



**Auditor of State
Betty Montgomery**

VILLAGE OF WEST LAFAYETTE
COSHOCOTON COUNTY

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**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

Village of West Lafayette
Coshocton County
113 East Railroad Street
P.O. Box 175
West Lafayette, Ohio 43845

To the Honorable Mayor and 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, 2002 and 2001. 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 audit.

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.

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, 2002 and 2001, 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 April 30, 2003 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 audit.

Village of West Lafayette
Coshocton County
Independent Accountants' Report
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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.

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

Betty Montgomery
Auditor of State

April 30, 2003

VILLAGE OF WEST LAFAYETTE
COSHOCKTON COUNTY

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

	<u>Governmental Fund Types</u>				Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	
Cash Receipts:					
Property Taxes	\$31,731	\$0	\$44,818	\$0	\$76,549
Income Taxes	262,752	0	0	0	262,752
Intergovernmental	130,576	77,031	3,182	95,285	306,074
Charges for Services	25,524	0	0	0	25,524
Fines, Licenses, and Permits	4,271	0	0	0	4,271
Earnings on Investments	13,922	347	0	0	14,269
Contributions and Donations	0	0	12,000	0	12,000
Miscellaneous	9,933	0	0	0	9,933
Total Cash Receipts	<u>478,709</u>	<u>77,378</u>	<u>60,000</u>	<u>95,285</u>	<u>711,372</u>
Cash Disbursements:					
Current:					
Security of Persons and Property	305,794	0	0	0	305,794
Public Health Services	3,172	0	0	0	3,172
Leisure Time Activities	2,843	0	0	0	2,843
Transportation	0	59,738	0	0	59,738
General Government	96,707	0	0	0	96,707
Debt Service:					
Principal Payments	0	4,607	35,402	0	40,009
Interest Payments	0	0	8,949	0	8,949
Capital Outlay	0	0	0	338,303	338,303
Total Cash Disbursements	<u>408,516</u>	<u>64,345</u>	<u>44,351</u>	<u>338,303</u>	<u>855,515</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>70,193</u>	<u>13,033</u>	<u>15,649</u>	<u>(243,018)</u>	<u>(144,143)</u>
Other Financing Receipts and (Disbursements):					
Proceeds From Sale of Assets	1,625	0	0	0	1,625
Proceeds of Loans	0	0	0	51,517	51,517
Advances-In	0	0	0	150,000	150,000
Transfers-Out	(10,000)	0	0	0	(10,000)
Total Other Financing Receipts/(Disbursements)	<u>(8,375)</u>	<u>0</u>	<u>0</u>	<u>201,517</u>	<u>193,142</u>
Excess/(Deficiency) of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<u>61,818</u>	<u>13,033</u>	<u>15,649</u>	<u>(41,501)</u>	<u>48,999</u>
Fund Cash Balances, January 1	<u>232,514</u>	<u>8,415</u>	<u>4,236</u>	<u>0</u>	<u>245,165</u>
Fund Cash Balances, December 31	<u>\$294,332</u>	<u>\$21,448</u>	<u>\$19,885</u>	<u>(\$41,501)</u>	<u>\$294,164</u>
Reserves for Encumbrances, December 31	<u>\$11,485</u>	<u>\$1,409</u>	<u>\$0</u>	<u>\$68,667</u>	<u>\$81,561</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 - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2001**

	<u>Governmental Fund Types</u>				Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	
Cash Receipts:					
Property Taxes	\$81,913	\$0	\$387	\$0	\$82,300
Income Taxes	251,420	0	0	108,112	359,532
Intergovernmental	107,522	83,109	199	0	190,830
Charges for Services	27,295	0	0	0	27,295
Fines, Licenses, and Permits	15,595	0	0	0	15,595
Earnings on Investments	29,385	1,072	0	0	30,457
Miscellaneous	21,760	10,155	0	0	31,915
	<u>534,890</u>	<u>94,336</u>	<u>586</u>	<u>108,112</u>	<u>737,924</u>
Total Cash Receipts					
Cash Disbursements:					
Current:					
Security of Persons and Property	318,147	0	0	0	318,147
Public Health Services	1,833	0	0	0	1,833
Leisure Time Activities	1,802	0	0	0	1,802
Community Environment	0	0	0	0	0
Transportation	0	54,669	0	0	54,669
General Government	120,142	0	0	0	120,142
Debt Service:					
Principal Payments	0	6,910	29,527	0	36,437
Interest Payments	0	0	8,550	0	8,550
Capital Outlay	128,293	91,609	0	108,112	328,014
	<u>570,217</u>	<u>153,188</u>	<u>38,077</u>	<u>108,112</u>	<u>869,594</u>
Total Cash Disbursements					
Total Cash Receipts Under Cash Disbursements	<u>(35,327)</u>	<u>(58,852)</u>	<u>(37,491)</u>	<u>0</u>	<u>(131,670)</u>
Other Financing Receipts and (Disbursements):					
Proceeds From Sale of Assets	12,300	0	0	0	12,300
Proceeds of Loans	51,000	0	0	0	51,000
Transfers-In	0	25,000	37,197	0	62,197
Advances-In	10,000	0	0	0	10,000
Transfers-Out	(72,697)	0	0	0	(72,697)
Advances-Out	(10,000)	0	0	0	(10,000)
	<u>(9,397)</u>	<u>25,000</u>	<u>37,197</u>	<u>0</u>	<u>52,800</u>
Total Other Financing Receipts/(Disbursements)					
Excess/(Deficiency) of Cash Receipts and Other Financing Receipts Under Cash Disbursements and Other Financing Disbursements	<u>(44,724)</u>	<u>(33,852)</u>	<u>(294)</u>	<u>0</u>	<u>(78,870)</u>
Fund Cash Balances, January 1	<u>277,238</u>	<u>42,267</u>	<u>4,530</u>	<u>0</u>	<u>324,035</u>
Fund Cash Balances, December 31	<u>\$232,514</u>	<u>\$8,415</u>	<u>\$4,236</u>	<u>\$0</u>	<u>\$245,165</u>
Reserves for Encumbrances, December 31	<u>\$20,237</u>	<u>\$1,277</u>	<u>\$0</u>	<u>\$0</u>	<u>\$21,514</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 - PROPRIETARY FUND TYPE
FOR THE YEARS ENDED DECEMBER 31, 2002 AND 2001**

	Enterprise Fund	
	2002	2001
Operating Cash Receipts:		
Charges for Services	\$625,020	\$604,138
Operating Cash Disbursements:		
Personal Services	238,909	226,142
Transportation	1,186	596
Contractual Services	126,353	129,184
Supplies and Materials	38,859	51,692
Capital Outlay	154,019	70,333
	<u>559,326</u>	<u>477,947</u>
Total Operating Cash Disbursements		
Operating Income	<u>65,694</u>	<u>126,191</u>
Non-Operating Cash Receipts:		
Miscellaneous	9,990	7,572
Other Non-Operating Receipts	0	5,912
	<u>9,990</u>	<u>13,484</u>
Total Non-Operating Cash Receipts		
Non-Operating Cash Disbursements:		
Debt Service:		
Principal Payments	86,657	115,156
Interest Payments	106,466	164,493
	<u>193,123</u>	<u>279,649</u>
Total Non-Operating Cash Disbursements		
Excess/(Deficiency) of Receipts Under Disbursements Before Interfund Transfers and Advances	(117,439)	(139,974)
Transfers-In	10,000	10,500
Advances-In	0	50,000
Advances-Out	(150,000)	(50,000)
	<u>(257,439)</u>	<u>(129,474)</u>
Net Receipts Over Disbursements		
Fund Cash Balances, January 1	<u>449,326</u>	<u>578,800</u>
Fund Cash Balances, December 31	<u>\$191,887</u>	<u>\$449,326</u>
Reserves for Encumbrances, December 31	<u>\$11,764</u>	<u>\$37,021</u>

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

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**VILLAGE OF WEST LAFAYETTE
COSHOCOTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Village of West Lafayette, Coshocoton 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 water and sewer utilities, swimming pool operations, road maintenance and repairs, and police services. Fire protection services are provided to Village residents by the Village's Volunteer Fire Department.

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

The Village is associated with an organization which is defined as Jointly Governed Organizations under Governmental Accounting Standards Board (GASB) Statement No. 14, *Reporting Entity*. This organization is the Coshocoton County Regional Planning Commission and is discussed in Note 10.

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

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.

**VILLAGE OF WEST LAFAYETTE
COSHOCTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

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 is used to account for gasoline tax monies for constructing, maintaining and repairing Village streets.

State Highway Improvement Fund - This fund is used to account for gasoline tax monies for constructing, maintaining and repairing State highways within the Village's corporation limits.

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

3. Debt Service Funds

This fund is used to accumulate resources for the payment of debt. The Village had the following Debt Service Funds:

General Obligation Debt Service - This fund is used to account for tax receipts for the retirement of the Village's general obligation bonds.

Fire Truck Bonds Debt Service - This fund is used to account for proceeds from bonds for the retirement of bonds issued by the Village for the purchase of a fire truck.

4. Capital Projects Fund

This fund is used to account for receipts that are restricted for the acquisition or construction of major capital projects (except those financed through enterprise funds). The Village had the following Capital Projects Fund:

Capital Improvement Fund - This fund is used to account for grants and proceeds of loans to provide for capital improvements within the Village.

5. 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 Funds:

Water Fund - This fund is used to account for charges for services from residents to cover the cost of providing water services.

**VILLAGE OF WEST LAFAYETTE
COSHOCKTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

5. Enterprise Funds (Continued)

Sewer Fund - This fund is used to account for charges for services from residents to cover the cost of providing sewer services.

Swimming Pool Fund – This fund is used to account for pool admission and concession stand charges for services from patrons to cover the cost of operating the swimming pool and concession stand.

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 level of control and appropriations may not exceed estimated resources. The 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. Encumbrances outstanding at year end are carried over, and need not be reappropriated.

A summary of 2002 and 2001 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.

G. Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the Village's basis of accounting.

**VILLAGE OF WEST LAFAYETTE
COSHOCOTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(Continued)**

2. EQUITY IN POOLED CASH AND INVESTMENTS

The Village 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:

	2002	2001
Demand deposits	\$ 385,851	\$ 666,501
Certificate of deposit	100,000	27,790
Cash on hand	200	200
Total deposits	486,051	694,491

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

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2002 and 2001 follows:

2002 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$414,536	\$480,334	\$65,798
Special Revenue	79,400	77,378	(2,022)
Debt Service	48,000	60,000	12,000
Capital Projects	588,651	146,802	(441,849)
Enterprise	666,100	645,010	(21,090)
Total	\$1,796,687	\$1,409,524	(\$387,163)

2002 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$488,245	\$430,001	\$58,244
Special Revenue	71,384	65,754	5,630
Debt Service	49,100	44,351	4,749
Capital Projects	588,375	406,970	181,405
Enterprise	896,891	764,213	132,678
Total	\$2,093,995	\$1,711,289	\$382,706

**VILLAGE OF WEST LAFAYETTE
COSHOCOTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(Continued)**

3. BUDGETARY ACTIVITY (Continued)

2001 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$476,476	\$598,190	\$121,714
Special Revenue	147,022	119,336	(27,686)
Debt Service	200	37,783	37,583
Capital Projects	250,488	108,112	(142,376)
Enterprise	715,636	628,122	(87,514)
Total	\$1,589,822	\$1,491,543	(\$98,279)

2001 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$651,725	\$663,151	(\$11,426)
Special Revenue	178,891	154,465	24,426
Debt Service	41,000	38,077	2,923
Capital Projects	213,488	108,112	105,376
Enterprise	924,065	794,617	129,448
Total	\$2,009,169	\$1,758,422	\$250,747

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.

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. LOCAL INCOME TAX

The Village levies a municipal income tax of 1 percent on substantially all earned income arising from employment, residency, or business activities within the Village as well as certain income of residents earned outside of the Village.

**VILLAGE OF WEST LAFAYETTE
COSHOCOTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(Continued)**

5. LOCAL INCOME TAX (Continued)

Employers within the Village withhold income tax on employee compensation and remit the tax to the Village either monthly or quarterly, as required. Corporations and other individual taxpayers pay estimated taxes quarterly and file a declaration annually.

6. DEBT

Debt outstanding at December 31, 2002 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Fire Truck Loan	\$113,000	5.0%
1992 OPWC Storm Water Improvement Loan No. CN432	\$46,070	0.0%
1995 OPWC Water System Improv. Loan No. CN910	\$58,356	0.0%
2002 OPWC Riverfront Estates Loan No. CN31D	\$25,118	0.0%
2002 OPWC Phase 111 Waterline Loan No. CN21E	\$23,760	0.0%
1990 OWDA Sewer Project Loan No. 971	\$368,765	8.3%
1998 OWDA RFE Design Sewer Loan No. 2186	\$12,037	5.5%
1998 OWDA RFE Design Water Loan No. 2187	\$8,792	5.5%
2000 OWDA Water System Improv. Loan No. 8178	\$1,049,677	5.8%
1994 U.S.D.A. Dept. of Rural Development Bond No. 92-01	\$189,500	5.1%
2001 Ohio Heritage Tanker Truck Bonds	\$40,071	4.4%
	<u>\$1,822,146</u>	

The 1997 Fire Truck loan 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. The bonds are collateralized by the equipment being purchased.

Ohio Public Works Commission (OPWC) loan nos. CN432, CN910, CN31D, and CN21E relate to the water and storm sewer system improvement projects for the Riverfront Estates Development. The payments are due in semi annual installments maturing in years 2012, 2015, 2020, and 2005, respectively. The Village has agreed to set water and sewer rates sufficient to cover OPWC debt service requirements.

1990 Ohio Water Development Authority (OWDA) loan no. 971 relates to a wastewater improvement project that was mandated by the Ohio Environmental Protection Agency. The payments are due in semi-annual installments 2010. The Village has agreed to set sewer rates sufficient to cover OWDA debt service requirements.

1998 Ohio Water Development Authority (OWDA) loan nos. 2186 and 2187 relate to the Riverfront Estates water and sewer line expansion projects that were mandated by the Ohio Environmental Protection Agency. The payments are due annually through 2003. The Village has agreed to set water and sewer rates sufficient to cover OWDA debt service requirements.

2000 Ohio Water Development Authority (OWDA) loan no. 8178 relates to a water system improvement project that was mandated by the Ohio Environmental Protection Agency. The payments are due in semi-annual installments through 2010. The Village has agreed to set water and sewer rates sufficient to cover OWDA debt service requirements.

**VILLAGE OF WEST LAFAYETTE
COSHOCTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(Continued)**

6. DEBT (Continued)

The 1994 U.S.D.A. Department of Rural Development Mortgage Revenue Bonds were obtained to cover the costs of repairing the Village's sewer system. The payments are due annually through 2033. The Village has agreed to set sewer rates sufficient to cover OWDA debt service requirements.

The 2001 Ohio Heritage Bank bonds were issued to purchase a tanker truck for the Village's Volunteer Fire Department. The payments are due annually through 2007. The bonds will be collateralized by the equipment being purchased. Debt service payments are required to be paid by tax distributions from the County Auditor.

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

Year ending	Fire Truck Loan	OPWC Loan Nos. CN432 and CN910	OPWC Loan No. CN31D and CN21E	OWDA Loan No. 971	OWDA Loan No. 2186	OWDA Loan No. 2187	OWDA Loan No. 8178	USDA Bond Nos. 92-01	Tanker Truck Loan
2003	\$ 33,593	\$ 8,497	\$ 10,304	\$ 75,718	\$ 2,761	\$ 2,110	\$ 98,536	\$ 12,312	\$ 11,396
2004	33,207	8,497	10,304	75,718	2,761	2,110	98,536	12,279	11,396
2005	32,772	8,497	10,304	75,718	2,761	2,110	98,536	12,340	11,396
2006	27,287	8,497	10,304	75,718	2,761	2,110	98,536	12,292	9,496
2007	0	8,497	7,662	75,718	2,761	2,110	98,536	12,338	0
Thereafter	0	61,941	0	134,496	0	0	1,242,450	321,669	0
Total	\$ 126,859	\$ 104,426	\$ 48,878	\$ 513,086	\$ 13,805	\$ 10,550	\$ 1,735,130	\$ 383,230	\$ 43,683

7. CAPITAL LEASE OBLIGATION

During 2001, the Village entered into a capital lease with Ford Motor Credit Company for the purchase of a new police cruiser. The lease is for a period of four years and bears an annual interest rate of 8.05%. Payments will be made monthly over four years. The following is a schedule of the future minimum lease payments under the capital lease at December 31:

	<u>Amount</u>
Year ending December 31:	
2003	\$6,473
2004	6,473
2005	<u>2,157</u>
Total Minimum Lease Payments	15,103
Less: Amount Representing Interest	<u>1,375</u>
Net Present Value of Future Minimum Lease Payments	<u><u>\$16,478</u></u>

**VILLAGE OF WEST LAFAYETTE
COSHOCKTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(Continued)**

8. RETIREMENT SYSTEMS

The Village's full time law enforcement officers belong to the Ohio Police and Fire Pension Funds (OP&F). Other employees belong to the Ohio Public Employees Retirement System (OPERS). OP&F and OPERS 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 2002 and 2001, OP&F participants contributed 10% of their wages. The Village contributed an amount equal to 19.5% of police participant wages. OPERS members contributed 8.5% of their wages. The Village contributed an amount equal to 13.55% of participants' gross salaries. The Village has paid all contributions required through December 31, 2002.

9. RISK MANAGEMENT

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 Revised 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, 2001 and 2000 generally protect against individual losses exceeding \$100,000 (\$150,000 for policies issued prior to April 1, 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 financial statements (audited by other auditors) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained deficit at December 31, 2001 and 2000 (the latest information available):

	<u>2001</u>	<u>2000</u>
Assets	\$3,354,251	\$2,958,827
Liabilities	<u>(4,851,866)</u>	<u>(3,863,373)</u>
Retained deficit	<u>(\$1,497,615)</u>	<u>(\$904,546)</u>

**VILLAGE OF WEST LAFAYETTE
COSHOCTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(Continued)**

10. JOINTLY GOVERNED ORGANIZATION

The Village participates in the Coshocton County Regional Planning Commission (Commission) which is a statutorily created political subdivision of the State. The Commission is jointly governed among Coshocton County, and other cities, villages, and townships. The principle aim of the Commission is to provide comprehensive planning, both long and short term, dealing with the economic and physical environment of Coshocton County. The board exercised total authority for the day-to-day operations of the Commission. These include budgeting, appropriating, contracting, and designating management. The Village has no financial responsibility for any the Commission's liabilities. Complete financial statements can be obtained from the Coshocton County Regional Planning Commission, Coshocton County, Ohio.

11. CONTINGENT LIABILITIES

Amounts received from grantor agencies are subject to audit and adjustment by the grantor, principally the State government. Any disallowed costs may require refunding to the grantor. Amounts which may be disallowed, if any, are not presently determinable. However, based on prior experience, management believes such refunds, if any, would not be material.

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**Auditor of State
Betty Montgomery**

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

Village of West Lafayette
Coshocton County
113 East Railroad Street
P.O. Box 175
West Lafayette, Ohio 43845

To the Honorable Mayor and 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, 2002 and 2001, and have issued our report thereon dated April 30, 2003. 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 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 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 2002-001 through 2002-005.

We also noted certain immaterial instances of noncompliance that we have reported to management of the Village in a separate letter dated April 30, 2003.

Internal Control Over Financial Reporting

In planning and performing our audit, 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 and its operation 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, in 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. These reportable conditions are described in the accompanying Schedule of Findings as items 2002-006 and 2002-007.

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, we do not believe the reportable conditions described above to be material weaknesses.

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 April 30, 2003.

This report is intended solely 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.

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

Betty Montgomery
Auditor of State

April 30, 2003

**VILLAGE OF WEST LAFAYETTE
COSHOCTON COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2002 AND 2001**

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

NONCOMPLIANCE CITATIONS

FINDING NUMBER 2002-001

Finding for Recovery – Council Member’s Compensation for Volunteer Fire Services

Ohio Rev. Code Section 731.12 requires that no member of the legislative authority shall hold any other public office, be interested in any contract with the village, or hold employment with said village, except that such member may be a notary public, a member of the state militia, or a volunteer fireman of said village, provided that such member shall not receive any compensation for his services as a volunteer fireman of the village in addition to his regular compensation as a member of the legislative authority. During our audit, we noted Councilman Ronald Lusk accepted compensation for volunteer fire services totaling \$1,019.20 in addition to his regular compensation as a member of Village Council from November 2000 through December 2001.

In accordance with the foregoing facts and pursuant to Ohio Rev. Code Section 117.28, a Finding for Recovery for public monies illegally expended is hereby issued jointly and severally against Councilman Ronald Lusk and the Hartford Insurance Company in the amount of \$1,019.20 and in favor of the Village of West Lafayette’s General Fund.

Councilman Ronald Lusk repaid the finding on June 9, 2003.

FINDING NUMBER 2002-002

Finding for Recovery – Fire Chief’s Compensation for Fire Runs

Village Ordinance Nos. 55-1999 and 42-2000 establish a salary in the amount of \$600 annually for Gaylord Hill, Fire Chief. The ordinances also establish compensation for each fire run made to be received by the unpaid volunteer firemen only when reporting to the station or scene of a fire. During our audit, we noted Gaylord Hill, Fire Chief, charged the Village \$1,000.80 in addition to his annual salary for all fire runs made by the Volunteer Fire Department from November 2000 through December 2001. Since the ordinances establish the Fire Chief’s compensation as the annual salary, the Fire Chief was overcompensated for the fire runs by \$1,000.80.

Ohio Rev. Code Section 733.34 requires that the Mayor shall supervise the conduct of all the officers of the municipal corporation, inquire into and examine the grounds of all reasonable complaints against any such officers, and cause their violations or neglect of duty to be promptly punished or reported to the proper authority for correction. The Village’s Mayor is Jack Patterson.

In accordance with the foregoing facts and pursuant to Ohio Rev. Code Section 117.28, a Finding for Recovery for public monies illegally expended is hereby issued jointly and severally against Gaylord Hill, Fire Chief; Jack Patterson, Mayor; and the Hartford Insurance Company in the amount of \$1,000.80 and in favor of the Village of West Lafayette’s General Fund.

Fire Chief Gaylord Hill repaid the finding on June 26, 2003.

FINDING NUMBER 2002-003

Finding for Recovery –Assistant Fire Chief’s Compensation for Fire Runs

Village Ordinance Nos. 55-1999 and 42-2000 establish a salary in the amount of \$500 annually for Glenn Hill, Assistant Fire Chief. The ordinances also establish compensation for each fire run made to be received by the unpaid volunteer firemen only when reporting to the station or scene of a fire. During our audit, we noted Glenn Hill, Assistant Fire Chief, charged the Village \$723.20 in addition to his annual salary for all fire runs made by the Volunteer Fire Department from November 2000 through December 2001. Since the ordinances establish the Assistant Fire Chief’s compensation as the annual salary, the Assistant Fire Chief was overcompensated for the fire runs by \$723.20.

Ohio Rev. Code Section 733.34 requires that the Mayor shall supervise the conduct of all the officers of the municipal corporation, inquire into and examine the grounds of all reasonable complaints against any such officers, and cause their violations or neglect of duty to be promptly punished or reported to the proper authority for correction. The Village’s Mayor is Jack Patterson.

In accordance with the foregoing facts and pursuant to Ohio Rev. Code Section 117.28, a Finding for Recovery for public monies illegally expended is hereby issued jointly and severally against Glenn Hill, Assistant Fire Chief; Jack Patterson, Mayor; and the Hartford Insurance Company in the amount of \$723.20 and in favor of the Village of West Lafayette’s General Fund.

Assistant Fire Chief Glenn Hill repaid the finding on June 27, 2003.

FINDING NUMBER 2002-004

Material Noncompliance

Village Ordinance Nos. 65-1999 and 08-2001 require the Village Fire Department to bill individuals \$250 for fire calls pertaining to vehicles, buildings, and structures. The Fire Chief’s Yearly Reports for 2002 and 2001 indicated there were 48 and 49 billable calls, respectively. However, the Fire Chief only billed 2 calls in 2002 and 15 calls in 2001. In addition, there were no formal waivers of fire run billings approved by Village Council in either year. As a result, the Village incurred a loss of potential charges for services revenue of \$11,500 and \$8,500 in each year, respectively.

The Village Fire Chief should attempt to collect charges for fire runs made on all billable calls during 2002 and 2001. The Billing and collection information should be subsequently remitted to the Village Clerk and recorded within the Village’s accounting records. In addition, the Fire Chief should maintain a comprehensive delinquent account listing documenting all billable calls that fail to remit payment to the Village. The Village Clerk in cooperation with Village Council should also periodically review the delinquent listing and compare the collections recorded on the Village’s accounting records to the Fire Chief’s Annual Reports for accuracy and completeness. Finally, Village Council should formally adopt a delinquent account policy establishing procedures regarding the follow up and disposition of delinquent accounts receivable as evidenced in the minute records. This will help ensure the accuracy and completeness of fire run charges for services receipts.

Failure to take appropriate action regarding this matter may result in a finding for recovery.

FINDING NUMBER 2002-005

Material Noncompliance

Village Resolution No. 2-2001 authorized and approved the installation of the new utility billing system and software for monthly utility billing. The Resolution authorized the Village Administrator and/or Village Clerk to make such adjustments as are necessary to bring consumer utility bills up to a current 30 day reading and billing cycle period, so long as there was no interruption in the normal value of revenue to the utility departments involved during the change over period. Historically, the Village billed for water and sewer utility consumption bi-monthly. Due to the difficulties in processing water and sewer utility bills for the months of November and December 2000 on the old billing system and converting them into the new billing system, the Village Council agreed to write off certain water and sewer customer accounts with billing periods greater than 30 days rather than notifying the water and sewer utility customers of the change and attempting collection. As a result, water and sewer customers with consumption readings greater than 30 days received estimated write offs ranging between 15 and 45 days. As a result, the Village incurred a loss of potential water and sewer charges for services revenue approximating \$15,324 and \$11,690, respectively.

The Village Administrator and Utility Clerk in cooperation with the Village Council should attempt to collect charges for water and sewer utility services written off during November and December 2000. This will help alleviate the interruption in the normal revenue collected for water and sewer utilities due to the change over in the utility accounting system.

Failure to take appropriate action regarding this matter may result in a finding for recovery.

FINDING NUMBER 2002-006

Reportable Condition - Excessive Issuance of Credit Cards

Under Ohio law, any public official who either authorizes an illegal expenditure of public funds or supervises the accounts of a public office from which such illegal expenditure is made is strictly liable for the amount of such expenditure. [Seward v. National Surety Corp., 120 Ohio St. 47 (1929); 1980 Op. Atty Gen. No. 80-074; Ohio Rev. Code Section 9.39; State, ex. rel. Village of Linndale v. Masten, 18 Ohio St. 3d 228 (1985)]. Public officials who have control over public funds or property are secondarily liable for the loss incurred should such funds or property be fraudulently obtained by another, converted, misappropriated, lost or stolen. Public officials will be liable if and to the extent that recovery or restitution is not obtained from the persons who unlawfully obtained such funds or property, 1980 Op. Atty Gen. No. 80-074. Village Council has not adopted a credit card policy which governs the authorization and limits the use of Village credit cards. During 2002 and 2001, 24 credit cards held with AT&T, CVC Pharmacy, Sam's Club, Walmart, Citgo Gas Station, Staples, Home Loan Savings Bank, JC Penney, and Carter Lumber were available to various Village officials and employees to make routine supply and gasoline purchases with limited supervision and oversight. The Village's MasterCard held with Home Loan Savings Bank was the only credit card formerly authorized and approved by Village Council. In addition, the Village did not request mileage logs or signed receipts to support gasoline purchases made on the Village's Citgo Gas Station credit cards. As a result, the risk of Village's credit cards being used for personal gain is increased.

**FINDING NUMBER 2002-006
(Continued)**

Reportable Condition - Excessive Issuance of Credit Cards (Continued)

Village Council should consider terminating or limiting, at a minimum, the use of credit cards to make routine purchases of supplies and gasoline. In addition, Village Council should adopt a formal written credit card policy, as evidenced in the minute records, which outlines the following:

- Specific number of credit cards to be issued and used with a particular vendor
- Maximum credit card limit to be obtained on each card
- Authorized individuals to make credit card purchases
- Procedures to safeguard credit cards when not in use
- Individuals required to monitor and review credit card purchases for propriety

This will help ensure that Village credit cards are not used for personal gain.

FINDING NUMBER 2002-007

Reportable Condition – Utility Receipts

The following weaknesses were noted during testing of utility receipts:

- Utility billing stubs and customer receipts were not maintained to support the method of payment for each utility customer account (e.g., cash, check, money order) or the payment amount remitted. In addition, documentation was not evident to support various water and sewer adjustments posted to individual customer accounts. As a result, the risk of utility receipts being misappropriated is increased.
- Village Council does not have a formal policy for collection of delinquent utility accounts. As a result, the Village has an increased risk of not receiving monies owed for utility services.

We recommend the following:

- The Utility Billing Clerk should maintain utility billing stubs remitted with customer payments.
- The Utility Billing Clerk should maintain supporting documentation for adjustments made to utility customer accounts and utility billing stubs.
- Adjustments made to individual customer accounts should be approved by the Village Administrator prior to posting.
- The Village Administrator should review monthly reports reflecting adjustments to customer accounts. Significant or unusual items should be investigated. This review should be documented.
- The Village Administrator should periodically reconcile the Utility System Cash Receipt Journal to the billing stubs and initial and date the Utility System Cash Receipt Journal as evidence this reconciliation was performed.
- The Village Administrator should periodically ensure cash, check, and money order totals documented on the Utility System Cash Receipt Journal reconcile to the cash, check, and money order totals on the daily deposit slips.
- Unreconciled differences should be documented as evidence to support any adjustments.

This will help reduce the risk of misappropriation of utility receipts as well as provide evidence to support the amounts collected are deposited intact.

**FINDING NUMBER 2002-007
(Continued)**

Reportable Condition – Utility Receipts (Continued)

- Village Council should adopt a delinquent utility customer account policy as evidenced in the minute record. This policy could address the following:
 - Monitoring and frequency of review for delinquent accounts
 - Procedures to be utilized in an attempt to collect a delinquent account
 - Period of time an account may remain delinquent before being classified as uncollectible
 - Procedures for writing off an account as uncollectible

This will help ensure the Village has adequate policies and procedures in place for collecting delinquent utility accounts.

**VILLAGE OF WEST LAFAYETTE
COSHOCKTON COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2002 AND 2001**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:
2000-31016-001	Ohio Rev. Code Section 5705.41(D) - 80% and 93% of expenditures tested in fiscal years 2000 and 1999, respectively, were certified after the invoice date.	No	Not Corrected - See Management Letter citation no. 3
2000-31016-002	Village of West Lafayette, Ordinance, Section 37-97, (1997) - the Village receipts all bond retirement tax funds into the General Fund and retired the debt for the Village fire truck directly from the General Fund.	Yes	Finding No Longer Valid
2000-31016-003	Ohio Rev. Code Section 5705.41(B) - Expenditures plus encumbrances exceeded appropriations in the Enterprise Water Treatment Plant and Water Funds during 1999.	Yes	Partially corrected
2000-31016-004	Off Book Activity - Ohio Water Development Authority monies totaling \$1,151,599 were not initially recorded on the Village's accounting system.	Yes	Finding No Longer Valid

Village of West Lafayette
 Coshocton County
 Schedule of Prior Audit Findings
 Page 2

2000-31016-005	Accounting System - the Village did not use the encumbrance method of accounting or reconcile the cash journal to the receipts and appropriations ledger during 2000 and 1999.	No	Partially Corrected - the Village adopted the encumbrance method of accounting during 2002 and 2001; however, estimated receipts posted to the accounting system did not reconcile to the Official Amended Certificate of Estimated Resources – See Management Letter recommendation no. 4
2000-31016-006	Receipt and Disbursement Classifications - Certain receipts and expenditures were not initially classified properly on the Village's Annual Reports during 2000 and 1999.	No	Not Corrected - See Management Letter citation no. 5



**Auditor of State
Betty Montgomery**

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800-282-0370

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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
JULY 22, 2003**