selected a sample (agreed upon) of five receipts from the County Vendor Reports from 2018 and five from 2017.
 - a. We compared the amount from the above reports to the amount recorded in the Receipt Export Report. The amounts agreed.
 - b. We inspected the Receipt Export Report to determine that these receipts were allocated to the proper funds. We noted one receipt in 2018, in the amount of \$159, was not allocated to the proper funds and instead recorded in full, in the General Fund. This resulted in the General Fund being overstated by \$83 and the Road and Bridge Fund being understated by \$83. No other exceptions were noted.
 - c. We inspected the Receipt Export Report to determine whether the receipts were recorded in the proper year. We found no exceptions.
4. We confirmed the amounts paid from the Ohio Public Works Commission (OPWC) directly to contractors on the Township's behalf during 2018 and 2017 with OPWC.
 - a. We inspected the Receipt Export Report to determine whether these receipts were allocated to the proper funds. We found two receipts during 2018, in the amounts of \$163,299 and \$22,108, which were excluded from the Township's ledgers. We also found three receipts during 2017, in the amounts of \$83,017, \$83,017 and \$29,168, which were allocated to the proper funds, however, these receipts were related to activity from 2016 and had been previously recorded during 2016. These three amounts should have been excluded from the Township's ledgers during 2017.
 - b. We inspected the Receipt Export Report to determine whether the receipts were recorded in the proper year. As noted above, two receipts during 2018, in the amounts of \$163,299 and \$22,108, were excluded from the Township's ledgers and therefore not recorded in the proper year. Also as noted above, we found three receipts during 2017, in the amounts of \$83,017, \$83,017 and \$29,168, which related to activity from 2016 and had been previously recorded during 2016. These three amounts should have been excluded from the Township's ledgers during 2017.

5. We confirmed the amounts paid from the Park National Bank to the Township during 2018 and 2017 with the Bank. We found one receipt in 2018, in the amount of \$2,000,000 and one receipt in 2017, in the amount of \$200,000 that were recorded by the Township. It was noted that the receipt in 2018, for \$2,000,000 should not have been recorded by the Township as it was only for the extension of the note maturity date and not an actual transaction.
 - a. We inspected the Receipt Export Report to determine whether these receipts were allocated to the proper funds. We found no exceptions for the receipt in 2017 for \$200,000. As noted above, for the receipt in 2018, in the amount of \$2,000,000, this should not have been recorded by the Township as it was only for the extension of the note maturity date and not an actual transaction.
 - b. We inspected the Receipt Export Report to determine whether these receipts were recorded in the proper year. We found no exceptions for the receipt in 2017 for \$200,000. As noted above, for the receipt in 2018, in the amount of \$2,000,000, this should not have been recorded by the Township as it was only for the extension of the note maturity date and not an actual transaction.

6. We confirmed the amount paid from the Licking County Transportation Improvement District (TID) to the Township during 2018 and 2017 with the TID. We found one receipt in 2018, in the amount of \$25,007 and five receipts in 2017, in the amounts of \$250,000, \$250,000, \$859,384, \$272,637 and \$1,383, that were recorded by the Township as both receipts and disbursements, as on behalf transactions of the Township. It was noted that all of these amounts were related to activity of the TID and should not have been recorded by the Township.
 - a. We inspected the Receipt Export Report to determine whether these receipts were allocated to the proper funds. As noted above, the one receipt in 2018 and all five receipts in 2017 should not have been included on the Township's ledgers.
 - b. We inspected the Receipt Export Report to determine whether the receipts were recorded in the proper year. As noted above, the one receipt in 2018 and all five receipts in 2017 should not have been included on the Township's ledgers.

Debt

1. From the prior agreed-upon procedures documentation, we observed the following note and loans outstanding as of December 31, 2016. These amounts did not agree to the Townships January 1, 2017 balances on the summary we used in procedure 3. The summary used in procedure 3 did not include the correct amount of principal outstanding for the Park National Bank Note and did not include either of the OPWC Loans listed below.

Issue	Principal outstanding as of December 31, 2016:
Park National Bank Note – State Route 310 Improvement	\$1,500,000
OPWC Loan #CQ41T – Russel Heights Resurfacing Project	29,168
OPWC Loan #CQ29S – Taylor Road Improvements	236,999

2. We inquired of management, and inspected the Receipt Export Report and Payment Export Report for evidence of debt issued during 2018 or 2017 or debt payment activity during 2018 or 2017. All debt activity agreed the Park National Bank and OPWC statements/ledgers except for one instance in 2018, in which the Township recorded one receipt and one disbursement, in the amount of \$2,000,000. It was noted that the receipt and disbursement of this \$2,000,000 should not have been recorded in the Township's ledgers as it was only for the extension of the note maturity date and not an actual transaction.

3. We were unable to agree the note and loans debt activity for 2018 and 2017 to the summary obtained, as the summary did not contain the correct amount of principal outstanding for the Park National Bank Note and did not include either of the OPWC Loans. However, we were able to agree the one principal payment made from the related debt amortization schedule to the Miscellaneous Debt Service fund payment reported in the Payment Export Report. We also compared the date the debt service payment was due to the date the Township made the payment. Except as previously noted, we found no exceptions.
4. We were unable to agree the amount of debt proceeds from the debt documents to amounts recorded in the Miscellaneous Special Revenue fund per the Receipt Export Report. As noted in #2 above, in 2018, one receipt and one disbursement, in the amount of \$2,000,000 should not have been recorded in the Township's ledgers as it was only for the extension of the note maturity date and not an actual transaction. Also, one receipt, related to OPWC loan proceeds, in the amount of \$22,108 was excluded from the Township's ledgers during 2018. The Township did properly record one receipt, during 2017, in the amount of \$200,000, related to proceeds from a drawdown on their Park National Bank Note.
5. For new debt issued during 2018 and 2017, we inspected the debt legislation, which stated the Township must use the proceeds of their 2017 drawdown from their Park National Bank Note, in the amount of \$200,000 for the State Route 310 Project. As noted in #4 above, the Township also had loan proceeds, that were excluded from the Township's ledgers during 2018, in the amount of \$22,108 related to an OPWC loan for the Cameron Chase Resurfacing. We inspected the Payment Export Report and observed the Township spent their \$200,000 drawdown for the State Route 310 project in March of 2017. The 2018 proceeds of the Township's OPWC loan, were paid directly to the contractors for the project.

Payroll Cash Disbursements

1. We selected one payroll check for five employees from 2018 and one payroll check for five employees from 2017 from the Wage Withholdings Detail Report and:
 - a. We compared the hours and pay rate, or salary recorded in the Wage Withholdings Detail Report to supporting documentation (timecard, legislatively or statutorily-approved rate or salary). We found no exceptions.
 - b. We inspected the fund and account codes to which the check was posted to determine the posting was reasonable based on the employees' duties as documented in the employees' personnel files, minute record or as required by statute. We also confirmed the payment was posted to the proper year. We found no exceptions.
2. For any new employees selected in procedure 1 we inspected the employees' personnel file for the following information and compared it with the information used to compute gross and net pay related to this check:
 - a. Name
 - b. Authorized salary or pay rate
 - c. Department and fund to which the check should be charged
 - d. Retirement system participation and payroll withholding
 - e. Federal, State & Local income tax withholding authorization and withholding
 - f. Any other deduction authorizations (deferred compensation, etc.)

We found no exceptions related to procedures a. – f. above.

3. We inspected the last remittance of tax and retirement withholdings for the year ended December 31, 2018 to confirm remittances were timely paid, and if the amounts paid agreed to the amounts withheld, plus the employer's share where applicable, during the final withholding period of 2018. We observed the following:

Withholding (plus employer share, where applicable)	Date Due	Date Paid	Amount Due	Amount Paid
Federal income taxes & Medicare (and social security, for employees not enrolled in pension system)	January 15, 2019	January 15, 2019	\$3,883.41	\$3,883.41
State income taxes	January 15, 2019	January 15, 2019	\$626.69	\$626.69
Local income tax	January 15, 2019	January 15, 2019	\$84.66	\$84.66
OPERS retirement	January 31, 2019	January 7, 2019	\$6,164.07	\$6,164.07
School District income taxes	January 15, 2019	January 15, 2019	\$244.02	\$244.02

4. We inquired of management and inspected the Payment Register Detail Report for the years ended December 31, 2018 and 2017 to determine if township employees and/or trustees were reimbursed for out-of-pocket insurance premiums. No such reimbursements occurred.

Non-Payroll Cash Disbursements

1. We selected a sample (agreed upon) of 10 disbursements from the Payment Register Detail Report for the year ended December 31, 2018 and 10 from the year ended 2017 and determined whether:
 - a. The disbursements were for a proper public purpose. We found no exceptions.
 - b. The check number, date, payee name and amount recorded on the returned, canceled check agreed to the check number, date, payee name and amount recorded in the Payment Register Detail Report and to the names and amounts on the supporting invoices. We found no exceptions.
 - c. The payment was posted to a fund consistent with the restricted purpose for which the fund's cash can be used. We found no exceptions.
 - d. The fiscal officer certified disbursements requiring certification or issued a *Then and Now Certificate*, as required by Ohio Rev. Code Section 5705.41(D). We found five instances in 2018 and four instances in 2017 where the certification date was after the vendor invoice date, and there was also no evidence that a *Then and Now Certificate* was issued. Ohio Rev. Code Section 5705.41(D) requires certifying at the time of a commitment, which should be on or before the invoice date, unless a *Then and Now Certificate* is used. Because we did not inspect all disbursements requiring certification, our report provides no assurance whether or not additional similar errors occurred.

Compliance – Budgetary

1. We compared the total estimated receipts from the *Amended Official Certificate of Estimated Resources*, required by Ohio Rev. Code Section 5705.36(A)(1), to the amounts recorded in the Revenue Status Report for the General, Gasoline Tax and Road and Bridge funds for the years ended December 31, 2018 and 2017. The amounts agreed.

2. We inspected the appropriation measures adopted for 2018 and 2017 to determine whether, for the General, Gasoline Tax and Road and Bridge funds, the Trustees appropriated separately for “each office, department, and division, and within each, the amount appropriated for personal services,” as is required by Ohio Rev. Code Section 5705.38(C). We found no exceptions.
3. We compared total appropriations required by Ohio Rev. Code Sections 5705.38 and 5705.40, to the amounts recorded in the Appropriation Status Report for 2018 and 2017 for the following funds: General, Gasoline Tax and Road and Bridge funds. The amounts on the appropriation resolutions agreed to the amounts recorded in the Appropriation Status Report for 2017. For 2018, amounts on the appropriation resolutions were \$2,910,488, \$234,872, and \$1,340,167 for the General, Gasoline Tax and Road and Bridge funds, respectively. The amounts recorded in the Appropriation Status Report for 2018 were \$2,896,617, \$226,511, and \$1,359,832 for the General, Gasoline Tax and Road and Bridge funds, respectively.
4. Ohio Rev. Code Sections 5705.36(A)(5) and 5705.39 prohibits appropriations from exceeding the certified resources. We compared total appropriations to total certified resources for the General, Gasoline Tax and Road and Bridge funds for the years ended December 31, 2018 and 2017. There were no funds for which appropriations exceeded certified resources.
5. Ohio Rev. Code Section 5705.41(B) prohibits expenditures (disbursements plus certified commitments) from exceeding appropriations. We compared total expenditures to total appropriations for the years ended December 31, 2018 and 2017 for the General, Gasoline Tax and Road and Bridge funds, as recorded in the Appropriation Status Report. There were no funds for which expenditures exceeded appropriations.
6. Ohio Rev. Code Section 5705.09 requires establishing separate funds to segregate externally-restricted resources. We inspected the Receipt Register Report for evidence of new restricted receipts requiring a new fund during December 31, 2018 and 2017. We also inquired of management regarding whether the Township received new restricted receipts. We observed no evidence of new restricted receipts for which Ohio Rev. Code Section 5705.09 would require the Township to establish a new fund.
7. For funds existing in prior years, we inspected the fund activity to determine whether the fund is still being used for the statutorily approved purpose and that all the required funds were established. All the required funds were established and no funds for which the statutorily approved purpose was no longer valid were included on the accounting records.
8. We inspected the 2018 and 2017 Revenue Status Reports and Appropriation Status Reports for evidence of interfund transfers exceeding \$500 which Ohio Rev. Code Sections 5705.14 - .16 restrict. We found no evidence of transfers these Sections prohibit, or for which Section 5705.16 would require approval by the Tax Commissioner (effective June 30, 2017) or Court of Common Pleas (effective through June 30, 2017).
9. We inquired of management and inspected the Appropriation Status Reports to determine whether the Township elected to establish reserve accounts permitted by Ohio Rev. Code Section 5705.13 or 5705.132. The Township did not establish these reserves.
10. We inspected the Cash Summary by Fund Report for the years ended December 31, 2018 and 2017 for negative cash fund balances. Ohio Rev. Code Section 5705.10 (I) provides that money paid into a fund must be used for the purposes for which such fund is established. As a result, a negative fund cash balance indicates that money from one fund was used to cover the expenses of another. No funds had a negative cash fund balance.

Compliance – Contracts & Expenditures

We inquired of management and inspected the Payment Register Detail Report for the years ended December 31, 2018 and 2017 to determine if the township proceeded by force account (i.e. used its own employees) to maintain or repair roads (cost of project \$15,000-\$45,000) or to construct or reconstruct township roads (cost of project \$5,000-\$15,000/per mile) for which Ohio Rev. Code Section 5575.01 requires the county engineer to complete a force account project assessment form (i.e., cost estimate). We identified no projects requiring the county engineer to complete a force account cost estimate.

Other Compliance

1. Ohio Rev. Code Section 117.38 requires townships to file their financial information in the HINKLE system within 60 days after the close of the fiscal year. This statute also permits the Auditor of State to extend the deadline for filing a financial report and establish terms and conditions for any such extension. Auditor of State established policies, regarding the filing of complete financial statements, as defined in AOS Bulletin 2015-007 in the Hinkle System. We confirmed the Township filed their complete financial statements, as defined by AOS Bulletin 2015-007 and Auditor of State established policy, within the allotted timeframe for the year ended December 31, 2018 in the Hinkle system. For the year ended December 31, 2017, financial information was filed on March 1, 2019, which was not within the allotted timeframe.
2. We inquired of the fiscal officer and inspected the Fiscal Integrity Act Portal (<http://www.ohioauditor.gov/fiscalintegrity/default.html>) to determine whether the fiscal officer obtained the training required by Ohio Rev. Code Section 507.12 and 733.81. The fiscal officer did not obtain the required 12 hours of training.

This agreed-upon procedures engagement was conducted in accordance with the American Institute of Certified Public Accountants attestation standards and applicable attestation engagement standards included in the Comptroller General of the United States' *Government Auditing Standards*. We were not engaged to, and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on the Township's receipts, disbursements, balances and compliance with certain laws and regulations. Accordingly, we do not express an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is to provide assistance in the evaluation of the Township's receipts, disbursements and balances recorded in their cash-basis accounting records for the years ended December 31, 2018 and 2017, and certain compliance requirements related to these transactions and balances and is not suitable for any other purpose.



Julian & Grube, Inc.
September 20, 2019

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OHIO AUDITOR OF STATE KEITH FABER



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
NOVEMBER 19, 2019**