



**VILLAGE OF WEST LAFAYETTE
COSHOCOTON COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2000-1999



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

VILLAGE OF WEST LAFAYETTE
COSHOCTON COUNTY

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REPORT OF INDEPENDENT ACCOUNTANTS

Village of West Lafayette
Coshocton County
P.O. Box 175
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To the Village Council:

We have audited the accompanying financial statements of the Village of West Lafayette, Coshocton County, Ohio, (the Village) as of and for the years ended December 31, 2000 and 1999. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As discussed in Note 1, the Village prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of the Village as of December 31, 2000 and 1999, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 1, 2001, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audits.

This report is intended solely for the information and use of management, Village Council and other officials authorized to receive this report under § 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

Jim Petro
Auditor of State

August 1, 2001

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VILLAGE OF WEST LAFAYETTE
COSHOCOTON COUNTY

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2000**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	
Cash Receipts:				
Property Tax and Other Local Taxes	\$282,409		\$2,830	\$285,239
Intergovernmental	92,854	\$100,555	51	193,460
Charges for Services	18,432			18,432
Fines, Licenses, and Permits	8,185	563		8,748
Contributions and Donations	6,716			6,716
Earnings on Investments	35,614	1,451		37,065
Miscellaneous	4,354			4,354
Total Cash Receipts	<u>448,564</u>	<u>102,569</u>	<u>2,881</u>	<u>554,014</u>
Cash Disbursements:				
Current:				
Security of Persons and Property	260,338			260,338
Public Health Services	2,822			2,822
Leisure Time Activities	3,075			3,075
Transportation		57,903		57,903
General Government	95,022			95,022
Debt Service:				
Principal Payments	24,000	4,607	2,000	30,607
Interest Payments	9,476		212	9,688
Capital Outlay	80,000	40,114		120,114
Total Cash Disbursements	<u>474,733</u>	<u>102,624</u>	<u>2,212</u>	<u>579,569</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>(26,169)</u>	<u>(55)</u>	<u>669</u>	<u>(25,555)</u>
Other Financing Receipts/(Disbursements):				
Sale of Fixed Assets	2,000			2,000
Advances-In	9,000			9,000
Advances-Out	(9,000)			(9,000)
Total Other Financing Receipts/(Disbursements)	<u>2,000</u>	<u>0</u>	<u>0</u>	<u>2,000</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(24,169)	(55)	669	(23,555)
Fund Cash Balances, January 1	301,407	42,322	3,861	347,590
Fund Cash Balances, December 31	<u>\$277,238</u>	<u>\$42,267</u>	<u>\$4,530</u>	<u>\$324,035</u>
Reserves for Encumbrances, December 31	<u>\$18,331</u>	<u>\$1,255</u>	<u>\$0</u>	<u>\$19,586</u>

The notes to the financial statements are an integral part of this statement.

**VILLAGE OF WEST LAFAYETTE
COSHOCTON COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 1999**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	
Cash Receipts:				
Property Tax and Other Local Taxes	\$291,333		\$3,472	\$294,805
Intergovernmental	77,335	\$79,444		156,779
Charges for Services	19,360			19,360
Fines, Licenses, and Permits	9,177			9,177
Contributions and Donations	18,500			18,500
Earnings on Investments	30,196	1,374		31,570
Miscellaneous	1,150	199		1,349
	<u>447,051</u>	<u>81,017</u>	<u>3,472</u>	<u>531,540</u>
Total Cash Receipts				
Cash Disbursements:				
Current:				
Security of Persons and Property	238,546	1,655		240,201
Public Health Services	3,405			3,405
Leisure Time Activities	2,007			2,007
Transportation		64,578		64,578
General Government	64,991		87	65,078
Debt Service:				
Principal Payments	22,000	4,607	3,000	29,607
Interest Payments	10,542		340	10,882
Capital Outlay	64,600	13,896		78,496
	<u>406,091</u>	<u>84,736</u>	<u>3,427</u>	<u>494,254</u>
Total Cash Disbursements				
Total Cash Receipts Over/(Under) Cash Disbursements	<u>40,960</u>	<u>(3,719)</u>	<u>45</u>	<u>37,286</u>
Other Financing Receipts/(Disbursements):				
Sale of Fixed Assets	575	1,701		2,276
Transfers-In		20,000		20,000
Advances-In	3,850			3,850
Transfers-Out	(22,500)			(22,500)
Advances-Out	(3,850)			(3,850)
Other Sources	11,217			11,217
	<u>(10,708)</u>	<u>21,701</u>	<u>0</u>	<u>10,993</u>
Total Other Financing Receipts/(Disbursements)				
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	30,252	17,982	45	48,279
Fund Cash Balances, January 1	<u>271,155</u>	<u>24,340</u>	<u>3,816</u>	<u>299,311</u>
Fund Cash Balances, December 31	<u>\$301,407</u>	<u>\$42,322</u>	<u>\$3,861</u>	<u>\$347,590</u>
Reserves for Encumbrances, December 31	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

The notes to the financial statements are an integral part of this statement.

**VILLAGE OF WEST LAFAYETTE
COSHOCOTON COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
PROPRIETARY FUND TYPE
FOR THE YEARS ENDED DECEMBER 31, 2000 AND 1999**

	2000	1999
Operating Cash Receipts:		
Charges for Services	\$639,697	\$627,665
Total Operating Cash Receipts	639,697	627,665
Operating Cash Disbursements:		
Personal Services	166,682	167,590
Contractual services	201,991	206,654
Supplies and Materials	50,880	41,838
Capital Outlay	71,997	232,075
Total Operating Cash Disbursements	491,550	648,157
Operating Income (Loss)	148,147	(20,492)
Non-Operating Cash Receipts:		
Intergovernmental	9,175	120,000
Proceeds of OWDA Loan		1,151,599
Miscellaneous		3,100
Sale of Fixed Assets		100
Contribution and Donations	19,690	9,603
Other Non-Operating		5,356
Total Non-Operating Cash Receipts	28,865	1,289,758
Non-Operating Cash Disbursements:		
Debt Service - Principal	56,310	1,176,491
Debt Service - Interest	84,836	77,607
Other Non-Operating Cash Disbursements	45,999	
Total Non-Operating Cash Disbursements	187,145	1,254,098
Excess of Receipts Over(Under) Disbursements Before Interfund Transfers and Advances	(10,133)	15,168
Transfers-In		2,500
Advances-In	9,000	3,850
Advances-Out	(9,000)	(3,850)
Net Receipts Over(Under) Disbursements	(10,133)	17,668
Fund Cash Balances, January 1	588,933	571,265
Fund Cash Balances, December 31	\$578,800	\$588,933
Reserves for Encumbrances, December 31	\$11,533	\$0

The notes to the financial statements are an integral part of this statement.

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**VILLAGE OF WEST LAFAYETTE
COSHOCTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Village of West Lafayette, Coshocton County, (the Village) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Village is directed by a publicly-elected six-member Council. The Village provides general governmental services, including water and sewer utilities, fire protection, road maintenance and repairs, park operations (leisure time activities), and police services.

The Village's management believes these financial statements present all activities for which the Village is financially accountable.

B. Basis of Accounting

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

C. Cash

Certificates of deposit are valued at cost.

D. Fund Accounting

The Village uses fund accounting to segregate cash and investments that are restricted as to use. The Village classifies its funds into the following types:

1. General Fund

The General Fund is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

2. Special Revenue Funds

These funds are used to account for proceeds from specific sources (other than from trusts or for capital projects) that are restricted to expenditure for specific purposes. The Village had the following significant Special Revenue Funds:

Street Construction, Maintenance and Repair Fund - This fund receives gasoline tax money for constructing, maintaining and repairing Village streets.

Motor Vehicle License Tax Fund - This fund receives motor vehicle tax money for constructing, maintaining and repairing Village streets.

**VILLAGE OF WEST LAFAYETTE
COSHOCTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. Debt Service Fund

This fund is used to accumulate resources for the payment of bond indebtedness. The Village had the following significant Debt Service Fund:

Debt Service Fund - This fund receives tax revenue monies for retirement of bonds.

4. Enterprise Funds

These funds account for operations that are similar to private business enterprises where management intends that the significant costs of providing certain goods or services will be recovered through user charges. The Village had the following significant Enterprise Fund:

Water Fund - This fund receives charges for services from residents to cover the cost of providing this utility.

E. Budgetary Process

The Ohio Revised Code requires that each fund be budgeted annually.

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund or function level of control, and appropriations may not exceed estimated resources. The Village Council must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Unencumbered appropriations lapse at year end.

2. Estimated Resources

Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered cash as of January 1. The County Budget Commission must also approve estimated resources.

3. Encumbrances

The Ohio Revised Code requires the Village to reserve (encumber) appropriations when commitments are made. The Village did not use the encumbrance method of accounting and did not always certify availability of funds prior to purchase commitments, contrary to Ohio Rev. Code Section 5705.41 (D).

A summary of 2000 and 1999 budgetary activity appears in Note 3.

F. Property, Plant and Equipment

Acquisitions of property, plant and equipment are recorded as capital outlay disbursements when paid. These items are not reflected as assets on the accompanying financial statements.

VILLAGE OF WEST LAFAYETTE
COSHOCTON COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. Unpaid Vacation and Sick Leave

Employees are entitled to cash payments for unused vacation and sick leave in certain circumstances, such as upon leaving employment. Unpaid vacation and sick leave are not reflected as liabilities under the cash basis of accounting used by the Village.

2. EQUITY IN POOLED CASH AND INVESTMENTS

The Village maintains a cash and investment pool used by all funds. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of cash and investments at December 31 was as follows:

	<u>2000</u>	<u>1999</u>
Deposits:		
Demand deposits	\$875,673	\$49,523
Certificates of deposit	<u>27,162</u>	<u> </u>
Total Deposits	902,835	49,523
Investment:		
Repurchase agreement	<u> </u>	<u>887,000</u>
Total Deposits and Investments	<u>\$902,835</u>	<u>\$936,523</u>

Deposits: Deposits are either (1) insured by the Federal Depository Insurance Corporation, or (2) collateralized by securities held by the financial institution in the Village's name.

Investments: Nonparticipating investment contracts such as repurchase agreements are reported at cost and are collateralized by eligible securities pledged by the financial institution as security of repayment.

During 2000 and 1999, the Village invested in a repurchase agreement and a certificate of deposit.

**VILLAGE OF WEST LAFAYETTE
COSHOCOTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

3. BUDGETARY ACTIVITY

Budgetary activity for the years ended December 31, 2000 and 1999 follows:

2000 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 600,017	\$ 450,564	\$ (149,453)
Special Revenue	88,337	102,569	14,232
Debt Service	3,263	2,881	(382)
Enterprise	696,965	668,562	(28,403)
Total	<u>\$ 1,388,582</u>	<u>\$ 1,224,576</u>	<u>\$ (164,006)</u>

2000 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 496,658	\$ 493,064	\$ 3,594
Special Revenue	120,707	103,879	16,828
Debt Service	3,312	2,212	1,100
Enterprise	780,703	690,228	90,475
Total	<u>\$ 1,401,380</u>	<u>\$ 1,289,383</u>	<u>\$ 111,997</u>

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 564,628	\$ 458,843	\$ (105,785)
Special Revenue	102,186	102,718	532
Debt Service	3,259	3,472	213
Enterprise	660,594	1,919,923	1,259,329
Total	<u>\$ 1,330,667</u>	<u>\$ 2,484,956</u>	<u>\$ 1,154,289</u>

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 434,709	\$ 428,591	\$ 6,118
Special Revenue	120,507	84,736	35,771
Debt Service	3,340	3,427	(87)
Enterprise	630,147	1,902,255	(1,272,108)
Total	<u>\$ 1,188,703</u>	<u>\$ 2,419,009</u>	<u>\$ (1,230,306)</u>

**VILLAGE OF WEST LAFAYETTE
COSHOCTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

3. BUDGETARY ACTIVITY (Continued)

Legal Compliance

During 2000 and 1999, certain expenditures were not certified by the Clerk-Treasurer prior to incurring the obligation, contrary to Ohio Rev. Code Section 5705.41(D). The Village also did not obtain an amended certificate for the proceeds of the OWDA loan and did not approve supplemental appropriations for the OWDA loan and repayment which resulted in the Village overspending its appropriations, contrary to Ohio Rev. Code 5705.41 (B).

4. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by Village Council. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. Homestead and rollback amounts are then paid by the State, and are reflected in the accompanying financial statements as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to make semiannual payments, the first half is due December 31. The second half payment is due the following June 20.

Public utilities are also taxed on personal and real property located within the Village.

Tangible personal property tax is assessed by the property owners, who must file a list of such property to the County by each April 30.

The County is responsible for assessing property, and for billing, collecting, and distributing all property taxes on behalf of the Village.

5. DEBT

Debt outstanding at December 31, 2000 was as follows:

	Principal	Interest Rate
1992 Ohio Public Works Commission	\$57,592	0.0%
1960 Water Revenue Bonds	3,000	5.0
1994 FmHA Loan with U.S. Department of Agriculture	194,300	5.13
1990 Ohio Water Development Authority	467,534	8.0
1997 Fire Truck Bonds	164,000	5.0
1999 Ohio Water Development Authority	1,135,555	5.77
1995 Ohio Public Works Commission	68,082	0.0
	\$2,090,063	

**VILLAGE OF WEST LAFAYETTE
COSHOCOTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

5. DEBT (Continued)

Enterprise Debt

1992 Ohio Public Works Commission (OPWC) Loan was for storm water drainage improvements, dated April 15, 1992, and are due in semi annual installments of \$2,304 through January 1, 2013.

1994 FmHA Loan with the U.S. Department of Agriculture was for sewer improvements, dated March 29, 1994, and are due in various annual installments through 2034, bearing interest of 5.13%.

1990 Ohio Water Development Authority (OWDA) Loan dated October 27, 1988, was for utility system improvements and are due in semi-annual installments of \$37,859 through 2010.

1999 Ohio Water Development Authority (OWDA) Loan dated August 26, 1999 was for the construction of the Water Treatment Plant.

1995 Ohio Public Works Commission (OPWC) Promissory Note dated July 1, 1995 was for the drilling of the new field for the new water treatment plant. The first payment was due July 1, 1998 when the project was completed. Payments are due December 1 and July 1 each year.

General Obligation Debt

1997 Fire Truck Bonds dated September 25, 1997, was for the purchase of a new fire engine which was to be paid from tax distributions from the County Auditor. The payments are due December 1 each year with the bonds maturing in 2007.

1960 Water Revenue Bonds with Bank One dated July 11, 1960, were for improving the municipal water system and were retired during 2000.

Amortization of the above Enterprise debt, including interest, is scheduled as follows:

Year ending	1992	1990	1994	1999	1995
December 31:	OPWC Loan	OWDA Loan	FmHA Loan	OWDA Loan	OPWC Loan
2001	\$4,608	\$75,718	\$12,258	\$98,535	\$3,890
2002	4,608	75,718	12,340	98,535	3,890
2003	4,608	75,718	12,312	98,535	3,890
2004	4,608	75,718	12,279	98,535	3,890
2005	4,608	75,718	12,340	98,535	3,890
Thereafter	<u>34,552</u>	<u>302,867</u>	<u>346,299</u>	<u>1,428,764</u>	<u>48,632</u>
Total	<u>\$57,592</u>	<u>\$681,457</u>	<u>\$407,828</u>	<u>\$1,921,439</u>	<u>\$68,082</u>

During 2000 and 1999, the Village did not specify tax collections for debt retirement and place the tax collections in the bond retirement fund for the purpose of retiring the fire truck debt of \$164,000, contrary to Village of West Lafayette, Ordinance, Section 37-97, (1997) and the Fire Truck Acquisition Bond debt covenant.

**VILLAGE OF WEST LAFAYETTE
COSHOCKTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

6. RETIREMENT SYSTEMS

The Village's full-time law enforcement officers belong to the Ohio Police and Fire Pension Fund (OP&F). Other full-time and part-time employees belong to the Public Employees Retirement System (PERS) of Ohio. OP&F and PERS are cost-sharing, multiple-employer plans. These plans provide retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 2000 and 1999, members of OP&F contributed 10% of their wages to the OP&F. The Village contributed an amount equal to 19.5% of their wages. PERS members contributed 8.5% of their gross salaries. The Village contributed an amount equal to 10.84% and 13.55% of participants' gross salaries for 2000 and 1999, respectively. The Village has paid all contributions required through December 31, 2000.

7. RISK POOL MEMBERSHIP

The Village belongs to the Ohio Municipal Joint Self-Insurance Pool, (the "Pool"), an unincorporated non-profit association available to municipal corporations and their instrumentalities. Pursuant to Section 2744.081 of the Ohio Rev. Code, the Plan is deemed a separate legal entity. The Pool provides a program of property and casualty insurance for its members. The Plan pays judgments, settlements and other expenses resulting for covered claims that exceed the members' deductibles.

Casualty excess-of-loss contracts at December 31, 2000 and 1999 generally protect against individual losses over \$150,000 (\$100,000 for policies issued after March 31, 2000).

Property coverage contracts protect against losses, subject to a deductible of \$50,000 per occurrence, limited to an annual aggregate loss of the greater of \$300,000 or 1% of total coverage.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and retained (deficit) earnings at December 31:

	<u>2000</u>	<u>1999</u>
Assets	\$2,958,827	\$4,151,450
Liabilities	<u>3,863,373</u>	<u>3,461,914</u>
Retained (deficit) earnings	<u>(\$904,546)</u>	<u>\$689,536</u>

8. RISK MANAGEMENT

The Village provides health insurance and vision coverage to full-time employees through a private carrier.

VILLAGE OF WEST LAFAYETTE
COSHOCTON COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)

9. LEASE OBLIGATION

The Village has a lease/purchase agreement for a police cruiser. The following is a schedule of the future minimum payments required as of December 31,2000:

<u>Year</u>	<u>Obligation</u>
2001	\$5,631
2002	<u>1,876</u>
Total	<u>\$ 7,507</u>



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**REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE AND ON INTERNAL CONTROL
REQUIRED BY GOVERNMENT AUDITING STANDARDS**

Village of West Lafayette
Coshocton County
P.O. Box 175
West Lafayette, Ohio 43845

To the Village Council:

We have audited the accompanying financial statements of the Village of West Lafayette, Coshocton County, Ohio, (the Village) as of and for the years ended December 31, 2000 and 1999, and have issued our report thereon dated August 1, 2001. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Village's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audits and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards*, which are described in the accompanying Schedule of Findings as items 2000-31016-001 through 2000-31016-003.

We also noted certain immaterial instances of noncompliance that we have reported to management of the Village in a separate letter dated August 1, 2001.

Internal Control Over Financial Reporting

In planning and performing our audits, we considered the Village's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operations that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, our judgment, could adversely affect the Village's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying Schedule of Findings as items 2000-31016-004 through 2000-31016-006.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, of the reportable conditions described above, we consider item 31016-2000-004 to be a material weakness.

We also noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Village in a separate letter dated August 1, 2001.

This report is intended for the information and use of management and Village Council, and is not intended to be and should not be used by anyone other than these specified parties.

Jim Petro
Auditor of State

August 1, 2001

VILLAGE OF WEST LAFAYETTE
COSHOCTON COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2000 AND 1999

FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS

MATERIAL NONCOMPLIANCE

FINDING NUMBER 2000-31016-001

Ohio Rev. Code Section 5705.41(D) requires that no subdivision or taxing unit make any contract or order any expenditure of money unless there is attached thereto a certificate of the fiscal officer of the subdivision that the amount required to meet the same has been lawfully appropriated for such purposes and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances. Every such contract made without such certificate shall be null and void and no warrant shall be issued in payment of any amount due thereon.

This section also provides for two "exceptions" to the above requirements:

1. Then and Now Certificates - If no certificate is furnished as required, upon receipt of the fiscal officer's certificate that a sufficient sum was, both at the time of the contract or order and at the time of the certificate, appropriated and free of any previous encumbrances, the Village Council may authorize the issuance of a warrant in payment of the amount due upon such contract or order by resolution within 30 days from the receipt of such certificate.
2. If the amount involved is less than \$1,000, the Clerk-Treasurer may authorize payment through a Then and Now Certificate without affirmation of Village Council, if such expenditure is otherwise valid.

During 2000 and 1999, 80% and 93%, respectively, of the expenditures tested were not certified by the Clerk-Treasurer prior to incurring the obligation. It was also found that neither of the two exceptions above were utilized for the items found to be in non-compliance. The Village should certify the availability of funds prior to incurring any obligation. This will help prevent overspending. In addition, the Village should inform all Village employees of the requirements of Ohio Rev. Code Section 5705.41(D). As deemed appropriate, the Village should implement the use of "Then and Now" certificates as alternative means of certifying funds.

FINDING NUMBER 2000-31016-002

Village of West Lafayette, Ordinance, Section 37-97, (1997) and the Fire Truck Acquisition Bond debt covenant requires Village property tax collections be specified for debt retirement and placed in a bond retirement fund for the purpose of retiring the debt on the \$270,000 Fire Truck Acquisition Bond issue.

During 2000 and 1999, the Village receipted all tax funds into the General Fund and paid the debt directly from the General Fund contrary to the restrictions in Village Ordinance No. 37-97. As a result of the bond covenant not being satisfied, the Village may be subject to default on the bonds. The Village should establish a Debt Service Bond Retirement Fund and should notify the County Auditor of the restrictive bond covenant requirements so a portion of the tax revenues can be distributed to the bond retirement fund for the repayment of the Fire Truck debt.

**MATERIAL NONCOMPLIANCE
 (Continued)**

FINDING NUMBER 2000-31016-003

Ohio Rev. Code Section 5705.41 (B) requires that no subdivision expend money unless it has been lawfully appropriated. The Village had expenditures plus encumbrances which exceeded appropriations as follows for 1999:

1999	Amount of Appropriations	Amount of Expenditures	Variance
<u>Enterprise Funds</u>			
Water Treatment Plant Fund	\$0	\$87,346	(\$87,346)
Water Fund	\$263,912	\$1,514,894	(\$1,250,982)

These variances are the result of the Village not appropriating for the activity of Enterprise Water Treatment Fund and the Ohio Water Development Authority (OWDA) proceeds in the Water Fund. The water treatment plant project was not initially maintained within the Village's accounting records. The project ended in 1999 and the Village received proceeds from OWDA to pay off the temporary notes which were credited to the Enterprise Water Fund. The Village did not obtain an amended certificate or appropriate for these transactions. As part of the audit, the off-book financial activity was adjusted for reporting purposes creating the variances.

The Village should obtain an Amended Certificate of Estimated Resources for additional revenue for loan proceeds and increase its appropriations accordingly to reduce the possibility of overspending available resources.

FINDING NUMBER 2000-31016-004

MATERIAL WEAKNESS

Off Book Activity

On August 26, 1999, the Village received \$1,151,599 from Ohio Water Development Authority to finance the Water Treatment Plant. The proceeds of the loan and subsequent payment of the project were not maintained on the Village's books and therefore were not subject to Village Council review. As a result, the Village's cash receipts, cash disbursements and cash balances were initially understated. Not recording all financial activity in the Village's accounting ledgers, hinders Village Council's ability to accurately assess the Village's financial condition.

To improve the Village's internal control over financial reporting, the Village should ensure that all monies received either directly or on-behalf of the Village are posted to the Village's cashbook, receipt ledger, and appropriation ledger. The Village should also obtain an amended certificate for on-behalf activity or additional sources of revenue.

FINDING NUMBER 2000-31016-005

REPORTABLE CONDITION

Accounting System

During 2000 and 1999, the Village did not use the encumbrance method of accounting or reconcile the cash journal to the receipts and appropriations ledger throughout the year. As a result, the Village's records could contain mispostings or errors which could go undetected. The Village could also overspend its appropriations within a specific line item without the overspending being detected.

The Clerk-Treasurer should post encumbrances to the Village's appropriation ledger, maintain a declining balance of available monies for expenditure, total ledger columns monthly, and reconcile the appropriations ledger to the cash journal monthly. In addition, the Clerk-Treasurer should certify the availability of funds prior to the purchase commitment. These procedures will help enable management to effectively monitor spending and assist the Village with budget management decisions.

FINDING NUMBER 2000-31016-006

REPORTABLE CONDITION

Receipt and Disbursement Classifications

The Clerk-Treasurer did not always classify receipts and disbursements in the proper function classification. The following reclassifications were proposed to properly report the Village's financial activity by function:

- Debt payments were not initially classified separately as principal and interest charges.
- Ohio Public Works debt payments were initially recorded as General Government disbursements.
- Reduction of Expenditure to Contract Services was initially recorded as Intergovernmental Revenue.
- Interest earned in 2000 which was initially recorded as Miscellaneous Revenue.
- Capital Outlay, Contractual Services, and Supplies were initially recorded as "Other Non-operating Uses.
- OWDA Water System Improvement Loan payment was initially recorded as "Other Non-operating Uses.
- ODNR grant was initially recorded as Other Non-operating Sources.
- Coshocton Foundation revenues were initially recorded as Other Non-Operating Sources.
- Montgomery Foundation revenues received for the purchase of a camera were initially recorded as Miscellaneous Revenue.
- Fire Truck Principal and Interest payments were initially recorded as Capital Outlay.

To provide the Village with more accurate financial information and enable the Village Council and management to better monitor financial activity, the Clerk-Treasurer should closely review all receipts and disbursements before recording to determine if they are properly recorded by fund and function.

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**VILLAGE OF WEST LAFAYETTE
COSHOCTON COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2000 AND 1999**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected; Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:
1998-31016-001	Ohio Admin. Code 117-05-01 to 117-05-18. The Village did not comply with cash basis of accounting as prescribed by the Ohio Admin. Code.	Partially Corrected	The Village has installed a new computer system in December 2000 which provides coding and format prescribed by the Ohio Admin. Code; however, during 1999 and 2000, the Village did not comply with the requirements outlined.
1998-31016-002	Ohio Rev. Code Section 5705.41 (B) requires that no subdivision expend monies unless it has lawfully been appropriated. The Village had expenditures which exceeded appropriations in 1998 and 1997 in the Capital Projects Burt Park Fund, General Fund, and the Enterprise Wastewater Treatment Plant Fund.	No	The Village overspent its 1999 appropriations in the Water Treatment Plant.
1998-31016-003	Ohio Rev. Code 5705.42 requires Issue II funds be recorded on the Village records. During 1998 and 1997, the Village did not record monies received from the Ohio Public Works Commission.	No	The Village did not record its Issue II monies in 1999 in the amount of \$120,000.
1998-31016-004	Ohio Rev. Code 735.05 establishes requirements for bidding and awarding purchases, projects, and contracts exceeding \$10,000 (\$15,000 effective March 30, 1999). The Village did competitively bid the contract for foundation work at Burt Park.	Yes	
1998-31016-005	Ohio Rev. Code Section 135.14 requires a subdivision to have a written investment policy. The Village did not have a written investment policy.	Yes	

1998-31016-006	Ohio Rev. Code Section 135.22 requires the Clerk-Treasurer to complete annual continuing education provided by the Auditor of State. The Village Clerk-Treasurer did not attend and/complete the annual continuing education programs and still invested funds in repurchase agreements.	Yes	
1998-31016-007	Village of West Lafayette, Ordinance, Section 37-97, (1997) and the Fire Truck Acquisition Bond debt covenants require that Village tax collections be specified for debt retirement. The Village did not establish a Debt Service bond retirement and did not specify tax collections for that purpose.	No	During 2001, the Village has contacted the County Auditor and has established a Debt Service Fund on the Village's accounting records and plans to transfer tax monies from the General Fund to retire the bonds out of the Debt Service Retirement Fund.



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VILLAGE OF WEST LAFAYETTE

COSHOCTON 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
SEPTEMBER 18, 2001**