



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, 2018 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, 2018 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

1. We recalculated the December 31, 2018 bank reconciliation. We found no exceptions.
2. We agreed the January 1, 2018 beginning fund balances recorded in the Fund Status Report to the December 31, 2017 balances in the prior year audited statements. We found no exceptions.
3. We agreed the totals per the bank reconciliation to the total of the December 31, 2018 fund cash balances reported in the Fund Status 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 four of these debits to the subsequent January bank statement. Check 767-2018, dated November 9, 2018, for \$676 had not cleared the bank as of February 28, 2019.
 - 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 the reconciling credit (such as deposits in transit) from the December 31, 2018 bank reconciliation:
 - a. We traced the credit to the subsequent January bank statement. We found no exceptions.

- b. We agreed the credit amount to the Customer Billing Receipts Report. The 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 2018 to the accounting records and bank statements or reconciliation to determine if they were properly recorded. We found no exceptions.

Special Assessments, Intergovernmental and Other Confirmable Cash Receipts

1. We selected a Special Assessment tax receipt from one *Statement of Semiannual Apportionment of Taxes* (the Statement) for 2018:
 - a. We traced the gross receipt from the *Statement* to the amount recorded in the Receipt Detail Report. The amount agreed.
 - b. We inspected the Receipt Detail 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 Detail 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 Detail Report to determine whether it included two special assessment tax receipts for 2018. The Receipt Detail Report included the proper number of tax receipts for each year.
3. We selected a sample (agreed upon) of five receipts from the County Auditor's Detail Expenditure Report from 2018.
 - a. We compared the amounts from the above report to the amounts recorded in the Receipt Detail Report. The amounts agreed.
 - b. We inspected the Receipt Detail Report to determine that these receipts were allocated to the proper funds. We found no exceptions.
 - c. We inspected the Receipt Detail Report to determine whether the receipts were recorded in the proper year. We found no exceptions.

Charges for Services

1. We selected a sample (agreed upon) of 10 water and sewer collection cash receipts from the year ended December 31, 2018 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 \$95,067.91 of accounts receivable as of December 31, 2018.
 - b. Of the total receivables reported in procedure 2a, \$1,988.26 were recorded as more than 90 days delinquent as of December 31, 2018, respectively.

3. We inspected the Adjustment Transaction List Condensed Report.
 - a. This report listed a total of \$13,973.07 non-cash receipts adjustments for the year ended December 31, 2018.
 - b. We selected a sample (agreed upon) of five non-cash adjustments from 2018, and noted that the Board of Trustees approved each adjustment.

Debt

1. From the prior audit documentation, we observed the following loan was outstanding as of December 31, 2017. This amount agreed to the Authority's January 1, 2018 balance on the summary we used in procedure 3.

Issue	Principal outstanding as of December 31, 2017:
Ohio Water Development Authority Loan	\$863,244

2. We inquired of management, and inspected the Receipt Detail Report and Payment Register Detail Report for evidence of debt issued during 2018 or debt payment activity during 2018. All debt agreed to the summary we used in procedure 3.
3. We obtained a summary of loan debt activity for 2018 and agreed principal and interest payments from the related debt amortization schedule to Special Assessment WTP 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.

Payroll Cash Disbursements

1. We selected one payroll check for five employees from 2018 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, 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 Du	Amount Paid
Federal income taxes & Medicare (and social security, for employees not enrolled in pension system)	January 31, 2019	December 28, 2018	\$1,986	\$1,986
State income taxes	January 15, 2019	January 11, 2019	\$898	\$898

Ohio School Authority	January 15, 2019	January 11, 2019	\$550	\$550
Local income tax	January 31, 2019	January 18, 2019	\$143	\$143
OPERS retirement	January 30, 2019	January 18, 2019	\$7,532	\$7,532

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 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 no exceptions.

Compliance – Budgetary

1. We compared the total estimated receipts from the Final Approved Revenue Budget, required by Ohio Rev. Code Sections 5705.28(B)(2) and 5705.36(A)(1), to the amounts recorded in the Revenue Status Report for the General, Cash Income Water, and Cash Income Sewer funds for the year ended December 31, 2018. The amounts agreed.
2. We inspected the appropriation measures adopted for 2018 to determine whether, for the General, Cash Income Water, and Cash Income Sewer 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 Sections 5705.28(B)(2) and 5705.38(C). We found no exceptions.
3. We compared total appropriations required by Ohio Rev. Code Sections 5705.28(B)(2) and 5705.38 and 5705.40, to the amounts recorded in the Appropriation Status Report for 2018 for the following funds: General, Cash Income Water, Cash Income Sewer. The amounts on the appropriation resolutions agreed to the amounts recorded in the Appropriation Status Report.
4. Ohio Rev. Code Section 5705.28(B)(2)(c) prohibits appropriations from exceeding the estimated revenue available for expenditure (receipts plus beginning unencumbered cash). We compared total appropriations to total estimated revenue for the General, Cash Income Water, and Cash Income Sewer funds for the year ended December 31, 2018. Appropriations did not exceed estimated revenue.
5. Ohio Rev. Code Sections 5705.28(B)(2) and 5705.41(B) prohibit expenditures (disbursements plus certified commitments) from exceeding appropriations. We compared total expenditures to total appropriations for the year ended December 31, 2018 for the General, Cash Income Water, and Cash Income Sewer funds, as recorded in the Appropriation Status Report. Expenditures did not exceed appropriations.
6. We inspected the Cash Summary by Fund Report for the year ended December 31, 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.

Other Compliance

1. 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, 2018 in the Hinkle system. There were no exceptions.
2. For all credit card accounts we obtained a list of all credit card account transactions.
 - copies of existing internal control policies,
 - a list of all credit card account transactions.
 - a. We selected 3 credit card transactions for testing. For selected transactions we inspected documentation to determine that:
 - i. Each transaction was supported with original invoices and for a proper public purpose.
We found 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 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, 2018, and certain compliance requirements related to these transactions and balances and is not suitable for any other purpose.



Keith Faber
Auditor of State

Columbus, Ohio

September 20, 2019

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OHIO AUDITOR OF STATE KEITH FABER



LAKENGREN WATER AUTHORITY

PREBLE 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
OCTOBER 8, 2019**