



Dave Yost • Auditor of State





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## INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Groton Township  
Erie County  
9414 Portland Road  
Castalia, Ohio 44824

We have performed the procedures enumerated below, which were agreed to by the Board of Trustees (the Board) and the management of Groton Township, Erie County, Ohio (the Township), on the receipts, disbursements and balances recorded in the Township's cash basis accounting records for the years ended December 31, 2016 and 2015 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, 2016 and 2015 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, 2016 and December 31, 2015 bank reconciliations. We found no exceptions.
2. We agreed the January 1, 2015 beginning fund balances recorded in the Fund Ledger Report to the December 31, 2014 balances in the prior year audited statements. We found no exceptions. We also agreed the January 1, 2016 beginning fund balances recorded in the Fund Ledger Report to the December 31, 2015 balances in the Fund Ledger Report. We found no exceptions.
3. We agreed the totals per the bank reconciliations to the total of the December 31, 2016 and December 31, 2015 fund cash balances reported in the Fund Ledger Reports. The amounts agreed.
4. We confirmed the December 31, 2016 bank account balances with the Township's financial institution. We found no exceptions. We also agreed the confirmed balances to the amounts appearing in the December 31, 2016 bank reconciliation without exception.
5. We selected five reconciling debits (such as outstanding checks) haphazardly from the December 31, 2016 bank reconciliation:

### **Cash and Investments (Continued)**

- a. We traced each debit to the subsequent January bank statement. We found no exceptions.
  - b. We traced the amounts and dates to the Appropriation Payment Register Report, to determine the debits were dated prior to December 31. There were no exceptions.
6. We selected all reconciling credits (such as deposits in transit) from the December 31, 2016 bank reconciliation:
- a. We traced each credit to the subsequent January bank statement. We found no exceptions.
  - b. We agreed the credit amounts to the Revenue Receipt Register Report. Each credit was recorded as a December receipt for the same amount recorded in the reconciliation.
7. We inspected investments held at December 31, 2016 and December 31, 2015 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 and Intergovernmental Cash Receipts**

1. We haphazardly selected a property tax receipt from one *Statement of Semiannual Apportionment of Taxes* (the *Statement*) for 2016 and one from 2015:
  - a. We traced the gross receipts from the *Statement* to the amount recorded in the Revenue Receipt Register Report. The amounts agreed.
  - b. We inspected the Revenue Receipt Register 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 Revenue Receipt Register Report to confirm whether the receipt was recorded in the proper year. The receipt was recorded in the proper year.
2. We inspected the Revenue Receipt Register Report to determine whether it included two real estate tax receipts for 2016 and 2015. The Revenue Receipt Register Report included the proper number of tax receipts for each year.
3. We haphazardly selected five receipts from the State Distribution Transaction Lists (DTL) from 2016 and five from 2015. We also haphazardly selected five receipts from the Erie County Auditor's Confirmation from 2016 and five from 2015.
  - a. We compared the amount from the above reports to the amount recorded in the Revenue Receipt Register Report. The amounts agreed.

### **Property Taxes and Intergovernmental Cash Receipts (Continued)**

- b. We inspected the Revenue Receipt Register Report to determine that these receipts were allocated to the proper funds. We found no exceptions.
- c. We inspected the Revenue Receipt Register Report to determine whether the receipts were recorded in the proper year. We found no exceptions.

### **Over-The-Counter Cash Receipts**

We haphazardly selected ten over-the-counter cash receipts from the year ended December 31, 2016 and ten over-the-counter cash receipts from the year ended December 31, 2015 recorded in the duplicate cash receipts book and:

- a. Agreed the receipt amount to the amount recorded in the Receipt Register Report. The amounts agreed.
- b. Confirmed the amounts charged complied with rates in force during the period, where applicable. We found no exceptions.
- c. Inspected the Receipt Register Report to determine the receipt was posted to the proper fund, and was recorded in the proper year. We found no exceptions.

### **Debt**

1. The prior audit documentation disclosed no debt outstanding as of December 31, 2014.
2. We inquired of management, and inspected the Receipt Register Report and Payment Register Detail Report for evidence of debt issued during 2016 or 2015 or debt payment activity during 2016 or 2015. There were no new debt issuances, nor any debt payment activity during 2016 or 2015.

### **Payroll Cash Disbursements**

1. We haphazardly selected one payroll check for five employees from 2016 and one payroll check for five employees from 2015 from the Payroll Register Report and:
  - a. We compared the hours and pay rate, or salary recorded in the Payroll Register Report to supporting documentation (timecard, legislatively or statutorily-approved rate or salary). We found no exceptions.
  - b. We inspected the fund and account code to which the check was posted to determine the posting was reasonable based on the employees' duties as documented in the 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 step 1 we inspected the employees' personnel files for the following information and compared it with the information used to compute gross and net pay related to this check:
  - a. Name

**Payroll Cash Disbursements (Continued)**

- 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 and Local income tax withholding authorization and withholding
- f. Any other deduction authorizations (deferred compensation, etc.)

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

- 3. We inspected the last remittance of tax and retirement withholdings for the year ended December 31, 2016 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 2016. We observed the following:

<b>Withholding (plus employer share, where applicable)</b>	<b>Date Due</b>	<b>Date Paid</b>	<b>Amount Due</b>	<b>Amount Paid</b>
Federal income taxes and Medicare (and social security, for employees not enrolled in pension system)	January 31, 2017	December 31, 2016	\$1,377	\$1,377
State income taxes	January 17, 2017	December 31, 2016	217	217
OPERS retirement	January 30, 2017	January 9, 2017	2,566	2,566
School District income tax	January 17, 2017	December 31, 2016	17	17

- 4. We inquired of management and inspected the Payment Register Detail Report for the years ended December 31, 2016 and 2015 to determine if Township employees and/or members of the Board were reimbursed for out-of-pocket insurance premiums. No such reimbursements occurred.

**Non-Payroll Cash Disbursements**

We haphazardly selected ten disbursements from the Payment Register Detail Report for the year ended December 31, 2016 and ten from the year ended December 31, 2015 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.

### Non-Payroll Cash Disbursements (Continued)

- 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 no exceptions.

### 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, Motor Vehicle License Tax, and Gasoline Tax funds for the years ended December 31, 2016 and 2015. The amounts agreed to the amount recorded in the accounting system except for the General Fund. The Revenue Status Report recorded budgeted (i.e. certified) resources for the General Fund of \$170,156 for 2016. However, the final *Amended Official Certificate of Estimated Resources* reflected \$182,319. The Fiscal Officer should periodically compare amounts recorded in the Revenue Status Report to amounts recorded on the *Amended Official Certificate of Estimated Resources* to assure they agree. If the amounts do not agree, the Board may be using inaccurate information for budgeting and monitoring purposes.
2. We inspected the appropriation measures adopted for 2016 and 2015 to determine whether, for the General, Motor Vehicle License Tax, and Gasoline Tax funds, the Board 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 2016 and 2015 for the following funds: General, Motor Vehicle License Tax, and Gasoline Tax. The amounts on the appropriation measures agreed to the amounts recorded in the Appropriation Status report except for the General Fund. The Appropriation Status Report recorded total appropriations for the General fund of \$285,638 in 2016. However, the approved appropriation measures reflected \$265,738. In addition, the Appropriation Status Report recorded total appropriations for the General fund of \$312,671 in 2015. However, the approved appropriation measures reflected \$336,691. The Fiscal Officer should periodically compare amounts recorded in the Appropriation Status Report to amounts authorized by the Board to assure they agree. If the amounts do not agree, the Board may be using inaccurate information for budgeting and monitoring purposes.
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, Motor Vehicle License Tax, and Gasoline Tax funds for the years ended December 31, 2016 and 2015. 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 as recorded in the Appropriation Status Report to total Board approved appropriations for the years ended December 31, 2016 and 2015 for the General, Motor Vehicle License Tax and Gasoline Tax funds. There were no funds for which expenditures exceeded appropriations.

### **Compliance – Budgetary (Continued)**

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 the years ended December 31, 2016 and 2015. We also inquired of management regarding whether the Township received new restricted receipts. The Township established the AFG/Fema Grant Fund during 2015 to segregate Federal Emergency Management Agency receipts and disbursements, in compliance with Ohio Rev. Code Section 5705.09.
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 2016 and 2015 Revenue Status Reports and Appropriation Status Reports for evidence of interfund transfers 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 and Court of Common Pleas.
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. The Township did not establish these reserves.
10. We inspected the Cash Summary by Fund Report for the years ended December 31, 2016 and 2015 for negative cash fund balances. Ohio Rev. Code Section 5705.10(l) 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. We noted no funds having a negative cash fund balance.

### **Compliance – Contracts and Expenditures**

We inquired of management and inspected the Payment Register Detail Report for the years ended December 31, 2016 and 2015 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**

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. We confirmed the Township filed its complete financial statements, as defined by AOS Bulletin 2016-007, within the allotted timeframe for the years ended December 31, 2016 and 2015 in the HINKLE system. We noted no exceptions.



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 for the use of the Township to assist in evaluating its receipts, disbursements and balances recorded in its cash-basis accounting records for the years ended December 31, 2016 and 2015, and certain compliance requirements related to these transactions and balances and is not suitable for any other purpose.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping initial "D".

**Dave Yost**  
Auditor of State

Columbus, Ohio

July 14, 2017

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# Dave Yost • Auditor of State

GROTON TOWNSHIP

ERIE 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  
JULY 27, 2017