

VILLAGE OF EDISON
MORROW COUNTY, OHIO

REGULAR AUDIT

**FOR THE YEARS ENDED
DECEMBER 31, 2022 & 2021**



65 East State Street
Columbus, Ohio 43215
ContactUs@ohioauditor.gov
800-282-0370

Members of Council and Mayor
Village of Edison
PO Box 245
Edison, OH 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, 2021 through December 31, 2022. 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 Edison is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Keith Faber".

Keith Faber
Auditor of State
Columbus, Ohio

December 06, 2024

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**VILLAGE OF EDISON
MORROW COUNTY, OHIO**

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Independent Auditor's Report

Village of Edison
Morrow County
P.O. Box 245
Edison, OH 43320

To the Members of the Village Council:

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the cash balances, receipts, and disbursements for each governmental and proprietary fund type and the fiduciary fund type combined total of the Village of Edison, Morrow County, Ohio, as of and for the years ended December 31, 2022 and 2021, and the related notes to the financial statements.

Unmodified Opinions on Regulatory Basis of Accounting

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the cash balances, receipts, and disbursements for each governmental and proprietary fund type and the fiduciary fund type combined total of the Village of Edison, as of and for the years ended December 31, 2022 and 2021 in accordance with the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) as described in Note 2.

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" section of our report, the accompanying 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 of Edison, as of December 31, 2022 and 2021, or changes in net position, and cash flows thereof for the years then ended.

Basis for Opinions

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. Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are required to be independent of the Village of Edison and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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

As described in Note 2 of the financial statements, the financial statements are prepared by the Village of Edison on the basis of the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C), which is a basis of accounting other than accounting principles generally accepted in the United States of America (GAAP), to meet the requirements of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C). The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 2 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.

Though the Village of Edison 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(C) permit. Our opinions on this accounting basis are in the "Unmodified Opinions on Regulatory Basis of Accounting" paragraph above.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C). Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Village of Edison's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Village of Edison's internal control. Accordingly, no such opinion is expressed.

Village of Edison
Morrow County
Independent Auditor's Report

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Village of Edison's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated August 16, 2024 on our consideration of the Village of Edison'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. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Village of Edison's 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 of Edison's internal control over financial reporting and compliance.



Julian & Grube, Inc.
August 16, 2024

Village of Edison, Ohio
Morrow County
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
All Governmental Fund Types
For the Year Ended December 31, 2022

	<u>Governmental Fund Types</u>		
	<u>General</u>	<u>Special Revenue</u>	<u>Combined Total</u>
Cash Receipts			
Property and Other Local Taxes	\$ 17,327	\$ 42,667	\$ 59,994
Municipal Income Tax	63,731	-	63,731
Intergovernmental	11,348	47,435	58,783
Fines, Licenses and Permits	3,943	-	3,943
Earnings on Investments	2,175	622	2,797
Miscellaneous	29,835	3,517	33,352
<i>Total Cash Receipts</i>	<u>128,359</u>	<u>94,241</u>	<u>222,600</u>
Cash Disbursements			
Current:			
Security of Persons and Property	8,640	19,815	28,455
Community Environment	350	-	350
Transportation	-	41,367	41,367
General Government	68,172	416	68,588
<i>Total Cash Disbursements</i>	<u>77,162</u>	<u>61,598</u>	<u>138,760</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>51,197</u>	<u>32,643</u>	<u>83,840</u>
Other Financing Receipts (Disbursements)			
Transfers In	-	30,000	30,000
Transfers Out	(30,000)	-	(30,000)
Other Financing Sources	212	-	212
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(29,788)</u>	<u>30,000</u>	<u>212</u>
<i>Net Change in Fund Cash Balances</i>	21,409	62,643	84,052
<i>Fund Cash Balances, January 1</i>	<u>152,194</u>	<u>132,887</u>	<u>285,081</u>
<i>Fund Cash Balances, December 31</i>	<u>\$ 173,603</u>	<u>\$ 195,530</u>	<u>\$ 369,133</u>

See accompanying notes to the financial statements

Village of Edison, Ohio
Morrow County
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
Proprietary Fund Type
For the Year Ended December 31, 2022

	Proprietary Fund Type
	Enterprise
Operating Cash Receipts	
Charges for Services	\$137,954
Miscellaneous	3,441
	\$141,395
Operating Cash Disbursements	
Personal Services	14,521
Employee Fringe Benefits	2,658
Contractual Services	25,524
Supplies and Materials	634
	43,337
<i>Total Operating Cash Disbursements</i>	43,337
<i>Operating Income (Loss)</i>	\$98,058
Non-Operating Receipts (Disbursements)	
Intergovernmental Receipts	23,809
Special Assessments	6,864
Earnings on Investments (proprietary funds only)	4,078
Loans Issued	934,012
Principal Retirement	(942,424)
Interest and Other Fiscal Charges	(67,260)
	(40,921)
<i>Total Non-Operating Receipts (Disbursements)</i>	(40,921)
<i>Net Change in Fund Cash Balances</i>	57,137
<i>Fund Cash Balances, January 1</i>	501,407
<i>Fund Cash Balances, December 31</i>	\$ 558,544

See accompanying notes to the financial statements

Village of Edison, Ohio
Morrow County
Combined Statement of Additions, Deductions
and Changes in Fund Balances (Regulatory Cash Basis)
Fiduciary Fund Type
For the Year Ended December 31, 2022

	Fiduciary Fund Type
	Custodial
<i>Fund Cash Balances, January 1</i>	\$ 785
<i>Fund Cash Balances, December 31</i>	\$ 785

See accompanying notes to the financial statements

Village of Edison, Ohio
Morrow County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 1 - Reporting 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's management believes these financial statements present all activities for which the Village is financially accountable.

Note 2 - Summary of Significant Accounting Policies

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 fund types and a combined statement of additions, deductions and changes in fund balances (regulatory cash basis) all fiduciary fund types which are all organized on a fund type basis.

Fund Accounting

The Village uses funds to maintain its financial records during the year. 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 Fund - The Street Construction, Maintenance and Repair 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.

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.

Village of Edison, Ohio
Morrow County
Notes to the Financial Statements
For the Year Ended December 31, 2022

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. The Village has no Trust funds. Custodial funds are purely custodial in nature and are used to report fiduciary activity that is not required to be reported in a trust fund. The Village's custodial fund accounts for Mayor's Court operations, which ceased activity during 2013.

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(C). This basis is similar to the cash receipts and disbursements accounting basis. The Village 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(C) permit.

Budgetary Process

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

Appropriations Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, and function level of control, and appropriations may not exceed estimated resources. The Village Council must annually approve appropriation measures and subsequent amendments. Unencumbered appropriations lapse 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. Management has included audit adjustments in the accompanying budgetary presentations for material items that should have been encumbered.

A summary of 2022 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 had no investments at December 31, 2022. All monies were maintained in depository accounts.

Village of Edison, Ohio
Morrow County
Notes to the Financial Statements
For the Year Ended December 31, 2022

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.

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. For regulatory purposes nonspendable fund balance includes unclaimed monies that are required to be held for five years before they may be utilized by the Village and the nonexpendable portion of the corpus in permanent funds.

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*. For regulatory purposes, assigned fund balance in the general fund is limited to encumbrances outstanding at year end.

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.

For regulatory purposes, limited disclosure related to fund balance is included in Note 11.

Village of Edison, Ohio
Morrow County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 3 - Budgetary Activity

Budgetary activity for the year ending December 31, 2022 follows:

2022 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$54,000	\$128,571	\$74,571
Special Revenue	87,601	124,241	\$36,640
Enterprise	1,088,063	1,110,158	22,095
Total	\$1,229,664	\$1,362,970	\$133,306

2022 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$134,246	\$107,626	\$26,620
Special Revenue	155,572	62,376	93,196
Enterprise	1,327,970	1,053,444	274,526
Total	\$1,617,788	\$1,223,446	\$394,342

Note 4 – Deposits and Investments

To improve cash management, cash received by the Village is pooled. Monies for all funds are maintained in this pool. The Ohio Revised Code prescribes allowable deposits and investments. A summary of the Village's deposit and investment accounts are as follows:

	2022
<i>Cash Management Pool:</i>	
Demand deposits	\$928,462
Total deposits	\$928,462

Deposits

Deposits are insured by the Federal Deposit 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.

Village of Edison, Ohio
Morrow County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 5 – 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 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.

Income Taxes

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.

Note 6 - Risk Management

Risk Pool Membership

The Village 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.

Effective November 1, 2016, the OPRM elected to participate in a property loss corridor deductible. The property corridor includes losses paid between 70% and 75%. In 2018, the casualty loss corridor was eliminated and the property corridor was adjusted to losses paid between 65% and 70%. Effective November 1, 2019, the property loss corridor was adjusted to losses between 60% and 67.5% and has remain unchanged. OPRM had 773 members as of December 31, 2022.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2022.

Village of Edison, Ohio
Morrow County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Assets	\$ 21,662,291
Liabilities	<u>(18,158,351)</u>
Members' Equity	<u>\$ 3,503,940</u>

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

Workers' Compensation

Workers' Compensation coverage is provided by the State of Ohio. The Village pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

Note 7 - Defined Benefit Pension Plans

Ohio Public Employees Retirement System

Some Village employees 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.

The Ohio Revised Code also prescribes contribution rates. OPERS (local) 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, 2022.

Social Security

Other Village 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, 2022.

Note 8 - Postemployment Benefits

OPERS 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. The portion of employer contributions allocated to health care for OPERS members in the traditional pension plan and combined plan was 0 percent during calendar year 2022, portion of employer contributions allocated to health care for OPERS members in the member-directed plan was 4.0 percent during calendar year 2022.

Village of Edison, Ohio
Morrow County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 9 – Debt

Debt outstanding at December 31, 2022, was as follows:

	Principal	Interest Rate
2000 USDA Wastewater Facility Bond	\$0	5%
2013 OWDA Sewer Relining Loan	\$18,226	0%
2022 OWDA Wastewater Refinance Loan	\$934,012	3.31%
Total	\$952,238	

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.

During 2022, the Village refinanced the 2000 USDA Wastewater Facility Bond through the Ohio Water Development Authority (OWDA) on November 10, 2022 for \$934,012. As a part of this refinancing the remaining \$909,122 principal and \$21,632 interest from the USDA balances were paid in full. Furthermore, the Village incurred fees of \$3,258 from OWDA for this refinancing. Payments are due semi-annually installments of \$57,960 through 2032, which includes interest.

The 2013 OWDA loan was issued for a Sewer Relining project in the Village, the loan was completely drawn down as of December 31, 2022. Payments are due semi-annually installments of \$868 through 2033.

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

	2022 OWDA Wasterwater Refinance Loan	2013 OWDA Sewer Relining Loan
Year Ending December 31:		
2023	\$57,960	\$1,736
2024	115,921	1,736
2025	115,921	1,736
2026	115,921	1,736
2027	115,921	1,736
2028-2032	579,604	8,678
2033	-	868
Total	\$1,101,248	\$18,226

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Village of Edison, Ohio
Morrow County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Prior to the November 10, 2022 OWDA refinancing, the Village’s USDA Wastewater Facilities Improvements First Mortgage Revenue Bond debt covenant required 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 required 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. 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, 2022, the fund was properly funded and no additional funding was required.

Note 10 – Contingent Liabilities

The Village is defendant in several lawsuits. Although management cannot presently determine the outcome of these suits, management believes that the resolution of these matters will not materially adversely affect the Village’s financial condition.

Amounts grantor agencies pay to the township are subject to audit and adjustment by the grantor, principally the federal government. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

Note 11 – Fund Balances

Included in fund balance are amounts the Village cannot spend, including the balance of unclaimed monies which cannot be spent for five years and the unexpendable corpus of the permanent funds. Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At year end the balances of these amounts were as follows:

Fund Balances	General	Special Revenue	Enterprise	Total
Nonspendable:				
Outstanding Encumbrances	464	778	423	1,665
Total	\$ 464	\$ 778	\$ 423	\$ 1,665

The fund balance of special revenue funds is either restricted or committed. These restricted, committed and assigned amounts in the special revenue funds would include the outstanding encumbrances. In the general fund, outstanding encumbrances are considered assigned.

Village of Edison, Ohio
Morrow County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 12 – COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June, 2021 while the national state of emergency ended April 2023. During 2021, the Village received COVID-19 funding. The financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Village. The impact on the Village's future operating costs, revenues, and additional recovery from funding, either federal or state, cannot be estimated.

Note 13 – Compliance

The Village was in noncompliance with Ohio Revised Code Section 5705.41(D).

Village of Edison, Ohio
Morrow County
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
All Governmental Fund Types
For the Year Ended December 31, 2021

	<u>Governmental Fund Types</u>		
	<u>General</u>	<u>Special Revenue</u>	<u>Combined Total</u>
Cash Receipts			
Property and Other Local Taxes	\$ 18,616	\$ 40,744	\$ 59,360
Municipal Income Tax	40,777	-	40,777
Intergovernmental	10,857	50,207	61,064
Fines, Licenses and Permits	7,440	-	7,440
Earnings on Investments	183	23	206
Miscellaneous	-	30	30
<i>Total Cash Receipts</i>	<u>77,873</u>	<u>91,004</u>	<u>168,877</u>
Cash Disbursements			
Current:			
Security of Persons and Property	6,480	19,209	25,689
Community Environment	2,400	-	2,400
Transportation	-	59,854	59,854
General Government	59,355	465	59,820
<i>Total Cash Disbursements</i>	<u>68,235</u>	<u>79,528</u>	<u>147,763</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>9,638</u>	<u>11,476</u>	<u>21,114</u>
Other Financing Receipts (Disbursements)			
Other Financing Sources	<u>155</u>	<u>-</u>	<u>155</u>
<i>Total Other Financing Receipts (Disbursements)</i>	<u>155</u>	<u>-</u>	<u>155</u>
<i>Net Change in Fund Cash Balances</i>	9,793	11,476	21,269
<i>Fund Cash Balances, January 1</i>	<u>142,401</u>	<u>121,411</u>	<u>263,812</u>
<i>Fund Cash Balances, December 31</i>	<u>\$ 152,194</u>	<u>\$ 132,887</u>	<u>\$ 285,081</u>

See accompanying notes to the financial statements

Village of Edison, Ohio
Morrow County
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
Proprietary Fund Type
For the Year Ended December 31, 2021

	Proprietary Fund Type
	Enterprise
Operating Cash Receipts	
Charges for Services	\$136,834
<i>Total Operating Cash Receipts</i>	136,834
Operating Cash Disbursements	
Personal Services	13,593
Employee Fringe Benefits	2,533
Contractual Services	24,559
Supplies and Materials	1,989
<i>Total Operating Cash Disbursements</i>	42,674
<i>Operating Income (Loss)</i>	94,160
Non-Operating Receipts (Disbursements)	
Intergovernmental Receipts	35,052
Earnings on Investments (proprietary funds only)	265
Principal Retirement	(31,725)
Interest and Other Fiscal Charges	(43,766)
<i>Total Non-Operating Receipts (Disbursements)</i>	(40,174)
<i>Income (Loss) before Capital Contributions, Special Item, Extraordinary Item, Transfers and Advances</i>	53,986
Transfers In	25,000
Transfers Out	(25,000)
<i>Net Change in Fund Cash Balances</i>	53,986
<i>Fund Cash Balances, January 1</i>	447,421
<i>Fund Cash Balances, December 31</i>	\$ 501,407

See accompanying notes to the financial statements

Village of Edison, Ohio
Morrow County
Combined Statement of Additions, Deductions
and Changes in Fund Balances (Regulatory Cash Basis)
Fiduciary Fund Type
For the Year Ended December 31, 2021

	Fiduciary Fund Type
	Custodial
<i>Fund Cash Balances, January 1</i>	\$ 785
<i>Fund Cash Balances, December 31</i>	\$ 785

See accompanying notes to the financial statements

Village of Edison, Ohio
Morrow County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 1 - Reporting 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's management believes these financial statements present all activities for which the Village is financially accountable.

Note 2 - Summary of Significant Accounting Policies

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 fund types and a combined statement of additions, deductions and changes in fund balances (regulatory cash basis) all fiduciary fund types which are all organized on a fund type basis.

Fund Accounting

The Village uses funds to maintain its financial records during the year. 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 Fund - The Street Construction, Maintenance and Repair 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.

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.

Village of Edison, Ohio
Morrow County
Notes to the Financial Statements
For the Year Ended December 31, 2021

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. The Village has no Trust funds. Custodial funds are purely custodial in nature and are used to report fiduciary activity that is not required to be reported in a trust fund. The Village's custodial fund accounts for Mayor's Court operations, which ceased activity during 2013.

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(C). This basis is similar to the cash receipts and disbursements accounting basis. The Village 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(C) permit.

Budgetary Process

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

Appropriations Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, and function level of control, and appropriations may not exceed estimated resources. The Village Council must annually approve appropriation measures and subsequent amendments. Unencumbered appropriations lapse 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. Management has included audit adjustments in the accompanying budgetary presentations for material items that should have been encumbered.

A summary of 2021 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 had no investments at December 31, 2021. All monies were maintained in depository accounts.

Village of Edison, Ohio
Morrow County
Notes to the Financial Statements
For the Year Ended December 31, 2021

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.

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. For regulatory purposes nonspendable fund balance includes unclaimed monies that are required to be held for five years before they may be utilized by the Village and the nonexpendable portion of the corpus in permanent funds.

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*. For regulatory purposes, assigned fund balance in the general fund is limited to encumbrances outstanding at year end.

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.

For regulatory purposes, limited disclosure related to fund balance is included in Note 11.

Village of Edison, Ohio
Morrow County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 3 - Budgetary Activity

Budgetary activity for the year ending December 31, 2021 follows:

2021 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$59,600	\$78,028	\$18,428
Special Revenue	70,861	91,004	\$20,143
Enterprise	156,300	197,151	40,851
Total	\$286,761	\$366,183	\$79,422

2021 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$141,746	\$69,186	\$72,560
Special Revenue	128,115	81,288	46,827
Enterprise	284,566	143,991	140,575
Total	\$554,427	\$294,465	\$259,962

Note 4 – Deposits and Investments

To improve cash management, cash received by the Village is pooled. Monies for all funds are maintained in this pool. The Ohio Revised Code prescribes allowable deposits and investments. A summary of the Village's deposit and investment accounts are as follows:

	2021
<i>Cash Management Pool:</i>	
Demand deposits	\$787,273
Total deposits	\$787,273

Deposits

Deposits are insured by the Federal Deposit 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.

Village of Edison, Ohio
Morrow County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 5 – 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 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.

Income Taxes

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.

Note 6 - Risk Management

Risk Pool Membership

The Village 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.

Effective November 1, 2010 (through October 31, 2017), the corridor is for losses paid is between 60% and 70% of casualty premiums earned in the first \$250,000. Effective November 1, 2016, the OPRM elected to participate in a property loss corridor deductible. The property corridor includes losses paid between 70% and 75%. In 2018, the casualty loss corridor was eliminated and the property corridor was adjusted to losses paid between 65% and 70%. Effective November 1, 2019, the property loss corridor was adjusted to losses between 60% and 67.5% and remain unchanged effective November 1, 2021 and November 1, 2020. OPRM had 769 members as of December 31, 2021.

Village of Edison, Ohio
Morrow County
Notes to the Financial Statements
For the Year Ended December 31, 2021

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2021.

Assets	\$ 21,777,439
Liabilities	<u>(15,037,383)</u>
Members' Equity	<u>\$ 6,740,056</u>

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

Workers' Compensation

Workers' Compensation coverage is provided by the State of Ohio. The Village pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

Note 7 - Defined Benefit Pension Plans

Ohio Public Employees Retirement System

Some Village employees 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.

The Ohio Revised Code also prescribes contribution rates. OPERS (Local) 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, 2021.

Social Security

Other Village 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, 2021.

Note 8 - Postemployment Benefits

OPERS 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. The portion of employer contributions allocated to health care for OPERS members in the traditional pension plan and combined plan was 0 percent during calendar year 2021, portion of employer contributions allocated to health care for OPERS members in the member-directed plan was 4.0 percent during calendar year 2021.

Village of Edison, Ohio
Morrow County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 9 – Debt

Debt outstanding at December 31, 2021, was as follows:

	Principal	Interest Rate
2000 USDA Wastewater Facility Bond	\$941,556	5%
2013 OWDA Sewer Relining Loan	\$19,020	0%
Total	\$960,576	

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, 2020 and a final payment plan will be structured when all the funds have been drawn down.

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

Year Ending December 31:	2000 USDA Wastewater Facility Bond	2013 OWDA Sewer Relining Loan
2022	\$74,804	\$868
2023	74,803	1,736
2024	74,803	1,736
2025	74,804	1,736
2026	74,804	1,736
2027-2031	374,019	8,679
2032-2036	373,064	2,604
2037-2040	299,317	-
Total	\$1,420,418	\$19,095

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. 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, 2021, the fund was properly funded and no additional funding was required.

Village of Edison, Ohio
Morrow County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 10 – Contingent Liabilities

The Village is defendant in several lawsuits. Although management cannot presently determine the outcome of these suits, management believes that the resolution of these matters will not materially adversely affect the Village’s financial condition.

Amounts grantor agencies pay to the township are subject to audit and adjustment by the grantor, principally the federal government. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

Note 11 – Fund Balances

Included in fund balance are amounts the Village cannot spend, including the balance of unclaimed monies which cannot be spent for five years and the unexpendable corpus of the permanent funds. Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At year end the balances of these amounts were as follows:

Fund Balances	General	Special Revenue	Enterprise	Total
Nonspendable:				
Outstanding Encumbrances	951	1,759	826	3,536
Total	\$ 951	\$ 1,759	\$ 826	\$ 3,536

The fund balance of special revenue funds is either restricted or committed. These restricted, committed and assigned amounts in the special revenue funds would include the outstanding encumbrances. In the general fund, outstanding encumbrances are considered assigned.

Note 12 – COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio’s state of emergency ended in June, 2021 while the national state of emergency ended April 2023. During 2021, the Village received COVID-19 funding. The financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Village. The impact on the Village’s future operating costs, revenues, and additional recovery from funding, either federal or state, cannot be estimated.

Note 13 – Compliance

The Village was in noncompliance with Ohio Revised Code Section 5705.41(D).

**Independent Auditor's 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***

Village of Edison
Morrow County
P.O. Box 245
Edison, OH 43320

To the Members of the Village Council:

We have audited, in accordance with the 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, the financial statements of the cash balances, receipts, and disbursements for each governmental and proprietary fund type and the fiduciary fund type combined total of the Village of Edison, Morrow County, Ohio, as of and for the years ended December 31, 2022, and 2021 and the related notes to the financial statements and have issued our report thereon dated August 16, 2024 wherein we noted as described in Note 2 to the financial statements, the Village of Edison followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit.

Report on Internal Control over Financial Reporting

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

A deficiency in internal control 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 and correct, misstatements, on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Village of Edison's financial statements will not be prevented, or detected and corrected, on a timely basis. *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 deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and responses as items 2022-001 and 2022-002 that we consider to be a material weaknesses.

Village of Edison

Morrow County

Independent Auditor's 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*

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Village of Edison's financial statements are free from 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 financial statements. 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses as item 2022-002.

Village of Edison's Responses to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Village of Edison's responses to the findings identified in our audit and described in the accompanying schedule of findings and responses. The Village of Edison's responses were not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Village of Edison's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village of Edison's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Julian & Grube, Inc.

August 16, 2024

**VILLAGE OF EDISON
MORROW COUNTY, OHIO**

**SCHEDULE OF FINDINGS AND RESPONSES
DECEMBER 31, 2022 AND 2021**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS	
Finding Number	2022-001

Material Weakness – Financial Reporting:

Accurate financial reporting is required in order to provide management and other stakeholders with objective and timely information to enable well-informed decisions.

In order to properly state financial statement amounts, certain adjustments were made to the Village’s financial statements and related notes for the years ended December 31, 2022 and 2021.

In general, an accounting and information system should be designed to provide management with accurate and timely information to enable well-informed business decisions to be made. The present system lacks fiscal oversight and approvals and fails to meet the above expectations.

We recommend the Village implement additional internal controls to help ensure receipts and disbursements are properly recorded and reflected in the Village’s records. We further 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 their auditors, local government services or UAN for proper posting of transactions if questions arise.

Client Response: The Village will attempt to properly post all transactions in the future. The Fiscal Officer will consult the Village Handbook and/or a consulting firm when unusual/or infrequent transactions occur. Further, the Village will consider obtaining an additional review of financial statements and notes prior to submitting to the Hinkle system.

Finding Number	2022-002
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Material Weakness/Noncompliance –Purchase Orders:

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

The Village had 46% and 66% of expenditures tested that were not timely certified for the year ended December 31, 2022 and 2021, respectively.

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

We recommend that all orders or contracts involving the expenditure of money be issued and timely certified to ensure all monies expended are lawfully appropriated and available in the treasury or in the process of collection. A policy and procedure statement adopted by the Council and distributed at least annually may be beneficial. The Village should consider using “Then” and “Now” certificates where applicable.

Client Response: The Village is continually trying to improve its ordering and purchasing processes to decrease its noncompliance percentage and help insure all purchased items are timely approved, as evidenced by a purchase order dated prior to the invoice date.

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OHIO AUDITOR OF STATE KEITH FABER



VILLAGE OF EDISON

MORROW COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

This is a true and correct copy of the report, which is required to be filed pursuant to Section 117.26, Revised Code, and which is filed in the Office of the Ohio Auditor of State in Columbus, Ohio.



Certified for Release 12/19/2024

65 East State Street, Columbus, Ohio 43215
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at
www.ohioauditor.gov