

NH Department of Revenue Administration  
Municipal & Property Division  
P.O. Box 487, Concord, NH 03302-0487  
(603) 230-5090

# REPORT OF LOCALLY ELECTED AUDITOR(S)

RSA 41:31-d

Municipality: Town of Grotton Audit Fiscal Year: 2015  
Type of Municipality (Town, School or Village District): Town  
Mailing Address: 754 N Grotton Rd 03241  
Phone #: 603-744-9190 Fax #: 603-744-3382 E-Mail: selectmen@grotton-nh.org  
Contact: \_\_\_\_\_ Phone #: \_\_\_\_\_ E-Mail: \_\_\_\_\_

Under RSA 41:31-c I, all municipalities shall annually, or more often as necessary, conduct an audit of the accounts of any officer or agent handling funds of the municipality. Elected auditors conducting such audits shall follow audit procedures outlined in NH Code of Administrative Rules, REV 1904 and REV 1907.

This form shall be used by the locally elected auditor to conduct and report the audit required under RSA 41:31-c and 41:31-d.

In the boxes, indicate date the sections of the form were completed.

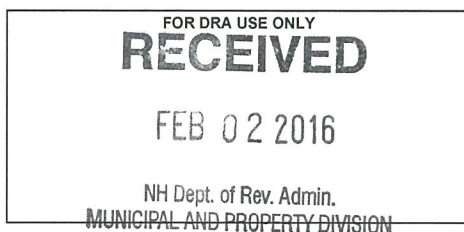
10/2/15	Part 1. Financial Records
10/2/15	Part 2. Treasurer
	Part 3. Tax Collector
	Part 4. Trustees
	Part 5. Town Clerk
	Part 6. Library

## Locally Elected Auditor or Board of Locally Elected Auditors - Please Sign in Ink.

Under penalties of perjury, I declare that I have completed this form and to the best of my belief the information is true, correct and complete.

Date: 10/3/2015

Debra J. Hickey



**Part 1. General Ledger/Financial Records/ MS-5, MS-25, MS-35****Questions****RECEIVED**

FEB 02 2016

NH Dept. of Rev. Admin.  
MUNICIPAL AND PROPERTY DIVISION

- 1 Who maintains the (general ledger) financial records?

Darlene Andrews  
Name/position

- 2 What software system is used for the general ledger?

(ex. Quickbooks; Excel; Peachtree; BMSI, etc.)

Excel

- 3 Who has access (posting capability) to either the general ledger or the general ledger software? (attach list if necessary)

Darlene Andrews  
NameTreasurer  
Title

Name

Title

Name

Title

- 4 Do debits equal credits in the general ledger trial balance?

Yes	No	N/A
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

- 5 Are balances from the general ledger used to prepare the MS-5, MS-25, or MS-35 report?

<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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- 6 Are the following activities maintained as separate funds in the general ledger (if applicable)?

General Fund

<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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Water activity

<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
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Sewer activity

<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
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Library activity

<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
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Trustees of trust funds

<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
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School grants

<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
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School lunch

<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
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Revolving Funds (identify: Park & Rec)

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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Other (identify: Police)

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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Other (identify: Old Home Day)

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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Other (identify: Grocery Tax Yield)

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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Other (identify: Conservation)

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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	<u>Yes</u>	<u>No</u>	<u>N/A</u>
7 Does the cash balance in the general ledger match the Treasurer's reconciled bank balances?	<u>✓</u>	<u>      </u>	<u>      </u>
How often are they reconciled?			
<u>✓</u> Monthly			
<u>      </u> Quarterly			
<u>      </u> Annually			
8 Is a copy of the Treasurer's monthly bank reconciliation reports provided to the bookkeeper?	<u>      </u>	<u>      </u>	<u>✓</u>
9 Does the person who maintains the general ledger also:			
Sign (authorize) checks?	<u>✓</u>	<u>      </u>	<u>      </u>
Control unused check stock?	<u>      </u>	<u>✓</u>	<u>      </u>
Prepare bank reconciliations?	<u>✓</u>	<u>      </u>	<u>      </u>
Handle incoming receipts?	<u>      </u>	<u>✓</u>	<u>      </u>
10 Does the general ledger track receivable balances for:			
Property taxes?	<u>✓</u>	<u>      </u>	<u>      </u>
Unredeemed taxes?	<u>      </u>	<u>✓</u>	<u>      </u>
Water?	<u>      </u>	<u>      </u>	<u>✓</u>
Sewer?	<u>      </u>	<u>      </u>	<u>✓</u>
Other (identify): _____	<u>      </u>	<u>      </u>	<u>      </u>
11 Does the general ledger track accounts payable?	<u>✓</u>	<u>      </u>	<u>      </u>
12 Are general ledger receivable balances reconciled to the Tax Collector's detail receivable lists (if applicable)?	<u>      </u>	<u>      </u>	<u>✓</u>
How often?			
<u>      </u> Monthly			
<u>      </u> Quarterly			
<u>      </u> Annually			
13 Does the general ledger system provide budget versus actual expenditure reports?	<u>      </u>	<u>✓</u>	<u>      </u>
If yes, to whom are the budget versus actual reports distributed?			
_____			
_____			
How often? _____			

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
14 Are general ledger adjusting journal entries made?	<u>✓</u>	<u>    </u>	<u>    </u>
If yes, are they approved by anyone other than the preparer?	<u>✓</u>	<u>    </u>	<u>    </u>
Name and title of person who approves:	<u>Board of Selectmen</u>		
15 Are computer back-ups of the general ledger performed?	<u>✓</u>	<u>    </u>	<u>    </u>
How often?			
<u>✓</u> Daily			
<u>    </u> Weekly			
<u>    </u> Monthly			
16 Are computer back-ups stored off site?	<u>    </u>	<u>    </u>	<u>    </u>
If yes, where?	<u>Online via Carbonite</u>		

**Part 1. General Ledger/ MS-5, MS-25, MS-35 Testing****MS-5, MS-25, or MS-35 Financial Report****Yes****No****N/A**

- 1 Do the following balances on the year end MS-5, MS-25, or MS-35 report match the general ledger?

General fund revenues

✓

\_\_\_\_\_

\_\_\_\_\_

General fund expenditures

✓

\_\_\_\_\_

\_\_\_\_\_

General fund balance sheet

✓

\_\_\_\_\_

\_\_\_\_\_

Other funds revenues

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Other funds expenditures

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Other funds balance sheet

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

If no, explain problems/discrepancies encountered:

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**General Ledger (and Subsidiary Ledgers)**

- 2 Do the year end general ledger cash and investment balances match the Treasurer's bank reconciliations?

✓

\_\_\_\_\_

\_\_\_\_\_

If no, explain problems/discrepancies encountered:

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- 3 Do the following year end general ledger receivable balances match the Tax Collector's year end annual MS-61 report (towns only)?

Property taxes

\_\_\_\_\_

✓

\_\_\_\_\_

Unredeemed taxes

\_\_\_\_\_

✓

\_\_\_\_\_

Water

\_\_\_\_\_

\_\_\_\_\_

✓

Sewer

\_\_\_\_\_

\_\_\_\_\_

✓

Other (describe: \_\_\_\_\_)

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

If no, explain problems/discrepancies encountered:

~~see last year~~ General ledger is cash  
accounting method & MS-61 is accrual method



Comments on procedures or areas of weakness:

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Recommendations:

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General ledger section completed by:

Date: 10/2/15

Debra Lindsey  

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**Part 2. Treasurer/Cash**

<u>Questions</u>	<u>Yes</u>	<u>No</u>	<u>N/A</u>
1 Does the Treasurer maintain a cash book to track all receipt and disbursement activity for all cash accounts?  If no, explain: _____ _____ _____	<u>✓</u>	_____	_____
2 Does the Treasurer's cash book document the remittances from departments and deposits to the bank?  If no, explain: _____ _____ _____	<u>✓</u>	_____	_____
3 Does the Treasurer's cash book document vendor/payroll disbursement manifests (check run) numbers and amounts?  If no, explain: _____ _____ _____	<u>✓</u>	_____	_____
4 Do month-end cash book balances match actual bank reconciliation balances?  If no, explain: _____ _____ _____	<u>✓</u>	_____	_____
5 Are monthly bank statements as of the last day of the month?	<u>✓</u>	_____	_____
6 Are bank reconciliations prepared each month, within a month of the statement date, for each cash account?  If no, explain: _____ _____ _____	<u>✓</u>	_____	_____
7 Who prepares bank reconciliations?  <div style="display: flex; justify-content: space-between; width: 80%; margin-left: 0;"> <span><u>Darlene Andrews</u></span> <span><u>Treasurer</u></span> </div> <div style="display: flex; justify-content: space-between; width: 80%; margin-left: 0;"> <span>Name</span> <span>Title</span> </div>			
8 Are monthly bank reconciliations documented, signed, and retained?	<u>✓</u>	_____	_____

Yes	No	N/A
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- 9 Are monthly bank reconciliations reviewed and signed off by anyone in addition to the preparer?

<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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If yes, by whom?

Selectboard

Name

Title

- 10 Is a copy of the monthly bank reconciliation report provided to the bookkeeper?

<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
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- 11 Who is authorized to transfer money between or out of the municipality's bank accounts?

Darlene Andrews

Name

Treasurer

Title

Paula Stata

Name

Deputy Treasurer

Title

Name

Title

- 12 Who has the authority to sign (authorize) checks?

Darlene Andrews

Name

Treasurer

Title

Paula Stata

Name

Deputy Treasurer

Title

Selectboard

Name

Title

- 13 Do any signature stamps exist?

<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
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If yes, are they stored in a secure location?

Are there procedures in place for its use?

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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- 14 Is a check signing machine used?

<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
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If yes, is it locked and the key stored in a secure location?

Who has access to the signature stamp or machine?

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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- 15 Is a log maintained to track the chronological sequence of all check numbers issued and voided?

<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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- 16 Who is responsible for making bank deposits? Is there a delegation of authority for each (RSA 41:29, VI)?

Tamara Joye

Name

Deputy Tax Collector/T.C.

Title

Laura Hauser

Name

Tax Coll./T.C.

Title

Darlene Andrews

Name

Treasurer

Title



- |  | <u>Yes</u>    | <u>No</u>     | <u>N/A</u>    |
|--|---------------|---------------|---------------|
| 17 Are undeposited receipts held in a secure location?   | <u>✓</u>      | <u>      </u> | <u>      </u> |
| 18 Does the Treasurer reconcile total annual Tax Collector receipt remittances (turnovers) to the Tax Collector's records?<br>(if applicable)              | <u>      </u> | <u>      </u> | <u>✓</u>      |
| Is that documented?  | <u>      </u> | <u>      </u> | <u>      </u> |
| 19 Does the Treasurer reconcile total annual Town Clerk receipt remittances (turnovers) to the Town Clerk's records?<br>(towns only)                       | <u>      </u> | <u>      </u> | <u>✓</u>      |
| Is that documented?  | <u>      </u> | <u>      </u> | <u>      </u> |
| 20 Does the Treasurer reconcile total annual governing body receipt remittances (turnovers) to their records?  | <u>      </u> | <u>      </u> | <u>✓</u>      |
| Is that documented?  | <u>      </u> | <u>      </u> | <u>      </u> |
| 21 Has the municipality adopted (and annually updated) an investment policy in accordance with RSA 41:9, VII?  | <u>      </u> | <u>✓</u>      | <u>      </u> |
| 22 Document other non-general fund cash accounts maintained by the Treasurer (e.g., conservation commission, police revolving, celebration accounts, etc.) | <u>      </u> | <u>      </u> | <u>      </u> |

Account Name

Who authorizes payments?

Reported in  
general fund?

<u>      </u>	<u>      </u>	<u>      </u>
<u>See last year</u>	<u>      </u>	<u>      </u>
Conservation Commission		<u>✓</u>
Police Revolving		<u>✓</u>
Old Home Day		<u>✓</u>
Park & Recreation		<u>✓</u>
Groton Yield		<u>✓</u>

**Part 2. Treasurer/Cash Testing****Yes   No   N/A****Year End Bank Reconciliations**

Obtain year-end documented bank reconciliations and test the following:

- 1 Do "balances per bank" match actual bank statement balances?

✓                  

- 2 Do "deposits in transit" appear on the following month's bank statement?

                  ✓

If no, explain: \_\_\_\_\_  
\_\_\_\_\_

- 3 Were "deposits in transit" posted as receipts in the year-end general ledger cash accounts?

                  ✓

- 4 Do "outstanding checks" match a detail list of actual outstanding checks?

✓                  

- 5 Is the last outstanding check posted as a disbursement in the year-end general ledger cash account?

✓                  

- 6 Are other reconciling items appropriately documented?

✓                  

Explain other reconciling items: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**Cash Book**

- 7 Do year-end balances in the cash book match the actual bank statement reconciliations?

✓                  

- 8 Trace two vendor and two payroll disbursement entries in cash book to actual "orders" (manifests) signed by the majority of the governing body (e.g., Board of Selectmen, Village Commissioners, School Board)

	Date of Order	Order Number	Amount	Traced to Approved Order (Manifest)?
Vendor	<u>8/4/15</u>	<u>17688</u>	\$ <u>160.00</u>	<u>Y</u>
Vendor	<u>8/11/15</u>	<u>17714</u>	\$ <u>79.18</u>	<u>Y</u>
Payroll	<u>3/25/14</u>	<u>15771</u>	\$ <u>207.75</u>	<u>Y</u>
Payroll	<u>3/25/14</u>	<u>15782</u>	\$ <u>28.55</u>	<u>Y</u>

- 9 Trace three deposit entries in cash book to actual bank statement deposits and to corresponding departmental remittances.

Date of Deposit	Amount	Traced to Actual Bank Statement deposit?
12/8/2014	\$ 135,300.00	Yes
9/10/14	\$ 3,347.57	Yes
3/31/14	\$ 2456.66	Yes

### Other Bank Accounts

- 10 For "other non-general fund" cash accounts (see question 22 on page 3), select three months of bank statements.

Do all year end general ledger cash balances match corresponding bank reconciliations?

Yes No N/A

✓ \_\_\_\_\_

Select a random sample of five disbursements from the general ledger and trace to supporting vendor invoices.

Date	Check Number	Vendor	Amount
12-30-14	16887	Moonlight Computers	\$ 1,220.80 ✓
8-26-14	16391	NHEC	\$ 471.27 ✓
2-25-14	15662	Plymouth Court	\$ 1,454.75 ✓
11-25-14	16749	Rands	\$ 519.94 ✓
9-30-14	16527	Wal-mart	\$ 78.63 ✓

**Observations - Part 2. Treasurer**

Comments on procedures or areas of weakness:

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Recommendations:

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Treasurer section completed by: Date: 10/2/15
Debra Lindsey  


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Page 5

<del>12/8/2014</del>	<del>135,300.00</del>	<del>yes</del>
<del>9/10/14</del>	<del>3347.57</del>	<del>yes</del>
<del>3/31/11</del>	<del>2456.66</del>	<del>yes</del>

10/3/2015

Dear Board of Selectmen,

On October 2, 2015 I completed an audit of the Town of Groton's financial records & systems with the assistance of Town Treasurer, Darlene Andrews.

The General Ledger and Treasurer records all reconciled and appeared to be in compliance. I have no recommendations at this time.

Sincerely,

Debra Hoxey  
Auditor

RECEIVED JAN 07 2016

**RECEIVED**

FEB 02 2016

NH Dept. of Rev. Admin.  
MUNICIPAL AND PROPERTY DIVISION