

VILLAGE OF EDISON

MORROW COUNTY

**JANUARY 1, 2017 TO DECEMBER 31, 2018
AGREED-UPON PROCEDURES**

OHIO AUDITOR OF STATE
KEITH FABER



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Village Council
Village of Edison
103 North Boundary Street
Edison, Ohio 43320

We have reviewed the *Independent Accountants' Report on Applying Agreed-Upon Procedures* of the Village of Edison, Morrow County, prepared by Julian & Grube, Inc., for the period January 1, 2017 through December 31, 2018. Based upon this review, we have accepted this report in lieu of the audit required by Section 117.11, Revised Code.

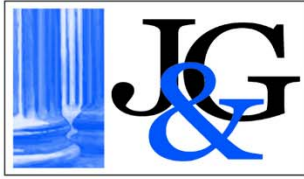
Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Village of Edison is responsible for compliance with these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

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

Keith Faber
Auditor of State
Columbus, Ohio

July 31, 2019

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Julian & Grube, Inc.

Serving Ohio Local Governments

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INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

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

We have performed the procedures enumerated below, which were agreed to by the Village Council, Mayor and the management of the Village of Edison and the Auditor of State, on the receipts, disbursements and balances recorded in the Village of Edison's cash basis accounting records for the years ended December 31, 2018 and 2017 and certain compliance requirements related to those transactions and balances, included in the information provided to us by the management of the Village of Edison. The Village of Edison is responsible for the receipts, disbursements and balances recorded in the cash basis accounting records for the years ended December 31, 2018 and 2017 and certain compliance requirements related to these transactions and balances included in the information provided to us by the Village of Edison. The sufficiency of the procedures is solely the responsibility of the parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

This report only describes exceptions exceeding \$10.

Cash

1. We recalculated the December 31, 2018 and December 31, 2017 bank reconciliations. We found no exceptions.
2. We agreed the January 1, 2017 beginning fund balances recorded in the Cash Summary by Fund report to the December 31, 2016 balances in the prior year documentation in the prior year Agreed-Upon Procedures working papers. We found no exceptions. We also agreed the January 1, 2018 beginning fund balances recorded in the Cash Summary by Fund report to the December 31, 2017 balances in the Cash Summary by Fund report. We found no exceptions.
3. We agreed the totals per the bank reconciliations to the total of the December 31, 2018 and 2017 fund cash balances reported in the Cash Summary by Fund report. The amounts agreed.
4. We observed the year-end bank balances on the financial institution's website. The balances agreed. We also agreed the confirmed balances to the amounts appearing in the December 31, 2018 bank reconciliation without exception.
5. We selected a sample (agreed upon) of five reconciling debits (such as outstanding checks) from the December 31, 2018 bank reconciliation:
 - a. We traced each debit to the subsequent January bank statement. We found no exceptions.
 - b. We traced the amounts and dates to the check register, to determine the debits were dated prior to December 31. There were no exceptions.

Property Taxes and Intergovernmental Cash Receipts

1. We selected a property tax receipt from one *Statement of Semiannual Apportionment of Taxes* (the Statement) for 2018 and one from 2017:
 - a. We traced the gross receipts from the *Statement* to the amount recorded in the Receipt Export Report. The amounts agreed.
 - b. We inspected the Receipt Export Report to confirm the receipt was allocated to the proper funds as required by Ohio Rev. Code Sections 5705.05-.06 and 5705.10. We found no exceptions.
 - c. We inspected the Receipt Export Report to confirm whether the receipt was recorded in the proper year. The receipt was recorded in the proper year.
2. We inspected the Receipt Export Report to determine whether it included two real estate tax receipts for 2018 and 2017. The Receipt Export Report included the proper number of tax receipts for each year.
3. We selected a sample (agreed upon) of five receipts from the State Distribution Transaction Lists (DTL) from 2018 and five from 2017. We also selected a sample (agreed upon) of five receipts from the County Auditor's Vendor Report from 2018 and five from 2017.
 - a. We compared the amount from the above reports to the amount recorded in the Receipt Export Report. The amounts agreed.
 - b. We inspected the Receipt Export Report to determine that these receipts were allocated to the proper funds. We found two county distributions from 2018 for license revenue totaling \$887 that were receipted into the Permissive Motor Vehicle License Tax Revenue Fund instead of \$820 receipted into the Street Construction Maintenance and Repair Fund and \$67 receipted into the State Highway Fund. We brought this to management's attention. They corrected the Fund balances for these items. However, because we did not test all receipts, our report provides no assurance regarding whether or not similar errors occurred.
 - c. We inspected the Receipt Export Report to determine whether the receipts were recorded in the proper year. We found no exceptions.

Income Tax Receipts

We obtained the December 31, 2018 and 2017 Monthly Distribution Summary reports submitted by the Regional Income Tax Agency (RITA), the agency responsible for collecting income taxes on behalf of the Village of Edison. We agreed the total gross income taxes per year to the Village of Edison's Receipt Export Report. The amounts on the Monthly Distribution Summary reports submitted by RITA reported \$38,964 and \$32,744 for December 31, 2018 and 2017, respectively. The Receipt Export Report recorded \$34,964 and \$31,853, respectively, due to the Village of Edison recording amounts net of fees.

Sewer Operating Fund

1. We selected a sample (agreed upon) of 10 Sewer Operating Fund collection cash receipts from the year ended December 31, 2018 and 10 Sewer Operating Fund collection cash receipts from the year ended 2017 recorded in the Receipt Export Report and determined whether the:
 - a. Receipt amount per the Receipt Export Report agreed to the amount recorded to the credit of the customer's account in the Revenue Deposit Report. The amounts agreed.
 - b. Amount charged for the related billing period:
 - i. Agreed with the debit to accounts receivable in the Account History Report for the billing period. We found no exceptions.
 - ii. Complied with rates in force during the audit period plus unpaid prior billings. We found no exceptions.
 - c. Receipt was posted to the proper fund, and was recorded in the year received. We found no exceptions.

2. We observed the Customer Account Aging Report.
 - a. This report listed \$18,386 and \$17,664 of accounts receivable as of December 31, 2018 and 2017, respectively.
 - b. Of the total receivables reported in the preceding procedure, \$5,545 and \$5,867 were recorded as more than 90 days delinquent.
3. We observed the Adjustment History Report.
 - a. This report listed a total of \$558 and \$351 non-cash receipts adjustments for the years ended December 31, 2018 and 2017, respectively.
 - b. We selected all two non-cash adjustments from 2018 and selected a sample (agreed-upon) of five non-cash adjustments from 2017 and observed that the Board of Public Affairs Clerk approved each adjustment.

Debt

1. From the prior agreed-upon procedures documentation, we observed the following bond and loan were outstanding as of December 31, 2016. These amounts agreed to the Village of Edison's January 1, 2017 balances on the summary we used in procedure 3.

Issue	Principal outstanding as of December 31, 2016:
2000 USDA Wastewater Facilities Improvements Revenue Bond	\$1,083,937
2013 OWDA Sewer Relining Loan	\$25,525

2. We inquired of management, and inspected the Receipt Export Report and Payment Export Report for evidence of debt issued during 2018 or 2017 or debt payment activity during 2018 or 2017. All debt agreed to the summary we used in procedure 3.
3. We obtained a summary of bond and loan debt activity for 2018 and 2017 and agreed principal and interest payments from the related debt amortization schedules to Sewer Operating Fund payments reported in the Payment Export Report. We also compared the date the debt service payments were due to the date the Village of Edison made the payments. We found debt service payments reported in the Payment Export Report understated principal paid by \$1,197 and \$1,120 for 2018 and 2017, respectively, and overstated interest paid by the same amounts.

Payroll Cash Disbursements

1. We selected one payroll check for five employees from 2018 and one payroll check for five employees from 2017 from the Wages and Overtime Detail Report and:
 - a. We compared the hours and pay rate, or salary recorded in the Wages and Overtime Detail Report to supporting documentation (timecard, legislatively or statutorily-approved rate or salary). We found no exceptions.
 - b. We inspected the fund and account codes to which the check was posted to determine the posting was reasonable based on the employees' duties as documented in the minute record. We also confirmed the payment was posted to the proper year. We found no exceptions.
2. For any new employees selected in procedure 1 we inspected the employees' personnel files and minute record for the following information and compared it with the information used to compute gross and net pay related to this check:
 - a. Name
 - b. Authorized salary or pay rate

- c. Departments and funds to which the check should be charged
- d. Retirement system participation and payroll withholding
- e. Federal, State & Local income tax withholding authorization and withholding
- f. Any other deduction authorizations (deferred compensation, etc.)

We found no exceptions related to procedures a. – f. above.

3. We inspected the last remittance of tax and retirement withholdings for the year ended December 31, 2018 to confirm remittances were timely paid, and if the amounts paid agreed to the amounts withheld, plus the employer's share where applicable, during the final withholding period during 2018. We observed the following:

Withholding (plus employer share, where applicable)	Date Due	Date Paid	Amount Due	Amount Paid
Federal income taxes & Medicare (and social security, for employees not enrolled in pension system)	January 31, 2019	January 7, 2019	\$1,649.36	\$1,649.36
State income taxes	January 31, 2019	January 7, 2019	\$232.86	\$232.86
Mt. Gilead School Tax	January 31, 2019	January 7, 2019	\$95.51	\$95.51
Village of Edison income tax	January 31, 2019	January 7, 2019	\$62.77	\$62.77
OPERS retirement	January 30, 2019	January 16, 2019	\$1,294	\$1,294

Non-Payroll Cash Disbursements

We selected a sample (agreed upon) of 10 disbursements from the Payment Export Report for the year ended December 31, 2018 and 10 from the year ended 2017 and determined whether:

- a. The disbursements were for a proper public purpose. We found no exceptions.
- b. The check number, date, payee name and amount recorded on the returned, canceled check agreed to the check number, date, payee name and amount recorded in the Payment Export Report and to the names and amounts on the supporting invoices. We found no exceptions.
- c. The payment was posted to a fund consistent with the restricted purpose for which the fund's cash can be used. We found no exceptions.
- d. The fiscal officer certified disbursements requiring certification or issued a *Then and Now Certificate*, as required by Ohio Rev. Code Section 5705.41(D). We found eleven instances (2018: 6 instances, 2017: 5 instances) where the certification date was after the vendor invoice date, and there was also no evidence that a *Then and Now Certificate* was issued. Ohio Rev. Code Section 5705.41(D) requires certifying at the time of a commitment, which should be on or before the invoice date, unless a *Then and Now Certificate* is used. Because we did not inspect all disbursements requiring certification, our report provides no assurance whether or not additional similar errors occurred.

Mayors Court Transactions and Cash Balances

1. We recalculated the December 31, 2018 and December 31, 2017 bank reconciliations. We found no exceptions.

2. We compared the reconciled cash totals as of December 31, 2018 and December 31, 2017 to the Mayor's Court Agency Fund balance reported in the Cash Summary by Fund. The amounts on the Cash Summary by Fund Report reported \$785 for both December 31, 2018 and 2017. The Financial Institution reported \$532 for both December 31, 2018 and 2017.
3. We agreed the totals per the bank reconciliations to the total of December 31, 2018 and 2017 listing of unpaid distributions as of each December 31. The bank reconciliations show unpaid distributions of \$785 for both 2018 and 2017. The Village had no court activity during 2018 and 2017, and the remaining book and bank balances were eliminated in February 2019.
4. We observed the year-end bank balance on the financial institution's website. The balance agreed. We also agreed the confirmed balance to the amount appearing in the December 31, 2018 bank reconciliation without exception.

Compliance – Budgetary

1. We compared the total estimated receipts from the *Certificate of the Total Amount From All Sources Available For Expenditures and Balances* required by Ohio Rev. Code Section 5705.36(A)(1), to the amounts recorded in the Revenue Status Report for the General, Fire and Sewer Operating funds for the years ended December 31, 2018 and 2017. The amounts agreed.
2. We inspected the appropriation measures adopted for 2018 and 2017 to determine whether, for the General, Fire and Sewer Operating funds, the Council appropriated separately for "each office, department, and division, and within each, the amount appropriated for personal services," as is required by Ohio Rev. Code Section 5705.38(C). We found no exceptions.
3. We compared total appropriations required by Ohio Rev. Code Sections 5705.38 and 5705.40, to the amounts recorded in the Appropriation Status Report for 2018 and 2017 for the following funds: General, Fire and Sewer Operating. The amounts on the appropriation resolutions agreed to the amounts recorded in the Appropriation Status Report, except for the General and Fire funds. The Appropriation Status Report recorded appropriations for the General Fund of \$92,621 for 2018 and the Fire Fund of \$20,500 for 2017. However, the Permanent Appropriations approved by Council reflected \$91,621 for the General Fund for 2018 and 10,500 for the Fire Fund for 2017.
4. Ohio Rev. Code Sections 5705.36(A)(5) and 5705.39 prohibits appropriations from exceeding the certified resources. We compared total appropriations to total certified resources for the General, Fire and Sewer Operating funds for the years ended December 31, 2018 and 2017. There were no funds for which appropriations exceeded certified resources.
5. Ohio Rev. Code Section 5705.41(B) prohibits expenditures (disbursements plus certified commitments) from exceeding appropriations. We compared total expenditures to total appropriations for the years ended December 31, 2018 and 2017 for the General, Fire and Sewer Operating funds, as recorded in the Appropriation Status Report. We observed that Fire Fund expenditures for 2017 exceeded total appropriations by \$6,817 contrary to Ohio Rev. Code Section 5705.41(B). The Fiscal Officer should not certify the availability of funds and should deny payment requests exceeding appropriations. The Fiscal Officer may request the Council to approve increased expenditure levels by increasing appropriations and amending estimated resources, if necessary, and if resources are available.
6. Ohio Rev. Code Section 5705.09 requires establishing separate funds to segregate externally-restricted resources. We inspected the Receipt Export Report for evidence of new restricted receipts requiring a new fund during December 31, 2018 and 2017. We also inquired of management regarding whether the Village of Edison received new restricted receipts. We observed no evidence of new restricted receipts for which Ohio Rev. Code Section 5705.09 would require the Village of Edison to establish a new fund.

7. For funds existing in prior years, we inspected the fund activity to determine whether the fund is still being used for the statutorily approved purpose and that all the required funds were established. While funds established/existing appear to be for the statutorily approved purpose, the Village of Edison's Drug Law Enforcement, Water Operating, Sewer Operating/grant construction, and Mayor's Court funds maintained balances of \$190, \$4,539, \$17,718, and \$785 for both 2018 and 2017, but had no activity during 2018 or 2017.
8. We inspected the 2018 and 2017 Receipt Export Report and Appropriation Status Reports for evidence of interfund transfers exceeding \$0 which Ohio Rev. Code Sections 5705.14 - .16 restrict. We found no evidence of transfers these Sections prohibit, or for which Section 5705.16 would require approval by the Tax Commissioner (effective after June 30, 2017) or Court of Common Pleas (effective through June 30, 2017).
9. We inquired of management and inspected the Appropriation Status Reports to determine whether the Village of Edison elected to establish reserve accounts permitted by Ohio Rev. Code Section 5705.13. The Village of Edison did not establish these reserves.
10. We inspected the Cash Summary by Fund Report for the years ended December 31, 2018 and 2017 for negative cash fund balance. Ohio Rev. Code Section 5705.10(l) provides that money paid into a fund must be used for the purposes for which such fund is established. As a result, a negative fund cash balance indicates that money from one fund was used to cover the expenses of another. There were no funds having negative cash fund balances.

Compliance – Contracts & Expenditures

We inquired of management and inspected the Payment Export Report for the years ended December 31, 2018 and 2017 to determine if the Village of Edison proceeded by force account (i.e. used its own employees) to maintain or repair roads (cost of project exceeding \$30,000) or to construct or reconstruct the Village of Edison's roads (cost of project \$30,000/per mile) for which Ohio Rev. Code Sections 117.16(A) and 723.52 requires the Village of Edison's engineer, or officer having a different title but the duties and functions of an engineer, to complete a force account project assessment form (i.e., cost estimate). We identified no projects requiring the completion of the force account assessment form.

Other Compliance

Ohio Rev. Code Section 117.38 requires villages to file their financial information in the HINKLE system within 60 days after the close of the fiscal year. This statute also permits the Auditor of State to extend the deadline for filing a financial report and establish terms and conditions for any such extension. Auditor of State established policies regarding the filing of complete financial statements, as defined in AOS Bulletin 2015-007 in the Hinkle System. We confirmed the Village of Edison filed their complete financial statements, as defined by AOS Bulletin 2015-007 and Auditor of State established policy within the allotted timeframe for the years ended December 31, 2018 and 2017 in the Hinkle system. There were no exceptions.

This agreed-upon procedures engagement was conducted in accordance with the American Institute of Certified Public Accountants attestation standards and applicable attestation engagement standards included in the Comptroller General of the United States' *Government Auditing Standards*. We were not engaged to, and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on the Village of Edison's receipts, disbursements, balances and compliance with certain laws and regulations. Accordingly, we do not express an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

Village of Edison
Morrow County
Independent Accountants' Report on
Applying Agreed-Upon Procedures
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This report is to provide assistance in the evaluation of the Village of Edison's receipts, disbursements and balances recorded in their cash-basis accounting records for the years ended December 31, 2018 and 2017, and certain compliance requirements related to these transactions and balances and is not suitable for any other purpose.

Julian & Grube, Inc.

Julian & Grube, Inc.
June 25, 2019

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OHIO AUDITOR OF STATE KEITH FABER



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
AUGUST 13, 2019**