



OHIO AUDITOR OF STATE
KEITH FABER



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INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Sandusky Township Sewer District
Sandusky County
551 Northcrest Avenue
Fremont, Ohio 43420-9010

We have performed the procedures enumerated below, which were agreed to by the Board of Trustees and the management of Sandusky Township Sewer District, Sandusky County, Ohio (the District) on the receipts, disbursements and balances recorded in the District's cash basis accounting records for the years ended December 31, 2019 and 2018 and certain compliance requirements related to those transactions and balances, included in the information provided to us by the management of the District. The District is responsible for the receipts, disbursements and balances recorded in the cash basis accounting records for the years ended December 31, 2019 and 2018 and certain compliance requirements related to these transactions and balances included in the information provided to us by the District. 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, 2019 and December 31, 2018 bank reconciliations. We found no exceptions.
2. We agreed the January 1, 2018 beginning fund balances recorded in the Treasurer's Report to the December 31, 2017 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, 2019 beginning fund balances recorded in the Treasurer's Report to the December 31, 2018 balances in the Treasurer's Report. We found no exceptions.
3. We agreed the totals per the bank reconciliations to the total of the December 31, 2019 and 2018 fund cash balances reported in the Treasurer's Report and the financial statements filed by the District in the Hinkle System. The amounts agreed.
4. We confirmed the December 31, 2019 bank account balances with the District's financial institutions. We found no exceptions. We also agreed the confirmed balances to the amounts appearing in the December 31, 2019 bank reconciliation without exception.
5. We selected all reconciling debits (such as outstanding checks) from the December 31, 2019 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, 2019 and December 31, 2018 to determine that they were of a type authorized by Ohio Rev. Code Section 6119.16. We found no exceptions.

Special Assessments

We confirmed the individual amounts paid from Sandusky County to the District during 2019 and 2018 with the County. We found no exceptions.

- a. We inspected the Treasurer's Report to determine whether these receipts were allocated to the proper fund. We found no exceptions.
- b. We inspected the Treasurer's Report to determine whether the receipts were recorded in the proper year. We found no exceptions.

Charges for Services

We obtained the December 31, 2019 and 2018 Monthly Expense reports submitted by the Sandusky County Engineer, the organization responsible for collecting utility payments on behalf of the District. We agreed the total gross utilities per month to the District's Treasurer's Report. The amounts agreed.

Debt

1. From the prior year documentation in the prior year Agreed-Upon Procedures working papers, we observed the following loans were outstanding as of December 31, 2017. These amounts agreed to the District's January 1, 2018 balances on the summary we used in procedure 3.

Issue	Principal outstanding as of December 31, 2017:
OWDA Cap Project Loan 3245	\$954,580
OWDA Cap Project Loan 4405	571,146
OWDA Cap Project Loan 5524	208,583
OWDA Cap Project Loan 5804	271,298
OWDA Cap Project Loan 7242	105,115
OPWC Cap Project Loan CE23B	30,892
OPWC Cap Project Loan CE38F	70,820

2. We inquired of management, and inspected the Monthly Expense and Revenue Report for evidence of debt issued during 2019 or 2018 or debt payment activity during 2019 or 2018. All debt agreed to the summary we used in procedure 3.
3. We obtained a summary of loan debt activity for 2019 and 2018 and agreed principal and interest payments from the related debt amortization schedules to payments reported in the Monthly Expense Report. We also compared the date the debt service payments were due to the date the District made the payments. We found no exceptions.

Payroll Cash Disbursements

1. We selected one payroll check for all employees from 2019 and one payroll check for all employees from 2018 from the Payroll Report and:
 - a. We compared the hours and pay rate, or salary recorded in the Payroll Report to supporting documentation (Board approved salaries). We found no exceptions.
 - b. We recomputed gross and net pay and agreed it to the amount recorded in the Payroll Register. We found no exceptions.

- c. 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 minute record. We also confirmed the payment was posted to the proper year. We found no exceptions.
- d. For any new employees selected we inspected the employees' personnel files and minute record for the following information and compared it with the information used to compute gross and net pay related to this check:
 - i. Name
 - ii. Authorized salary or pay rate and departments and funds to which the check should be charged
 - iii. Retirement system, Federal, State and Local income tax withholding authorization and withholding

We found no exceptions related to procedures i. – iii. above, except the state and school tax withholding forms were not maintained for one new employee. However, the Payroll Register did disclose state and school tax withholdings for this employee. The District should maintain all documentation to support deductions withheld.

2. We inspected the last remittance of tax and retirement withholdings for the year ended December 31, 2019 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 2019. We observed the following:

Withholding (plus employer share, where applicable)	Date Due	Date Paid	Amount Due	Amount Paid
Federal income taxes and Medicare (and social security, for employees not enrolled in pension system)	January 31, 2020	January 10, 2020	\$374.89	\$374.89
State income taxes	January 15, 2020	January 2, 2020	20.22	20.22
School District	January 15, 2020	January 2, 2020	42.50	42.50
OPERS retirement	January 30, 2020	January 1, 2020	170.00	170.00

Non-Payroll Cash Disbursements

1. From the Monthly Expense Report, we re-footed checks recorded as General Fund disbursements for *security of persons and property*, and checks recorded as *public works* in the General fund for 2019. We found no exceptions.
2. We obtained the December 31, 2019 and 2018 Monthly Expense reports submitted by the Sandusky County Engineer, the organization responsible for collecting utility payments on behalf of the District. We agreed the total gross utility fees and other services deductions per month to the District's Treasurer's reports. The amounts agreed.
3. We selected all remaining disbursements from the Monthly Expense Report for the year ended December 31, 2019 and all remaining from the year ended December 31, 2018 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 Monthly Expense 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 no exceptions.

Compliance – Budgetary

1. Ohio Rev. Code Section 5705.41(B) prohibits expenditures (disbursements plus certified commitments) from exceeding appropriations. We compared total expenditures to total approved appropriations (Ohio Rev. Code Section 5705.38 and 5705.40) plus any carryover appropriations for the years ended December 31, 2019 and 2018 for the General fund. Expenditures did not exceed appropriations.
2. We inspected the Actual vs Budget YTD Report for the years ended December 31, 2019 and 2018 for negative cash fund balance. 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. There were no funds having negative cash fund balances.

Sunshine Law Compliance

1. We obtained and inspected the District's Public Records Policy to determine the policy did not limit the number of responses that may be made to a particular person, limit the number of responses during a specified period of time, or establish a fixed period of time before it will respond unless that period is less than eight hours. We found no exceptions.
2. We inquired with District management and determined that the District did not have any completed public records requests during the engagement period.
3. We inquired with District management and determined that the District did not have any denied public records requests during the engagement period.
4. We inquired with District management and determined that the District did not have any public records requests with redactions during the engagement period.
5. We inquired whether the District has a records retention policy and if that policy is readily available to the public. We found no exceptions.
6. We inspected written evidence that the Public Records Policy was provided to the records custodian/manager. We found no exceptions.
7. We inspected the District's policy manual and determined the public records policy was included. We found no exceptions.
8. We inquired whether the District's poster describing their Public Records Policy was displayed conspicuously in all branches of the District. We found no exceptions.

9. We selected the only application submitted to the Records Commission for one-time disposal of obsolete records, and management's review of the schedules of records retention and dispositions for the engagement period. We inspected the approval by the Records Commission for the selected application and the review of the schedules. (Note: the records retention schedule is not the same policy as the public records policy.) We found no exceptions.
10. We inquired with District management and determined that the District did not have any elected officials subject to the Public Records Training requirements during the engagement period.
11. We inspected the public notices for the public meetings held during the engagement period and determined the District notified the general public and news media of when and where meetings during the engagement period are to be held. We found no exceptions.
12. We inspected the minutes of public meetings during the engagement period and determined whether they were:
 - a. Prepared – a file is created following the date of the meeting
 - b. Filed – placed with similar documents in an organized manner
 - c. Maintained - retained, at a minimum, for the engagement period
 - d. Open to public inspection – available for public viewing or request.We found no exceptions.
13. We inspected the minutes from the engagement period and determined the following:
 - a. Executive sessions were only held at regular or special meetings.
 - b. The purpose for the meetings and going into an executive session (when applicable) correlated with one of the matters listed in Ohio Rev. Code Section 121.22(G).
 - c. Formal governing board actions were adopted in open meetings.We found no exceptions.

Other Compliance

Ohio Rev. Code Section 117.38 requires these districts 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 District filed their complete financial statements, as defined by AOS Bulletin 2015-007 and Auditor of State established policy, within the allotted timeframe for the years ended December 31, 2019 and 2018 in the Hinkle system. There were no exceptions.

The Township has responded to the issue discussed in this report. You may obtain a copy of their response from Cyndi Zienta, Fiscal Officer, at 419-307-4956.

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 District'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.

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This report is to provide assistance in the evaluation of the District's receipts, disbursements and balances recorded in their cash-basis accounting records for the years ended December 31, 2019 and 2018, 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 "Keith Faber". The signature is written in a cursive, flowing style.

Keith Faber
Auditor of State

Columbus, Ohio

June 8, 2020

OHIO AUDITOR OF STATE
KEITH FABER



SANDUSKY TOWNSHIP SEWER DISTRICT

SANDUSKY 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
JUNE 25, 2020**