



OHIO AUDITOR OF STATE
KEITH FABER

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65 East State Street
Columbus, Ohio 43215
ContactUs@ohioauditor.gov
800-282-0370

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

We have performed the procedures enumerated below on the Lakengren Water Authority's (the Authority) receipts, disbursements and balances recorded in the cash basis accounting records for the year ended December 31, 2023 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, 2023 and certain compliance requirements related to these transactions and balances included in the information provided to us by the Authority.

The Board of Trustees and the management of the Authority have agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of providing 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, 2023, and certain compliance requirements related to these transactions and balances. No other party acknowledged the appropriateness of the procedures. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of the report and may not meet the needs of all users of the report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes. The sufficiency of the procedures is solely the responsibility of the parties specified in the 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.

For the purposes of performing these procedures, this report only describes exceptions exceeding \$10.

The procedures and the associated findings are as follows:

Cash and Investments

1. We recalculated the December 31, 2023 bank reconciliation. We found no exceptions.
2. We agreed the January 1, 2023 beginning fund balances for each fund recorded in the Fund Status Report to the December 31, 2022 balances in the prior year documentation in the prior year Agreed-Upon Procedures working papers. We found no exceptions.
3. We agreed the 2023 bank reconciliation as of December 31, 2023 to the total fund cash balance reported in the Fund Status Report and the financial statements filed by the Authority in the Hinkle System. The amounts agreed.
4. We confirmed the December 31, 2023 bank account balances with the Authority's financial institutions and the Ohio Pooled Collateral System. We found no exceptions. We also agreed the confirmed balances to the amounts appearing in the December 31, 2023 bank reconciliation without exception.

5. We selected all 3 reconciling debits (such as outstanding checks) from the December 31, 2023 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, and determined the debits were dated prior to December 31. We found no exceptions.
6. We selected 5 reconciling credits (such as deposits in transit) from the December 31, 2023 bank reconciliation:
 - a. We traced each credit to the subsequent January financial institutions website transaction listing. We found no exceptions.
 - b. We agreed the credit amounts to the Receipts Register and determined they were dated prior to December 31. We found no exceptions.
7. We traced interbank account transfers occurring in December of 2023 to the accounting records and bank statements to determine if they were properly recorded. We found no exceptions.
8. We inspected investments held at December 31, 2023 to determine that they were of a type authorized by Ohio Rev. Code § 6119.16. We found no exceptions.

Special Assessments and Intergovernmental Cash Receipts

1. We selected a total of 5 receipts from the County Auditor Detailed Expenditure Report from 2023:
 - a. We compared the amount from the above named report to the amount recorded in the Receipt Register Report. The amounts agreed.
 - b. We inspected the Receipt Register Report to determine the receipts were allocated to the proper funds as required by Ohio Rev. Code §§ 5705.05 and 5705.10. We found no exceptions.
 - c. We inspected the Receipt Register 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 Register Report to determine whether it included 2 special assessment tax receipts for 2023. The Receipt Register Report included the proper number of special assessment tax receipts for 2023. We found no exceptions.

Charges for Services

1. We selected 10 water/sewer collection cash receipts from the year ended December 31, 2023 recorded in the Receipt Register Report and:
 - a. Agreed the receipt amount per the Receipt Register 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 engagement 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 \$99,737.86 of accounts receivable as of December 31, 2023.
 - b. Of the total receivables reported in procedure 2a, \$867.61 were recorded as more than 90 days delinquent.

3. We inspected the Aged Receivables Summary Report.
 - a. This report listed a total of \$10,635.80 non-cash receipts adjustments for the year ended December 31, 2023.
 - b. We selected 5 non-cash adjustments from 2023, and observed that the Board of Trustees approved each adjustment.

Debt

1. From the prior agreed-upon procedures documentation, we observed the following loans were outstanding as of December 31, 2022.
 - a. These amounts agreed to the Authority's January 1, 2023 balances on the summary we used in procedure 3.
 - b. We inspected the debt's loan agreements for all outstanding debt, and we confirmed the debt covenants did not have requirements that failing to follow the terms indicates possible outcome modification of the debt terms.

Issue	Principal outstanding as of December 31, 2022:
OWDA Loan #4286	\$409,948
OWDA Loan #8327	\$7,126,256

2. We inquired of management and inspected the Receipt Register Report and Payment Register Detail Report for evidence of debt issued during 2023 or debt payment activity during 2023. All debt agreed to the summary we used in procedure 3.
3. We obtained a summary of loans debt activity for 2023 and agreed principal and interest payments from the related debt amortization schedules to Special Assessment – WTP Fund and Special Assessment – WWTP 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 received for 2023 from the debt documents to amounts recorded in the Capital Sewer fund per the Receipt Register Report. The amounts agreed.
5. For new debt issued during 2023, 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 made applicable expenditures during 2023. We found no exceptions.

Payroll Cash Disbursements

1. We selected 1 payroll check for 5 employees from 2023 from the Wage Withholdings Detail Report and:
 - a. We compared the hours and pay rate, or salary recorded in the Wage Detail Report to supporting documentation (timecard, legislatively or statutorily-approved rate or salary). We found no exceptions.
 - b. We inspected the fund and account codes to which the check was posted to determine the posting was allowable based on the employees' duties as documented in the employees' personnel files. We found no exceptions.
 - c. We 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, 2023 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 2023. 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, 2024	January 19, 2024	\$2,413.66	\$2,413.66
State income taxes	January 15, 2024	January 9, 2024	\$942.88	\$942.88
Local income tax	January 30, 2024	January 19, 2024	\$196.32	\$196.32
OPERS retirement	January 30, 2024	January 17, 2024	\$13,038.23	\$13,038.23
School District taxes	January 30, 2024	January 9, 2024	\$680.00	\$680.00

We found no exceptions.

Non-Payroll Cash Disbursements

1. We selected 10 disbursements from the Payment Register Detail Report for the year ended December 31, 2023 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 § 5705.41(D). We found no exceptions.

Compliance – Budgetary

1. Ohio Rev. Code § (§) 5705.28(B)(2) and 5705.41(B) prohibits expenditures (disbursements plus certified commitments including outstanding encumbrances) from exceeding appropriations. We compared total expenditures to total approved appropriations (Ohio Rev. Code §§ 5705.38 and 5705.40) plus any carryover appropriations for the years ended December 31, 2023 for the General, Operating Water and Operating Sewer funds. Expenditures did not exceed appropriations.
2. We inspected the Cash Summary by Fund Report for the year ended December 31, 2023 for negative cash fund balance. Ohio Rev. Code § 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 1 public records request from the engagement period and inspected the request to determine the following:
 - a. 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.
 - b. The Authority did not have any denied public records requests during the engagement period.
 - c. The Authority did not have any public records requests with redactions during the engagement period.
3. 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.
4. 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.
5. 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.
6. We observed that the Authority's poster describing their Public Records Policy was displayed conspicuously in all branches of the Authority as required by Ohio Rev. Code § 149.43(E)(2). We found no exceptions.
7. We selected 1 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 1 selected and the review of the schedules. This was required by Ohio Rev. Code §149.412. We found no exceptions.
8. 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).
9. 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.

10. 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.

11. 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 § 121.22(G).
 - Formal governing board actions were adopted in open meetings.
- We found no exceptions.

Other Compliance

1. Ohio Rev. Code § 117.38 requires these Authorities 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, 2023 in the Hinkle system. We found no exceptions.

We were engaged by the Authority to perform this agreed-upon procedures engagement and conducted our engagement in accordance with the attestation standards established by the AICPA and the Comptroller General of the United States' *Government Auditing Standards*. We were not engaged to, and did not conduct an examination or review engagement, 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.

We are required to be independent of the Authority and to meet our ethical responsibilities, in accordance with the ethical requirements established by the Comptroller General of the United States' *Government Auditing Standards* related to our agreed upon procedures engagement.



Keith Faber
Auditor of State
Columbus, Ohio

September 19, 2024

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 10/8/2024

65 East State Street, Columbus, Ohio 43215
Phone: 614-466-4514 or 800-282-0370

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