



Dave Yost • Auditor of State



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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, with which the Board of Trustees and the management of Lakengren Water Authority (the Authority) agreed, solely to assist the Board in evaluating receipts, disbursements and balances recorded in their cash-basis accounting records for the year ended December 31, 2015, and certain compliance requirements related to these transactions and balances. Management is responsible for recording transactions; and management and the Board are responsible for complying with the compliance requirements. 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*. 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 tested the mathematical accuracy of the December 31, 2015 bank reconciliation. 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.
3. We agreed the total per the bank reconciliation to the total of the December 31, 2015 fund cash balances reported in the Fund Status Report. The amounts agreed.
4. We confirmed the December 31, 2015 bank account balances with the Authority's financial institutions. We found no exceptions. We also agreed the confirmed balances to the amounts appearing in the December 31, 2015 bank reconciliation without exception.

Cash (Continued)

5. We selected five reconciling debits (such as outstanding checks) haphazardly from the December 31, 2015 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. We noted no exceptions.
6. We tested interbank account transfers occurring in December of 2015 to determine if they were properly recorded in the accounting records and on each bank statement. We found no exceptions.

Special Assessments, Intergovernmental and Other Confirmable Cash Receipts

1. We selected a special assessment receipt from one *Special Assessment Apportionment Report* (the Report) for 2015:
 - a. We traced the gross receipts from the Report to the amount recorded in the Receipt Register Report. The amounts agreed.
 - b. We determined whether the receipt was allocated to the proper fund(s) as required by Ohio Rev. Code Sections 5705.05-.06 and 5705.10. We found no exceptions.
 - c. We determined whether the receipt was recorded in the proper year. The receipt was recorded in the proper year.
2. We scanned the Receipt Register Report to determine whether it included two special assessment receipts for 2015. We noted the Receipts Register Report included the proper number of special assessment receipts for the year.
3. We selected five receipts from the County Auditor's Detail Expense Report from 2015.
 - a. We compared the amount from the above report to the amount recorded in the Receipt Register Report. The amounts agreed.
 - b. We determined whether these receipts were allocated to the proper fund(s). We found no exceptions.
 - c. We determined whether the receipts were recorded in the proper year. We found no exceptions.

Charges for Services

1. We haphazardly selected 10 water and sewer collection cash receipts from the year ended December 31, 2015 recorded in the Receipt Register Report and determined whether the:
 - a. Receipt amount per the Receipt Register Report agreed to the amount recorded to the credit of the customer's account in the Payment Register 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 plus any applicable late penalties. 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 read the Aged Receivables Summary Report.
 - a. We noted this report listed \$83,980 of accounts receivable as of December 31, 2015.
 - b. Of the total receivables reported in step 2a, \$11,245 was recorded as more than 90 days delinquent as of December 31, 2015.

Charges for Services (Continued)

3. We read the Adjustment Transaction List Report.
 - a. We noted this report listed a total of \$15,108 non-cash receipts adjustments for the year ended December 31, 2015.
 - b. We selected five non-cash adjustments from 2015, and noted that the Board of Trustees approved each adjustment for the Lakengren Property Owners Association. However, it was noted that the Board of Trustees did not review or approve adjustments on any remaining customer accounts. The Authority should ensure that all adjustments are reviewed and approved by the Board of Trustees to prevent improper adjustments being made that could lead to potential fraud.

Debt

1. From the prior audit documentation, we noted the following bonds and loan outstanding as of December 31, 2014. These amounts agreed to the Authority's January 1, 2015 balances on the summary we used in step 3.

Issue	Principal outstanding as of December 31, 2014:
Series 2008 A Untaxed Revenue Bonds	\$186,000
Series 2008 B Taxed Revenue Bonds	\$39,000
OWDA Loan	\$1,106,951

2. We inquired of management, and scanned the Receipt Register Report and Payment Register Detail Report for evidence of debt issued during 2015 or debt payment activity during 2015. All debt noted agreed to the summary we used in step 2.
3. We obtained a summary of bonded and loaned debt activity for 2015 and agreed principal and interest payments from the related debt amortization schedules to Chase Bond Retirement Untaxed, Chase Bond Retirement Taxed and Special Assessment WTP Funds 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 haphazardly selected one payroll check for five employees from 2015 from the Employee Detail Adjustment Report and:
 - a. We compared the hours and pay rate, or salary amount recorded in the Employee Detail Adjustment Report to supporting documentation (timecard, or legislatively approved rate or salary). 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 determined whether the fund and account code(s) to which the check was posted were reasonable based on the employees' duties as documented in the employees' personnel files. We also determined whether the payment was posted to the proper year. We found no exceptions.
2. We scanned the last remittance of tax and retirement withholdings for the year ended December 31, 2015 to determine whether 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 2015. We noted the following:

Withholding (plus employer share, where applicable)	Date Due	Date Paid	Amount Due	Amount Paid
Federal income taxes & Medicare	January 31, 2016	December 31, 2015	\$4,518	\$4,518
State income taxes	January 15, 2016	January 11, 2016	\$773	\$773
Ohio School District income taxes	January 15, 2016	January 15, 2016	\$599	\$599
OPERS retirement	February 1, 2016	January 29, 2016	\$6,691	\$6,691

Non-Payroll Cash Disbursements

1. We haphazardly selected ten disbursements from the Payment Register Detail Report for 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.
 - 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, 2015. The amounts agreed.
2. We scanned the appropriation measures adopted for 2015 to determine whether, for the General, Water Operating and Sewer Operating 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), 5705.38 and 5705.40, to the amounts recorded in the Appropriation Status Report for 2015 for the following funds: General, Special Assessment WTP and Cash Income General/Admin. 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, Chase Bond Retirement Untaxed and Chase Bond Retirement Taxed funds for the year ended December 31, 2015. Appropriations did not exceed estimated revenue.

Compliance – Budgetary (Continued)

5. Ohio Rev. Code Sections 5705.28(B)(2) and 5705.41(B) prohibits expenditures (disbursements plus certified commitments) from exceeding appropriations. We compared total expenditures to total appropriations for the year ended December 31, 2015 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 scanned the Cash Summary by Fund Report for the year ended December 31, 2015 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. We noted no funds having a negative cash fund balance.

Other Compliance

1. Ohio Rev. Code Section 117.38 requires entities to file their financial information in the HINKLE system formerly known as the Annual Financial Data Reporting System (AFDRS) within 60 days (150 days for entities filing GAAP) after the close of the fiscal year. We reviewed AFDRS to verify the Authority filed their financial information within the allotted timeframe for the year ended December 31, 2015. No exceptions noted.

The Lakengren Water Authority has responded to the exception noted above. You may obtain a copy of their response from Kellie Rickard, Fiscal Officer, 24 Lakengren Drive, Eaton, Ohio 45320.

We were not engaged to, and did not conduct an examination, the objective of which would be the expression of an opinion on the Authority's receipts, disbursements, balances and compliance with certain laws and regulations. Accordingly, we do not express an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of management, those charged with governance, and others within the Authority, and is not intended to be, and should not be used by anyone other than these specified parties.



Dave Yost
Auditor of State

Columbus, Ohio

August 8, 2016

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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
AUGUST 25, 2016**