



OHIO AUDITOR OF STATE
KEITH FABER





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INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Lakengren Water Authority
Preble County
24 Lakengren Drive
Eaton, Ohio 45320

We have performed the procedures enumerated below, which were agreed to by the Board of Trustees and the management of Lakengren Water Authority (the Authority) on the receipts, disbursements and balances recorded in the Authority's cash basis accounting records for the year ended December 31, 2019 and certain compliance requirements related to those transactions and balances, included in the information provided to us by the management of the Authority. The Authority is responsible for the receipts, disbursements and balances recorded in the cash basis accounting records for the year ended December 31, 2019 and certain compliance requirements related to these transactions and balances included in the information provided to us by the Authority. 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 bank reconciliation. We found no exceptions.
2. We agreed the January 1, 2019 beginning fund balances recorded in the Fund Ledger Report to the December 31, 2018 balances in the documentation in the prior year Agreed-Upon Procedures working papers. We found no exceptions.
3. We agreed the totals per the bank reconciliations to the total of the December 31, 2019 fund cash balances reported in the Cash Summary by Fund Report and the financial statements filed by the Authority in the Hinkle System. The amounts agreed.
4. We confirmed the December 31, 2019 bank account balances with the Authority's financial institution. 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 and May bank statements. 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 selected all reconciling credits (such as deposits in transit) from the December 31, 2019 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 Receipt Report. Each credit was recorded as a December receipt for the same amount recorded in the reconciliation.
7. We traced interbank account transfers occurring in December of 2019 to the accounting records and bank statements or reconciliation to determine if they were properly recorded. We found no exceptions.
8. We inspected investments held at December 31, 2019 to determine that they were of a type authorized by Ohio Rev. Code Section 6119.16. We found no exceptions.

Special Assessments, Intergovernmental and Other Confirmable Cash Receipts

1. We selected a total of five receipts from the *Statement of Semiannual Apportionment of Taxes* and the County Auditor Expenditure Report from 2019:
 - a. We compared the amount from the above named reports to the amount recorded in the Receipt Detail Report. The amounts agreed.
 - b. We inspected the Receipt Detail Report to determine the receipts were 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 Detail Report to determine whether the receipt was recorded in the proper year. The receipt was recorded in the proper year. We found no exceptions.
2. We inspected the Receipt Detail Report to determine whether it included two special assessment tax receipts for 2019. The Receipt Detail Report included the proper number of tax receipts for each year.

Charges for Services

1. We selected 10 water and sewer collection cash receipts from the year ended December 31, 2019 recorded in the Receipt Detail Report and:
 - a. Agreed the receipt amount per the Receipt Detail Report to the amount recorded to the customer's account in the Account History Report. The amounts agreed.
 - b. Amount charged for the related billing period:
 - i. Agreed with the debit to accounts receivable in the Account History Report for the billing period. We found no exceptions.
 - ii. Complied with rates in force during the audit period multiplied by the consumption amount recorded for the billing period, plus any applicable late penalties, plus unpaid prior billings. We found no exceptions.
 - c. Receipt was posted to the proper funds, and was recorded in the year received. We found no exceptions.
2. We inspected the Aged Receivables Summary Report.
 - a. This report listed \$97,496 of accounts receivable as of December 31, 2019.
 - b. Of the total receivables reported in procedure 2a, \$2,052 were recorded as more than 90 days delinquent as of December 31, 2019.
3. We inspected the Adjustment Transaction List Condensed Report.

- a. This report listed a total of \$12,883 non-cash receipts adjustments for the year ended December 31, 2019.
- b. We selected five non-cash adjustments from 2019, and noted that the Board of Trustees approved each adjustment beginning August 2019.

Debt

1. From the prior agreed-upon procedures documentation, we observed the following loan was outstanding as of December 31, 2018. This amount agreed to the Authority's January 1, 2019 balances on the summary we used in procedure 3.

Issue	Principal outstanding as of December 31, 2018:
Ohio Water Development Authority Loan	\$777,468

2. We inquired of management, and inspected the Receipt Detail Report and Payment Register Detail Report for evidence of debt issued during 2019 or debt payment activity during 2019. All debt agreed to the summary we used in procedure 3.
3. We obtained a summary of loan debt activity for 2019 and agreed principal and interest payments from the related debt amortization schedule to debt service fund payments reported in the Payment Register Detail Report. We also compared the date the debt service payments were due to the date the Authority made the payments. We found no exceptions.
4. We agreed the amount of debt proceeds from the debt documents to amounts recorded in the WWTP Improvement Project fund per the Receipt Detail Report. The amounts agreed.
5. For new debt issued during 2019, we inspected the debt legislation, which stated the Authority must use the proceeds to upgrade the existing WWTP to meet current and upcoming effluent limits based on the NPDES Compliance Schedule. We inspected the Payment Register Detail Report and observed the Authority did not make any payments during 2019 for this project. Project expenditures began in 2020. During 2019 the Authority received \$1,520,773 of debt proceeds.

Payroll Cash Disbursements

1. We selected one payroll check for five employees from 2019 from the Wage Detail Report and:
 - a. We compared the hours and pay rate, or salary amount recorded in the Wage Detail Report to supporting documentation (timecard, or legislatively approved rate or salary). We found no exceptions.
 - b. We inspected the Wage Detail Report to confirm whether the fund and account codes to which the check was posted were reasonable based on the employees' duties as documented in the employees' personnel files. We also confirmed the payment was posted to the proper year. We found no exceptions.
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 & Medicare (and social security, for employees not enrolled in pension system)	January 31, 2020	January 10, 2020	\$2,022	\$2,022
State income taxes	January 15, 2020	January 8, 2020	\$868	\$868
School District Income Tax	January 15, 2020	January 8, 2020	\$538	\$538
Local income tax	January 31, 2020	January 15, 2020	\$156	\$156
OPERS retirement	January 31, 2020	January 15, 2020	\$7,576	\$7,576

Non-Payroll Cash Disbursements

1. We selected 10 disbursements from the Payment Register Detail Report for the year ended December 31, 2019 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 two instances 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. 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 for the General, Cash Income Water Fund, and WWTP Improvement Project funds. Expenditures did not exceed appropriations.
2. We inspected the Cash Summary by Fund Report for the years ended December 31, 2019 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 Authority's Public Records Policy to determine the policy was in accordance with Ohio Rev. Code §§ 149.43(E)(2) and 149.43(B)(7)(c) and 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 selected one public record request from the engagement period and inspected the request to determine the Authority was compliant and responded to the request in accordance with their adopted policy as required by Ohio Rev. Code § 149.43(B)(1). We found no exceptions.

Date Request Received	Date Request Fulfilled	Policy Response Time (in Business days)	Actual Response Time (in Business days)
June 14, 2019	June 19, 2019	Varies depending on nature of request	5

3. We inquired with the Authority management and determined that the Authority did not have any denied public records requests during the engagement period.
4. We inquired with Authority management and determined that the Authority did not have any public records requests with redactions during the engagement period.
5. We inquired whether the Authority had a records retention schedule, and observed that it was readily available to the public as required by Ohio Rev. Code § 149.43(B)(2). We found no exceptions.
6. We inspected written evidence that the Public Records Policy was provided to the records custodian/manager as required by Ohio Rev. Code § 149.43(E)(2). We found no exceptions.
7. We inspected the Authority's policy manual and determined the public records policy was included as required by Ohio Rev. Code § 149.43(E)(2). We found no exceptions.
8. We observed that the Authority did not have a poster describing their Public Records Policy that was displayed conspicuously in all branches of the Authority as required by Ohio Rev. Code § 149.43(E)(2).
9. We selected one 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 one selected and the review of the schedules. This was required by Ohio Rev. Code § 149.412 and 149.381. We found no exceptions.
10. We inquired with Authority management and determined that the Authority did not have any elected officials subject to the Public Records Training requirements during the engagement period as required by Ohio Rev. Code §§ 149.43(E)(1) and 109.43(B).
11. We inspected the public notices for the public meetings held during the engagement period and determined the Authority notified the general public and news media of when and where meetings during the engagement period were to be held as required by Ohio Rev. Code § 121.22(F). We found no exceptions.

12. We inspected the minutes of public meetings during the engagement period in accordance with Ohio Rev. Code § 121.22(C) and determined whether they were:
- Prepared – a file is created following the date of the meeting
 - Filed – placed with similar documents in an organized manner
 - Maintained - retained, at a minimum, for the engagement period
 - Open to public inspection – available for public viewing or request.

We found no exceptions.

13. We inspected the minutes from the engagement period in accordance with Ohio Rev. Code § 121.22(G) and determined the following:
- Executive sessions were only held at regular or special meetings.
 - 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).
 - 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 Authority 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, 2019 in the Hinkle system. There were no exceptions.
- For all credit card accounts we obtained:
 - copies of existing internal control policies,
 - a list(s) of authorized users, and
 - a list of all credit card account transactions.
 - We inspected the established policy obtained above and determined it is:
 - in compliance with the HB 312 statutory requirements, and
 - implemented by the Authority.We found no exceptions.
 - We selected 1 credit card transaction from each credit card account for testing. For selected transactions we inspected documentation to determine that:
 - Use was by an authorized user within the guidelines established in the policy, and
 - Each transaction was supported with original invoices and for a proper public purpose. The Authority was not able to provide detail invoices to support expenditures to Boost Mobile. The Authority should maintain original detail invoices for all expenditures.
 - We selected 3 credit card statements from each credit card account for testing. For selected statements we inspected documentation to determine that:
 - No unpaid beginning balance was carried forward to the current billing cycle,
 - Ending statement balance was paid in full, and
 - Statement contained no interest or late fees.We found no exceptions.

Lakengren Water Authority
Preble County
Independent Accountants' Report on
Applying Agreed-Upon Procedures
Page 7

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 Authority'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 Authority's receipts, disbursements and balances recorded in their cash-basis accounting records for the year ended December 31, 2019, 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

August 21, 2020

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OHIO AUDITOR OF STATE KEITH FABER



LAKENGREN WATER AUTHORITY

PREBLE COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 9/22/2020

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This report is a matter of public record and is available online at
www.ohioauditor.gov