

VILLAGE OF ENON

DAYTON REGION, CLARK COUNTY

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007



Mary Taylor, CPA

Auditor of State

Village Council
Village of Enon
363 East Main Street
P.O. Box 232
Enon, Ohio 45323

We have reviewed the *Independent Auditors' Report* of the Village of Enon, Clark County, prepared by Manning & Associates CPAs, LLC, for the audit period January 1, 2007 through December 31, 2008. 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.

The financial statements in the attached report are presented in accordance with a regulatory basis of accounting prescribed or permitted by the Auditor of State. Due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA), modifications were required to the *Independent Auditors' Report* on your financial statements. While the Auditor of State 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. The attached report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the statements are misstated under the non-GAAP regulatory basis. The *Independent Auditors' Report* also includes an opinion on the financial statements using the regulatory format the Auditor of State permits.

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 Enon is responsible for compliance with these laws and regulations.

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

Mary Taylor, CPA
Auditor of State

September 21, 2009

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**VILLAGE OF ENON
CLARK COUNTY**

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MANNING & ASSOCIATES CPAs, LLC
6105 NORTH DIXIE DRIVE
DAYTON, OHIO 45414

INDEPENDENT AUDITORS' REPORT

Mayor and Members of Council
Village of Enon
363 East Main Street
PO Box 232
Enon, Ohio 45323

We have audited the accompanying financial statements of the Village of Enon, Clark County, Ohio (the Village), as of and for the years ended December 31, 2008 and 2007. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on the 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. We believe our audit provides a reasonable basis for our opinion.

As described more fully in Note 1, the Village 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 Village's larger (i.e. major) funds separately. While the Village 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 Villages to reformat their statements. The Village 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, 2008 and 2007, do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2008 and 2007, or its changes in financial position or cash flows of its proprietary funds 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 and reserves for encumbrances of the Village of Enon, Clark County, as of December 31, 2008 and 2007, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated June 23, 2009, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and 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.

Manning & Associates CPAs, LLC
Dayton, Ohio

June 23, 2009

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**VILLAGE OF ENON
CLARK COUNTY**

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES
IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2008

	<u>Governmental Fund Types</u>		Total (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Property and Other Local Taxes	\$ 159,345	\$ 202,014	\$ 361,359
Intergovernmental Revenues	54,538	187,385	241,923
Charges for Services	0	2,014	2,014
Fines, Licenses and Permits	61,214	0	61,214
Earnings on Investments	6,234	1,697	7,931
Miscellaneous	32,104	434	32,538
Total Cash Receipts	<u>313,435</u>	<u>393,544</u>	<u>706,979</u>
Cash Disbursements:			
Current:			
Security of Persons and Property	87,045	205,571	292,616
Leisure Time Activities	4,429	0	4,429
Transportation	0	109,657	109,657
General Government	193,829	1,865	195,694
Capital Outlay	15,920	51,980	67,900
Total Cash Disbursements	<u>301,223</u>	<u>369,073</u>	<u>670,296</u>
Total Receipts Over/(Under) Disbursements	<u>12,212</u>	<u>24,471</u>	<u>36,683</u>
Fund Cash Balances, January 1	<u>223,754</u>	<u>140,377</u>	<u>364,131</u>
Fund Cash Balances, December 31	<u>\$ 235,966</u>	<u>\$ 164,848</u>	<u>\$ 400,814</u>
Reserve for Encumbrances	<u>\$ 8,767</u>	<u>\$ 0</u>	<u>\$ 8,767</u>

The notes to the Financial Statements are an integral part of this statement.

**VILLAGE OF ENON
CLARK COUNTY**

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES -
ALL PROPRIETARY AND SIMILAR FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2008

	<u>Proprietary Funds Types</u>	<u>Fiduciary Funds Types</u>	<u>Total (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Agency</u>	
Operating Cash Receipts:			
Charges for Services	\$ 505,893	\$ 0	\$ 505,893
Fines, Licenses and Permits	10,188	37,740	47,928
Miscellaneous	2,537	0	2,537
Total Operating Cash Receipts	<u>518,618</u>	<u>37,740</u>	<u>556,358</u>
Operating Cash Disbursements:			
Personal Service	164,992	0	164,992
Employee Fringe Benefits	74,091	0	74,091
Supplies and Materials	55,264	0	55,264
Utilities	349	0	349
Contractual Services	128,283	35,071	163,354
Transportation	250	0	250
Total Operating Cash Disbursements	<u>423,229</u>	<u>35,071</u>	<u>458,300</u>
Operating Income/ (Loss)	<u>95,389</u>	<u>2,669</u>	<u>98,058</u>
Non-Operating Cash Receipts/(Disbursements):			
Earnings on Investment	4,527	0	4,527
Capital Outlay	(53,447)	0	(53,447)
Debt Service			
Redemption of Principal	(37,724)	0	(37,724)
Interest Expense	(18,368)	0	(18,368)
Total Non-Operating Cash Receipts/(Expenses)	<u>(105,012)</u>	<u>0</u>	<u>(105,012)</u>
Net Revenues Over/(Under) Expenses	(9,623)	2,669	(6,954)
Fund Cash Balances, January 1	<u>208,341</u>	<u>2,492</u>	<u>210,833</u>
Fund Cash Balances, December 31	<u>\$ 198,718</u>	<u>\$ 5,161</u>	<u>\$ 203,879</u>
Reserve for Encumbrances	<u>\$ 30,133</u>	<u>\$ 0</u>	<u>\$ 30,133</u>

The Notes to the Financial Statements are an integral part of this statement.

**VILLAGE OF ENON
CLARK COUNTY**

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES
IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2007

	<u>Governmental Fund Types</u>		Total (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Property and Other Local Taxes	\$ 159,773	\$ 217,547	\$ 377,320
Intergovernmental Revenues	17,599	177,023	194,622
Charges for Services	0	1,810	1,810
Fines, Licenses and Permits	58,186	0	58,186
Earnings on Investments	11,678	5,944	17,622
Special Assessments	840	0	840
Miscellaneous	26,485	458	26,943
Total Cash Receipts	<u>274,561</u>	<u>402,782</u>	<u>677,343</u>
Cash Disbursements:			
Current:			
Security of Persons and Property	63,987	179,231	243,218
Leisure Time Activities	3,181	0	3,181
Transportation	0	89,104	89,104
General Government	150,185	1,695	151,880
Capital Outlay	15,440	56,448	71,888
Total Cash Disbursements	<u>232,793</u>	<u>326,478</u>	<u>559,271</u>
Total Receipts Over/(Under) Disbursements	<u>41,768</u>	<u>76,304</u>	<u>118,072</u>
Fund Cash Balances, January 1	<u>181,986</u>	<u>64,073</u>	<u>246,059</u>
Fund Cash Balances, December 31	<u>\$ 223,754</u>	<u>\$ 140,377</u>	<u>\$ 364,131</u>
Reserve for Encumbrances	<u>\$ 15,319</u>	<u>\$ 3,690</u>	<u>\$ 19,009</u>

The notes to the Financial Statements are an integral part of this statement.

**VILLAGE OF ENON
CLARK COUNTY**

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES -
ALL PROPRIETARY AND SIMILAR FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2007

	<u>Proprietary Funds Types</u>	<u>Fiduciary Funds Types</u>	<u>Total (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Agency</u>	
Operating Cash Receipts:			
Charges for Services	\$ 525,137	\$ 0	\$ 525,137
Fines, Licenses and Permits	13,256	29,778	43,034
Miscellaneous	3,165	0	3,165
Total Operating Cash Receipts	<u>541,558</u>	<u>29,778</u>	<u>571,336</u>
Operating Cash Disbursements:			
Personal Service	157,319	0	157,319
Employee Fringe Benefits	86,365	0	86,365
Supplies and Materials	39,478	0	39,478
Utilities	658	0	658
Contractual Services	116,664	29,796	146,460
Transportation	1,785	0	1,785
Total Operating Cash Disbursements	<u>402,269</u>	<u>29,796</u>	<u>432,065</u>
Operating Income/ (Loss)	<u>139,289</u>	<u>(18)</u>	<u>139,271</u>
Non-Operating Cash Receipts/(Disbursements):			
Intergovernmental	509,787	0	509,787
Earnings on Investment	4,449	0	4,449
Capital Outlay	(473,149)	0	(473,149)
Debt Proceeds	27,709	0	27,709
Miscellaneous Receipts	30,000	0	30,000
Debt Service			
Redemption of Principal	(165,679)	0	(165,679)
Interest Expense	(19,213)	0	(19,213)
Total Non-Operating Cash Receipts/(Expenses)	<u>(86,096)</u>	<u>0</u>	<u>(86,096)</u>
Net Revenues Over/(Under) Expenses	53,193	(18)	53,175
Fund Cash Balances, January 1	<u>155,148</u>	<u>2,510</u>	<u>157,658</u>
Fund Cash Balances, December 31	<u>\$ 208,341</u>	<u>\$ 2,492</u>	<u>\$ 210,833</u>
Reserve for Encumbrances	<u>\$ 18,544</u>	<u>\$ 0</u>	<u>\$ 18,544</u>

The Notes to the Financial Statements are an integral part of this statement.

**VILLAGE OF ENON
CLARK COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

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 the Village of Enon, Clark County, (the Village) as a body corporate and politic. A publicly-elected six-member Council governs the Village. The Village provides general governmental services, including water sanitation and police services.

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

B. Basis of Accounting

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. This basis 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 adequately disclose material matters the Auditor of State prescribes.

C. Cash and Investments

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

Money market mutual funds (including STAR Ohio) are recorded at share values the mutual fund reports.

D. Fund Accounting

The Village uses fund accounting to segregate cash and investments that are restricted as to use. The Village classifies its funds into the following types:

General Fund:

The General Fund reports all financial resources except those required to be accounted for in another fund.

Special Revenue Funds:

These funds account for proceeds from specific sources (other than from trusts or for capital projects) that are restricted to expenditure for specific purposes.

The Village had the following significant Special Revenue Funds:

**VILLAGE OF ENON
CLARK COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (continued)

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

Police Levy Fund – This fund receives tax money for providing police protection.

Enterprise Funds

These funds account for operations that are similar to private business enterprises, where management intends to recover the significant costs of providing certain goods or services through user charges. The Village had the following significant Enterprise Funds:

Water Operating Fund – This fund receives cash receipts from water sales to Village residents to cover water service costs.

Fiduciary Funds (Agency Fund)

The fund in which the Village is acting in an agency capacity is classified as an agency fund. The Village had the following significant fiduciary fund:

Mayor's Court Fund – This fund received monies for court fees, fines and forfeitures. These collections are remitted to the Village and State of Ohio on a monthly basis.

E. 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 level of control and appropriations may not exceed estimated resources. The Council must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Unencumbered appropriations lapse at year end.

Estimated Resources

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

A summary of 2008 and 2007 budgetary activity appears in Note 3.

**VILLAGE OF ENON
CLARK COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Property, Plant and Equipment

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

G. Accumulated Leave

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

2. EQUITY IN POOLED CASH AND INVESTMENTS

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

	<u>2008</u>	<u>2007</u>
Demand Deposits	\$ 378,076	\$ 354,006
STAR Ohio	<u>226,617</u>	<u>220,958</u>
Total deposits and Investments	<u>\$ 604,693</u>	<u>\$ 574,964</u>

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

Investments: Investments in STAR Ohio are not evidenced by securities that exist in physical or book-entry form.

**VILLAGE OF ENON
CLARK COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

3. BUDGETARY ACTIVITY

Budgetary activity for the year ending December 31, 2008 was as follows:

2008 Budgeted vs. Actual Receipts

Fund Type	Budgeted Actual		Variance
	Receipts	Receipts	
General \$	275,488 \$	313,435 \$	37,947
Special Revenue	405,847	393,110	(12,737)
Enterprise	552,000	523,145	(28,855)
Total	<u>\$ 1,233,335</u>	<u>\$ 1,229,690</u>	<u>\$ (3,645)</u>

2008 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation	Budgetary		Variance
	Authority	Expenditures	Expenditures	
General \$	314,401 \$	309,990 \$	4,411	4,411
Special Revenue	398,690	369,073	29,617	29,617
Enterprise	565,750	562,901	2,849	2,849
Total	<u>\$ 1,278,841</u>	<u>\$ 1,241,964</u>	<u>\$ 36,877</u>	<u>\$ 36,877</u>

Budgetary activity for the year ending December 31, 2007 was as follows:

2007 Budgeted vs. Actual Receipts

Fund Type	Budgeted Actual		Variance
	Receipts	Receipts	
General \$	265,230 \$	274,561 \$	9,331
Special Revenue	383,162	402,782	19,620
Enterprise	1,005,000	1,113,503	108,503
Total	<u>\$ 1,653,392</u>	<u>\$ 1,790,846</u>	<u>\$ 137,454</u>

2007 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation	Budgetary		Variance
	Authority	Expenditures	Expenditures	
General \$	276,477 \$	248,112 \$	28,365	28,365
Special Revenue	342,734	330,168	12,566	12,566
Enterprise	1,080,676	1,078,854	1,822	1,822
Total	<u>\$ 1,699,887</u>	<u>\$ 1,657,134</u>	<u>\$ 42,753</u>	<u>\$ 42,753</u>

**VILLAGE OF ENON
CLARK COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

4. PROPERTY TAX

Real property taxes become a lien on January 1 proceeding the October 1 date for which the Village Council adopts 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 State pays the Village amounts equaling these deductions. The Village includes these with 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.

Public utilities are also taxed on personal and real property located within the Village.

Property owners assesses tangible personal property tax. They must file a list of tangible property to the County by each April 30.

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

5. DEBT

Debt outstanding at December 31, 2008 was as follows:

	<u>Principal</u>	<u>Interest</u>
Ohio Water Development Authority Loan	\$543,445	3.26%
Ohio Public Works Commission (A)	58,780	0.00%
Ohio Public Works Commission (B)	11,550	0.00%
Ohio Public Works Commission	<u>27,709</u>	0.00%
Total	<u>\$641,484</u>	

Ohio Water Development Authority Loan:

Relates to new well field development. The loan will be repaid in semi-annual installments of \$44,941, over 20 years with final maturity on 07/1/2024. The loan was originally approved for \$690,160, total funds drawn \$656,541. Secured by water and sewer rates.

Ohio Public Works Commission Loan:

Houck Meadows Water Main Extension will be repaid in semi-annual installments of \$3,266 over 20 years with final maturity on 1/1/2018. Secured by water and sewer rates.

Ohio Public Works Commission Loan:

Fairfield Pike Booster Station Upgrade will be repaid in semi-annual installments of \$2,310 over 15 years with final maturity on 7/1/2011. Secured by water and sewer rates.

Ohio Public Works Commission Loan:

Stine Road Improvement will be repaid in semi-annual installments of \$693 over 20 years with final maturity on 1/1/29. Secured by water and sewer rates.

**VILLAGE OF ENON
CLARK COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

5. DEBT, (Continued)

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

Year Ending December 31,	OWDA Loan	OPWC Loans
2009	\$ 22,470	\$ 6,267
2010	44,941	12,535
2011	44,942	12,536
2012	44,941	7,916
2013	44,941	7,916
2014 – 2018	224,704	36,322
2019 – 2023	224,704	6,927
2024 – 2028	44,941	6,927
2029	0	693
Total	\$ 696,584	\$ 98,039

6. LEASES

The Village entered into multiple lease agreements with Ford Credit for the lease of a police cruiser, explorer, and F-250 pickup truck. The lease term is four years with annual payments of principal and interest of \$7,759, \$6,654, and \$5,955, respectively.

In addition, the Village leases an International dump truck through Fifth Third master lease program. Term of lease is seven years with annual principal and interest payments of \$15,429.

Future lease payments for the above lease are as follows:

Year Ending December 31:	Amount
2009	\$ 35,797
2010	35,797
2011	21,384
2012	15,429
2013	15,429
2014	15,429
Total minimum lease payment	\$139,265
Less amount representing interest	16,440
Present value of minimum lease payments	\$122,825

**VILLAGE OF ENON
CLARK COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

7. RETIREMENT SYSTEMS

The Village'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 plans' benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2008 and 2007, OPERS members contributed 10 percent and 9.5 percent, respectively, of their gross salaries and the Village contributed an amount equaling 14 percent and 13.85 percent, respectively, of participants' gross salaries. The Village has paid all contributions required through December 31, 2008.

8. RISK MANAGEMENT

The Village belongs to the Ohio Government Risk Management Plan (the "Plan"), an unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to approximately 460 Ohio governments ("Members").

Pursuant to Section 2744.081 of the Ohio Revised Code, the Plan is a separate legal entity. The Plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages, modified for each Member's needs. The Plan pays judgments, settlements and other expenses resulting from covered claims that exceed the Member's deductible.

The Plan issues its own policies and reinsures the Plan with A- VII or better rated carriers, except for the 15% casualty and the 10% property portions the Plan retains. The Plan pays the lesser of 15% or \$37,500 of casualty losses and the lesser of 10% or \$100,000 of property losses. Individual Members are only responsible for their self-retention (deductible) amounts, which vary from member to member.

Settlement amounts did not exceed insurance coverage for the past three fiscal years.

Plan members are responsible to notify the Plan of their intent to renew coverage by their renewal date. If a member chooses not to renew with the Plan, they have no other obligation to the Plan. The former member's covered claims, which occurred during their membership period, remain the responsibility of the Plan.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2007 and 2006 (the latest information available):

	<u>2007</u>	<u>2006</u>
Assets	\$11,136,455	\$9,620,148
Liabilities	<u>(4,273,553)</u>	<u>(3,329,620)</u>
Members' Equity	<u>\$ 6,862,902</u>	<u>\$6,290,528</u>

You can read the complete audited financial statements for The Ohio Government Risk Management Plan at the Plan's website, www.ohioplan.org.

The Village also provides health insurance and dental to full-time employees through a private carrier. Separate bonds with higher covered limits cover specific employees of the Village, who collect money. The Village pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. The rate is calculated based on accident history and administrative costs.

**VILLAGE OF ENON
CLARK COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

8. SUBSIDY PAYMENTS

The Village entered into an agreement with REM Investments regarding well field contamination. This agreement, among other things, calls for an annual payment from REM Investments to the Village. The Village received \$30,000 in 2007.

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MANNING & ASSOCIATES, CPAs, LLC
6105 North Dixie Drive
Dayton, Ohio 45414

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

Village of Enon
363 East Main Street
PO Box 232
Enon, Ohio 45323

To the Village Council:

We have audited the financial statements of the Village of Enon, Clark County, Ohio (the Village) as of and for the years ended December 31, 2008 and 2007, and have issued our report thereon dated June 23, 2009 wherein we noted the Village followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. 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 Village'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 Village's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Village's internal control over financial reporting.

Our consideration of the internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in the 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 a significant deficiency.

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 Village'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 Village'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 a significant deficiencies in internal control over financial reporting: 2008-002 and 2008-003.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the Village'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. However, we believe the significant deficiencies described above are also material weaknesses.

We noted certain matters that we reported to the Village's management in a separate letter dated June 23, 2009.

Compliance and Other Matters

As part of reasonably assuring whether the Village's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts and grants 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 an instance of noncompliance that we must report under *Government Auditing Standard*, which is described in the accompanying schedule of findings as item 2008-001 through 2008-003.

We also noted certain noncompliance or other matters not requiring inclusion in this report that we reported to the Village's management in a separate letter dated June 23, 2009.

The Village's responses to the findings identified in our audit are described in the accompanying Schedule of Findings. We did not audit the Village's responses and, accordingly, we express no opinion on them.

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

Manning & Associates CPAs, LLC-
Dayton, Ohio

June 23, 2009

**VILLAGE OF ENON
CLARK COUNTY**

SCHEDULE OF FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

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

FINDING NUMBER 2008-001

Ohio Rev. Code Section 5705.41 (D) prohibits a subdivision or taxing entity from making any contract or ordering any expenditure of money unless a certificate signed by the fiscal officer is attached thereto. The fiscal officer must certify that the amount required to meet any such contract or expenditure has been lawfully appropriated and is in the treasury, or is in the process of collection to the credit of an appropriate fund free from any previous encumbrance.

There are several exceptions to the standard requirement stated above that a fiscal officer's certificate must be obtained prior to a subdivision or taxing authority entering into a contract or order involving the expenditure of money. The main exceptions are: "then and now" certificates, blanket certificates, and super blanket certificates, which are provided for in sections 5705.41 (D) (1) and 5705.41 (D) (3), respectively, of the Ohio Revised Code.

1. **"Then and Now" certificate** – If the fiscal officer can certify that both at the time that the contract or order was made ("then"), and at the time that the fiscal officer is completing the certification ("now"), that sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the Village can authorize the drawing of a warrant for the payment of the amount due. The Village has thirty days from the receipt of the "then and now" certificate to approve payment by ordinance or resolution.

Amounts of less than \$3,000 may be paid by the fiscal officer without a resolution or ordinance upon completion of the "then and now" certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval or expenditures by the Village.

2. **Blanket certificate** – Fiscal officers may prepare "blanket" certificates for a certain sum of money not in excess of an amount established by resolution or ordinance adopted by a majority of the members of the legislative authority against any specific line item account over a period not running beyond the end of the current fiscal year. The blanket certificates may, but need not, be limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time for any one particular line item appropriation.
3. **Super blanket certificate** – The Village may also make expenditures and contracts for any amount from a specific line-item appropriation account in a specified fund upon certification of the fiscal officer for most professional services, fuel, oil, food items, and any other specific recurring and reasonably predictable operating expense. This certification is not to extend beyond the current year. More than one super blanket certificate may be outstanding at a particular time for any one line item appropriation.

**VILLAGE OF ENON
CLARK COUNTY**

SCHEDULE OF FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

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

FINDING NUMBER 2008-001, (Continued)

Unless the exception noted above is used, prior certification is not only required by statute but is a key control in the disbursement process to assure that purchase commitments receive prior approval. To improve controls over disbursements and to help reduce the possibility of the Village's funds exceeding budgetary spending limitations, we recommend that the Village's Fiscal Officer certify that the funds are or will be available prior to the obligation by the Village. When prior certification is not possible, "then and now" certification should be used

Purchase orders were issued after the incurrence of an expense, 9 in 2008 and 11 in 2007. It was also noted that the Village paid certain expenditures as direct charges, which did not qualify as direct charges, instead of issuing purchase orders. These expenditures were for items such as, health, dental and property insurance, road work and postage.

The Village should ensure that each all expenses are properly certified and review the ORC regulations regarding purchase orders and direct charges. Blanket or super Blanket purchase orders should be considered for recurring expenses.

Response: The Village will review ORC regulations to ensure that purchase orders are properly issued and used.

FINDING NUMBER 2008-002

Ohio Rev. Code, Section 733.28, requires the Fiscal Officer to maintain the books of the Village and exhibit accurate statements of all monies received and expended. The Village did not properly classify receipt and disbursement transactions. An accurate record was not maintained for all monies received by the Village. The following was noted:

- A. Improper posting of receipts which required reclassifications
- B. Expenditure items were not properly classified on the annual financial reports, specifically, debt payments, capital outlay, refunds.

Misclassifications on the annual financial report fail to present an accurate accounting of the financial status of the Village and can mislead the users of the report. Sound financial reporting is the responsibility of the Fiscal Officer and Members of Council and is essential to ensure the information provided to the readers of the financial statements is complete and accurate. Procedures should be implemented, including a final review of the annual report by Council to identify and correct misclassifications.

Response: The Village will review its current accounting methods and implement changes where needed

**VILLAGE OF ENON
CLARK COUNTY**

SCHEDULE OF FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

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

FINDING NUMBER 2008-003

**Reportable Condition / Material Weakness
Obtaining a SAS 70 Audit Report**

When an entity uses a service organization to process financially significant accounting transactions, the organization should provide a Tier II SAS 70 audit report. This report gives the user entity insight to the controls and their operating effectiveness at the service organization. The failure to obtain this type of report prevents the user entity from knowing if significant deficiencies in the control system exist at the third party administrator. The Village did not obtain a SAS 70 audit report from its third-party administrator who processes utility collections.

In addition, the Village does not have a formal contract with the entity to provide for collections of utility receipts. A contract should be in place to protect the Village and entity and should include a requirement for an annual Tier II SAS 70 audit. A SAS 70 audit should be conducted in accordance with American Institute of Certified Public Accountants' (AICPA) standards by a firm registered and considered in "good standing" with the Accountancy Board of the respective State. The Village should be provided with a copy of the SAS 70 report and then review the report's content. The Village should take steps to address any user control considerations identified in the report.

Response: The Village is considering terminating the collections by an outside party.

**VILLAGE OF ENON
CLARK COUNTY**

SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2008 AND 2007

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Correction Action Taken; or Finding No Longer Valid; Explain
2006-001	ORC Sec. 5705.41 (D) - Failure to certify the availability of funds prior to incurring an expense	No	Reissued as Finding 2008-001
2006-002	ORC Sec. 5705.39 - Appropriations exceeded estimated resources in Police Levy fund in 2006 and Water Works fund in 2005 and 2006	Yes	
2006-003	ORC Sec. 5705.36 - Amended certificate for estimated resources not obtained for 2005	Yes	
2006-004	ORC Sec. 5705.41 (B) - Expenditures exceeded appropriations for many funds in 2005 and 2006	Yes	
2006-005	ORC Sec. 5705.36 - Actual fund balances did not agree to balances submitted to County Auditor	Yes	
2006-006	ORC Sec. 5705.10 - Negative fund balances noted in Police Levy and Water Works funds in 2005	Yes	
2006-007	ORC Sec. 733.28 - Misposting of both receipt and disbursement transactions noted in 2005 and 2006	No	Reissued as Finding 2008-002
2006-008	ORC Sec. 117.38 - Annual Report not filed by the required date in 2006, Notice of the completion of Annual Reports could not be provided either year	Partially	Move to Management Comment



Mary Taylor, CPA
Auditor of State

VILLAGE OF ENON

CLARK 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
OCTOBER 1, 2009