



**LAFAYETTE TOWNSHIP  
COSHOCTON COUNTY**

**REGULAR AUDIT**

**FOR THE YEARS ENDED DECEMBER 31, 1999-1998**



**JIM PETRO**  
**AUDITOR OF STATE**  

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**STATE OF OHIO**



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**REPORT OF INDEPENDENT ACCOUNTANTS**

Lafayette Township  
Coshocton County  
21377 TR 157  
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, 1999 and 1998. 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 audits.

We conducted our audits in accordance with generally accepted auditing standards 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 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 and reserves for encumbrances of the Township as of December 31, 1999 and 1998, 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 May 18, 2000 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.

This report is intended solely for the information and use of management, the Board of Trustees and other officials authorized to receive this report under Section 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, appearing to read "Jim Petro".

**Jim Petro**  
Auditor of State

May 18, 2000

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

	<u>Governmental Fund Types</u>			<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Expendable Trust</u>	
<b>Cash Receipts:</b>				
Local Taxes	\$25,504	\$31,706	\$0	\$57,210
Licenses, Permits, and Fees		11,166		11,166
Charges for Services		8,106		8,106
Intergovernmental	18,073	72,120		90,193
Interest	117	651		768
Other	102	4,813		4,915
Total Cash Receipts	<u>43,796</u>	<u>128,562</u>	<u>0</u>	<u>172,358</u>
<b>Cash Disbursements:</b>				
Current:				
General Government	37,949			37,949
Public Safety	4,275			4,275
Public Works		73,834		73,834
Health	11,995	15,434		27,429
Debt Service:				
Redemption of Principal		7,000		7,000
Interest and Fiscal Charges		718		718
Capital Outlay		56,132		56,132
Total Cash Disbursements	<u>54,219</u>	<u>153,118</u>	<u>0</u>	<u>207,337</u>
Total Cash Receipts (Under) Cash Disbursements	(10,423)	(24,556)	0	(34,979)
Other Financing Sources				
Proceeds of Notes		35,000		35,000
Other	307			307
Total Other Financing Sources	<u>307</u>	<u>35,000</u>		<u>35,307</u>
Total Cash Receipts and Other Financing Sources Over/(Under) Cash Disbursements	(10,116)	10,444	0	328
Fund Cash Balances, January 1	<u>10,824</u>	<u>36,260</u>	<u>195</u>	<u>47,279</u>
<b>Fund Cash Balances, December 31</b>	<b><u>\$708</u></b>	<b><u>\$46,704</u></b>	<b><u>\$195</u></b>	<b><u>\$47,607</u></b>
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.*

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL AND FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 1998**

	<u>Governmental Fund Types</u>				<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Expendable Trust</u>	
<b>Cash Receipts:</b>					
Local Taxes	\$24,860	\$30,928			\$55,788
Licenses, Permits, and Fees		11,225			11,225
Charges for Services		14,568			14,568
Intergovernmental	35,685	68,401	\$57,777		161,863
Interest	336	435			771
Other	2,223	4,465			6,688
<b>Total Cash Receipts</b>	<u>63,104</u>	<u>130,022</u>	<u>57,777</u>	<u>0</u>	<u>250,903</u>
<b>Current:</b>					
General Government	44,028				44,028
Public Safety	4,275				4,275
Public Works		72,833			72,833
Health	10,837	17,777		547	29,161
<b>Debt Service:</b>					
Redemption of Principal		7,000			7,000
Interest and Fiscal Charges		1,050			1,050
Capital Outlay		12,894	57,777		70,671
<b>Total Cash Disbursements</b>	<u>59,140</u>	<u>111,554</u>	<u>57,777</u>	<u>547</u>	<u>229,018</u>
<b>Total Cash Receipts Over/(Under) Cash Disbursements</b>	3,964	18,468	0	(547)	21,885
<b>Other Financing Uses</b>					
Other	(287)				(287)
<b>Total Cash Receipts Over/(Under) Cash Disbursements and Other Financing Uses</b>	3,677	18,468	0	(547)	21,598
<b>Fund Cash Balances, January 1</b>	<u>7,147</u>	<u>17,792</u>	<u>0</u>	<u>742</u>	<u>25,681</u>
<b>Fund Cash Balances, December 31</b>	<u><b>\$10,824</b></u>	<u><b>\$36,260</b></u>	<u><b>\$0</b></u>	<u><b>\$195</b></u>	<u><b>\$47,279</b></u>
<b>Reserves for Encumbrances, December 31</b>	<u><b>\$0</b></u>	<u><b>\$0</b></u>	<u><b>\$0</b></u>	<u><b>\$0</b></u>	<u><b>\$0</b></u>

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

STATEMENTS OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN FUND  
CASH BALANCES - NON-EXPENDABLE TRUST FUND  
FOR THE YEARS ENDED DECEMBER 31, 1999 AND 1998

	1999 Non-Expendable Trust	1998 Non-Expendable Trust
Operating Cash Receipts:		
Interest	\$742	\$948
Operating Cash Disbursements:	0	0
Net Cash Receipts Over Cash Disbursements	742	948
Fund Cash Balances, January 1	12,509	11,561
Fund Cash Balances, December 31	\$13,251	\$12,509
Reserves for Encumbrances, December 31	\$0	\$0

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

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**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 1999 AND 1998**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

Lafayette Township, Coshocton 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 general governmental services, including 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**

The Township maintains all cash in a checking account and a certificate of deposit which is valued at cost.

**D. Fund Accounting**

The Township uses fund accounting to segregate cash that is 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.

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 1999 AND 1998  
(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 - This fund receives state motor vehicle license tax money for the construction, repair and maintenance of Township roads and bridges.

**3. Capital Projects Fund**

These funds are used to account for receipts that are restricted for the acquisition or construction of major capital projects (except those financed through trust funds). The Township had the following significant Capital Projects Fund:

Grant Fund - This fund receives Ohio Public Works Commission (OPWC) for improvements of Township roads.

**4. Fiduciary Funds (Trust Funds)**

Trust funds are used to account for resources restricted by legally binding trust agreements. If the agreement requires the Township to maintain the corpus of the trust, the fund is classified as Non-Expendable Trust Fund. The other trust fund is classified as Expendable. The Township had the following significant non-expendable trust fund:

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

**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 1999 AND 1998**  
**(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**E. Budgetary Process**

**3. Encumbrances**

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

A summary of 1999 and 1998 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.

**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:

	<u>1999</u>	<u>1998</u>
Demand deposits	\$47,607	\$47,279
Certificates of deposit	<u>13,251</u>	<u>12,509</u>
Total deposits	<u>\$ 60,858</u>	<u>\$ 59,788</u>

**Deposits:** Deposits are insured by the Federal Depository Insurance Corporation.

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ended December 31, 1999 and 1998 follows:

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$41,948	\$44,103	\$2,155
Special Revenue	178,080	163,562	(14,518)
Expendable Trust	<u>300</u>	<u>          </u>	<u>(300)</u>
Total	<u>\$220,328</u>	<u>\$207,665</u>	<u>(\$12,663)</u>

**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 1999 AND 1998**  
**(Continued)**

**3. BUDGETARY ACTIVITY (Continued)**

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$52,629	\$54,219	(\$1,590)
Special Revenue	209,448	153,118	56,330
Expendable Trust	400	0	400
Total	\$262,477	\$207,337	\$55,140

1998 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$63,712	\$63,104	(\$608)
Special Revenue	153,741	130,022	(23,719)
Capital Projects	83,334	57,777	(25,557)
Expendable Trust	880		(880)
Total	\$301,667	\$250,903	(\$50,764)

1998 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$70,398	\$59,427	\$10,971
Special Revenue	159,710	111,554	48,156
Capital Projects	83,334	57,777	25,557
Expendable Trust	1,600	547	1,053
Total	\$315,042	\$229,305	\$85,737

**4. NONCOMPLIANCE**

The Township honored certain contracts and orders without certifying the availability of funds, rather than declaring them null and void, contrary to Ohio Rev. Code Section 5705.41(D).

**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 1999 AND 1998**  
**(Continued)**

**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 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 Township.

**6. DEBT**

Debt outstanding at December 31, 1999 was as follows:

	Principal	Interest Rate
Equipment Loan - Tractor and Mower	\$ 7,000	5%
Equipment Loan - Backhoe	35,000	4.75%
Total	\$ 42,000	

The Township obtained an equipment loan for the purpose of purchasing a used MF 3660 tractor and a new Tiger TRB50C mower. The remaining balance will be repaid in one installment of \$7,000, with 5% interest.

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

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

Year ending December 31:	Backhoe Loan	Tractor and Mower Loan
2000	\$ 8,663	\$ 7,350
2001	8,330	
2002	7,998	
2003	7,665	
2004	7,333	
Total	\$ 39,989	\$ 7,350

**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 1999 AND 1998**  
**(Continued)**

**7. RETIREMENT SYSTEM**

Full-time employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS 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. PERS 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, 1999.

**8. RISK MANAGEMENT**

The Township has obtained commercial insurance for the following risks:

- Comprehensive property and general liability
- Vehicles
- Errors and omissions

**9. CONTINGENT LIABILITY**

Amounts received from grantor agencies are subject to audit and adjustment by the grantor. 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.

**10. RELATED PARTY TRANSACTION**

A Township Trustee is a minority owner and employee of a farm implement and supply business which provides goods to the Township on a regular basis. The Township paid \$5,297 and \$8,816 in 1999 and 1998, respectively, for these goods. The Township conducted business on a regular basis with this business prior to the election of the Trustee.



STATE OF OHIO  
OFFICE OF THE AUDITOR

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

Lafayette Township  
Coshocton County  
21377 TR 157  
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, 1999 and 1998, and have issued our report thereon dated May 18, 2000. We conducted our audits in accordance with generally accepted auditing standards 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 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 an instance of noncompliance that is required to be reported under *Government Auditing Standards* which is described in the accompanying Schedule of Findings as item 1999-41016-001.

We also noted certain immaterial instances of noncompliance that we have reported to management of the Township in a separate letter dated May 18, 2000.

**Internal Control Over Financial Reporting**

In planning and performing our audits, 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.

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 May 18, 2000.

This report is intended for the information and use of 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, appearing to read "Jim Petro", written in a cursive style.

**Jim Petro**  
Auditor of State

May 18, 2000

**SCHEDULE OF FINDINGS  
DECEMBER 31, 1999 AND 1998**

<b>FINDING RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**Noncompliance**

**FINDING NUMBER 1999-41016-001**

Ohio Rev. Code Section 5705.41(D), requires that no subdivision or taxing unit shall make any contract or give any order involving the expenditure of money unless there is attached thereto a certificate of the fiscal officer of the subdivision that the amount required to meet the obligation has been lawfully appropriated for such purpose and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrance. This certificate need be signed only by the subdivision's fiscal officer. Every contract made without such a certificate should be void, and no warrant shall be issued in payment of any amount due thereon. This Section also provides for two "exceptions" to the above requirement.

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 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.
  
2. If the amount involved is less than \$1,000, the Clerk may authorize payment through a Then and Now Certificate without affirmation of the Board of Trustees, if such expenditure is otherwise valid.

The Township's fiscal officer failed to certify the availability of funds for 24 out of 30 transactions in 1999 and 19 out of 30 transactions in 1998, respectively. Neither of the two exceptions noted above were utilized.





STATE OF OHIO  
OFFICE OF THE AUDITOR

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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  
JUNE 20, 2000**