

VILLAGE OF WEST LAFAYETTE
AUDIT REPORT
JANUARY 1, 2015 - DECEMBER 31, 2016

Wilson, Phillips & Agin, CPA's, Inc.
1100 Brandywine Blvd. Building G
Zanesville, Ohio 43701



Dave Yost • Auditor of State

Village Council
Village of West Lafayette
113 Railroad Street
West Lafayette, Ohio 43845

We have reviewed the *Independent Auditor's Report* of the Village of West Lafayette, Coshocton County, prepared by Wilson, Phillips & Agin, CPA's, Inc., for the audit period January 1, 2015 through December 31, 2016. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Village of West Lafayette is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost
Auditor of State

August 1, 2017

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**VILLAGE OF WEST LAFAYETTE
COSHOCTON COUNTY
JANUARY 1, 2015 - DECEMBER 31, 2016**

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**WILSON, PHILLIPS & AGIN, CPA'S, INC.
1100 BRANDYWINE BLVD. BUILDING G
ZANESVILLE, OHIO 43701**

INDEPENDENT AUDITORS' REPORT

Village of West Lafayette
Coshocton County
113 East Railroad
West Lafayette, Ohio 43845

To the Village Council:

Report on the Financial Statements

We have audited the accompanying financial statements of the cash balances, receipts and disbursements by fund type and related notes of the Village of West Lafayette, Coshocton County, as of and for the years ended December 31, 2016 and 2015.

Management's Responsibility For the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Village's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Village's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 2 of the financial statements, the Village prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States, to satisfy these requirements.

Although the effects on the financial statements of the variances between the regulatory basis of accounting and GAAP are not reasonably determinable, are presumed to be material.

Though the Village does not intend these statements to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. Our opinion on this accounting basis permitted is in the *Opinion on Regulatory Basis of Accounting* paragraph below.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Village of West Lafayette as of December 31, 2016 and 2015, or changes in financial position or cash flows thereof for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash balances of the Village of West Lafayette, Coshocton County as of December 31, 2016 and 2015, and its combined cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 2.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated May 3, 2017, on our consideration of the Village of West Lafayette's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.

Wilson, Phillips & Agin, CPA's, Inc.
Zanesville, Ohio
May 3, 2017

**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, 2016**

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts			
Property Tax and Other Local Taxes	\$ 114,452	\$ 65,912	\$ 180,364
Municipal Income Tax	306,524	158,735	465,259
Intergovernmental Receipts	28,281	100,479	128,760
Charges for Services	48	94,214	94,262
Fines, Licenses, and Permits	9,837	-	9,837
Earnings on Investments	3,926	439	4,365
Miscellaneous	6,426	385	6,811
Total Cash Receipts	<u>469,494</u>	<u>420,164</u>	<u>889,658</u>
Cash Disbursements			
Current:			
Security of Persons and Property	248,067	110,714	358,781
Public Health Services	4,517	-	4,517
Leisure Time Activities	-	11,625	11,625
Basic Utility Service	3,910	-	3,910
Transportation	-	97,983	97,983
General Government	148,578	-	148,578
Debt Service:			
Principal Retirement	-	14,119	14,119
Capital Outlay	-	137,583	137,583
Total Cash Disbursements	<u>405,072</u>	<u>372,024</u>	<u>777,096</u>
Excess of Receipts Over (Under) Disbursements	64,422	48,140	112,562
Other Financing Receipts/(Disbursements)			
Debt Proceeds	-	100,000	100,000
Other Financing Sources	-	213	213
Advances-In	6,000	6,000	12,000
Advances-Out	(6,000)	(6,000)	(12,000)
Total Other Financing Receipts/(Disbursements)	<u>-</u>	<u>100,213</u>	<u>100,213</u>
Net Change in Fund Cash Balance	64,422	148,353	212,775
Fund Cash Balances, January 1, 2016	<u>276,970</u>	<u>518,371</u>	<u>795,341</u>
Fund Cash Balances, December 31, 2016			
Restricted	-	619,063	619,063
Assigned	43,429	47,661	91,090
Unassigned (Deficit)	297,963	-	297,963
Fund Cash Balances, December 31, 2016	<u>\$ 341,392</u>	<u>\$ 666,724</u>	<u>\$ 1,008,116</u>

See notes to financial statements.

VILLAGE OF WEST LAFAYETTE
COSHOCOTON COUNTY

COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGES IN FUND BALANCES (CASH BASIS)
ALL PROPRIETARY AND FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2016

	Proprietary Fund Type	Fiduciary Fund Type		Totals
	Enterprise	Private-Purpose Trust	Agency	(Memorandum Only)
Operating Cash Receipts:				
Charges for Services	\$ 746,151	\$ -	\$ -	\$ 746,151
Fines, Licenses and Permits	15,300	-	-	15,300
Miscellaneous	5,039	-	-	5,039
Other Operating Receipts	148	-	-	148
Total Operating Cash Receipts	766,638	-	-	766,638
Operating Cash Disbursements:				
Personal Services	168,869	-	-	168,869
Contractual Services	179,588	-	-	179,588
Supplies and Materials	35,522	-	-	35,522
Other	1,604	-	-	1,604
Total Operating Cash Disbursements	385,583	-	-	385,583
Operating Income/(Loss)	381,055	-	-	381,055
Non-Operating Cash Receipts (Disbursements):				
Capital Outlay	(41,114)	-	-	(41,114)
Principal Retirement	(144,197)	-	-	(144,197)
Interest and Other Charges	(26,388)	-	-	(26,388)
Total Non-Operating Cash Receipts (Disbursements)	(211,699)	-	-	(211,699)
Net Receipts Over/(Under) Disbursements	169,356	-	-	169,356
Fund Cash Balances, January 1	650,392	473	503	651,368
Fund Cash Balances, December 31	\$ 819,748	\$ 473	\$ 503	\$ 820,724

See notes to financial statements.

**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, 2015**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
Cash Receipts				
Property Tax and Other Local Taxes	\$ 112,378	\$ 87,292	\$ -	\$ 199,670
Municipal Income Tax	312,484	161,301	-	473,785
Intergovernmental Receipts	34,319	158,851	-	193,170
Charges for Services	12	99,595	-	99,607
Fines, Licenses, and Permits	11,078	212	-	11,290
Earnings on Investments	1,847	502	-	2,349
Miscellaneous	1,389	12,168	-	13,557
Total Cash Receipts	<u>473,507</u>	<u>519,921</u>	<u>-</u>	<u>993,428</u>
Cash Disbursements				
Current:				
Security of Persons and Property	270,060	87,110	-	357,170
Public Health Services	3,500	-	-	3,500
Leisure Time Activities	-	6,894	-	6,894
Basic Utility Service	6,092	-	-	6,092
Transportation	-	103,649	-	103,649
General Government	185,319	-	-	185,319
Debt Service:				
Principal Retirement	-	14,119	-	14,119
Capital Outlay	-	189,036	51,468	240,504
Total Cash Disbursements	<u>464,971</u>	<u>400,808</u>	<u>51,468</u>	<u>917,247</u>
Excess of Receipts Over (Under) Disbursements	8,536	119,113	(51,468)	76,181
Other Financing Receipts/(Disbursements)				
Debt Proceeds	-	-	51,468	51,468
Sale of Assets	-	350	-	350
Total Other Financing Receipts/(Disbursements)	<u>-</u>	<u>350</u>	<u>51,468</u>	<u>51,818</u>
Net Change in Fund Cash Balance	8,536	119,463	-	127,999
Fund Cash Balances, January 1, 2015	<u>268,434</u>	<u>398,908</u>	<u>-</u>	<u>667,342</u>
Fund Cash Balances, December 31, 2015				
Restricted	-	494,708	-	494,708
Assigned	1,379	23,661	-	25,040
Unassigned (Deficit)	275,591	-	-	275,591
Fund Cash Balances, December 31, 2015	<u>\$ 276,970</u>	<u>\$ 518,371</u>	<u>\$ -</u>	<u>\$ 795,341</u>

See notes to financial statements.

VILLAGE OF WEST LAFAYETTE
COSHOCTON COUNTY

COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGES IN FUND BALANCES (CASH BASIS)
ALL PROPRIETARY AND FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2015

	Proprietary Fund Type	Fiduciary Fund Type		Totals
	Enterprise	Private-Purpose Trust	Agency	(Memorandum Only)
Operating Cash Receipts:				
Charges for Services	\$ 697,080	\$ -	\$ -	\$ 697,080
Fines, Licenses and Permits	15,468	-	-	15,468
Miscellaneous	892	-	-	892
Total Operating Cash Receipts	713,440	-	-	713,440
Operating Cash Disbursements:				
Personal Services	142,966	-	-	142,966
Contractual Services	210,871	-	-	210,871
Supplies and Materials	57,211	-	-	57,211
Total Operating Cash Disbursements	411,048	-	-	411,048
Operating Income/(Loss)	302,392	-	-	302,392
Non-Operating Cash Receipts (Disbursements):				
Miscellaneous	-	-	503	503
Capital Outlay	(65,758)	-	-	(65,758)
Principal Retirement	(168,425)	-	-	(168,425)
Interest and Other Charges	(55,531)	-	-	(55,531)
Total Non-Operating Cash Receipts (Disbursements)	(289,714)	-	503	(289,211)
Net Receipts Over/(Under) Disbursements	12,678	-	503	13,181
Fund Cash Balances, January 1	637,714	473	-	638,187
Fund Cash Balances, December 31	\$ 650,392	\$ 473	\$ 503	\$ 651,368

See notes to financial statements.

**VILLAGE OF WEST LAFAYETTE
COSHOCOTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016 and 2015**

1. REPORTING ENTITY

Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Village of West Lafayette, Coshocoton County, (the Village) as a body corporate and politic. A publicly-elected six-member Council directs the Village. The Village provides general government, including water and sewer utilities, park operations, street repair and maintenance, fire services and police services. The Village also provides fire protection services for Lafayette Township, White Eyes Township, Linton Township and Oxford Township.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The Village's financial statements consist of a combined statement of receipts, disbursements and changes in fund balance (regulatory cash basis) for all governmental fund types, and a combined statement of receipts, disbursements and changes in fund balance (regulatory cash basis) for all proprietary fund types which are organized on a fund type basis.

Fund Accounting

The Village uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Village are presented below:

Governmental Funds

General Fund

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

Special Revenue Funds

These funds are used to account for proceeds from specific sources that are restricted or committed to expenditures for specific purposes other than debt service or capital projects. The Village had the following significant Special Revenue Funds.

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

Street Repair Fund - This fund receives municipal income tax money for construction, maintaining, and repairing Village Streets.

Fire Fund - This fund receives contractual service money from Lafayette, White Eyes, Linton and Oxford Township for providing fire protection.

**VILLAGE OF WEST LAFAYETTE
COSHOCTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016 and 2015**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Project Funds

These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Village had the following significant Capital Project Fund:

Ohio Public Works Commission Funded Project Fund – This fund receives Ohio Public Works Commission loan proceeds. These proceeds were used for storm sewer upgrades and paving costs related to the Kirk Street/Union Avenue Project.

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 receives charges for services from residents to cover water service costs.

Sewer Fund - This fund receives charges for services from residents to cover sewer service costs.

Fiduciary Funds

Fiduciary Funds include private purpose trust funds and agency funds. Trust funds account for assets held under a trust agreement for individuals, private organizations, or other governments which are not available to support the Village's own programs.

Agency funds are purely custodial in nature and are used to hold resources for individuals, organizations or other governments. The Village disburses these funds as directed by the individual, organization or other government. The Village Agency fund accounts for unclaimed funds.

Basis of Accounting

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code 117-2-03(D). This basis is similar to the cash receipts and disbursements accounting basis. The Village recognizes receipts when received in cash rather than when earned, and recognizes disbursements 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 the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code 117-2-03(D) permit.

**VILLAGE OF WEST LAFAYETTE
COSHOCOTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016 and 2015**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Budgetary Process

The Ohio Revised Code requires that each fund (except certain Agency Funds) be budgeted annually.

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 Village Council must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Appropriations lapse at year end.

Estimated Resources

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

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 in the subsequent year.

A summary of 2016 and 2015 budgetary activity appears in Note 3.

Deposits and Investments

The Village's accounting basis includes investment as assets. This basis does not record disbursement for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

Property, Plant, and Equipment

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

Accumulated Leave

In certain circumstances, such as leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

**VILLAGE OF WEST LAFAYETTE
COSHOCOTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016 and 2015**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the Village must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

Nonspendable – The Village classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

Restricted – Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

Committed – Council can *commit* via formal action (resolution). The Village must adhere to these commitments unless council amends the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

Assigned – Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by Village Council or a Village official delegated that authority by ordinance, or by State Statute.

Unassigned – Unassigned fund balance is the residual classification for the general fund and includes amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The Village applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classification could be used.

**VILLAGE OF WEST LAFAYETTE
COSHOCTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016 and 2015**

3. BUDGETARY ACTIVITY

Budgetary activity for the year ended December 31, 2016 and 2015 is as follows:

2016 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 458,013	\$ 469,494	\$ 11,481
Special Revenue	418,555	520,377	101,822
Enterprise	770,350	766,638	(3,712)
Total	<u>\$ 1,646,918</u>	<u>\$ 1,756,509</u>	<u>\$ 109,591</u>

2016 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 480,177	\$ 405,072	\$ 75,105
Special Revenue	650,936	372,024	278,912
Enterprise	700,257	597,282	102,975
Total	<u>\$ 1,831,370</u>	<u>\$ 1,374,378</u>	<u>\$ 456,992</u>

2015 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 430,955	\$ 473,507	\$ 42,552
Special Revenue	415,157	520,271	105,114
Capital Projects	51,468	51,468	-
Enterprise	695,000	713,440	18,440
Total	<u>\$ 1,592,580</u>	<u>\$ 1,758,686</u>	<u>\$ 166,106</u>

2015 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 480,767	\$ 466,350	\$ 14,417
Special Revenue	506,559	424,469	82,090
Capital Projects	51,468	51,468	-
Enterprise	829,219	700,762	128,457
Total	<u>\$ 1,868,013</u>	<u>\$ 1,643,049</u>	<u>\$ 224,964</u>

Contrary to ORC 5705.41(D), the Village had expenditures made prior to certification.

**VILLAGE OF WEST LAFAYETTE
COSHOCTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016 and 2015**

4. EQUITY IN POOLED CASH AND INVESTMENTS

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

	<u>2016</u>	<u>2015</u>
Demand Deposits	\$ 1,828,840	\$ 1,290,987
Certificates of Deposit	-	155,722
Total Deposits	<u>\$ 1,828,840</u>	<u>\$ 1,446,709</u>

Deposits: Deposits are insured by the Federal Depository Insurance Corporation; or collateralized by the financial institutions public entity deposit pool.

5. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which the Council adopted rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. The financial statements include homestead and rollback amounts the State pays 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 by December 31. The second half payment is due the following June 20.

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

6. LOCAL INCOME TAX

The Village levies a municipal income tax of 1.5 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.

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.

7. RISK MANAGEMENT

Commercial Insurance

The Village has obtained commercial insurance for the following risks:

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

**VILLAGE OF WEST LAFAYETTE
COSHOCOTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016 and 2015**

8. DEFINED BENEFIT PENSION PLAN

Ohio Public Employees Retirement System

Some of the Village's full-time employees belong to the Public Employees Retirement System (OPERS) of Ohio. OPERS is a cost-sharing, multiple employer plan. The Ohio Revised Code prescribes the plan benefits, which include postretirement healthcare, and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2016 and 2015, OPERS members contributed 10.0% of their gross wages and the Village contributed an amount equal to 14.00% of participant's gross salaries. The Village has paid all contributions required through December 31, 2016.

Ohio Police and Fire Retirement

The Village's full-time police officers belong to the Police and Fire Pension Fund (OP&F). OP&F is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OP&F participants contributed 11.50% from January 1, 2015 through June 30, 2015 and contributed 12.25% from July 1, 2015 through December 31, 2016 of their wages. The Village contributed to OP&F an amount equal to 19.50% of full-time police officer's wages. The Village has paid all contributions required through December 31, 2016.

9. POSTEMPLOYMENT BENEFITS

Both OPERS and OP&F offer cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. OPERS contributes 2 percent of the employer contribution to fund these benefits and OP&F contributes 0.5 percent to fund these benefits.

10. DEBT

Debt outstanding at December 31, 2016 was as follows:

	2016	
	<u>Principal</u>	<u>%</u>
2013 Home Loan & Savings Consolidation Loan	\$ 171,383	2.90
2013 Home Loan & Savings WWT Plant	34,766	3.40
2000 OWDA Water System Improvement Loan No. 2130	264,504	5.80
2004 OWDA Wastewater Treatment Loan No. 4045	246,835	4.20
1995 OPWC Water System Improvement Loan No. CN910	5,838	0.00
2002 OPWC Riverfront Estates Loan No. CN31D	63,465	0.00
2004 OPWC Wastewater Treatment Loan No. CN16G	44,383	0.00
2013 OPWC Wastewater Treatment Loan No. CN19N	644,876	0.00
2014 OPWC Kirk St./Union Ave. Improvement Loan No. CN20Q	112,952	0.00
2015 OPWC SR 751 Waterline Loan No. CN34R	48,894	0.00
2016 Fire Truck Bonds	100,000	2.29
Total	<u>\$ 1,737,896</u>	

**VILLAGE OF WEST LAFAYETTE
COSHOCTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016 and 2015**

10. DEBT (Continued)

Ohio Public Works Commission (OPWC) loan nos. CN910 and CN31D relate to the water and storm sewer system improvement projects for the Riverfront Estates Development. The payments are due in semi-annually installments maturing in years 2018 and 2024, respectively. The Village has agreed to set water and sewer rates sufficient to cover OPWC debt service requirements

Ohio Public Works Commission (OPWC) loan no. CN16G relates to wastewater treatment improvement in 2004. The payments are due in semi-annually installments. The Village has agreed to set water and sewer rates sufficient to cover OPWC debt service requirements

Ohio Public Works Commission (OPWC) loan no. CN19N relates to wastewater treatment upgrade in 2013. The payments are due in semi-annually installments. The Village has agreed to set water and sewer rates sufficient to cover OPWC debt service requirements

Ohio Public Works Commission (OPWC) loan no. CN20Q relates to the Kirk Street/Union Avenue storm sewer improvements and paving project in 2014. The payments are due in semi-annually installments. The Village has set aside municipal income tax monies sufficient to cover the repayment of the debt.

Ohio Public Works Commission (OPWC) loan no. CN34R relates to the SR 751 waterline project in 2015. The payments are due in semi-annually installments. The Village has agreed to set water and sewer rates sufficient to cover OPWC debt service requirements

2000 Ohio Water Development Authority (OWDA) loan no. 2130 relates to a water system improvement project that was mandated by the Ohio Environmental Protection Agency. The loan will be repaid in semi-annual installments maturing in 2020. The Village has agreed to set water and sewer utility rates sufficient to cover OWDA debt service requirements.

2004 Ohio Water Development Authority (OWDA) loan no. 4045 relates to a wastewater treatment plant improvement project. The loan will be repaid in semi-annual installments maturing in 2035. The Village has agreed to set water and sewer utility rates sufficient to cover OWDA debt service requirements.

The 2013 Home Loan and Savings Bank loan was obtained to pay off the 1994 U.S.D.A. Department of Rural Development Mortgage Revenue Bonds. The loan also includes the cost of extending the sewer lines to the Hartville homes. Payment is due annually. The Village has agreed to set water and sewer rates sufficient to cover the repayment of the debt.

The 2013 Home Loan and Savings Bank loan was obtained for a wastewater treatment plant upgrade. Payment is due annually. The Village has agreed to set water and sewer rates sufficient to cover the repayment of the debt. The balance as of January 1, 2015 was restated to \$39,336 from \$37,946 based on bank loan documents.

In 2016, the Village issued bonds in the amount of \$100,000 to acquire a fire truck through Home Loan and Savings Bank. The bonds will be repaid annually over five years. The fire truck collateralizes the bonds.

**VILLAGE OF WEST LAFAYETTE
COSHOCTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016 and 2015**

10. DEBT (Continued)

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

<u>Year</u>	<u>Total OPWC</u>	<u>Total OWDA</u>	<u>Total Home Loan</u>
2017	\$ 55,399	\$ 111,687	\$ 42,026
2018	53,455	113,096	42,026
2019	51,508	114,586	42,026
2020	51,508	116,157	42,026
2021	51,508	19,292	42,026
2022-2026	195,454	96,744	103,155
2027-2031	138,306	97,299	41,262
2032-2036	123,500	58,698	-
2037-2041	123,500	-	-
2042-2046	76,270	-	-
Total	<u>\$ 920,408</u>	<u>\$ 727,559</u>	<u>\$ 354,547</u>

**WILSON, PHILLIPS & AGIN, CPA'S, INC.
1100 BRANDYWINE BLVD. BUILDING G
ZANESVILLE, OHIO 43701**

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
REQUIRED BY GOVERNMENT AUDITING STANDARDS.**

Village of West Lafayette
Coshocton County
113 Railroad Street
West Lafayette, Ohio 43845

To the Village Council:

We have audited, in accordance with auditing standards general accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of Village of West Lafayette, Coshocton County as of and for the years ended December 31, 2016 and 2015, and the related notes to the financial statements and have issued our report thereon dated May 3, 2017, wherein we noted the Village followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered Village of West Lafayette's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the Village's internal control. Accordingly, we have not opined on it.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or a combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Village's financial statements. A *significant deficiency* is a deficiency or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings that we consider a significant deficiency. We consider Finding 2016-001 to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Village of West Lafayette's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance was not an objective of our audit and, accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Village's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Village's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Wilson, Phillips & Agin, CPA's, Inc.
Zanesville, Ohio
May 3, 2017

**VILLAGE OF WEST LAFAYETTE
COSHOCTON COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2016 AND 2015**

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

FINDING NUMBER 2016-001

Significant Deficiency

All public offices shall maintain an accounting system and accounting records sufficient to enable the public office to identify, assemble, analyze, classify, record and report its transaction, maintain accountability for the related assets, document compliance with finance-related legal and contractual requirements and prepare financial statements.

As a result of audit procedures, errors were noted that required reclassification to the financial statement as follows:

- Restricted fund balance in the General Fund was reclassified to unassigned for \$297,963 in 2016.
- Restricted fund balance was reclassified from \$100,000 to \$619,063 and Unassigned fund balance was reclassified from \$518,850 to \$0 in 2016.
- Debt Proceeds of \$51,468 and the corresponding Capital Outlay expenditure was recorded for OPWC Loan CN34R in the Capital Projects Fund for 2015.
- Principal Retirement in the Enterprise Fund was reclassified from \$223,946 to \$182,544 and Interest expense was reclassified from \$0 to \$41,412 to properly state debt payment made in 2016.
- Restricted fund balance was reclassified from \$0 to \$494,708 and Unassigned fund balance was reclassified from \$494,708 to \$0.

Sound financial reporting is the responsibility of the Village and is essential to help ensure the information provided to the readers of financial statements is complete and accurate. To help ensure the Village's financial statements and notes to the financial statements are complete and accurate, the Village should adopt policies and procedures to identify and correct errors and omissions. In addition, the Village should review the financial statements and notes prior to submission for audit.

Client Response: We received no response from client.

**VILLAGE OF WEST LAFAYETTE
COSHOCTON COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
December 31, 2016**

Finding Number	Finding Summary	Fully Corrected	Not Corrected, Partially Corrected Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:
2014-001	Significant Deficiency Reclassifications and adjusting entries	No	Not Corrected: Repeated as Finding 2016-001
2014-002	Material Weakness Income tax posted to subsidiary system	Yes	Finding No Longer Valid
2013-001	Noncompliance-Single Audit Data Collection Form filed late	Yes	Finding No Longer Valid
2013-002	Noncompliance-Single Audit Material Weakness Procurement	Yes	Finding No Longer Valid

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Dave Yost • Auditor of State

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
AUGUST 15, 2017