



bhm cpa group, inc.
CERTIFIED PUBLIC ACCOUNTANTS

VILLAGE OF ENON
CLARK COUNTY

REGULAR AUDIT

For the Years Ended December 31, 2018 and 2017
Fiscal Years Audited Under GAGAS: 2018 and 2017

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OHIO AUDITOR OF STATE
KEITH FABER



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Village Council
Village of Enon
363 East Main Street
Enon, OH 45323

We have reviewed the *Independent Auditor's Report* of the Village of Enon, Clark County, prepared by BHM CPA Group, Inc., for the audit period January 1, 2017 through December 31, 2018. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

A handwritten signature in cursive script that reads "Keith Faber".

Keith Faber
Auditor of State
Columbus, Ohio

August 15, 2019

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VILLAGE OF ENON
CLARK COUNTY
Basic Financial Statements
For the Fiscal Years Ended December 31, 2018 and 2017
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INDEPENDENT AUDITOR'S REPORT

Village of Enon
Clark County
363 East Main St.
Enon, Ohio 45323

To the Village Council:

Report on the Financial Statements

We have audited the accompanying financial statements of the cash balances, receipts and disbursements by fund type, and related notes of Village of Enon, Clark County, Ohio (the Village) as of and for the years ended December 31, 2018 and 2017.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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

As described in Note 1 of the financial statements, the Village prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements.

Although the effects on the financial statements of the variances between the regulatory accounting basis and GAAP are not reasonably determinable, we presume they are material.

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2018 and 2017, and the respective changes in financial position thereof for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements by fund type, and related notes of Village of Enon, Clark County as of December 31, 2018 and 2017, for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 1.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 7, 2019, 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. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.



BHM CPA Group, Inc.
Piketon, Ohio
June 7, 2019

**VILLAGE OF ENON
CLARK COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGES IN FUND BALANCES (CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2018**

	<u>Governmental Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Property Taxes	\$ 142,172	\$ 305,298	\$ 447,470
Intergovernmental	39,990	190,676	230,666
Charges for Services	1,830	-	1,830
Fines, Licenses, and Permits	69,551	2,848	72,399
Franchise Fees	33,835	-	33,835
Earnings on Investments	10,142	-	10,142
Miscellaneous	11,552	9,273	20,825
	<u>309,072</u>	<u>508,095</u>	<u>817,167</u>
Total Cash Receipts			
Cash Disbursements:			
Current:			
Security of Persons and Property	138,431	338,952	477,383
Leisure Time Activities	4,639	-	4,639
Transportation	-	110,433	110,433
General Government	124,814	2,456	127,270
Capital Outlay	1,694	56,128	57,822
Debt Service:			
Principal Retirement	17,934	-	17,934
Interest and Fiscal Charges	555	-	555
	<u>288,067</u>	<u>507,969</u>	<u>796,036</u>
Total Cash Disbursements			
Net Change in Fund Cash Balances	21,005	126	21,131
Fund Cash Balances, January 1	<u>154,335</u>	<u>(49,782)</u>	<u>104,553</u>
Fund Cash Balances, December 31			
Restricted	-	85,344	85,344
Assigned	27,339	-	27,339
Unassigned (Deficit)	<u>148,001</u>	<u>(135,000)</u>	<u>13,001</u>
Fund Cash Balances, December 31	<u>\$ 175,340</u>	<u>\$ (49,656)</u>	<u>\$ 125,684</u>
Reserve for Encumbrances, December 31	<u>\$ 8,084</u>	<u>\$ 4,046</u>	<u>\$ 12,130</u>

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

**VILLAGE OF ENON
CLARK COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGES IN FUND BALANCES (CASH BASIS)
ALL PROPRIETARY AND FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2018**

	<u>Proprietary Fund Types</u>		<u>Fiduciary Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>		<u>Agency</u>		
Operating Cash Receipts:					
Charges for Services	\$	788,768	\$	-	788,768
Fines, Licenses and Permits		-		80,520	80,520
Bonds Posted		-		4,697	4,697
Miscellaneous		1,720		-	1,720
		<u>790,488</u>		<u>85,217</u>	<u>875,705</u>
Total Operating Cash Receipts					
Operating Cash Disbursements:					
Personal Services		243,704		-	243,704
Employee Fringe Benefits		143,617		-	143,617
Contractual Services		152,834		81,608	234,442
Supplies and Materials		86,134		-	86,134
Bond Payments		-		4,025	4,025
		<u>626,289</u>		<u>85,633</u>	<u>711,922</u>
Total Operating Cash Disbursements					
Non-Operating Receipts (Disbursements)					
Capital Outlay		(30,472)		-	(30,472)
Principal Retirement		(72,036)		-	(72,036)
Interest and Fiscal Charges		(10,338)		-	(10,338)
		<u>(112,846)</u>		<u>-</u>	<u>(112,846)</u>
Total Non-Operating Cash Receipts (Disbursements)					
Net Change in Fund Cash Balances		51,353		(416)	50,937
Fund Cash Balances, January 1		<u>569,767</u>		<u>7,773</u>	<u>577,540</u>
Fund Cash Balances, December 31	\$	<u>621,120</u>	\$	<u>7,357</u>	\$ <u>628,477</u>
Reserve for Encumbrances, December 31	\$	<u>24,406</u>	\$	<u>-</u>	\$ <u>24,406</u>

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

Village of Enon, Ohio
Clark County
Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 1 – Summary of Significant Accounting Policies

The Village of Enon (the Village), Clark County, is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. A publicly-elected six-member Council directs the Village. The Village provides general government services, including water sanitation, roadway maintenance and repair, park operations, and police services.

Public Entity Risk Pools

The Village participates in the Ohio Plan Risk Management, Inc. which is a public entity risk pool. See Note 8 for additional information regarding this organization.

Basis of Presentation

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

Fund Accounting

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

General Fund The general fund accounts for and reports all financial resources not accounted for and reported in another fund. The general fund balance is available to the Village for any purpose provided it is expended or transferred according to the general laws of Ohio.

Special Revenue Funds These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Village had the following significant Special Revenue Funds:

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

Police Levy Fund This fund receives property tax and associated receipts generated by the voter approved police levy which is 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 one fund deemed as an enterprise fund:

Water Fund This fund receives charges for services from residents to cover water service costs.

Village of Enon, Ohio
Clark County
Notes to the Financial Statements
For the Year Ended December 31, 2018

Fiduciary Funds – Agency Fund The Village has one agency fund which is purely custodial in nature and is used to hold resources for individuals, organizations, or other governments. The Village disburses these funds as directed by the individual, organization or other government. The Mayor’s Court Fund receives monies for court fees, fines and forfeitures. On a monthly basis, these amounts are remitted to the Village, the State of Ohio, and other entities as prescribed by law.

Basis of Accounting

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D). This basis is similar to the cash receipts and disbursements accounting basis. The Board recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D) permit.

Budgetary Process

The Ohio Revised Code requires that each fund (except the agency fund) be budgeted annually.

Appropriations Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control, and appropriations may not exceed estimated resources. The Village Council must annually approve appropriation measures and subsequent amendments. Unencumbered appropriations are carried forward at year end.

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 approve estimated resources.

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

A summary of 2018 budgetary activity appears in Note 3.

Deposits and Investments

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

The Village records money market mutual funds at the share value reported by the mutual fund. Investment in STAR Ohio is measured at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides a NAV per share that approximates fair value.

Village of Enon, Ohio
Clark County
Notes to the Financial Statements
For the Year Ended December 31, 2018

Capital Assets

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

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.

Fund Balance

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

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

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

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

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

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

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

Village of Enon, Ohio
Clark County
Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 2 – Deposits and Investments

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

	2018
Demand deposits	\$518,196
STAR Ohio	235,965
Total deposits and investments	\$754,161

Deposits

Deposits are insured by the Federal Depository Insurance Corporation or collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

Investments

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

Note 3- Budgetary Activity

Budgetary activity for the year ending December 31, 2018 follows:

2018 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$282,950	\$309,072	\$26,122
Special Revenue	483,300	508,095	24,795
Enterprise	681,600	790,488	108,888
Total	\$1,447,850	\$1,607,655	\$159,805

2018 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$310,459	\$296,151	\$14,308
Special Revenue	542,406	512,015	30,391
Enterprise	914,197	763,541	150,656
Total	\$1,767,062	\$1,571,707	\$195,355

Village of Enon, Ohio
Clark County
Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 4 – Taxes

Property Taxes

Real property taxes become a lien on January 1 preceding the October 1 date for which the Council adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable non-business, owner occupancy, and homestead exemption credits and/or homestead and rollback deductions. The financial statements include these credits and/or deduction 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.

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

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

Note 5 – Debt

Debt outstanding at December 31, 2018 was as follows:

	Principal	Interest Rate
OWDA Loan - #4000	\$224,616	3%
OWDA Loan - #5356	\$57,302	0%
OWDA Loan - #6474	\$113,295	2%
OPWC 06 CK16J	\$13,855	0%
OPWC CT34R	\$66,250	0%
OPWC CK21T	\$120,950	0%
WesBanco Loan - Police Car	\$10,173	3%
Total	\$606,441	

OWDA Loan #4000

This loan was obtained through the Ohio Water Development Authority (OWDA) and relates to the new well field development. The loan will be repaid in semi-annual installments of \$22,471 over 20 years with final maturity on 7/1/2024. This loan is secured by water receipts.

OWDA Loan #5356

This loan was obtained through the Ohio Water Development Authority (OWDA) and relates to the water treatment plant upgrades. The loan will be repaid in semi-annual installments of \$2,491 over 20 years with final maturity on 7/1/2030. This loan is secured by water receipts.

OWDA Loan #6474

This loan was obtained through the Ohio Water Development Authority (OWDA) and relates to the water meter replacement/upgrades throughout the Village. The loan will be repaid in semi-annual installments of \$10,982 over 10 years with a final maturity on 7/1/2024. This loan is secured by water receipts.

Village of Enon, Ohio
Clark County
Notes to the Financial Statements
For the Year Ended December 31, 2018

OPWC 06 CK16J Loan

This loan was obtained through the Ohio Public Works Commission (OPWC) for improvements to Stine Road and is secured by water receipts. The loan is being repaid in semi-annual installments of \$693 over 20 years with final maturity on 1/1/2029.

OPWC CT34R Loan

This loan was obtained through the Ohio Public Works Commission (OPWC) for replacements of the water softener at the water treatment plant and is secured by water receipts. The loan is being repaid in semi-annual installments of \$1,250 over 30 years with final maturity on 7/1/2045.

OPWC CK21T Loan

This loan was obtained through the Ohio Public Works Commission (OPWC) for construction of the Speedway water loop project and is secured by water receipts. This loan was initially approved at \$273,235 but later revised to \$123,000 due to construction costs coming in lower than anticipated. The loan is being repaid in semi-annual installments of \$2,050 over 30 years with final maturity on 7/1/2048.

WesBanco Loan – Police Car

This loan was obtained through WesBanco to finance the purchase of a police car. The loan is being repaid in monthly installments of \$688 over five years with final maturity on 4/14/2020.

Amortization

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

Year Ending December 31:	OWDA Loans	OPWC Loans	WesBanco
2019	\$35,652	\$3,993	\$8,261
2020	71,378	7,985	2,754
2021	71,749	7,985	-
2022	71,583	7,985	-
2023	71,691	7,985	-
2024-2028	91,733	39,927	-
2029-2033	9,965	33,693	-
2034-2038	-	33,000	-
2039-2043	-	33,000	-
2044-2048	-	25,500	-
Total	\$423,751	\$201,053	\$11,015

Note 6 - Defined Benefit Pension Plans

Ohio Public Employees Retirement System

Village employees, other than full-time police, 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.

Village of Enon, Ohio
Clark County
Notes to the Financial Statements
For the Year Ended December 31, 2018

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10%, of their gross salaries and the Village contributed an amount equaling 14%, of participants' gross salaries. The Village has paid all contributions required through December 31, 2018.

Ohio Police and Fire Retirement System

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

The Ohio Revised Code also prescribes contribution rates. OP&F participants contributed 12.25% of their wages. The Village contributed to OP&F an amount equal to 19.5% of full-time police members' wages. The Village has paid all contributions required through December 31, 2018.

Social Security

Several Village employees contributed to social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2 percent of their gross salaries. The Village contributed an amount equal to 6.2 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2018.

Note 7 - Postemployment Benefits

Both OPERS and OP&F offer cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. There was no allocation of a portion of employer contributions to health care for OPERS members in 2018. OP&F allocated 0.5 percent of employer contributions to health care in 2018.

Beginning January 1, 2019, OP&F is changing its retiree health care model and the current self-insured health care plan will no longer be offered. In its place is a stipend-based health care model. A stipend funded by OP&F will be placed in individual Health Reimbursement Accounts that retirees will use to be reimbursed for health care expenses.

Note 8 - Risk Management

The Government belongs to the Ohio Plan Risk Management, Inc. (OPRM) (the "Plan"), a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to Ohio governments ("Members"). The Plan is legally separate from its member governments.

Pursuant to Section 2744.081 of the Ohio Revised Code, the plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages to its members sold through fourteen appointed independent agents in the State of Ohio.

Village of Enon, Ohio
Clark County
Notes to the Financial Statements
For the Year Ended December 31, 2018

OPRM coverage programs are developed specific to each member’s risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member’s exposure to loss. Effective November 1, 2016, the OPRM retained 50% of the premium and losses on the first \$250,000 casualty treaty and 30% of the first \$1,000,000 property treaty. Effective November 1, 2017, the OPRM retained 47% of the premium and losses on the first \$250,000 casualty treaty and 30% of the first \$1,000,000 property treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 764 members as of December 31, 2017 (The latest information available).

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 financial obligation to the Plan, but still need to promptly notify the Plan of any potential claims occurring during their membership period. The former member’s covered claims, which occurred during their membership period, remain the responsibility of the Plan.

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

The Pool’s audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2017 (The latest information available).

Assets	\$14,853,620
Liabilities	<u>(9,561,108)</u>
Members’ Equity	<u>\$ 5,292,512</u>

You can read the complete audited financial statements for OPRM at the Plan’s website, www.ohioplan.org.

Note 9 – Contingent Liabilities

As of December 31, 2018, the Village is a defendant in various lawsuits. Although management cannot presently determine the outcome of these suits, they believe the resolution of these matters will not have a material adverse effect on the Village’s financial condition.

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**VILLAGE OF ENON
CLARK COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGES IN FUND BALANCES (CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2017**

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Property Taxes	\$ 138,798	\$ 188,211	\$ 327,009
Intergovernmental	39,428	183,982	223,410
Charges for Services	2,115	-	2,115
Fines, Licenses, and Permits	89,475	2,284	91,759
Earnings on Investments	5,714	-	5,714
Miscellaneous	12,384	16,162	28,546
Total Cash Receipts	<u>287,914</u>	<u>390,639</u>	<u>678,553</u>
Cash Disbursements:			
Current:			
Security of Persons and Property	145,439	242,361	387,800
Leisure Time Activities	3,022	-	3,022
Transportation	-	104,358	104,358
General Government	116,237	5,358	121,595
Capital Outlay	1,150	14,572	15,722
Debt Service:			
Principal Retirement	16,849	-	16,849
Interest and Fiscal Charges	980	-	980
Total Cash Disbursements	<u>283,677</u>	<u>366,649</u>	<u>650,326</u>
Excess of Receipts Over/(Under) Disbursements	4,237	23,990	28,227
Other Financing Receipts (Disbursements):			
Sale of Capital Assets	7,201	-	7,201
Insurance Proceeds	12,788	-	12,788
Total Other Financing Receipts (Disbursements)	<u>19,989</u>	<u>-</u>	<u>19,989</u>
Net Change in Fund Cash Balances	24,226	23,990	48,216
Fund Cash Balances, January 1	<u>130,109</u>	<u>(73,772)</u>	<u>56,337</u>
Fund Cash Balances, December 31			
Restricted	-	85,218	85,218
Assigned	11,156	-	11,156
Unassigned (Deficit)	<u>143,179</u>	<u>(135,000)</u>	<u>8,179</u>
Fund Cash Balances, December 31	<u>\$ 154,335</u>	<u>\$ (49,782)</u>	<u>\$ 104,553</u>
Reserve for Encumbrances, December 31	<u>\$ 6,259</u>	<u>\$ 12,831</u>	<u>\$ 19,091</u>

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

**VILLAGE OF ENON
CLARK COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGES IN FUND BALANCES (CASH BASIS)
ALL PROPRIETARY AND FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2017**

	<u>Proprietary Fund Types</u>		<u>Fiduciary Fund Types</u>	<u>Totals</u>
	<u>Enterprise</u>	<u>Agency</u>		<u>(Memorandum Only)</u>
Operating Cash Receipts:				
Charges for Services	\$ 699,359	\$ -		699,359
Fines, Licenses and Permits	-	\$68,606		68,606
Bonds Posted	-	3,200		3,200
Miscellaneous	256	-		256
	<u>699,615</u>	<u>71,806</u>		<u>771,421</u>
Operating Cash Disbursements:				
Personal Services	253,057	-		253,057
Employee Fringe Benefits	90,803	-		90,803
Contractual Services	156,560	70,856		227,416
Supplies and Materials	70,899	-		70,899
Bond Payments	-	2,450		2,450
	<u>571,319</u>	<u>73,306</u>		<u>644,625</u>
Operating Income (Loss)	128,296	(1,500)		126,796
Non-Operating Receipts (Disbursements)				
Capital Outlay	(152,447)	-		(152,447)
Principal Retirement	(64,524)	-		(64,524)
Interest and Fiscal Charges	(11,823)	-		(11,823)
	<u>(228,794)</u>	<u>-</u>		<u>(228,794)</u>
Net Change in Fund Cash Balances	(100,498)	(1,500)		(101,998)
Fund Cash Balances, January 1	<u>670,265</u>	<u>9,273</u>		<u>679,538</u>
Fund Cash Balances, December 31	<u>\$ 569,767</u>	<u>\$ 7,773</u>		<u>\$ 577,540</u>
Reserve for Encumbrances, December 31	<u>\$ 9,197</u>	<u>\$ -</u>		<u>\$ 9,197</u>

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

Village of Enon, Ohio
Clark County
Notes to the Financial Statements
For the Year Ended December 31, 2017

Note 1 – Summary of Significant Accounting Policies

The Village of Enon (the Village), Clark County, is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. A publicly-elected six-member Council directs the Village. The Village provides general government services, including water sanitation, roadway maintenance and repair, park operations, and police services.

Public Entity Risk Pools

The Village participates in the Ohio Plan Risk Management, Inc. which is a public entity risk pool. See Note 8 for additional information regarding this organization.

Basis of Presentation

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

Fund Accounting

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

General Fund The general fund accounts for and reports all financial resources not accounted for and reported in another fund. The general fund balance is available to the Village for any purpose provided it is expended or transferred according to the general laws of Ohio.

Special Revenue Funds These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Village had the following significant Special Revenue Funds:

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

Police Levy Fund This fund receives property tax and associated receipts generated by the voter approved police levy which is 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 one fund deemed as an enterprise fund:

Water Fund This fund receives charges for services from residents to cover water service costs.

Village of Enon, Ohio
Clark County
Notes to the Financial Statements
For the Year Ended December 31, 2017

Fiduciary Funds – Agency Fund The Village has one agency fund which is purely custodial in nature and is used to hold resources for individuals, organizations, or other governments. The Village disburses these funds as directed by the individual, organization or other government. The Mayor’s Court Fund receives monies for court fees, fines and forfeitures. On a monthly basis, these amounts are remitted to the Village, the State of Ohio, and other entities as prescribed by law.

Basis of Accounting

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D). This basis is similar to the cash receipts and disbursements accounting basis. The Board recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D) permit.

Budgetary Process

The Ohio Revised Code requires that each fund (except the agency fund) be budgeted annually.

Appropriations Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control, and appropriations may not exceed estimated resources. The Village Council must annually approve appropriation measures and subsequent amendments. Unencumbered appropriations are carried forward at year end.

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 approve estimated resources.

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

A summary of 2017 budgetary activity appears in Note 3.

Deposits and Investments

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

The Village records money market mutual funds at the share value reported by the mutual fund. Investment in STAR Ohio is measured at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides a NAV per share that approximates fair value.

Village of Enon, Ohio
Clark County
Notes to the Financial Statements
For the Year Ended December 31, 2017

Capital Assets

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

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.

Fund Balance

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

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

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

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

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

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

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

Village of Enon, Ohio
Clark County
Notes to the Financial Statements
For the Year Ended December 31, 2017

Note 2 – Deposits and Investments

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

	2017
Demand deposits	\$450,215
STAR Ohio	231,878
Total deposits and investments	\$682,093

Deposits

Deposits are insured by the Federal Depository Insurance Corporation or collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

Investments

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

Note 3- Budgetary Activity

Budgetary activity for the year ending December 31, 2017 follows:

2017 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$279,875	\$307,903	\$28,028
Special Revenue	392,752	390,639	(2,113)
Enterprise	725,750	699,615	(26,135)
Total	\$1,398,377	\$1,398,157	(\$220)

2017 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$355,323	\$289,936	\$65,387
Special Revenue	419,190	379,480	39,710
Enterprise	852,652	809,310	43,342
Total	\$1,627,165	\$1,478,726	\$148,439

Village of Enon, Ohio
Clark County
Notes to the Financial Statements
For the Year Ended December 31, 2017

Note 4 – Taxes

Property Taxes

Real property taxes become a lien on January 1 preceding the October 1 date for which the Council adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable non-business, owner occupancy, and homestead exemption credits and/or homestead and rollback deductions. The financial statements include these credits and/or deduction 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.

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

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

Note 5 – Debt

Debt outstanding at December 31, 2017 was as follows:

	Principal	Interest Rate
OWDA Loan - #4000	\$261,334	3%
OWDA Loan - #5356	\$62,284	0%
OWDA Loan - #6474	\$132,488	2%
OPWC (A) CK023	\$3,265	0%
OPWC 06 CK16J	\$15,933	0%
OPWC CT34R	\$70,000	0%
OPWC CK21T	\$273,235	0%
WesBanco Loan - Police Car	\$18,760	3%
WesBanco Loan - Truck	\$9,347	3%
Total	\$846,646	

OWDA Loan #4000

This loan was obtained through the Ohio Water Development Authority (OWDA) and relates to the new well field development. The loan will be repaid in semi-annual installments of \$22,471 over 20 years with final maturity on 7/1/2024. This loan is secured by water receipts.

OWDA Loan #5356

This loan was obtained through the Ohio Water Development Authority (OWDA) and relates to the water treatment plant upgrades. The loan will be repaid in semi-annual installments of \$2,491 over 20 years with final maturity on 7/1/2030. This loan is secured by water receipts.

OWDA Loan #6474

This loan was obtained through the Ohio Water Development Authority (OWDA) and relates to the water meter replacement/upgrades throughout the Village. The loan will be repaid in semi-annual installments of \$10,982 over 10 years with a final maturity on 7/1/2024. This loan is secured by water receipts.

Village of Enon, Ohio
Clark County
Notes to the Financial Statements
For the Year Ended December 31, 2017

OPWC (A) CK023 Loan

This loan was obtained through the Ohio Public Works Commission (OPWC) for the Houck Meadows water main extension and is secured by water receipts. The loan is being repaid in semi-annual installments of \$3,266 over 20 years with final maturity on 1/1/2018.

OPWC 06 CK16J Loan

This loan was obtained through the Ohio Public Works Commission (OPWC) for improvements to Stine Road and is secured by water receipts. The loan is being repaid in semi-annual installments of \$693 over 20 years with final maturity on 1/1/2029.

OPWC CT34R Loan

This loan was obtained through the Ohio Public Works Commission (OPWC) for replacements of the water softener at the water treatment plant and is secured by water receipts. The loan is being repaid in semi-annual installments of \$1,250 over 30 years with final maturity on 7/1/2045.

OPWC CK21T Loan

This loan was obtained through the Ohio Public Works Commission (OPWC) for construction of the Speedway water loop project. This loan has not yet been finalized, so no formal repayment schedule has been established to date.

WesBanco Loan – Police Car

This loan was obtained through WesBanco to finance the purchase of a police car. The loan is being repaid in monthly installments of \$688 over five years with final maturity on 4/14/2020.

WesBanco Loan – Truck

This loan was obtained through WesBanco to finance the purchase of a truck. The loan is being repaid in semi-annual installments of \$4,784 over five years with final maturity on 10/18/2018.

Amortization

Amortization of the above debt, including interest, is scheduled, with the exception of the OPWC Loan #CK21T noted above, as follows:

Year Ending December 31:	OWDA Loans	OPWC Loans	WesBanco
2018	\$35,604	\$7,151	\$17,818
2019	71,280	3,885	8,261
2020	71,378	3,885	2,754
2021	71,479	3,885	-
2022	71,583	3,885	-
2023-2027	158,442	19,427	-
2028-2032	14,948	14,578	-
2033-2037	-	12,500	-
2038-2042	-	12,500	-
2043-2047	-	7,500	-
Total	\$494,714	\$89,196	\$28,833

Village of Enon, Ohio
Clark County
Notes to the Financial Statements
For the Year Ended December 31, 2017

Note 6 – Defined Benefit Pension Plans

Plan Description – Ohio Public Employees Retirement System (OPERS)

Plan Description – Village employees, other than full-time police, participate in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional pension plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan and the combined plan is a combination cost-sharing, multiple-employer defined benefit/defined contribution pension plan. Participating employers are divided into state, local, law enforcement and public safety divisions. While members in the state and local divisions may participate in all three plans, law enforcement and public safety divisions exist only within the traditional plan.

OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of the traditional and combined plans. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about OPERS' fiduciary net position that may be obtained by visiting <https://www.opers.org/financial/reports.shtml>, by writing to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 800-222-7377.

Senate Bill (SB) 343 was enacted into law with an effective date of January 7, 2013. In the legislation, members in the traditional and combined plans were categorized into three groups with varying provisions of the law applicable to each group. The following table provides age and service requirements for retirement and the retirement formula applied to final average salary (FAS) for the three member groups under the traditional and combined plans as per the reduced benefits adopted by SB 343 (see OPERS CAFR referenced above for additional information, including requirements for reduced and unreduced benefits):

Village of Enon, Ohio
Clark County
Notes to the Financial Statements
For the Year Ended December 31, 2017

Group A	Group B	Group C
Eligible to retire prior to January 7, 2013 or five years after January 7, 2013	20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013	Members not in other Groups and members hired on or after January 7, 2013
State and Local	State and Local	State and Local
Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
Traditional Plan Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	Traditional Plan Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	Traditional Plan Formula: 2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35
Combined Plan Formula: 1% of FAS multiplied by years of service for the first 30 years and 1.25% for service years in excess of 30	Combined Plan Formula: 1% of FAS multiplied by years of service for the first 30 years and 1.25% for service years in excess of 30	Combined Plan Formula: 1% of FAS multiplied by years of service for the first 35 years and 1.25% for service years in excess of 35
Public Safety	Public Safety	Public Safety
Age and Service Requirements: Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	Age and Service Requirements: Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	Age and Service Requirements: Age 52 with 25 years of service credit or Age 56 with 15 years of service credit
Law Enforcement	Law Enforcement	Law Enforcement
Age and Service Requirements: Age 52 with 15 years of service credit	Age and Service Requirements: Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	Age and Service Requirements: Age 48 with 25 years of service credit or Age 56 with 15 years of service credit
Public Safety and Law Enforcement	Public Safety and Law Enforcement	Public Safety and Law Enforcement
Traditional Plan Formula: 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25	Traditional Plan Formula: 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25	Traditional Plan Formula: 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25

Final average Salary (FAS) represents the average of the three highest years of earnings over a member's career for Groups A and B. Group C is based on the average of the five highest years of earnings over a member's career.

Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount.

When a traditional plan benefit recipient has received benefits for 12 months, an annual cost of living adjustment (COLA) is provided. This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. Members retiring under the combined plan receive a cost-of-living adjustment of the defined benefit portion of their pension benefit. For those retiring prior to January 7, 2013, the COLA will continue to be a 3 percent simple annual COLA. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, the COLA will be based on the average percentage increase in the Consumer Price Index, capped at 3 percent.

Village of Enon, Ohio
Clark County
Notes to the Financial Statements
For the Year Ended December 31, 2017

Defined contribution plan benefits are established in the plan documents, which may be amended by the Board. Member-directed plan and combined plan members who have met the retirement eligibility requirements may apply for retirement benefits. The amount available for defined contribution benefits in the combined plan consists of the member's contributions plus or minus the investment gains or losses resulting from the member's investment selections. Combined plan members wishing to receive benefits must meet the requirements for both the defined benefit and defined contribution plans. Member-directed participants must have attained the age of 55, have money on deposit in the defined contribution plan and have terminated public service to apply for retirement benefits. The amount available for defined contribution benefits in the member-directed plan consists of the members' contributions, vested employer contributions and investment gains or losses resulting from the members' investment selections. Employer contributions and associated investment earnings vest over a five-year period, at a rate of 20 percent each year. At retirement, members may select one of several distribution options for payment of the vested balance in their individual OPERS accounts. Options include the purchase of a monthly defined benefit annuity from OPERS (which includes joint and survivor options), partial lump-sum payments (subject to limitations), a rollover of the vested account balance to another financial institution, receipt of entire account balance, net of taxes withheld, or a combination of these options.

Funding Policy – The Ohio Revised Code (ORC) provides statutory authority for member and employer contributions as follows:

	<u>State and Local</u>	<u>Public Safety</u>	<u>Law Enforcement</u>
2017 Statutory Maximum Contribution Rates			
Employer	14.0 %	18.1 %	18.1 %
Employee	10.0 %	*	**
2017 Actual Contribution Rates			
Employer:			
Pension	13.0 %	17.1 %	17.1 %
Post-employment Health Care Benefits	<u>1.0 %</u>	<u>1.0 %</u>	<u>1.0 %</u>
Total Employer	<u>14.0 %</u>	<u>18.1 %</u>	<u>18.1 %</u>
Employee	<u>10.0 %</u>	<u>12.0 %</u>	<u>13.0 %</u>

* This rate is determined by OPERS' Board and has no maximum rate established by ORC.

** This rate is also determined by OPERS' Board, but is limited by ORC to not more than 2 percent greater than the Public Safety rate.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll.

The Village's contractually required contribution was \$61,311 for year 2017.

Village of Enon, Ohio
Clark County
Notes to the Financial Statements
For the Year Ended December 31, 2017

Plan Description – Ohio Police & Fire Pension Fund (OPF)

Plan Description – Village full-time police and firefighters participate in Ohio Police and Fire Pension Fund (OPF), a cost-sharing, multiple-employer defined benefit pension plan administered by OPF. OPF provides retirement and disability pension benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by the Ohio State Legislature and are codified in Chapter 742 of the Ohio Revised Code. OPF issues a publicly available financial report that includes financial information and required supplementary information and detailed information about OPF fiduciary net position. The report that may be obtained by visiting the OPF website at www.op-f.org or by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

Upon attaining a qualifying age with sufficient years of service, a member of OPF may retire and receive a lifetime monthly pension. OPF offers four types of service retirement: normal, service commuted, age/service commuted and actuarially reduced. Each type has different eligibility guidelines and is calculated using the member's average annual salary. The following discussion of the pension formula relates to normal service retirement.

For members hired after July 1, 2013, the minimum retirement age is 52 for normal service retirement with at least 25 years of service credit. For members hired on or before after July 1, 2013, the minimum retirement age is 48 for normal service retirement with at least 25 years of service credit.

The annual pension benefit for normal service retirement is equal to a percentage of the allowable average annual salary. The percentage equals 2.5 percent for each of the first 20 years of service credit, 2.0 percent for each of the next five years of service credit and 1.5 percent for each year of service credit in excess of 25 years. The maximum pension of 72 percent of the allowable average annual salary is paid after 33 years of service credit (see OPF CAFR referenced above for additional information, including requirements for Deferred Retirement Option Plan provisions and reduced and unreduced benefits):

Under normal service retirement, retired members who are at least 55 years old and have been receiving OPF benefits for at least one year may be eligible for a cost-of-living allowance adjustment. The age 55 provision for receiving a COLA does not apply to those who are receiving a permanent and total disability benefit, surviving beneficiaries, and statutory survivors. Members participating in the DROP program have separate eligibility requirements related to COLA.

Members retiring under normal service retirement, with less than 15 years of service credit on July 1, 2013, and members whose pension benefit became effective on or after July 1, 2013, will receive a COLA equal to a percentage of the member's base pension benefit where the percentage is the lesser of three percent or the percentage increase in the consumer price index, if any, over the 12 month period that ends on the thirtieth day of September of the immediately preceding year, rounded to the nearest one-tenth of one percent.

Funding Policy – The Ohio Revised Code (ORC) provides statutory authority for member and employer contributions as follows:

Village of Enon, Ohio
Clark County
Notes to the Financial Statements
For the Year Ended December 31, 2017

	Police
2017 Statutory Maximum Contribution Rates	
Employer	19.50 %
Employee	12.25 %
 2017 Actual Contribution Rates	
Employer:	
Pension	19.00 %
Post-employment Health Care Benefits	0.50
 Total Employer	 19.50 %
 Employee	 12.25 %

Employer contribution rates are expressed as a percentage of covered payroll. The Village’s contractually required contribution to OPF was \$19,623 for 2017.

Social Security

Several Villages employees contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participant.

Employees contributed 6.2 percent of their gross salaries. The Village contributed an amount equal to 6.2 percent of participants’ gross salaries. The Village has paid all contributions required through December 31, 2017.

Note 7 - Postemployment Benefits

Both OPERS and OP&F offer cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. OPERS contributes 1.0 percent of the employer contribution to fund these benefits, and OP&F contributes 0.5 percent to fund these benefits for 2017.

Note 8 - Risk Management

The Government belongs to the Ohio Plan Risk Management, Inc. (OPRM) (the "Plan"), a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to Ohio governments (“Members”). The Plan is legally separate from its member governments.

Pursuant to Section 2744.081 of the Ohio Revised Code, the plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages to its members sold through fourteen appointed independent agents in the State of Ohio.

Village of Enon, Ohio
Clark County
Notes to the Financial Statements
For the Year Ended December 31, 2017

OPRM coverage programs are developed specific to each member's risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member's exposure to loss. Effective November 1, 2016, the OPRM retained 50% of the premium and losses on the first \$250,000 casualty treaty and 30% of the first \$1,000,000 property treaty. Effective November 1, 2017, the OPRM retained 47% of the premium and losses on the first \$250,000 casualty treaty and 30% of the first \$1,000,000 property treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 764 members as of December 31, 2017.

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 financial obligation to the Plan, but still need to promptly notify the Plan of any potential claims occurring during their membership period. The former member's covered claims, which occurred during their membership period, remain the responsibility of the Plan.

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

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2017.

Assets	\$14,853,620
Liabilities	<u>(9,561,108)</u>
Members' Equity	<u>\$ 5,292,512</u>

You can read the complete audited financial statements for OPRM at the Plan's website, www.ohioplan.org.

Note 9 – Contingent Liabilities

As of December 31, 2017, the Village is a defendant in various lawsuits. Although management cannot presently determine the outcome of these suits, they believe the resolution of these matters will not have a material adverse effect on the Village's financial condition.

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

Village of Enon
Clark County
363 East Main St.
Enon, Ohio 45323

To the Village Council:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the cash balances, receipts and disbursements by fund type of the Village of Enon, Clark County, (the Village) as of and for the years ended December 31, 2018 and 2017, and the related notes to the financial statements, and have issued our report thereon dated June 7, 2019 wherein we noted the Village followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

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 grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining 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 or other matters we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as Finding Number 2018-001.

Village's Response to the Findings

The Village's response to the finding identified in our audit is described in the accompanying schedule of findings. We did not subject the Village's response to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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



BHM CPA Group, Inc.
Piketon, Ohio
June 7, 2019

VILLAGE OF ENON
CLARK COUNTY

SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

FINDING NUMBER 2018-001

Noncompliance – Negative Fund Balance

Ohio Rev. Code Section 5705.10(I) requires that money paid into any fund shall be used only for the purposes for which such fund has been established. The existence of a deficit balance in any fund indicates that money from another fund or funds have been used to pay the obligations of the fund or funds carrying the deficit balance. The Village's Special Revenue Grant Fund reported a negative fund balance of \$49,656 at December 31, 2018 and \$49,782 at December 31, 2017.

The Village should develop and implement procedures to monitor fund cash balances and consider the reduction of disbursements, if possible, to avoid negative balances. When expenditures are anticipated to temporarily exceed available resources, the Village should consider an advance from the General Fund. The Village should refer to Auditor of State Bulletin 97-003 for guidance on the accounting treatment and approval process for advances.

Client Response:

The negative cash balance in question resulted from questionable acts committed prior to 2012 regarding how debt repayments were handled. As it was the Village's intention to repay the debt over a significant period of time, the repayment of this deficit fund balance will take a significant period of time to resolve itself. The Village is committed to making transfers to that particular fund to resolve the deficit as resources are available within the general fund.

**VILLAGE OF ENON
CLARK COUNTY**

**Schedule of Prior Audit Findings
December 31, 2018 and 2017**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:
2016-001	Noncompliance – Negative Fund Balance	No	Reissued as Finding 2018-001

OHIO AUDITOR OF STATE
KEITH FABER



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
AUGUST 29, 2019**