



Dave Yost • Auditor of State

VILLAGE OF EDISON
MORROW COUNTY

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Village of Edison
Morrow County
103 North Boundary Street
Edison, Ohio 43320

To the Members of Village Council:

Report on the Financial Statements

We have audited the accompanying financial statements and related notes of the Village of Edison, Morrow County, Ohio, (the Village) as of and for the years ended December 31, 2014 and 2013.

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 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, 2014 and 2013, or changes in financial position or cash flows 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 combined cash balances of the Village of Edison, Morrow County, Ohio, as of December 31, 2014 and 2013, and its combined cash receipts and disbursements 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 November 10, 2015, 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.



Dave Yost
Auditor of State
Columbus, Ohio

November 10, 2015

**VILLAGE OF EDISON
MORROW COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2014**

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts			
Property and Other Local Taxes	\$ 19,990	\$ 30,202	\$ 50,192
Municipal Income Tax	25,147	-	25,147
Intergovernmental	17,087	26,175	43,262
Special Assessments	-	31	31
Fines, Licenses and Permits	3,335	-	3,335
Earnings on Investments	21	2	23
Miscellaneous	6	217	223
<i>Total Cash Receipts</i>	<u>65,586</u>	<u>56,627</u>	<u>122,213</u>
Cash Disbursements			
Current:			
Security of Persons and Property	-	12,290	12,290
Leisure Time Activities	-	73	73
Transportation	-	35,828	35,828
General Government	43,029	1,265	44,294
Debt Service:			
Principal Retirement	7,120	-	7,120
Interest and Fiscal Charges	730	-	730
<i>Total Cash Disbursements</i>	<u>50,879</u>	<u>49,456</u>	<u>100,335</u>
<i>Excess of Receipts Over Disbursements</i>	<u>14,707</u>	<u>7,171</u>	<u>21,878</u>
Other Financing Receipts			
Other Financing Sources	244	31	275
<i>Net Change in Fund Cash Balances</i>	14,951	7,202	22,153
<i>Fund Cash Balances, January 1</i>	<u>7,310</u>	<u>55,310</u>	<u>62,620</u>
Fund Cash Balances, December 31			
Restricted	-	61,853	61,853
Committed	-	659	659
Unassigned (Deficit)	22,261	-	22,261
<i>Fund Cash Balances, December 31</i>	<u>\$ 22,261</u>	<u>\$ 62,512</u>	<u>\$ 84,773</u>

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

**VILLAGE OF EDISON
MORROW 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, 2014**

	Proprietary Fund Type	Fiduciary Fund Type	Totals
	Enterprise	Agency	(Memorandum Only)
Operating Cash Receipts			
Charges for Services	\$ 130,933	\$ -	\$ 130,933
Fines, Licenses and Permits	-	495	495
Miscellaneous	62	-	62
<i>Total Operating Cash Receipts</i>	<u>130,995</u>	<u>495</u>	<u>131,490</u>
Operating Cash Disbursements			
Personal Services	8,656	-	8,656
Employee Fringe Benefits	1,373	-	1,373
Contractual Services	20,120	-	20,120
Supplies and Materials	1,987	-	1,987
Other	175	493	668
<i>Total Operating Cash Disbursements</i>	<u>32,311</u>	<u>493</u>	<u>32,804</u>
<i>Operating Income</i>	<u>98,684</u>	<u>2</u>	<u>98,686</u>
Non-Operating Receipts (Disbursements)			
Intergovernmental	-	50	50
Earnings on Investments	35	-	35
Principal Retirement	(25,105)	-	(25,105)
Interest and Other Fiscal Charges	(51,997)	-	(51,997)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(77,067)</u>	<u>50</u>	<u>(77,017)</u>
<i>Net Change in Fund Cash Balances</i>	21,617	52	21,669
<i>Fund Cash Balances, January 1</i>	<u>287,500</u>	<u>458</u>	<u>287,958</u>
<i>Fund Cash Balances, December 31</i>	<u>\$ 309,117</u>	<u>\$ 510</u>	<u>\$ 309,627</u>

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

**VILLAGE OF EDISON
MORROW COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2013**

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts			
Property and Other Local Taxes	\$ 22,725	\$ 32,841	\$ 55,566
Municipal Income Tax	22,209	-	22,209
Intergovernmental	13,249	23,133	36,382
Fines, Licenses and Permits	20,877	1,185	22,062
Earnings on Investments	43	5	48
Miscellaneous	891	900	1,791
<i>Total Cash Receipts</i>	<u>79,994</u>	<u>58,064</u>	<u>138,058</u>
Cash Disbursements			
Current:			
Security of Persons and Property	16,067	13,316	29,383
Transportation	-	48,577	48,577
General Government	58,929	5,249	64,178
Capital Outlay	-	300	300
Debt Service:			
Principal Retirement	7,120	-	7,120
Interest and Fiscal Charges	739	-	739
<i>Total Cash Disbursements</i>	<u>82,855</u>	<u>67,442</u>	<u>150,297</u>
<i>Excess of Receipts (Under) Disbursements</i>	<u>(2,861)</u>	<u>(9,378)</u>	<u>(12,239)</u>
Other Financing Receipts (Disbursements)			
Other Financing Sources	-	1,262	1,262
Other Financing Uses	(13)	-	(13)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(13)</u>	<u>1,262</u>	<u>1,249</u>
<i>Net Change in Fund Cash Balances</i>	(2,874)	(8,116)	(10,990)
<i>Fund Cash Balances, January 1</i>	<u>10,184</u>	<u>63,426</u>	<u>73,610</u>
Fund Cash Balances, December 31			
Restricted	-	54,700	54,700
Committed	-	609	609
Unassigned (Deficit)	7,310	1	7,311
<i>Fund Cash Balances, December 31</i>	<u>\$ 7,310</u>	<u>\$ 55,310</u>	<u>\$ 62,620</u>

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

**VILLAGE OF EDISON
MORROW 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, 2013**

	Proprietary Fund Type	Fiduciary Fund Type	Totals
	Enterprise	Agency	(Memorandum Only)
Operating Cash Receipts			
Charges for Services	\$ 125,386	\$ -	\$ 125,386
Fines, Licenses and Permits	25	10,005	10,030
Miscellaneous	215	-	215
<i>Total Operating Cash Receipts</i>	<u>125,626</u>	<u>10,005</u>	<u>135,631</u>
Operating Cash Disbursements			
Personal Services	10,448	-	10,448
Employee Fringe Benefits	1,438	-	1,438
Contractual Services	64,427	-	64,427
Supplies and Materials	1,200	-	1,200
Other	50	11,418	11,468
<i>Total Operating Cash Disbursements</i>	<u>77,563</u>	<u>11,418</u>	<u>88,981</u>
<i>Operating Income (Loss)</i>	<u>48,063</u>	<u>(1,413)</u>	<u>46,650</u>
Non-Operating Receipts (Disbursements)			
Earnings on Investments	22	-	22
Other Debt Proceeds	34,715	-	34,715
Principal Retirement	(22,974)	-	(22,974)
Interest and Other Fiscal Charges	(52,979)	-	(52,979)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(41,216)</u>	<u>-</u>	<u>(41,216)</u>
<i>Net Change in Fund Cash Balances</i>	6,847	(1,413)	5,434
<i>Fund Cash Balances, January 1</i>	<u>280,653</u>	<u>1,871</u>	<u>282,524</u>
<i>Fund Cash Balances, December 31</i>	<u>\$ 287,500</u>	<u>\$ 458</u>	<u>\$ 287,958</u>

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

**VILLAGE OF EDISON
MORROW COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013**

1. Summary of Significant Accounting Policies

A. Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Village of Edison, Morrow County, Ohio, (the Village) as a body corporate and politic. A publicly-elected six-member Council directs the Village. The Village provides sewer utilities. The Village contracts with the Village of Mount Gilead to receive fire protection services.

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

B. Accounting Basis

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.

C. Deposits

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.

D. Fund Accounting

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

1. General Fund

The General Fund accounts for and reports all financial resources not accounted for and reported in another fund.

2. 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:

VILLAGE OF EDISON
MORROW COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013
(Continued)

1. **Summary of Significant Accounting Policies (Continued)**

D. **Fund Accounting (Continued)**

2. **Special Revenue Funds (Continued)**

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

Street Maintenance Levy Fund – This fund receives property taxes for constructing, maintaining, and repairing Village streets.

3. **Enterprise Funds**

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

Sewer Fund - This fund receives charges for services from residents to cover sewer service costs.

4. **Fiduciary Funds**

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 Village's 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's agency fund accounts for Mayor's Court operations, which ceased activity during 2013.

E. **Budgetary Process**

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

1. **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. Appropriations lapse at year end.

2. **Estimated Resources**

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

VILLAGE OF EDISON
MORROW COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013
(Continued)

1. Summary of Significant Accounting Policies (Continued)

E. Budgetary Process (Continued)

3. 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 2014 and 2013 budgetary activity appears in Note 3.

F. 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:

1. Nonspendable

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

2. 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.

3. 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.

4. 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.

5. 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.

**VILLAGE OF EDISON
MORROW COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

F. Fund Balance (Continued)

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.

G. Property, Plant, and Equipment

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

2. Equity in Pooled Deposits

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

	2014	2013
Demand deposits	\$394,400	\$350,578

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

3. Budgetary Activity

Budgetary activity for the years ending December 31, 2014 and 2013 follows:

2014 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$74,000	\$65,830	(\$8,170)
Special Revenue	54,671	56,658	1,987
Enterprise	160,364	131,030	(29,334)
Total	\$289,035	\$253,518	(\$35,517)

2014 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$64,663	\$51,514	\$13,149
Special Revenue	61,020	50,832	10,188
Enterprise	189,065	109,595	79,470
Total	\$314,748	\$211,941	\$102,807

**VILLAGE OF EDISON
MORROW COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013
(Continued)**

3. Budgetary Activity (Continued)

2013 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$100,223	\$79,994	(\$20,229)
Special Revenue	61,849	59,326	(2,523)
Enterprise	167,715	160,363	(7,352)
Total	\$329,787	\$299,683	(\$30,104)

2013 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$90,583	\$84,996	\$5,587
Special Revenue	93,480	75,046	18,434
Enterprise	199,215	162,610	36,605
Total	\$383,278	\$322,652	\$60,626

4. Property Tax

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 homestead and rollback deductions. The financial statements include homestead and rollback amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

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.

5. Local Income Tax

The Village levies a municipal income tax of .5 percent on substantially all earned income arising from employment, residency, or business activities within the Village as well as certain income of residents earned outside of the Village.

Employers within the Village withhold income tax on employee compensation and remit the tax to the Village either monthly or quarterly, as required. Corporations and other individual taxpayers pay estimated taxes quarterly and file a declaration annually.

**VILLAGE OF EDISON
MORROW COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013
(Continued)**

6. Debt

Debt outstanding at December 31, 2014 was as follows:

	Principal	Interest Rate
2000 USDA Wastewater Facility	\$1,132,676	5%
2013 OWDA Sewer Relining Loan	\$30,120	0%
Total	\$1,162,796	

The 2000 USDA wastewater facility improvement first mortgage revenue bonds were issued May 19, 2000. Payments are due in annual installments of \$74,803 through 2040, which includes interest.

The 2013 Ohio Water Development Authority loan was issued for a Sewer Relining project in the Village. Currently, the Village is paying semi-annual installments of \$1,149 through 2032. The loan is not completely drawn down as of December 31, 2014 and a final payment plan will be structured when all the funds have been drawn down.

During the audit period, the Village paid off the Building Improvement Bonds and the Police Cruiser loan.

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

Year ending	USDA
December 31:	Wastewater
2015	\$74,803
2016	74,804
2017	74,803
2018	74,803
2019	74,803
2020-2024	374,018
2025-2029	374,019
2030-2034	374,016
2035-2039	373,198
2040	74,771
Total	\$1,944,038

The Village's USDA Wastewater Facilities Improvements First Mortgage Revenue Bond debt covenant requires the Village to maintain a Sewer Operating Fund, a Wastewater Facilities Revenue Bond and Interest Payment Fund and a Wastewater Facilities Reserve Fund. The debt covenant further requires the following: the Village must first pay all reasonable and proper expenses of operating and maintaining the Sewer Operating Fund; second, the Village must monthly, on the 15th day of each month deposit equal monthly amounts necessary to provide for the next ensuing principal and interest payment into the Wastewater Facilities Revenue Bond and Interest Payment Fund; third, out of the remaining balance the Village must make up any previous deficiency in any monthly allocation; and fourth, out of the remaining balance of income and revenue after the previous allocations required, are made deposit in the Wastewater Facilities Reserve Fund the sum of \$7,500 each year until there is accumulated in the fund the sum of \$74,803 after which no further deposits need be made into said Wastewater Facilities Reserve Fund except to replace withdrawals.

**VILLAGE OF EDISON
MORROW COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013
(Continued)**

6. Debt (Continued)

Whenever disbursements are made from the Wastewater Facilities Reserve Fund, annual payments in the amount of \$7,500 each shall be resumed until there is again accumulated in the fund the amount of \$74,803, at which time payments may be discontinued. At December 31, 2014, the fund was properly funded and no additional funding was required.

7. Retirement Systems

The Village's employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes these plans' benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2014 and 2013, OPERS members contributed 10% of their gross salaries and the Village contributed 14% of participants' gross salaries. The Village has paid all contributions required through December 31, 2014.

8. Risk Management

The Government belongs to the Ohio Plan Risk Management, Inc. (OPRM) - formerly known as the Ohio Government Risk Management Plan, (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.

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, except OPRM retains 41.5% (effective November 1, 2011) of the premium and losses on the first \$250,000 casualty treaty and 10% of the first \$1,000,000 property treaty. Effective November 1, 2012 (and through October 2014) the plan increased its retention to 50% of the first \$250,000 casualty treaty. The Plan's property retention remained unchanged from prior years. This change was made to balance the reinsurance market conditions. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 774 and 783 members as of December 31, 2013 and 2014 respectively.

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.

VILLAGE OF EDISON
MORROW COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013
(Continued)

8. Risk Management (Continued)

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2013 and 2014.

	<u>2013</u>	<u>2014</u>
Assets	\$13,774,304	\$14,830,185
Liabilities	<u>(7,968,395)</u>	<u>(8,942,504)</u>
Members' Equity	<u>\$5,805,909</u>	<u>\$5,887,681</u>

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



Dave Yost • Auditor of State

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

Village of Edison
Morrow County
103 North Boundary Street
Edison, Ohio 43320

To the Members of 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 Village of Edison, Morrow County, Ohio, (the Village) as of and for the years ended December 31, 2014 and 2013, and the related notes to the financial statements, and have issued our report thereon dated November 10, 2015, 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. 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 no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

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.

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

Dave Yost
Auditor of State
Columbus, Ohio

November 10, 2015

VILLAGE OF EDISON
MORROW COUNTY

SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2014 AND 2013

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2012-001	5705.09 – Establishment of Funds	Yes	

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Dave Yost • 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
DECEMBER 29, 2015