



**Auditor of State
Betty Montgomery**

VILLAGE OF ENON
CLARK COUNTY

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**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

Village of Enon
Clark County
363 East Main Street
P.O. Box 63
Enon, Ohio 45323

To the Village Council:

We have audited the accompanying financial statements of the Village of Enon, Clark County, (the Village), as of and for the years ended December 31, 2002 and 2001. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1, the Village prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of the Village as of December 31, 2002 and 2001, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 2, 2003 on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Village of Enon
Clark County
Independent Accountants' Report
Page 2

This report is intended solely for the information and use of the finance committee, management, Village Council and other officials authorized to receive this report under § 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

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

Betty Montgomery
Auditor of State

May 2, 2003

**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, 2002**

| | <u>Governmental Fund Types</u> | | Totals (Memorandum Only) |
|---------------------------------------------------------------------------------------------------------------|--------------------------------|----------------------------|-----------------------------------------|
| | <u>General</u> | <u>Special Revenue</u> | |
| Cash Receipts: | | | |
| Property Tax and Other Local Taxes | \$114,568 | \$105,789 | \$220,357 |
| State Shared Taxes and Permits | 26,455 | 131,857 | 158,312 |
| Other Local Taxes | 23,677 | | 23,677 |
| Charges for Services | 28,210 | | 28,210 |
| Fines, Licenses, and Permits | 2,132 | | 2,132 |
| Earnings on Investments | 3,981 | 1,232 | 5,213 |
| Special Assessments | 245 | 2,062 | 2,307 |
| Fines and Forfeitures | 26,298 | | 26,298 |
| Miscellaneous | 47,506 | 162 | 47,668 |
| | <u>273,072</u> | <u>241,102</u> | <u>514,174</u> |
| Cash Disbursements: | | | |
| Current: | | | |
| Security of Persons and Property | 74,905 | 8,829 | 83,734 |
| Public Health Services | 29,485 | 26,511 | 55,996 |
| Leisure Time Activities | 1,729 | | 1,729 |
| Personal Services | 33,996 | 57,118 | 91,114 |
| Transportation | | 50,604 | 50,604 |
| Fringe Benefits | 55,773 | 38,229 | 94,002 |
| Materials and Supplies | 26,777 | 13,490 | 40,267 |
| General Government | 28,428 | | 28,428 |
| Contractual Services | 53,199 | 13,500 | 66,699 |
| Capital Outlay | 13,024 | 42,806 | 55,830 |
| | <u>317,316</u> | <u>251,087</u> | <u>568,403</u> |
| Total Receipts (Under) Disbursements | <u>(44,244)</u> | <u>(9,985)</u> | <u>(54,229)</u> |
| Other Financing Receipts and (Disbursements): | | | |
| Transfers-In | | 810 | 810 |
| Advances-In | 1,612 | 1,612 | 3,224 |
| Transfers-Out | (810) | | (810) |
| Advances-Out | (1,612) | (1,612) | (3,224) |
| | <u>(810)</u> | <u>810</u> | |
| Cash Receipts and Other Financing Receipts (Under) Cash Disbursements and Other Financing Disbursements | (45,054) | (9,175) | (54,229) |
| Fund Cash Balances, January 1 | <u>175,716</u> | <u>69,781</u> | <u>245,497</u> |
| Fund Cash Balances, December 31 | <u><u>\$130,662</u></u> | <u><u>\$60,606</u></u> | <u><u>\$191,268</u></u> |
| Reserves for Encumbrances, December 31 | <u><u>\$3,607</u></u> | <u><u>\$354</u></u> | <u><u>\$3,961</u></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 - PROPRIETARY FUND TYPE AND SIMILAR FIDUCIARY FUND
FOR THE YEAR ENDED DECEMBER 31, 2002**

| | <u>Proprietary Fund Type</u> | <u>Trust and Agency</u> | <u>Totals (Memorandum Only)</u> |
|----------------------------------------|----------------------------------|-----------------------------|-----------------------------------------|
| | <u>Enterprise</u> | <u>Agency</u> | |
| Operating Cash Receipts: | | | |
| Charges for Services | \$410,891 | | \$410,891 |
| Special Assessments | 14,969 | | 14,969 |
| Fines and Forfeitures | | 31,842 | 31,842 |
| Miscellaneous | 3,229 | | 3,229 |
| Total Operating Cash Receipts | <u>429,089</u> | <u>31,842</u> | <u>460,931</u> |
| Operating Cash Disbursements: | | | |
| Personal Services | 120,500 | | 120,500 |
| Fringe Benefits | 41,848 | | 41,848 |
| Utilities | 17,023 | | 17,023 |
| Supplies and Materials | 46,583 | | 46,583 |
| Contractual Services | 105,272 | 31,842 | 137,114 |
| Capital Outlay | 81,707 | | 81,707 |
| Total Operating Cash Disbursements | <u>412,933</u> | <u>31,842</u> | <u>444,775</u> |
| Operating Income | 16,156 | | 16,156 |
| Non-Operating Cash Receipts: | | | |
| Interest Earnings | 140 | | 140 |
| Excess of Receipts Over Disbursements | 16,296 | | 16,296 |
| Fund Cash Balances, January 1 | <u>81,052</u> | <u>1,993</u> | <u>83,045</u> |
| Fund Cash Balances, December 31 | <u><u>\$97,348</u></u> | <u><u>\$1,993</u></u> | <u><u>\$99,341</u></u> |
| Reserve for Encumbrances, December 31 | <u><u>\$7,680</u></u> | | <u><u>\$7,680</u></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, 2001**

| | <u>Governmental Fund Types</u> | | Totals (Memorandum Only) |
|-------------------------------------------------------------------------------|--------------------------------|----------------------------|-----------------------------------------|
| | <u>General</u> | <u>Special Revenue</u> | |
| Cash Receipts: | | | |
| Property Tax and Other Local Taxes | \$107,955 | \$106,532 | \$214,487 |
| State Shared Taxes and Permits | 60,574 | 127,840 | 188,414 |
| Other Local Taxes | 24,921 | 2,377 | 27,298 |
| Charges for Services | 28,579 | | 28,579 |
| Fines, Licenses, and Permits | 2,204 | | 2,204 |
| Earnings on Investments | 15,986 | 4,105 | 20,091 |
| Special Assessments | 9,110 | 1,301 | 10,411 |
| Fines and Forfeitures | 10,743 | | 10,743 |
| Miscellaneous | 63,197 | 1,743 | 64,940 |
| | <hr/> | <hr/> | <hr/> |
| Total Cash Receipts | 323,269 | 243,898 | 567,167 |
| Cash Disbursements: | | | |
| Current: | | | |
| Security of Persons and Property | 82,392 | 6,648 | 89,040 |
| Public Health Services | 28,120 | 26,527 | 54,647 |
| Leisure Time Activities | 1,736 | | 1,736 |
| Personal Services | 20,543 | 81,933 | 102,476 |
| Transportation | | 48,951 | 48,951 |
| Fringe Benefits | 31,481 | 23,527 | 55,008 |
| Materials and Supplies | 27,762 | 10,000 | 37,762 |
| General Government | 105,875 | | 105,875 |
| Contractual Services | 62,062 | 15,848 | 77,910 |
| Capital Outlay | 11,740 | 53,692 | 65,432 |
| | <hr/> | <hr/> | <hr/> |
| Total Cash Disbursements | 371,711 | 267,126 | 638,837 |
| Total Receipts (Under) Disbursements | (48,442) | (23,228) | (71,670) |
| Other Financing (Disbursements): | | | |
| Transfers-Out | (10,100) | | (10,100) |
| | <hr/> | <hr/> | <hr/> |
| Cash Receipts (Under) Cash Disbursements and Other Financing Disbursements | (58,542) | (23,228) | (81,770) |
| Fund Cash Balances, January 1 | 234,258 | 93,009 | 327,267 |
| | <hr/> | <hr/> | <hr/> |
| Fund Cash Balances, December 31 | \$175,716 | \$69,781 | \$245,497 |
| | <hr/> <hr/> | <hr/> <hr/> | <hr/> <hr/> |
| Reserves for Encumbrances, December 31 | \$9,664 | \$4,154 | \$13,818 |
| | <hr/> <hr/> | <hr/> <hr/> | <hr/> <hr/> |

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 - PROPRIETARY FUND TYPE AND SIMILAR FIDUCIARY FUND
FOR THE YEAR ENDED DECEMBER 31, 2001**

| | <u>Proprietary Fund Type</u> | <u>Trust and Agency</u> | <u>Totals (Memorandum Only)</u> |
|-------------------------------------------------------------------------------------|----------------------------------|-----------------------------|-----------------------------------------|
| | <u>Enterprise</u> | <u>Agency</u> | |
| Operating Cash Receipts: | | | |
| Charges for Services | \$351,250 | | \$351,250 |
| Fines and Forfeitures | | 20,400 | 20,400 |
| Special Assessments | 16,791 | | 16,791 |
| Miscellaneous | 1,547 | | 1,547 |
| | <u>369,588</u> | <u>20,400</u> | <u>389,988</u> |
| Operating Cash Disbursements: | | | |
| Personal Services | 119,000 | 4,500 | 123,500 |
| Fringe Benefits | 31,080 | 38 | 31,118 |
| Contractual Services | 115,112 | 12,793 | 127,905 |
| Supplies and Materials | 38,510 | 7,751 | 46,261 |
| Disbursement to State | | 565 | 565 |
| Utilities | 5,645 | | 5,645 |
| Capital Outlay | 89,672 | 203 | 89,875 |
| | <u>399,019</u> | <u>25,850</u> | <u>424,869</u> |
| Operating (Loss) | (29,431) | (5,450) | (34,881) |
| Non-Operating Cash Receipts: | | | |
| Interest Earnings | 520 | | 520 |
| Excess of Receipts (Under) Disbursements Before Interfund Transfers and Advances | (28,911) | (5,450) | (34,361) |
| Transfers-In | 9,000 | 1,100 | 10,100 |
| Net Receipts (Under) Disbursements | (19,911) | (4,350) | (24,261) |
| Fund Cash Balances, January 1 | 100,963 | 6,343 | 107,306 |
| Fund Cash Balances, December 31 | <u><u>\$81,052</u></u> | <u><u>\$1,993</u></u> | <u><u>\$83,045</u></u> |
| Reserve for Encumbrances, December 31 | <u><u>\$11,982</u></u> | | <u><u>\$11,982</u></u> |

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

**VILLAGE OF ENON
CLARK COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Village of Enon, Clark County, (the Village), is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Village is directed by a publicly-elected six-member Council. The Village provides 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 basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

C. Cash and Investments

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or disbursements, respectively.

Money market mutual funds (including STAR Ohio) are recorded at share values reported by the mutual fund. The Village also invests in overnight repurchase agreements.

D. Fund Accounting

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

1. General Fund

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

2. Special Revenue Fund

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

Street Construction, Maintenance and Repair Fund - This fund 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.

**VILLAGE OF ENON
CLARK COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting

3. 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 Fund:

Water Fund - This fund receives charges for services from residents to cover the cost of providing this utility.

4. Fiduciary Fund (Agency Fund)

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

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

E. Budgetary Process

The Ohio Revised Code requires that each fund (except certain agency funds).

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund level of control, and appropriations may not exceed estimated resources. The Council must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Unencumbered appropriations lapse at year end.

2. Estimated Resources

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

3. Encumbrances

The Ohio Revised Code requires the Village to reserve (encumber) appropriations when commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated. The Village did not encumber all commitments required by Ohio law.

A summary of 2002 and 2001 budgetary activity appears in Note 3.

VILLAGE OF ENON
CLARK COUNTY

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Property, Plant and Equipment

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

G. Accumulated Leave

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

2. 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>2001</u> | <u>2002</u> |
|--------------------------------|-------------------------|-------------------------|
| Demand deposits | \$175,516 | \$145,871 |
| STAR Ohio | 102,478 | 104,331 |
| Repurchase agreement | <u>50,548</u> | <u>40,407</u> |
| Total investments | <u>153,026</u> | <u>144,738</u> |
| Total deposits and investments | <u><u>\$328,542</u></u> | <u><u>\$290,609</u></u> |

Deposits: Deposits are either (1) insured by the Federal Depository Insurance Corporation, (2) collateralized by securities specifically pledged by the financial institution to the or (3) 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.

The Village's financial institution transfers securities to the Village's agent to collateralize repurchase agreements. The securities are not in the Village's name.

**VILLAGE OF ENON
CLARK COUNTY**

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

3. BUDGETARY ACTIVITY

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

| 2002 Budgeted vs. Actual Receipts | | | |
|-----------------------------------|----------------------|--------------------|----------|
| Fund Type | Budgeted Receipts | Actual Receipts | Variance |
| General | \$265,635 | \$274,684 | \$9,049 |
| Special Revenue | 235,453 | 243,524 | 8,071 |
| Enterprise | 370,400 | 429,229 | 58,829 |
| Total | \$871,488 | \$947,437 | \$75,949 |

| 2002 Budgeted vs. Actual Budgetary Basis Expenditures | | | |
|-------------------------------------------------------|----------------------------|---------------------------|-----------|
| Fund Type | Appropriation Authority | Budgetary Expenditures | Variance |
| General | \$315,214 | \$323,345 | (\$8,131) |
| Special Revenue | 266,579 | 253,053 | 13,526 |
| Enterprise | 424,982 | 420,613 | 4,369 |
| Total | \$1,006,775 | \$997,011 | \$9,764 |

| 2001 Budgeted vs. Actual Receipts | | | |
|-----------------------------------|----------------------|--------------------|----------|
| Fund Type | Budgeted Receipts | Actual Receipts | Variance |
| General | \$285,086 | \$323,269 | \$38,183 |
| Special Revenue | 236,932 | 243,898 | 6,966 |
| Enterprise | 370,200 | 379,108 | 8,908 |
| Total | \$892,218 | \$946,275 | \$54,057 |

| 2001 Budgeted vs. Actual Budgetary Basis Expenditures | | | |
|-------------------------------------------------------|----------------------------|---------------------------|------------|
| Fund Type | Appropriation Authority | Budgetary Expenditures | Variance |
| General | \$342,901 | \$391,475 | (\$48,574) |
| Special Revenue | 257,793 | 271,280 | (13,487) |
| Enterprise | 420,972 | 411,001 | 9,971 |
| Total | \$1,021,666 | \$1,073,756 | (\$52,090) |

Contrary to Ohio Rev. Code, Section 5705.41(D), the Village failed to properly certify all expenditures.

**VILLAGE OF ENON
CLARK COUNTY**

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

4. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by Village Council. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. Homestead and rollback amounts are then paid by the State, and are reflected in the accompanying financial statements as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to make semiannual payments, the first half is due December 31. The second half payment is due the following June 20.

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

Tangible personal property tax is assessed by the property owners, who must file a list of such property to the County by each April 30.

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

5. DEBT

Debt outstanding at December 31, 2002 was as follows:

| | Principal | Interest Rate |
|----------------------------------------|-----------|---------------|
| Ohio Water Development Authority Loans | \$142,810 | 0.00% |

The Ohio Water Development Authority (OWDA) loan for Fairfield Pike relates to booster a booster station. The loans will be repaid in semiannual installments of \$2,310 over 15 years.

The Oho Public Works Commission has also approved a loan for Houck Meadows Water Main Extension for up to \$130,620. The loan will be repaid in semiannual installments of \$3,265 over 20 years. The following payment schedule assumes that \$130, 620 will be borrowed.

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

| | OWDA Loan |
|--------------------------|-----------|
| Year Ending December 31: | |
| 2003 | \$11,151 |
| 2004 | 11,151 |
| 2005 | 11,151 |
| 2006 | 11,151 |
| 2007 | 11,151 |
| Subsequent | 87,055 |
| Total | \$142,810 |

**VILLAGE OF ENON
CLARK COUNTY**

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

7. RETIREMENT SYSTEMS

The Village's law enforcement officers belong to the Ohio Public Employees Retirement System (OPERS). PERS is a cost-sharing, multiple-employer plan. This plan provides retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 2002 and 2001, PERS members contributed 8.5% of their wages. The Village contributed an amount equal to 13.55% of participants' gross salaries for 2002 and 2001. The Village had outstanding contributions of \$13,682 for the last quarter of 2002.

8. RISK MANAGEMENT

Commercial Insurance

The Village has obtained commercial insurance for the following risks:

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

The Village also provides health insurance and dental and vision coverage to full-time employees through a private carrier.

9. SUBSEQUENT EVENT

The Village received an EPA loan through the Ohio Water Development Authority in May 2003 in the amount of \$41,706, with an interest rate of 3.2% for the term of 5 years, for design improvements to the Enon Municipal Water Works to include the installation of a new water supply well, and a raw water transmission line.



**Auditor of State
Betty Montgomery**

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

Village of Enon
Clark County
363 East Main Street
P.O. Box 63
Enon, Ohio 45323

To the Village Council:

We have audited the accompanying financial statements of the Village of Enon, Clark County, (the Village), as of and for the years ended December 31, 2002 and 2001, and have issued our report thereon dated May 2, 2003. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Village's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance that is required to be reported under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2002-01. We also noted an immaterial instance of noncompliance that we have reported to management of the Village in a separate letter dated May 2, 2003.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Village's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Village's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted certain matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Village in a separate letter dated May 2, 2003.

Village of Enon
Clark County
Independent Accountants' Report on Compliance and on Internal Control
Required by *Government Auditing Standards*
Page 2

This report is intended solely for the information and use of the finance committee, management and Village Council, and is not intended to be and should not be used by anyone other than these specified parties.

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

Betty Montgomery
Auditor of State

May 2, 2003

VILLAGE OF ENON
CLARK COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2002 AND 2001

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

FINDING NUMBER 2002-30312-001

Ohio Rev. Code Section 5705.41(D) requires that no order or contract involving the expenditure of money be made unless there is attached thereto, a certificate of the fiscal officer that the amount required for the order or contract has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances.

This section of code provides the following exception to this requirement:

If no certificate is issued at the time the contract or order is presented, the fiscal officer may execute a then and now certificate that states that there was, at the time of the making such contract or order, and at the time of the execution of such certificate, a sufficient sum appropriated for the purpose of such contract and in the treasury or in process of collection to the credit of an appropriate fund free from any previous encumbrances. If the amount involved is greater than one thousand dollars, the taxing authority must authorize the drawing of a warrant with a resolution or ordinance within thirty days from execution of the then and now.

Twelve of the sixty expenditures tested were not properly certified, including the exception above. Failure to obtain proper certification of available funds could result in the Village expenditures exceeding amounts appropriated at the legal level of control. To provide that expenditures do not exceed appropriations, the Village should obtain the required certification of the availability of funds prior to incurring any liability.

**VILLAGE OF ENON
CLARK COUNTY**

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

| Finding Number | Finding Summary | Fully Corrected? | Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain:</i> |
|----------------|------------------------------------------------------------------------------------|------------------|--------------------------------------------------------------------------------------------------------------------------------------------|
| 2000-30312-001 | ORC 5705.41(D) - Failure to certify all funds prior to a liability being incurred. | No | Not corrected. Repeated in current audit. |
| 2000-30312-002 | ORC 5705.39 - Appropriations exceeded Estimated Resources. | Yes | |



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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
JULY 17, 2003**