

**VILLAGE OF EDISON
MORROW COUNTY, OHIO**

*Financial Statements
(Audited)*

For The Years Ended
December 31, 2008 and 2007

ROSANNE GRAHAM, FISCAL OFFICER



Mary Taylor, CPA

Auditor of State

Village Council
Village of Edison
PO Box 245
Edison, Ohio 43320

We have reviewed the *Independent Auditor's Report* of the Village of Edison, Morrow County, prepared by Julian & Grube, Inc., for the audit period January 1, 2007 through December 31, 2008. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

The financial statements in the attached report are presented in accordance with a regulatory basis of accounting prescribed or permitted by the Auditor of State. Due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA), modifications were required to the *Independent Auditor's Report* on your financial statements. While the Auditor of State does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. The attached report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the statements are misstated under the non-GAAP regulatory basis. The *Independent Auditor's Report* also includes an opinion on the financial statements using the regulatory format the Auditor of State permits.

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

Mary Taylor

Mary Taylor, CPA
Auditor of State

May 19, 2009

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**VILLAGE OF EDISON
MORROW COUNTY, OHIO**

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Julian & Grube, Inc.
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Independent Auditor's Report

Members of Council and Mayor
Village of Edison
103 North Boundary Street
Edison, Ohio 43320

We have audited the accompanying financial statements of the Village of Edison (the "Village"), Morrow County, Ohio, as of and for the years ended December 31, 2008 and 2007. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

As described more fully in Note 2, the Village prepared these financial statement using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

Revisions to GAAP would require the Village to reformat its financial statement presentation and make other changes effective for the years ended December 31, 2008 and 2007. Instead of the combined funds the accompanying financial statements present for December 31, 2008 and 2007, the revisions require presenting entity wide statements and also to present its larger (i.e. major) funds separately for December 31, 2008 and 2007. While the Village does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to the new GAAP presentation requirements. The Auditor of State permits, but does not require governments to reformat their statements. The Village has elected not to reformat its statements. Since the Village does not use GAAP to measure financial statement amounts, the following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

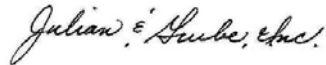
In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2008 and 2007, do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Village of Edison, Morrow County, Ohio, as of December 31, 2008 and 2007, or its changes in financial position or cash flows of its proprietary fund type for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash fund balances of the Village of Edison, Morrow County, Ohio, as of and for the years ended December 31, 2008 and 2007, and its combined cash receipts and cash disbursements and combined budgeted and actual receipts and budgeted and actual disbursements and encumbrances for the years then ended on the accounting basis Note 2 describes.

The aforementioned revision to generally accepted accounting principles also requires the Village to include Management's Discussion and Analysis for the years ended December 31, 2008 and 2007. The Village has not presented Management's Discussion and Analysis which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

As described in Note 3, the Village has restated its Special Revenue Fund Type, Capital Projects Fund Type and Enterprise Fund Type fund balances at January 1, 2007.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 10, 2009, on our consideration of the Village's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.



Julian & Grube, Inc.
April 10, 2009

**VILLAGE OF EDISON
MORROW COUNTY, OHIO**

COMBINED STATEMENT OF CASH FUND BALANCES
ALL FUND TYPES
DECEMBER 31, 2008 AND 2007

<u>Cash and Cash Equivalents</u>	2008	2007
Cash and Cash Equivalents	\$ 370,482	\$ 375,846
Total Cash and Cash Equivalents	\$ 370,482	\$ 375,846
 <u>Cash Fund Balances</u>		
<u>Governmental Fund Types:</u>		
General	\$ 37,752	\$ (4,279)
Special Revenue Funds	84,938	127,306
Total Governmental Fund Types	122,690	123,027
<u>Proprietary Fund Type:</u>		
Enterprise Fund	241,715	246,534
<u>Fiduciary Fund Type:</u>		
Agency	6,077	6,285
Total Fund Balances	\$ 370,482	\$ 375,846

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

**VILLAGE OF EDISON
MORROW COUNTY, OHIO**

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

	Governmental Fund Types		Total (Memorandum Only)
	General	Special Revenue	
Cash receipts:			
Local taxes	\$ 21,620	\$ 13,639	\$ 35,259
Intergovernmental	35,627	29,281	64,908
Fines, licenses, and permits	13,194	2,492	15,686
Interest	802	10	812
Miscellaneous	1,150	103	1,253
Total cash receipts	72,393	45,525	117,918
Cash disbursements:			
Current:			
Security of persons and property	19,457	6,195	25,652
Public health services	19	-	19
Transportation	-	37,637	37,637
General government	58,257	3,210	61,467
Total cash disbursements	77,733	47,042	124,775
Total cash receipts over/(under) cash disbursements	(5,340)	(1,517)	(6,857)
Other financing receipts/(disbursements)			
Operating transfers in	40,851	1,891	42,742
Operating transfers out	-	(42,742)	(42,742)
Other sources	6,698	-	6,698
Other uses	(178)	-	(178)
Total other financing receipts/(disbursements)	47,371	(40,851)	6,520
Excess of cash receipts and other financing receipts over/(under) cash disbursements and other financing disbursements	42,031	(42,368)	(337)
Cash fund balances, January 1, 2008	(4,279)	127,306	123,027
Cash fund balances, December 31, 2008	\$ 37,752	\$ 84,938	\$ 122,690

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

**VILLAGE OF EDISON
MORROW COUNTY, OHIO**

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

	Proprietary Fund Type	Fiduciary Fund Type	Total
	Enterprise	Agency	(Memorandum Only)
Operating cash receipts:			
Charges for services	\$ 112,570	\$ -	\$ 112,570
Total operating cash receipts	112,570	-	112,570
Operating cash disbursements:			
Personal services	8,210	-	8,210
Employee fringe benefits	1,283	-	1,283
Contractual services	50,411	-	50,411
Supplies and materials	1,043	-	1,043
Miscellaneous	6,910	-	6,910
Total operating cash disbursements	67,857	-	67,857
Operating income/(loss)	44,713	-	44,713
Nonoperating cash receipts/(disbursements):			
Special assessments	4,445	-	4,445
Reimbursements	20,826	-	20,826
Court collections	-	20,707	20,707
Distribution of court fines/fees	-	(20,915)	(20,915)
Debt service:			
Principal	(17,513)	-	(17,513)
Interest	(57,290)	-	(57,290)
Total nonoperating cash receipts/(disbursements)	(49,532)	(208)	(49,740)
Income/(loss) before operating transfers	(4,819)	(208)	(5,027)
Transfers in	7,500	-	7,500
Transfers out	(7,500)	-	(7,500)
Net income/(loss)	(4,819)	(208)	(5,027)
Cash fund balances, January 1, 2008	246,534	6,285	252,819
Cash fund balances, December 31, 2008	\$ 241,715	\$ 6,077	\$ 247,792

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

VILLAGE OF EDISON
MORROW COUNTY, OHIO

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,
AND ENCUMBRANCES COMPARED WITH EXPENDITURE
AUTHORITY - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2008

Fund Types	Receipts					Disbursements					Variance Favorable (Unfavorable)	
	County Certified Unencumbered Cash	Budget	Total Estimated Resources	Actual 2008 Receipts	Variance Favorable (Unfavorable)	Prior Year Carryover Appropriations	2008 Appropriations	Total	Actual 2008 Disbursements	Encumbrances Outstanding at 12/31/08		Total
Governmental:												
General	\$ 2,303	\$ 76,494	\$ 78,797	\$ 119,942	\$ 43,448	\$ 60	\$ 109,893	\$ 109,953	\$ 77,911	\$ 1,206	\$ 79,117	\$ 30,836
Special Revenue	119,244	49,008	168,252	47,416	(1,592)	800	112,651	113,451	89,784	1,389	91,173	22,278
Proprietary:												
Enterprise	243,334	157,276	400,610	145,341	(11,935)	3,200	163,370	166,570	150,160	8	150,168	16,402
Total (Memorandum Only)	\$ 364,881	\$ 282,778	\$ 647,659	\$ 312,699	\$ 29,921	\$ 4,060	\$ 385,914	\$ 389,974	\$ 317,855	\$ 2,603	\$ 320,458	\$ 69,516

**VILLAGE OF EDISON
MORROW COUNTY, OHIO**

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

	Governmental Fund Types		Total (Memorandum Only)
	General	Special Revenue	
Cash receipts:			
Local taxes	\$ 22,374	\$ 16,653	\$ 39,027
Intergovernmental	19,712	32,046	51,758
Fines, licenses, and permits	45,299	4,933	50,232
Interest	2,590	36	2,626
Miscellaneous	1,289	713	2,002
Total cash receipts	91,264	54,381	145,645
Cash disbursements:			
Current:			
Security of persons and property	15,254	1,185	16,439
Community environment	-	713	713
Transportation	-	32,702	32,702
General government	63,556	1,143	64,699
Capital outlay	-	240	240
Total cash disbursements	78,810	35,983	114,793
Total cash receipts over/(under) cash disbursements	12,454	18,398	30,852
Other financing receipts/(disbursements)			
Other uses	(8)	-	(8)
Total other financing receipts/(disbursements)	(8)	-	(8)
Excess of cash receipts and other financing receipts over/(under) cash disbursements and other financing disbursements	12,446	18,398	30,844
Cash fund balances, January 1, 2007 (restated)	(16,725)	108,908	92,183
Cash fund balances, December 31, 2007	\$ (4,279)	\$ 127,306	\$ 123,027

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

**VILLAGE OF EDISON
MORROW COUNTY, OHIO**

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

	Proprietary Fund Type	Fiduciary Fund Type	Total (Memorandum Only)
	Enterprise	Agency	
Operating cash receipts:			
Charges for services	\$ 107,706	\$ -	\$ 107,706
Total operating cash receipts	<u>107,706</u>	<u>-</u>	<u>107,706</u>
Operating cash disbursements:			
Personal services	7,091	-	7,091
Employee fringe benefits	1,438	-	1,438
Contractual services	54,770	-	54,770
Supplies and materials	878	-	878
Total operating cash disbursements	<u>64,177</u>	<u>-</u>	<u>64,177</u>
Operating income/(loss)	<u>43,529</u>	<u>-</u>	<u>43,529</u>
Nonoperating cash receipts/(disbursements):			
Special Assessments	6,668	-	6,668
Other financing sources	54	-	54
Court collections	-	28,829	28,829
Distribution of court fines/fees	-	(56,515)	(56,515)
Debt service:			
Principal	(16,759)	-	(16,759)
Interest	(58,044)	-	(58,044)
Total nonoperating cash receipts/(disbursements)	<u>(68,081)</u>	<u>(27,686)</u>	<u>(95,767)</u>
Income/(loss) before operating transfers	(24,552)	(27,686)	(52,238)
Transfers in	7,500	-	7,500
Transfers out	<u>(7,500)</u>	<u>-</u>	<u>(7,500)</u>
Net income/(loss)	(24,552)	(27,686)	(52,238)
Cash fund balances, January 1, 2007 (restated)	<u>271,086</u>	<u>33,971</u>	<u>305,057</u>
Cash fund balances, December 31, 2007	<u>\$ 246,534</u>	<u>\$ 6,285</u>	<u>\$ 252,819</u>

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

VILLAGE OF EDISON
MORROW COUNTY, OHIO

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,
AND ENCUMBRANCES COMPARED WITH EXPENDITURE
AUTHORITY - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2007

Fund Types	Receipts										Variance Favorable (Unfavorable)	
	County Certified Unencumbered Cash	Budget	Total Estimated Resources	Actual 2007 Receipts	Variance Favorable (Unfavorable)	Prior Year Carryover Appropriations	2007 Appropriations	Total	Actual 2007 Disbursements	Encumbrances Outstanding at 12/31/07		Total
Governmental:												
General	\$ 17,242	\$ 56,886	\$ 74,128	\$ 91,264	\$ 34,378	\$ -	\$ 100,311	\$ 100,311	\$ 78,818	\$ 60	\$ 78,878	\$ 21,433
Special Revenue	108,908	39,700	148,608	54,381	14,681	1,361	120,432	121,793	35,983	800	36,783	85,010
Proprietary:												
Enterprise	271,086	113,504	384,590	121,928	8,424	-	209,793	209,793	146,480	3,200	149,680	60,113
Total (Memorandum Only)	\$ 397,236	\$ 210,090	\$ 607,326	\$ 267,573	\$ 57,483	\$ 1,361	\$ 430,536	\$ 431,897	\$ 261,281	\$ 4,060	\$ 265,341	\$ 166,556

**VILLAGE OF EDISON
MORROW COUNTY, OHIO**

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

NOTE 1 - DESCRIPTION OF THE ENTITY

The Village of Edison, Morrow County, Ohio, (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 sewer utilities, police services and fire protection services.

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The most significant of the Village's accounting policies are described below.

A. BASIS OF PRESENTATION - FUND ACCOUNTING

The accounts of the Village are maintained on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts. The following fund types are used by the Village:

Governmental Fund Types

General Fund - The general fund is used to account for all activities of the Village not required to be included 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 are used to account for proceeds of specific revenue sources that are legally restricted to expenditure for specific purposes.

The Village had the following significant special revenue funds:

Street Construction, Maintenance & Repair Fund - This fund receives gasoline tax and motor vehicle tax money for constructing, maintaining and repairing Village streets (2008 and 2007).

Street and Storm Fund - This fund receives property tax money for constructing, maintaining and repairing Village streets and storm drains (2008).

Proprietary Fund Type

Enterprise Funds - Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises. The intent of the Village is that the costs (expenses) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges or where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

**VILLAGE OF EDISON
MORROW COUNTY, OHIO**

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

The Village had the following significant Enterprise Fund:

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

Fiduciary Fund Type

Fiduciary funds include private purpose trust funds and agency funds. Trust funds account for assets held under a trust agreement for individuals, private organizations, or other governments which are not available to support the Villages own programs. Agency funds are purely custodial in nature and are used to hold resources for individuals, organizations or other governments. The Village disburses these funds as directed by the individual, organization or other government.

The Village had the following fiduciary fund type (Agency):

Mayor's Court Fund - This fund receives monies from collections of fines imposed from tickets issued by the Village's police force. Funds are collected in part on behalf of the State of Ohio. In addition, funds are used for safety programs and general Village operations.

B. BASIS OF ACCOUNTING

These financial statements follow the basis of accounting 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. BUDGETARY PROCESS

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriation resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriations resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified. All funds are legally required to be budgeted and appropriated. The primary level of budgetary control is at the object level within a department and fund. Any budgetary modifications at this level may only be made by resolution of the Village's Council.

Tax Budget:

A budget of estimated cash receipts and disbursements is submitted to the County Auditor, as secretary of the County Budget Commission, by July 20 of each year, for the period January 1 to December 31 of the following year. The expressed purpose of the tax budget is to reflect the need for existing (or increased) tax rates.

**VILLAGE OF EDISON
MORROW COUNTY, OHIO**

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Estimated Resources:

The County Budget Commission determines if the budget substantiates a need to levy the full amount of authorized property tax rates and reviews receipt estimates. The County Budget Commission certifies its actions to the Village by September 1. As part of this certification, the Village receives the official certificate of estimated resources, which states the projected receipts of each fund. On or about January 1, the certificate is amended to include unencumbered fund balances at December 31 of the preceding year. Further amendments may be made during the year if the Village determines that receipts collected will be greater than or less than the prior estimates and the Budget Commission find the revised estimates to be reasonable. Prior to December 31, the Village must revise its budget so that the total contemplated expenditures from a fund during the ensuing fiscal year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriation measure.

Appropriations:

A temporary appropriation measure to control cash disbursements may be passed on or about January 1 of each year for the period January to March 31. An annual appropriation measure must be passed by April 1 of each year for the period January 1 to December 31. The appropriations measure may be amended or supplemented during the year as new information becomes available. Appropriations may not exceed estimated resources.

Encumbrances:

As part of formal budgetary control, purchase orders, contracts, and other commitments for the expenditure of funds are recorded in order to reserve the portion of the applicable appropriation.

At the close of each fiscal year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriations. The encumbered appropriation balance is carried forward to the succeeding fiscal year and need not be reappropriated.

D. CASH AND CASH EQUIVALENTS

For reporting purposes, the Village considers "Cash and Cash Equivalents" to be cash on hand, demand deposits, and all investments held by the Village with a maturity date less than or equal to three months from the date of purchase. Interest income earned and received by the Village totaled \$812 and \$2,626 for the years ended December 31, 2008 and 2007, respectively.

E. PROPERTY, PLANT AND EQUIPMENT

Capital assets are not capitalized in any of the Village's funds. Instead, capital acquisition and construction costs are reflected as expenditures in the fund in the year expended. The costs of normal maintenance and repairs are also expended, along with improvements. Depreciation is not recorded by the Village.

**VILLAGE OF EDISON
MORROW COUNTY, OHIO**

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

F. INTERGOVERNMENTAL REVENUES

Intergovernmental revenues, such as entitlements and grants awarded on a non-reimbursable basis are recorded when received in accordance with the Village's cash basis method of accounting.

G. INTERFUND TRANSACTIONS

During the course of normal operations, the Village had transactions between funds. The most significant include transfers of resources from one fund to another fund. The resources transferred are to be expended for operations by the necessary fund and are recorded as operating transfers. Residual equity transfers are nonrecurring or non-routine transfers of equity between funds.

Transfers are intended to permanently reallocate money from one fund to another as authorized in the Ohio Revised Code Sections 5705.14 to 5705.16.

H. TOTAL COLUMNS ON FINANCIAL STATEMENTS

Total columns on the financial statements are captioned "Total (Memorandum Only)" to indicate that they are presented only to facilitate financial analysis. Interfund-type eliminations have not been made in the aggregation of this data.

NOTE 3 - PRIOR PERIOD ADJUSTMENTS

The Village is restating its Special Revenue Fund Type, Capital Projects Fund Type and Enterprise Fund Type fund balances at January 1, 2007. The prior period adjustments are due to:

- (1) In prior years, the Village presented its Sewer Capital Improvement Fund as a Capital Projects Fund Type. Cash and fund balances have been restated to report this fund as an Enterprise Fund Type in accordance with that fund types purpose.
- (2) In prior years, the Village maintained a fund balance in its Special Revenue Fund Type - FEMA Fund, based upon reimbursement from FEMA. The Village had previously spent the monies from the Sewer Fund and such the reimbursement should have been transferred to the Sewer Fund.

The prior period adjustments above had the following effects on the Village's fund balances.

	Special Revenue <u>Fund Type</u>	Capital Projects <u>Fund Type</u>	Enterprise <u>Fund Type</u>
Balance at December 31, 2006	\$ 111,902	\$ 87,043	\$ 181,049
Reclass Sewer Capital Improvement Fund	-	(87,043)	87,043
Reclass FEMA	<u>(2,994)</u>	<u>-</u>	<u>2,994</u>
Restated Balance January 1, 2007	<u>\$ 108,908</u>	<u>\$ -</u>	<u>\$ 271,086</u>

**VILLAGE OF EDISON
MORROW COUNTY, OHIO**

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

NOTE 4 - COMPLIANCE

- A. The Village had appropriations exceeding estimated resources in noncompliance with Ohio Revised Code Sections 5705.39 and 5705.36.
- B. The Village did not properly certify disbursements in noncompliance with Ohio Revised Code Section 5705.41(D).
- C. The Village maintained a negative cash fund balance throughout the year and at December 31, 2007 in the General Fund in noncompliance with Ohio Revised Code Section 5705.10.
- D. The Village certified incorrect fund balances to the County Auditor at January 1, 2007 and January 1, 2008 in noncompliance with Ohio Revised Code Section 5705.36.

NOTE 5 - CASH AND CASH EQUIVALENTS

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

	<u>2008</u>	<u>2007</u>
Deposits:		
Demand deposits	<u>\$ 370,482</u>	<u>\$ 375,846</u>

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

**VILLAGE OF EDISON
MORROW COUNTY, OHIO**

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

NOTE 6 - INTERFUND TRANSACTIONS

The following is a summarized breakdown of the Village's operating transfers for 2008 and 2007:

<u>2008</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ 40,851	\$ -
<u>Special Revenue Funds:</u>		
CDBG	-	22,858
FMHA	-	17,993
Fire Truck Equipment	-	1,891
Fire	<u>1,891</u>	<u>-</u>
Total Special Revenue Funds	<u>1,891</u>	<u>42,742</u>
<u>Enterprise Funds:</u>		
Sewer Operating	-	7,500
Sewer Reserve and Replacement	<u>7,500</u>	<u>-</u>
Total Enterprise Funds	<u>7,500</u>	<u>7,500</u>
Total	<u>\$ 50,242</u>	<u>\$ 50,242</u>
 <u>2007</u>		
<u>Enterprise Funds:</u>		
Sewer Operating	\$ -	\$ 7,500
Sewer Reserve and Replacement	<u>7,500</u>	<u>-</u>
Total	<u>\$ 7,500</u>	<u>\$ 7,500</u>

Transfers from the CDBG, FMHA and Fire Truck Equipment Fund were all residual equity transfers with Court of Common Pleas approval. Transfers from the Sewer Fund to the Sewer Reserve and Replacement Fund are in accordance with the Village's debt covenant with USDA-Rural Development Debt Covenant requirements.

All transfers made in years 2008 and 2007 were in accordance with Ohio Revised Code Sections 5705.14, 5705.15 and 5705.16.

**VILLAGE OF EDISON
MORROW COUNTY, OHIO**

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

NOTE 7 - DEBT OBLIGATION

At December 31, 2008 and 2007, debt obligations consisted of the following issuance:

<u>Description</u>	<u>Balance at 12/31/08</u>	<u>Balance at 12/31/07</u>
2000 USDA waste water facility improvement bonds, issued on May 19, 2000, due in annual installments of \$74,803 through 2040, bearing an interest rate of 4.5%.	\$ 1,255,604	\$ 1,273,117
Total debt obligation	<u>\$ 1,255,604</u>	<u>\$ 1,273,117</u>

Transactions for the years ended December 31, 2008 and 2007 are summarized as follows:

	<u>Balance 01/01/08</u>	<u>Proceeds</u>	<u>Retirements</u>	<u>Balance 12/31/08</u>
Waste Water Facility Improvement Bonds	<u>\$ 1,273,117</u>	<u>\$ -</u>	<u>\$ (17,513)</u>	<u>\$ 1,255,604</u>
Total	<u>\$ 1,273,117</u>	<u>\$ -</u>	<u>\$ (17,513)</u>	<u>\$ 1,255,604</u>
	<u>Balance 01/01/07</u>	<u>Proceeds</u>	<u>Retirements</u>	<u>Balance 12/31/07</u>
Waste Water Facility Improvement Bonds	<u>\$ 1,289,876</u>	<u>\$ -</u>	<u>\$ (16,759)</u>	<u>\$ 1,273,117</u>
Total	<u>\$ 1,289,876</u>	<u>\$ -</u>	<u>\$ (16,759)</u>	<u>\$ 1,273,117</u>

**VILLAGE OF EDISON
MORROW COUNTY, OHIO**

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

NOTE 7 - DEBT OBLIGATION - (Continued)

Amortization for the above debt is scheduled as follows:

Year Ending December 31	Wastewater Facility Improvement Bonds		
	Principal	Interest	Total
2009	\$ 18,300	\$ 56,503	\$ 74,803
2010	19,123	55,680	74,803
2011	19,984	54,819	74,803
2012	20,884	53,919	74,803
2013	21,824	52,979	74,803
2014 - 2018	124,772	249,243	374,015
2019 - 2023	155,487	218,528	374,015
2024 - 2028	193,766	180,249	374,015
2029 - 2033	241,466	132,549	374,015
2034 - 2038	300,910	73,105	374,015
2039 - 2040	<u>139,088</u>	<u>10,518</u>	<u>149,606</u>
Total	<u>\$ 1,255,604</u>	<u>\$ 1,138,092</u>	<u>\$ 2,393,696</u>

NOTE 8 - 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 on the following June 20.

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

NOTE 9 - RETIREMENT SYSTEM

The Village's employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost sharing, multiple-employer plan. The plan provides retirement benefits, including post-retirement 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 2008 and 2007, OPERS members contributed 10.0% and 9.5% of their gross salaries, respectively. The Village contributed an amount equal to 14.0% of participants' gross salaries for 2008 and 13.85% in 2007. The Village has paid all contributions required through December 31, 2008.

**VILLAGE OF EDISON
MORROW COUNTY, OHIO**

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

NOTE 10 - RISK MANAGEMENT

The Village belongs to the Ohio Government Risk Management Plan (the "Plan"), an unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to approximately 500 Ohio governments ("Members").

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

Effective September 1, 2002, the Plan began retaining 5% of the premium and losses on the first \$500,000 casualty treaty and 5% of the first \$1,000,000 property treaty. Effective November 1, 2005, the Plan began retaining 15% of the premium and losses on the first \$250,000 casualty treaty and 10% of the first \$1,000,000 property treaty.

The Plan's financial statements conform with accounting principles generally accepted in the United States of America, and reported the following assets, liabilities and retained earnings at December 31, 2007 and 2006 (the latest information available):

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

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

NOTE 11 - CONTINGENT LIABILITIES

The Village is not currently involved in litigation.



Julian & Grube, Inc.

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Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

Members of Council and Mayor
Village of Edison
103 North Boundary Street
Edison, Ohio 43320

We have audited the financial statements of the Village of Edison, Morrow County, Ohio, as of and for the years ended December 31, 2008 and 2007, and have issued our report thereon dated April 10, 2009, wherein we noted the Village of Edison followed accounting practices the Auditor of State prescribes or permits rather than accounting principles generally accepted in the United States of America. As described in Note 3, the Village has restated its Special Revenue Fund Type, Capital Projects Fund Type and Enterprise Fund Type fund balances at January 1, 2007. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Village of Edison's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Village of Edison's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Village of Edison's internal control over financial reporting.

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

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Village of Edison's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis such that there is more than a remote likelihood that a misstatement of the Village of Edison's financial statements that is more than inconsequential will not be prevented or detected by the Village of Edison's internal control. We consider the deficiency described in the accompanying schedule of findings and responses to be a significant deficiency in internal control over financial reporting: 2008-VOE-001.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Village of Edison's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also material weaknesses. However, we consider item 2008-VOE-001 to be a material weakness.

Members of Council and Mayor
Village of Edison

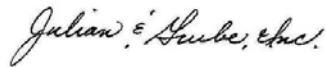
Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Village of Edison's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, 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 five instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* which are described in the accompanying schedule of findings and responses as items 2008-VOE-002, 2008-VOE-003, 2008-VOE-004, 2008-VOE-2005 and 2008-VOE-006.

We noted certain matters that we reported to the Village of Edison's management in a separate letter dated April 10, 2009.

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

This report is intended for the information of the Council and management of the Village of Edison and is not intended to be and should not be used by anyone other than those specified.



Julian & Grube, Inc.
April 10, 2009

**VILLAGE OF EDISON
MORROW COUNTY, OHIO**

**SCHEDULE OF FINDINGS AND RESPONSES
DECEMBER 31, 2008 AND 2007**

1. FINDINGS RELATED TO THE BASIC FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS	
Finding Number	2008-VOE-001

Significant Deficiency/Material Weakness

The District had prior period adjustments to reclassify a fund and a FEMA fund/cash balance. In addition, the Village had audit adjustments necessary to properly record activity in 2008 and 2007.

Prior Period Adjustments:

Decrease Capital Projects Fund Type fund balance/cash and increase Enterprise Fund Type fund balance/cash to reclassify the Sewer Capital Improvement fund in the amount of \$87,043 to properly record it as an Enterprise Fund Type.

Decrease Special Revenue Fund Type - FEMA fund in the amount of \$2,994 and increase the Enterprise Fund Type - Sewer fund for reimbursement.

2008 and 2007 Adjustments:

General Fund: Decrease of fund balance in the amount of \$6,077 due to Mayor's Court receipts not properly recorded and decrease of fund balance in the amount of \$679 due to CAT tax receipts not properly allocated to the levy funds.

Street Construction, Maintenance & Repair Fund: Increase of fund balance in the amount of \$5,895 due to improper recording of permissive tax receipts received from the county and state.

State Highway Fund: Increase of fund balance in the amount of \$710 due to improper recording of permissive tax receipts received from the county.

Permissive Tax Fund: Decrease of fund balance in the amount of \$6,605 due to improper recording of permissive tax received from county and state.

Fire Fund: Increase in fund balance in the amount of \$962 due to improper allocation of CAT tax receipts and homestead and rollback receipts.

Street and Storm Fund: Decrease in fund balance in the amount of \$283 due to improper allocation of CAT tax receipts and homestead and rollback receipts.

Mayors Court Fund (Agency): Increase in fund balance in the amount of \$6,077 due to Mayors Court receipts not properly recorded in accordance with Mayors Court bank activity.

The audited financial statements have been adjusted for the above adjustments.

Improper posting of receipts could mislead Council and Village citizens during the year, in addition misrepresent individual fund balances and possibly misrepresent budget and planning reports.

We recommend the Village implement additional internal controls over financial reporting to help ensure accurate financial reports throughout the year and at year end. We also recommend the Village consult local government services and UAN for proper posting of transactions.

**VILLAGE OF EDISON
MORROW COUNTY, OHIO**

**SCHEDULE OF FINDINGS AND RESPONSES
DECEMBER 31, 2008 AND 2007**

1. FINDINGS RELATED TO THE BASIC FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS - (Continued)	
Finding Number	2008-VOE-001 - (Continued)

Client Response: The Village will take a more active role in properly posting receipts. The current Fiscal Officer now has more experience and training to help facilitate this process.

Finding Number	2008-VOE-002
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Ohio Revised Code Section 5705.39 in part requires that total appropriations from each fund should not exceed total estimated resources.

The Village had appropriations in excess of estimated resources at June 30, 2008, December 31, 2008, June 30, 2007 and December 31, 2007 in the following funds:

	<u>Estimated Resources</u>	<u>Appropriations</u>	<u>Excess</u>
<u>June 30, 2008</u>			
General	\$ 77,624	\$ 93,393	\$ 15,769
<u>December 31, 2008</u>			
General	78,797	109,893	31,096
<u>Special Revenue Fund Type:</u>			
Street Construction, Maintenance and Repair	26,491	26,825	334
<u>June 30, 2007</u>			
General	74,128	86,211	12,083
<u>Special Revenue Fund Type:</u>			
Street Construction, Maintenance and Repair	22,948	49,000	26,052
CDBG	23,778	30,000	6,222
<u>December 31, 2007</u>			
General	74,128	100,311	26,183
<u>Special Revenue Fund Type:</u>			
Street Construction, Maintenance and Repair	22,948	49,000	26,052
CDBG	23,778	30,000	6,222

With appropriations exceeding estimated resources, the Village is appropriating monies that are not in the Treasury or in the process of collection that have been certified with the County Auditor. Thus, over appropriating may cause expenditures to increase and cause a deficit fund balance.

We recommend the Village comply with the Ohio Revised Code by monitoring appropriations so they do not exceed estimated resources. This may be achieved by monitoring the budget more closely on a continual basis and amending estimated resources or appropriations as necessary.

Client Response: The Fiscal Officer will attempt to update estimated revenues on a timelier basis.

**VILLAGE OF EDISON
MORROW COUNTY, OHIO**

**SCHEDULE OF FINDINGS AND RESPONSES
DECEMBER 31, 2008 AND 2007**

1. FINDINGS RELATED TO THE BASIC FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS - (Continued)	
Finding Number	2008-VOE-003

Ohio Revised Code Sections 5705.36, in part, requires Fiscal Officers to certify to the County Auditor the total amount from all sources which are available for expenditures from each fund in the tax budget along with any unencumbered balances that existed at the end of the preceding year.

During the years ended December 31, 2008 and 2007, the Village did not request enough amended certificates throughout the year upon notice of increased or decreased resources.

The Village is not properly certifying its most current estimated resources to the appropriate authorities and thus causing appropriations to exceed estimated resources.

We recommend that the Village certify its available sources at year end and file amended certificates as necessary throughout the year. This will facilitate the Village’s appropriation process.

Client Response: The Village will attempt to monitor its estimated revenues more closely and will request amended certificates as needed.

Finding Number	2008-VOE-004
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Ohio Revised Code Section 5705.41 (D) requires that no orders or contracts involving the expenditure of monies are to be made unless there is 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.

For the years ended December 31, 2008 and 2007, 25% and 49%, respectively, of expenditures tested were not certified in a timely manner.

Without timely certification, the Village may expend more funds than available in the treasury, or in the process of collection, or appropriated. This may also result in unnecessary purchases.

We recommend that all orders or contracts involving the expenditure of money be timely certified to ensure all monies expended are lawfully appropriated and available in the treasury or in the process of collection and or a “Then & Now” certification is approved on the purchase order.

Client Response: The Village Fiscal Officer is working to certify expenditures more timely and making more use of “Then & Now” certificates.

Finding Number	2008-VOE-005
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Ohio Revised Code Section 5705.36, in part, requires Fiscal Officers to certify to the County Auditor the total amount from all sources which are available for expenditures from each fund in the tax budget along with any unencumbered balances that existed at the end of the preceding year.

The Village certified incorrect amounts at January 1, 2007 and January 1, 2008.

**VILLAGE OF EDISON
MORROW COUNTY, OHIO**

**SCHEDULE OF FINDINGS AND RESPONSES
DECEMBER 31, 2008 AND 2007**

1. FINDINGS RELATED TO THE BASIC FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS - (Continued)	
Finding Number	2008-VOE-005 - (Continued)

The Village is not accurately reflecting its various fund balances to the County Auditor for proper certification.

We recommend that the Village should consult the Ohio Compliance Supplement, the Village Officer’s Handbook and its auditors to ensure the Village fund balances agree to audited reports. This will enable the County Auditor to perform the proper certification with accurate information. This will in turn allow the Village to properly appropriate funds within the available resources.

Client Response: The Fiscal Officer will recertify its January 1, 2009 balances to agree with the audited financial statements.

Finding Number	2008-VOE-006
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Ohio Revised Code Section 5705.10, in part, requires that on a cash basis, no fund shall have a negative fund balance during the year or at year end.

The Village maintained a negative cash fund balance throughout the year and at December 31, 2007 in the General Fund.

By expending funds prior to receipt of monies, this fund maintained a negative cash fund balance at certain times throughout the year and at December 31, 2007.

We recommend that the Village properly expend monies only after funds have been received. If funds are anticipated but not yet received and expenditures are necessary, the Village should address these concerns immediately and prior to expenditure with the Village Council and consider short-term financing.

Client Response: The Village has maintained a consistently positive fund balance in the General Fund since the beginning of 2008. The Village continues to closely monitor its spending to help prevent negative fund balances.

**VILLAGE OF EDISON
MORROW COUNTY, OHIO**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2008 AND 2007**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:
2006-001	Ohio Revised Code Section 5705.41(D) states that no subdivision shall make any contract or order any expenditure of money unless that certificate of the fiscal officer is attached.	No	Repeated as 2008-VOE-004
2006-002	Ohio Revised Code Section 5705.41(B) states that no subdivision or taxing unit is to expend money unless it has been appropriated.	Yes	N/A
2006-003	Significant Deficiency/Material Weakness - The Mayors Court did not distribute funds or additional court costs monies to the State as required by the various Ohio Revised Codes.	Yes	N/A
2006-004	Ohio Revised Code Section 5705.10(H) provides that money paid into a fund must be used only for the purposes for which such fund has been established.	No	Repeated as 2008-VOE-006
2006-005	Significant Deficiency/Material Weakness - There were no consistent reports printed through out the audit period to reconcile the activity recorded in the Village's ledgers.	Yes	N/A
2006-006	Significant Deficiency - The Village has not established formal procedures to reasonably assure completeness and accuracy of the monthly reporting.	Yes	N/A
2006-007	Significant Deficiency/Material Weakness - The Village failed to perform accurate or timely bank reconciliations throughout the fiscal year.	Yes	N/A
2006-008	Significant Deficiency/Material Weakness - During the testing of payroll, correct amounts were not reported on the clients Federal 941's.	Yes	N/A



Mary Taylor, CPA
Auditor of State

VILLAGE OF EDISON

MORROW 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
JUNE 2, 2009