



Mary Taylor, CPA
Auditor of State

ENOCH TOWNSHIP
NOBLE COUNTY

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Mary Taylor, CPA

Auditor of State

Enoch Township
Noble County
44155 Township Road 312
Caldwell, Ohio 43724

To the Board of Trustees:

As you are aware, the Auditor of State's Office (AOS) must modify the *Independent Accountants' Report* we provide on your financial statements due to an interpretation from the American Institute of Certified Public Accountants (AICPA). While AOS does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. Our Report includes an adverse opinion relating to GAAP presentation and measurement requirements, but does not imply the amounts the statements present are misstated under the non-GAAP basis you follow. The AOS report also includes an opinion on the financial statements you prepared using the cash basis and financial statement format the AOS permits.

A handwritten signature in cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

September 12, 2007

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Enoch Township
Noble County
44155 Township Road 312
Caldwell, Ohio 43724

To the Board of Trustees:

We have audited the accompanying financial statements of Enoch Township, Noble County, Ohio (the Township), as of and for the years ended December 31, 2006 and 2005. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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 the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure 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. The Township processes its financial transactions with the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to audit the Township because the Auditor of State designed, developed, implemented, and as requested, operates UAN. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code §§ 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments. We believe our audit provides a reasonable basis for our opinion.

As described more fully in Note 1, the Township has prepared these financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

Instead of the combined funds the accompanying financial statements present, GAAP require presenting entity wide statements and also presenting the Township's larger (i.e., major) funds separately. While the Township does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to GAAP presentation requirements. The Auditor of State permits, but does not require townships to reformat their statements. The Township has elected not to follow GAAP statement formatting requirements. The following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2006 and 2005 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Township as of December 31, 2006 and 2005, or its changes in financial position for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of Enoch Township, Noble County, Ohio, as of December 31, 2006 and 2005, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The Township has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 12, 2007, 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 grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.



Mary Taylor, CPA
Auditor of State

September 12, 2007

**ENOCH TOWNSHIP
NOBLE COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2006**

	<u>Governmental Fund Types</u>			<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Permanent</u>	
Cash Receipts:				
Property and Other Local Taxes	\$5,546	\$28,552		\$34,098
Intergovernmental	9,891	108,366		118,257
Earnings on Investments	340	227	\$243	810
Miscellaneous	4,003	7,651		11,654
Total Cash Receipts	<u>19,780</u>	<u>144,796</u>	<u>243</u>	<u>164,819</u>
Cash Disbursements:				
Current:				
General Government	20,630			20,630
Public Works	11,010	129,567		140,577
Other		9,951		9,951
Debt Service:				
Redemption of Principal		5,385		5,385
Interest and Fiscal Charges		600		600
Total Cash Disbursements	<u>31,640</u>	<u>145,503</u>	<u>0</u>	<u>177,143</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>(11,860)</u>	<u>(707)</u>	<u>243</u>	<u>(12,324)</u>
Other Financing Receipts and (Disbursements):				
Sale of Fixed Assets		4,001		4,001
Total Other Financing Receipts/(Disbursements)	<u>0</u>	<u>4,001</u>	<u>0</u>	<u>4,001</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(11,860)	3,294	243	(8,323)
Fund Cash Balances, January 1	22,236	82,255	7,312	111,803
Fund Cash Balances, December 31	<u>\$10,376</u>	<u>\$85,549</u>	<u>\$7,555</u>	<u>\$103,480</u>

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

**ENOCH TOWNSHIP
NOBLE COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2005**

	<u>Governmental Fund Types</u>			<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Permanent</u>	
Cash Receipts:				
Property and Other Local Taxes	\$4,996	\$27,089		\$32,085
Intergovernmental	14,402	174,515		188,917
Earnings on Investments	339	212	\$172	723
Miscellaneous		27,627		27,627
Total Cash Receipts	<u>19,737</u>	<u>229,443</u>	<u>172</u>	<u>249,352</u>
Cash Disbursements:				
Current:				
General Government	21,280			21,280
Public Works	6,416	196,055		202,471
Debt Service:				
Redemption of Principal		5,171		5,171
Interest and Fiscal Charges		814		814
Total Cash Disbursements	<u>27,696</u>	<u>202,040</u>	<u>0</u>	<u>229,736</u>
Total Cash Receipts Over/(Under) Cash Disbursements	(7,959)	27,403	172	19,616
Fund Cash Balances, January 1 (Restated - See Note 2)	<u>30,195</u>	<u>54,852</u>	<u>7,140</u>	<u>92,187</u>
Fund Cash Balances, December 31	<u>\$22,236</u>	<u>\$82,255</u>	<u>\$7,312</u>	<u>\$111,803</u>

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

**ENOCH TOWNSHIP
NOBLE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2006 AND 2005**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of Enoch Township, Noble County (the Township), as a body corporate and politic. A publicly-elected three-member Board of Trustees directs the Township. The Township provides road and bridge maintenance and cemetery maintenance.

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

B. Accounting Basis

These financial statements follow the accounting basis the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. The Township 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 Auditor of State prescribes or permits.

C. Cash

The Township values certificates of deposit 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 reports all financial resources except those required to be accounted for in another fund.

2. Special Revenue Funds

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

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

Miscellaneous Special Revenue Fund - This fund receives FEMA monies to pay for flood damage.

**ENOCH TOWNSHIP
NOBLE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2006 AND 2005
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting

3. Permanent Funds

These funds account for assets held under a trust agreement that are legally restricted to the extent that only earnings, not principal, are available to support the Township's programs. The Township had the following significant Permanent Fund:

Cemetery Endowment Fund – This fund receives interest earned on the nonexpendable corpus from a trust agreement. These earnings are used for the general maintenance and upkeep of the Township's cemetery.

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

2. Estimated Resources

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

3. Encumbrances

The Ohio Revised Code requires the Township to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year.

A summary of 2006 and 2005 budgetary activity appears in Note 4.

F. Property, Plant, and Equipment

The Township records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

**ENOCH TOWNSHIP
NOBLE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2006 AND 2005
(Continued)**

2. RESTATEMENT OF FUND BALANCES

For the year ended December 31, 2004, the Fiscal Officer did not record interest in the cemetery bequest fund in the amount of \$418. This resulted in following fund balance adjustment:

Governmental Funds:	Fund Balances at December 31, 2004	Restatement Amount	Fund Balances at January 1, 2005
Permanent	\$6,722	\$418	\$7,140

3. EQUITY IN POOLED CASH

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

	2006	2005
Demand deposits	\$96,452	\$104,775
Certificates of Deposit	7,028	7,028
Total deposits	\$103,480	\$111,803

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

4. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2006 and 2005 follows:

2006 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$15,385	\$19,780	\$4,395
Special Revenue	131,011	148,797	17,786
Permanent	650	243	(407)
Total	\$147,046	\$168,820	\$21,774

2006 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$36,108	\$31,640	\$4,468
Special Revenue	196,499	145,503	50,996
Permanent	0	0	0
Total	\$232,607	\$177,143	\$55,464

**ENOCH TOWNSHIP
NOBLE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2006 AND 2005
(Continued)**

4. BUDGETARY ACTIVITY (Continued)

2005 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$11,236	\$19,737	\$8,501
Special Revenue	205,332	229,443	24,111
Permanent	650	172	(478)
Total	\$217,218	\$249,352	\$32,134

2005 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$40,737	\$27,696	\$13,041
Special Revenue	257,980	202,040	55,940
Permanent	0	0	0
Total	\$298,717	\$229,736	\$68,981

Contrary to Ohio law, budgetary expenditures exceeded appropriation authority at the legal level of control in the General Fund and Gasoline Tax Fund for the year ended December 31, 2005.

5. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which the Trustees adopted tax 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 pay semiannually, 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, 2006 was as follows:

	Principal	Interest Rate
Promissory Note (Dump Truck)	\$11,934	4.00%
Total	\$11,934	

**ENOCH TOWNSHIP
NOBLE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2006 AND 2005
(Continued)**

6. DEBT (Continued)

The Township issued a general obligation note in 2004 to finance the purchase of a 2003 dump truck. The Township's full faith and credit is pledged to repay this debt.

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

Year ending December 31:	General Obligation Note
2007	<u>\$5,985</u>
2008	5,985
2009	998
Total	<u><u>\$12,968</u></u>

7. RETIREMENT SYSTEM

The Township's employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS 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. For 2006 and 2005, OPERS members contributed 9% and 8.5%, respectively, of their gross salaries and the Township contributed an amount equaling 13.7% and 13.55%, respectively, of participants' gross salaries. The Township has paid all contributions required through December 31, 2006.

8. RISK MANAGEMENT

The Township is exposed to various risks of property and casualty losses, and injuries to employees.

The Township insures against injuries to employees through the Ohio Bureau of Worker's Compensation.

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

**ENOCH TOWNSHIP
NOBLE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2006 AND 2005
(Continued)**

8. RISK MANAGEMENT (Continued)

Casualty Coverage

For an occurrence prior to January 1, 2006 OTARMA retains casualty risks up to \$250,000 per occurrence, including claim adjustment expenses. OTARMA pays a percentage of its contributions to APEEP. APEEP reinsures claims exceeding \$250,000, up to \$1,750,000 per claim and \$10,000,000 in the aggregate per year. For an occurrence on or subsequent to January 1, 2006, the Pool retains casualty risk up to \$350,000 per occurrence, including loss adjustment expenses. Claims exceeding \$350,000 are reinsured with APEEP in an amount not to exceed \$2,650,000 for each claim and \$10,000,000 in the aggregate per year. Governments can elect up to \$10,000,000 in additional coverage with the General Reinsurance Corporation, through contracts with OTARMA.

If losses exhaust OTARMA's retained earnings, APEEP provides excess of funds available coverage up to \$5,000,000 per year, subject to a per-claim limit of \$2,000,000 (for claims prior to January 1, 2006) or \$3,000,000 (for claims on or after January 1, 2006) as noted above.

Property Coverage

Through 2004, OTARMA retained property risks, including automobile physical damage, up to \$100,000 on any specific loss in any one occurrence. The Travelers Indemnity Company reinsured losses exceeding \$100,000 up to \$500 million per occurrence.

Beginning in 2005, Travelers reinsures specific losses exceeding \$250,000 up to \$600 million per occurrence. APEEP reinsures members for specific losses exceeding \$100,000 up to \$250,000 per occurrence, subject to an annual aggregate loss payment. Travelers provides aggregate stop-loss coverage based upon the combined members' total insurable values. If the stop loss is reached by payment of losses between \$100,000 and \$250,000, Travelers will reinsure specific losses exceeding \$100,000 up to their \$600 million per occurrence limit. The aggregate stop-loss limit for 2006 was \$1,901,127.

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

Property and casualty settlements did not exceed insurance coverage for the past three fiscal years.

Financial Position

OTARMA's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2006 and 2005:

**ENOCH TOWNSHIP
NOBLE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2006 AND 2005
(Continued)**

8. RISK MANAGEMENT (Continued)

<u>Casualty Coverage</u>	<u>2006</u>	<u>2005</u>
Assets	\$32,031,312	\$30,485,638
Liabilities	(11,443,952)	(12,344,576)
Retained earnings	<u>\$20,587,360</u>	<u>\$18,141,062</u>

<u>Property Coverage</u>	<u>2006</u>	<u>2005</u>
Assets	\$10,010,963	\$9,177,796
Liabilities	(676,709)	(1,406,031)
Retained earnings	<u>\$9,334,254</u>	<u>\$7,771,765</u>

At December 31, 2006 and 2005, respectively, casualty coverage liabilities noted above include approximately \$10.8 million and \$11.6 million of estimated incurred claims payable. The Casualty Coverage assets and retained earnings above also include approximately \$10.8 million and \$11.6 million of unpaid claims to be billed to approximately 958 member governments in the future, as of December 31, 2006 and 2005, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. The Township's share of these unpaid claims collectible in future years is approximately \$7,500. This payable includes the subsequent year's contribution due if the Township terminates participation, as described in the last paragraph below.

Based on discussions with OTARMA, the expected rates OTARMA charges to compute member contributions, which are used to pay claims as they become due, are not expected to change significantly from those used to determine the historical contributions detailed below. By contract, the annual liability of each member is limited to the amount of financial contributions required to be made to OTARMA for each year of membership.

<u>Contributions to OTARMA</u>	
2004	\$2,525
2005	\$3,753
2006	\$3,757

After completing one year of membership, members may withdraw on each anniversary of the date they joined OTARMA provided they give written notice to OTARMA 60 days in advance of the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's budgetary contribution. Withdrawing members have no other future obligation to the pool. Also upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim occurred or was reported prior to the withdrawal.

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Mary Taylor, CPA

Auditor of State

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

Enoch Township
Noble County
44155 Township Road 312
Caldwell, Ohio 43724

To the Board of Trustees:

We have audited the financial statements of Enoch Township, Noble County, Ohio (the Township), as of and for the years ended December 31, 2006 and 2005, and have issued our report thereon dated September 12, 2007, wherein we noted the Township prepared its financial statements using accounting practices the Auditor of State prescribes or permits rather than accounting principles generally accepted in the United States of America. We also noted the Township uses the Auditor of State's Uniform Accounting Network (UAN) to process its financial transactions. *Government Auditing Standards* considers this service to impair the Auditor of State's independence to audit the Township. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code §§ 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments. 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 the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Township's internal control over financial reporting as a basis for designing our audit procedures for expressing our opinion on the financial statements, but not to opine on the effectiveness of the Township's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Township's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Township's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the Township's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

We consider the following deficiencies described in the accompanying Schedule of Findings to be significant deficiencies in internal control over financial reporting: 2006-002 through 2006-004.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the Township's internal control will not prevent or detect a material financial statement misstatement.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and accordingly, would not necessarily disclose all significant deficiencies that are also material weaknesses. We believe none of the significant deficiencies described above are material weaknesses.

We also noted certain internal control matters that we reported to the Township's management in a separate letter dated September 12, 2007.

Compliance and Other Matters

As part of reasonably assuring whether the Township'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, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express an opinion. The results of our tests disclosed instances of noncompliance or other matters that we must report under *Government Auditing Standards* which are described in the accompanying Schedule of Findings as items 2006-001 through 2006-004.

We also noted certain noncompliance or other matters not requiring inclusion in this report that we reported to the Township's management in a separate letter dated September 12, 2007.

We intend this report solely for the information and use of the audit committee, management and Board of Trustees. We intend it for no one other than these specified parties.



Mary Taylor, CPA
Auditor of State

September 12, 2007

**ENOCH TOWNSHIP
NOBLE COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2006 AND 2005**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2006-001

Finding for Recovery – Repaid Under Audit

Ohio Rev. Code Section 505.60(A) provides, in part, that Townships may pay a township officer or employee for all or any part of the cost of insurance policies, including long-term care insurance. According to Ohio Rev. Code Section 505.60(C), reimbursement is permitted for a township officer or employee who is denied coverage under a township health care plan established pursuant to Ohio Rev. Code Section 505.60(B), or who elects not to participate in the township's plan. The reimbursement cannot exceed an amount equal to the average premium paid by the township under the policies it procures.

Trustee William Kress was provided with medical insurance procured by the Township through Medical Mutual for the period July 1, 2005 through August 12, 2005. Mr. Kress was also reimbursed for his out-of-pocket premiums for medical insurance through Anthem for this same period. This resulted in Mr. Kress being provided with insurance procured by the Township and being reimbursed for out-of-pocket premiums for duplicate coverage in the amount of \$152.

On August 25, 2007, William Kress issued a check to Enoch Township for \$152 as repayment. We will consider this a finding for recovery repaid under audit.

FINDING NUMBER 2006-002

Noncompliance Citation and Significant Deficiency

Ohio Rev. Code Section 5705.41(B) prohibits a subdivision or taxing unit from making any expenditure of money unless it has been appropriated.

Expenditures exceeded appropriations at the legal level of control at December 31, 2005 in the following funds and line items:

<u>Fund/Line Item</u>	<u>Appropriation Authority</u>	<u>Actual Expenditures</u>	<u>Variance</u>
General/Salary Fiscal Officer	\$ 9,197	\$ 11,114	\$ (1,917)
General/UAN Fees	800	1,059	(259)
Gasoline Tax/Salaries - Trustees	10,215	13,793	(3,578)
Gasoline Tax/Operating Supplies	4,567	5,985	(1,418)

This resulted in the aforementioned line items expending more than was appropriated.

The Fiscal Officer should not certify the availability of funds and should deny payment requests exceeding appropriations. The Fiscal Officer may request the Board of Trustees to approve increased expenditure levels by increasing appropriations and amending estimated resources, if necessary.

**ENOCH TOWNSHIP
NOBLE COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2006 AND 2005
(Continued)**

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

FINDING NUMBER 2006-003

Noncompliance Citation and Significant Deficiency

Ohio Admin. Code Section 117-2-02(C)(1) states that all local public offices should integrate the budgetary accounts, at the legal level of control or lower, into the financial accounting system. This means designing an accounting system to provide ongoing and timely information on unrealized budgetary receipts and remaining uncommitted balances of appropriations.

At December 31, 2006, estimated receipts as approved by the Budget Commission did not agree to the Township's ledgers for two funds. The variances and funds are as follows:

<u>Fund</u>	<u>Per Budget Commission</u>	<u>Per Township Reports</u>	<u>Variance</u>
Gasoline Tax	\$ 84,726	\$ 84,946	\$ 220
Road and Bridge Fund	13,860	18,618	4,758

At December 31, 2005, estimated receipts as approved by the Budget Commission did not agree to the Township's ledgers for one fund. The variance and fund is as follows:

<u>Fund</u>	<u>Per Budget Commission</u>	<u>Per Township Reports</u>	<u>Variance</u>
Gasoline Tax	\$ 93,258	\$ 68,090	\$ (25,168)

At December 31, 2006, appropriations as approved by the Board of Trustees did not agree to the Township's ledgers for one fund. The variance and fund is as follows:

<u>Fund</u>	<u>Appropriations Per Board of Trustees</u>	<u>Amounts Per Township Reports</u>	<u>Variance</u>
Road and Bridge	\$ 22,291	\$ 20,373	\$ 1,918

There were also variances throughout the year.

Due to budgetary information being improperly entered into the system, the management of the Township lost some degree of budgetary control.

We recommend the Fiscal Officer accurately post estimated receipts as certified by the County Budget Commission and appropriations as approved by the Board of Trustees into the computer system and only after receiving approval. This procedure will help ensure more useful comparisons of budget versus actual activity, as well as provide management with an accurate monitoring tool throughout the year.

**ENOCH TOWNSHIP
NOBLE COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2006 AND 2005
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2006-004

Noncompliance Citation and Significant Deficiency

Ohio Admin. Code Section 117-2-02(A) provides that all local public offices should maintain an accounting system and accounting records sufficient to enable the public office to identify, assemble, analyze, classify, record and report its transactions, maintain accountability for the related assets, document compliance with finance-related legal and contractual requirements and prepare financial statements.

During the audit period, the Fiscal Officer posted certain revenue transactions incorrectly. Permissive Tax was posted to tax revenue rather than intergovernmental revenue. In the Gasoline Tax Fund and the Road and Bridge Special Levy Fund, reimbursements from FEMA funds were posted as intergovernmental rather than miscellaneous. In the Gasoline Tax fund a warrant from the state for FEMA money was recorded as miscellaneous rather than intergovernmental and the sale of an asset was posted as miscellaneous rather than sale of fixed asset. An insurance premium reimbursement in the General Fund and Road and Bridge Special Levy Fund was recorded as intergovernmental rather than miscellaneous. A reimbursement for dust control in the Road and Bridge Fund and the Road and Bridge Special Levy Fund was posted as taxes rather than miscellaneous. Interest was not recorded in the Cemetery Trust Fund.

Also, during the audit period the Fiscal Officer posted certain expenditure transactions incorrectly. FEMA expenditures were classified as other expenditures instead of public works. Expenditures for the mowing of cemeteries were posted in the Gasoline Tax Fund rather than the General Fund. Principal and Interest was posted to Public Works in 2005 and Capital Outlay in 2006 instead of to the Debt Service Principal and Interest accounts in the Gasoline Tax Fund. Fringe benefits were paid from the Road and Bridge Special Levy Fund with no related payroll expenditures being made from that fund.

The following lists the net adjustments for each fund for the above errors as of December 31, 2006:

Fund	Net Adjustment
General Fund	\$ (7,032)
Motor Vehicle License Tax	(463)
Gasoline Tax	(1,278)
Road & Bridge Special Levy	8,529
Cemetery Trust	671
Total	<u>\$ 427</u>

As a result, these adjustments and significant reclassifications were made to the financial statements in order for the Fiscal Officer to correctly classify the sources and amounts of the Township's receipts and expenditures. These adjustments and reclassifications with which the Township's management agrees have been posted to the Township's books and are reflected in the accompanying financial statements.

**ENOCH TOWNSHIP
NOBLE COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2006 AND 2005
(Continued)**

<p>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</p>

FINDING NUMBER 2006-004 (Continued)

Noncompliance Citation and Significant Deficiency (Continued)

We recommend the Fiscal Officer refer to the Ohio Township Handbook for proper classification and take additional care in posting transactions to the Township's ledgers in order to ensure the Township's year-end financial statements reflect the appropriate sources of the Township's receipts and expenditures.

Officials' Response: We did not receive a response from Officials to the findings reported above.



Mary Taylor, CPA
Auditor of State

ENOCH TOWNSHIP

NOBLE 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
NOVEMBER 8, 2007**