



**Auditor of State
Betty Montgomery**

LAFAYETTE TOWNSHIP
COSHOCKTON COUNTY

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**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

Lafayette Township
Coshocton County
654 East Russell Avenue
West Lafayette, Ohio 43845

To the Board of Trustees:

We have audited the accompanying financial statements of Lafayette Township, Coshocton County, Ohio, (the Township) as of and for the years ended December 31, 2003 and 2002. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Except as discussed below, we conducted our audit 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 audit 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 audit provides a reasonable basis for our opinion.

The Township's financial transactions were processed using the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to conduct the audit of the Township because the Auditor of State designed, developed, implemented, and, as requested, operates UAN. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code §§ 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments.

As discussed in Note 1, the Township 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 of the Township as of December 31, 2003 and 2002, 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 July 16 on our consideration of the Township'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 audit.

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This report is intended solely for the information and use of the audit committee, management and the Board of Trustees, 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.

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

July 16, 2004

**LAFAYETTE TOWNSHIP
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, 2003**

	<u>Governmental Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Local Taxes	\$64,668	\$42,778	\$107,446
Intergovernmental	22,440	72,229	94,669
Licenses, Permits, and Fees		27,568	27,568
Earnings on Investments	296	100	396
Other Revenue	652	1,357	2,009
	<u>88,056</u>	<u>144,032</u>	<u>232,088</u>
Total Cash Receipts			
Cash Disbursements:			
Current:			
General Government	64,125		64,125
Public Safety		8,104	8,104
Public Works	6,315	99,496	105,811
Health	14,137	19,980	34,117
Debt Service:			
Redemption of Principal		7,000	7,000
Interest and Fiscal Charges		677	677
	<u>84,577</u>	<u>135,257</u>	<u>219,834</u>
Total Cash Disbursements			
Total Receipts Over Disbursements	3,479	8,775	12,254
Fund Cash Balances, January 1	<u>7,631</u>	<u>46,555</u>	<u>54,186</u>
Fund Cash Balances, December 31	<u>\$11,110</u>	<u>\$55,330</u>	<u>\$66,440</u>

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

**LAFAYETTE TOWNSHIP
COSHOCKTON COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUND
FOR THE YEAR ENDED DECEMBER 31, 2002**

	<u>Governmental Fund Types</u>		<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Expendable Trust</u>	
Cash Receipts:				
Local Taxes	\$65,944	\$43,809		\$109,753
Intergovernmental	35,739	73,764		109,503
Licenses, Permits, and Fees		21,414		21,414
Earnings on Investments	616	120		736
Other Revenue	1,462	266		1,728
	<u>103,761</u>	<u>139,373</u>		<u>243,134</u>
Cash Disbursements:				
Current:				
General Government	67,266	69		67,335
Public Safety		6,153		6,153
Public Works	58,249	140,160		198,409
Health	16,979	8,884	\$26	25,889
Debt Service:				
Redemption of Principal	7,000			7,000
Interest and Fiscal Charges	1,012			1,012
Capital Outlay		578		578
	<u>150,506</u>	<u>155,844</u>	<u>26</u>	<u>306,376</u>
Total Receipts (Under) Disbursements	(46,745)	(16,471)	(26)	(63,242)
Fund Cash Balances, January 1	<u>54,376</u>	<u>63,026</u>	<u>26</u>	<u>117,428</u>
Fund Cash Balances, December 31	<u>\$7,631</u>	<u>\$46,555</u>	<u>\$0</u>	<u>\$54,186</u>

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

**LAFAYETTE TOWNSHIP
COSHOCOTON COUNTY**

**STATEMENTS OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
NON-EXPENDABLE TRUST FUND
FOR THE YEARS ENDED DECEMBER 31, 2003 AND 2002**

	Non-Expendable Trust Fund	
	2003	2002
Operating Cash Receipts:		
Interest	\$100	\$239
Operating Cash Disbursements:		
Current:		
Supplies and Materials	500	224
Total Operating Cash Receipts Over/(Under) Total Operating Cash Disbursements	(400)	15
Fund Cash Balances, January 1	14,952	14,937
Fund Cash Balances, December 31	\$14,552	\$14,952

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

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**LAFAYETTE TOWNSHIP
COSHOCOTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Lafayette Township, Coshocoton County, (the Township) 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 Township is directed by a publicly-elected three-member Board of Trustees. The Township provides road and bridge maintenance, cemetery maintenance, and emergency medical services. The Township also contracts with the Village of West Lafayette to provide fire protection services.

The Township's management believes these financial statements present all activities for which the Township 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 and Investments

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or disbursements, respectively.

Certificates of deposit are valued at cost.

D. Fund Accounting

The Township uses fund accounting to segregate cash and investments that are restricted as to use. The Township 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 Township had the following significant Special Revenue Funds:

Road and Bridge Fund - This fund receives property tax money for constructing, maintaining and repairing Township roads and bridges.

**LAFAYETTE TOWNSHIP
COSHOCTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

2. Special Revenue Funds (Continued)

Gasoline Tax Fund - This fund receives gasoline tax money to pay for constructing, maintaining and repairing Township roads.

Motor Vehicle License Tax Fund - This fund receives state motor vehicle license tax money for the construction, repair and maintenance of Township roads and bridges.

Cemetery Fund - This fund receives fees from customers purchasing cemetery lots and paying for burials or cremations.

3. Fiduciary Funds (Trust Funds)

These funds are used to account for resources restricted by legally binding trust agreements and funds for which the Township is acting in an agency capacity. The Township had the following significant fiduciary funds:

Cemetery Bequest Fund - This Non-Expendable Trust Fund is used to record the donations from individuals and interest received from the related certificate of deposit.

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, function or object level of control, and appropriations may not exceed estimated resources. The Board of Trustees must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Appropriations lapse at year end.

2. Estimated Resources

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

3. Encumbrances

The Ohio Revised Code requires the Township to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated. The Township did not encumber all commitments required by Ohio law.

A summary of 2003 and 2002 budgetary activity appears in Note 3.

**LAFAYETTE TOWNSHIP
COSHOCKTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Property, Plant and Equipment

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

2. EQUITY IN POOLED CASH

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

	2003	2002
Demand deposits	\$67,741	\$55,887
Certificates of deposit	13,251	13,251
Total deposits	\$80,992	\$69,138

Deposits: Deposits are either (1) insured by the Federal Depository Insurance Corporation, or (2) collateralized by the financial institution's public entity deposit pool.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ended December 31, 2003 and 2002 follows:

2003 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$88,089	\$88,056	(\$33)
Special Revenue	129,789	144,032	14,243
Fiduciary	400	100	(300)
Total	\$218,278	\$232,188	\$13,910

2003 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$95,000	\$84,577	\$10,423
Special Revenue	159,000	135,257	23,743
Fiduciary	1,000	500	500
Total	\$255,000	\$220,334	\$34,666

**LAFAYETTE TOWNSHIP
COSHOCKTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)**

3. BUDGETARY ACTIVITY (Continued)

2002 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$89,404	\$103,761	\$14,357
Special Revenue	137,943	139,373	1,430
Fiduciary	0	239	239
Total	<u>\$227,347</u>	<u>\$243,373</u>	<u>\$16,026</u>

2002 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$150,518	\$150,506	\$12
Special Revenue	204,278	155,844	48,434
Fiduciary	14,963	250	14,713
Total	<u>\$369,759</u>	<u>\$306,600</u>	<u>\$63,159</u>

4. NONCOMPLIANCE

Contrary to Ohio Rev. Code Section 5705.41(B), object level expenditures exceeded appropriations at December 31, 2003 and 2002 for certain funds.

Contrary to Ohio Rev. Code Section 5705.39, total appropriations exceeded total estimated fund resources at December 31, 2002 for certain funds.

Contrary to Ohio Rev. Code Section 5705.41(D), certain expenditures were not certified as to the availability of funds prior to incurring the obligations.

5. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by Board of Trustees. 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 payment, the first half is due December 31. The second half payment is due the following June 20.

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 Township.

**LAFAYETTE TOWNSHIP
COSHOCKTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)**

6. DEBT

Debt outstanding at December 31, 2003 was as follows:

	Principal	Interest Rate
Equipment Loan - Backhoe	\$7,000	4.75%

In 1999, the Township obtained an equipment loan for the purpose of purchasing a backhoe for use in the cemetery and for other general purposes. This loan will be repaid in annual installments of \$7,000, plus 4.75% interest, over 5 years.

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

	Equipment Loan
Year ending December 31: 2004	\$7,333

7. RETIREMENT SYSTEM

The Township's full-time employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. This plan provides 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 2003 and 2002, members of OPERS members contributed 8.5% of their gross salaries. The Township contributed an amount equal to 13.55% of participants' gross salaries. The Township has paid all contributions required through December 31, 2003.

8. RISK MANAGEMENT

Risk Pool Membership

The Township belongs to the Ohio Township Association Risk Management Authority (OTARMA), a risk-sharing pool available to Ohio local governments. OTARMA provides property and casualty coverage for its members. OTARMA is a member of the American Public Entity Excess Pool (APEEP). Member Township pay annual contributions to fund OTARMA. OTARMA pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

Casualty Coverage

OTARMA retains casualty risks up to \$250,000 per claim, including loss adjustment expenses. OTARMA pays a percentage of its contributions to APEEP. APEEP reinsures claims exceeding \$250,000, up to \$1,750,000 per claim and \$5,000,000 in the aggregate per year. Townships can elect additional coverage, from \$2,000,000 to \$10,000,000 from the General Reinsurance Corporation.

If losses exhaust OTARMA's retained earnings, APEEP covers OTARMA losses up to \$5,000,000 per year, subject to a per-claim limit of \$2,000,000.

**LAFAYETTE TOWNSHIP
COSHOCOTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)**

8. RISK MANAGEMENT (Continued)

Property Coverage

OTARMA retains property risks, including automobile physical damage, up to \$100,000 on any specific loss with an annual aggregate of \$1,250,000 for 2002. There is no aggregate for 2003 and future accident years. Beginning in 2003, OTARMA retains property risks, including automobile physical damage, up to \$100,000 on any specific loss in any one occurrence. The Travelers Indemnity Company reinsures losses exceeding \$100,000. APEEP's Guarantee Fund pays losses and loss adjustment expenses exceeding operating contributions.

The aforementioned casualty and property reinsurance agreements do not discharge OTARMA's primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective township.

Financial Position

OTARMA's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31:

<u>Casualty Coverage</u>	<u>2003</u>	<u>2002</u>
Assets	\$27,792,223	\$23,757,036
Liabilities	(11,791,300)	(9,197,512)
Retained earnings	<u>\$16,000,923</u>	<u>\$14,559,524</u>

<u>Property Coverage</u>	<u>2003</u>	<u>2002</u>
Assets	\$6,791,060	\$6,596,996
Liabilities	(750,956)	(1,204,326)
Retained earnings	<u>\$6,040,104</u>	<u>\$5,392,670</u>



**Auditor of State
Betty Montgomery**

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

Lafayette Township
Coshocton County
654 East Russell Avenue
West Lafayette, Ohio 43845

To the Board of Trustees:

We have audited the accompanying financial statements of Lafayette Township, Coshocton County, Ohio, (the Township) as of and for the years ended December 31, 2003 and 2002, and have issued our report thereon dated July 16, 2004, wherein we noted that the Township's financial transactions were processed using the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to conduct the audit of the Township because the Auditor of State designed, developed, implemented, and, as requested, operates UAN. We conducted our audit 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 Township'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 audit 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 2003-001 through 2003-004.

We also noted certain immaterial instances of noncompliance that we have reported to management of the Township in a separate letter dated July 16, 2004.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Township'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. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. 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. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

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However, we 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 Township in a separate letter dated July 16, 2004.

This report is intended solely for the information and use of the audit committee, management and the Board of Trustees, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

July 16, 2004

**LAFAYETTE TOWNSHIP
COSHOCKTON COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2003 AND 2002**

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

FINDING NUMBER 2003-001

Ohio Rev. Code Section 5705.39 requires that total appropriations from each fund not exceed total estimated fund resources from each fund. This section also provides that no appropriation measure is to become effective until the County Auditor files a certificate that total appropriations from each fund do not exceed the total official estimate or amended official estimate.

During 2002, total appropriations exceeded total estimated resources at year end as follows:

<u>Fund</u>	<u>Estimated Resources</u>	<u>Appropriations</u>	<u>Variance</u>
General Fund	\$143,780	\$150,518	(\$6,738)
Special Revenue Motor Vehicle License Tax Fund	24,462	25,041	(579)
Special Revenue Gasoline Tax Fund	90,183	93,025	(2,842)
Nonexpendable Trust Fund	13,251	14,937	(1,686)

In addition, the Township did not always obtain certificates from the County Auditor that appropriations from each fund do not exceed the total Amended Official Estimate of Resources for certain appropriation and estimated resource amendments. The Township Trustees should monitor appropriations versus estimated resources to help avoid overspending. In addition, the Clerk should obtain the required certificate from the County Auditor when amending estimated resources.

FINDING NUMBER 2003-002

Ohio Rev. Code Section 5705.41(B) requires that no subdivision or taxing unit is to expend money unless it has been appropriated.

At December 31, 2003 and 2002, object level expenditures plus outstanding encumbrances (the level at which the Board of Trustees adopted appropriations) exceeded appropriations within the following funds:

2003

General Fund – Workers’ Compensation	\$390
General Fund – Travel & Meeting Expense	773
General Fund – Other Expenses	6
General Fund – Telephone	31
General Fund – Payment to Another Political Subdivision	669
Motor Vehicle License Tax Fund – Contracted Services	5,000
Cemetery Fund – Operating Supplies	1,510

**FINDING NUMBER 2003-002
(Continued)**

2002

General Fund – Contracted Services

\$12,973

In addition, appropriations posted to the Township's Appropriation Reports did not always reconcile to the Township's Annual Appropriation Measure plus supplemental appropriations. The Clerk should frequently compare actual expenditures plus outstanding encumbrances to appropriations at the level adopted by the Board of Trustees to avoid overspending. In addition, the Clerk should periodically review the Township's Appropriations Reports to help ensure appropriation amounts are posted accurately and timely.

FINDING NUMBER 2003-003

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 certification 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:

- Then and Now Certificates - If no certificate is furnished as required, upon receipt of the fiscal officer's certificate that both at the time that the contract or order was made and at the time he completing his certification a sufficient sum was appropriated and free of any previous encumbrances, the Board of Trustees 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
- If the amount involved is less than \$1,000 (which was increased to \$3,000 as of April 7, 2003), the Clerk may authorize it to be paid without affirmation from the Board of Trustees upon completion of the "then and now" certificate, provided that the expenditure is otherwise lawful.

During 2003 and 2002, 21% and 8% of expenditures tested, respectively, were not certified as to the availability of funds by the Township Clerk prior to incurring the obligations. The Township Clerk should inform all Township employees of the requirements of Ohio Rev. Code Section 5705.41(D). The Township should implement the use of so called Then and Now Certificates and Blanket Certificates as further permitted by Ohio Rev. Code Section 5705.41.

FINDING NUMBER 2003-004

Ohio Rev. Code Section 505.24 states the Township Trustees shall be paid from the township General Fund or from such other township funds in such proportions as the board may specify by resolution. Accordingly, the salary resolution must allocate the salary distribution from various funds in the same proportion as the trustees' services bear to the activities supported by such funds, as determined by the Board.

**FINDING NUMBER 2003-004
(Continued)**

During 2003 and 2002, the Township Trustees were paid a total of \$1,246 from the Gas Tax Fund (6% of the Township Trustees' salaries) and \$8,047 from the Motor Vehicle License Tax Fund (36% of the Township Trustees' salaries), respectively; however, no resolution was in effect which indicated the Trustees' salaries should be paid from any fund other than the General Fund. Additionally, no evidence was provided to support the percentage allocations were commensurate with the services provided to the Motor Vehicle License Tax Fund or Gas Tax Fund. On July 14, 2004, the Board of Trustees passed a resolution retroactive to January 1, 2003 and 2002, which stated 6% of the Township Trustees' salaries should be paid from the Gas Tax Fund during 2003 and 36% of the Trustees' salaries should be paid from the Motor Vehicle License Tax Fund during 2002, based on the estimated level of service provided by the Trustees for the years 2003 and 2002.

The Township Trustees and Clerk should provide evidence, such as time cards, to support the percentage of time charged to the aforementioned Special Revenue Funds. Additionally, the Township Trustees should pass a resolution which establishes the percentage allocation of their respective payrolls to funds other than the General Fund. Benefits such as health insurance and the employer's portion of retirement should be paid out of the same funds and in the same proportions as the salaries.

**LAFAYETTE TOWNSHIP
COSHOCKTON COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2003 AND 2002**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain:</i>
2001-41016-001	Ohio Rev. Code Section 5705.41 (D) – The Township did not properly certify its expenditures.	No	Not Corrected. Reissued as finding number 2003-003.
2001-41016-002	Ohio Rev. Code Section 505.24 – Trustees' salaries were paid from funds other than the General Fund which resulted in a finding for adjustment.	No	Not Corrected. Reissued as finding number 2003-004.



**Auditor of State
Betty Montgomery**

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LAFAYETTE TOWNSHIP

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
AUGUST 26, 2004**