

VILLAGE OF MADISON

LAKE COUNTY

Regular Audit

For the Years Ended December 31, 2023 and 2022





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Columbus, Ohio 43215
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Village Council
Village of Madison
33 E. Main St.
Madison, OH 44057

We have reviewed the *Independent Auditor's Report* of the Village of Madison, Lake County, prepared by Charles E. Harris & Associates, Inc., for the audit period January 1, 2022 through December 31, 2023. 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 Madison is responsible for compliance with these laws and regulations.

Keith Faber
Auditor of State
Columbus, Ohio

August 26, 2024

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***Village of Madison
Lake County
For the Years Ended December 31, 2022 and 2023***

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INDEPENDENT AUDITOR'S REPORT

Village of Madison
Lake County
33 E. Main St.
Madison, OH 44057

To the Village Council:

Report on the Audit of the Financial Statements

Unmodified and Adverse Opinions

We have audited the financial statements of the Village of Madison, Lake County, Ohio (the Village), which comprise the cash balances, receipts and disbursements for each governmental and proprietary fund type and the fiduciary fund type as of and for the years ended December 31, 2023 and 2022, and the related notes to the financial statements.

Unmodified Opinion 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 as of and for the years ended December 31, 2023 and 2022, and the related notes to the financial statements, in accordance with the financial reporting provisions which Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit, 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 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, 2023 and 2022, or the changes in financial position or its 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 (GAAS) 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, 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 Village 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 an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements. 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.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit. 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 misstatement, 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'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 GAAS and the financial audit standards in the Comptroller General of the United States' *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 GAAS 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's internal control. Accordingly, no such opinion is expressed.

- 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'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 June 28, 2024 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. 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'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's internal control over financial reporting and compliance.



Charles E. Harris & Associates, Inc.
June 28, 2024

Village of Madison, Ohio
Lake County
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
All Governmental Fund Types
For the Year Ended December 31, 2023

	General	Special Revenue	Debt Service	Capital Projects	Permanent	Combined Total
Cash Receipts						
Property and Other Local Taxes	\$ 287,020	\$ 278,458	\$ -	\$ -	\$ -	\$ 565,478
Municipal Income Tax	1,577,255	-	-	-	-	1,577,255
Intergovernmental	175,135	504,086	-	580,037	-	1,259,258
Special Assessments	-	268,795	-	-	-	268,795
Charges for Services	4,222	54,153	-	9,910	-	68,285
Fines, Licenses and Permits	80,908	4,521	-	-	-	85,429
Earnings on Investments	12,501	9,877	-	1,207	433	24,018
Miscellaneous	27,669	13,193	-	-	-	40,862
<i>Total Cash Receipts</i>	<u>2,164,710</u>	<u>1,133,083</u>	<u>-</u>	<u>591,154</u>	<u>433</u>	<u>3,889,380</u>
Cash Disbursements						
Current:						
Security of Persons and Property	-	1,101,912	-	-	-	1,101,912
Public Health Services	-	41,428	-	-	-	41,428
Leisure Time Activities	28,106	151,102	-	-	-	179,208
Community Environment	3,374	-	-	-	-	3,374
Basic Utility Services	-	119,627	-	-	-	119,627
Transportation	-	374,129	-	-	-	374,129
General Government	478,664	101,293	-	-	-	579,957
Capital Outlay	117,587	503,772	-	812,075	-	1,433,434
Debt Service:						
Principal Retirement	-	56,695	-	-	-	56,695
Interest and Fiscal Charges	-	6,345	-	-	-	6,345
<i>Total Cash Disbursements</i>	<u>627,731</u>	<u>2,456,303</u>	<u>-</u>	<u>812,075</u>	<u>-</u>	<u>3,896,109</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>1,536,979</u>	<u>(1,323,220)</u>	<u>-</u>	<u>(220,921)</u>	<u>433</u>	<u>(6,729)</u>
Other Financing Receipts (Disbursements)						
Sale of Capital Assets	7,000	413	-	-	-	7,413
Transfers In	-	1,375,636	-	-	-	1,375,636
Transfers Out	(1,375,636)	-	-	-	-	(1,375,636)
Advances In	240,000	-	-	200,000	-	440,000
Advances Out	(200,000)	-	-	(240,000)	-	(440,000)
Other Financing Sources	-	-	-	1,086,775	-	1,086,775
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(1,328,636)</u>	<u>1,376,049</u>	<u>-</u>	<u>1,046,775</u>	<u>-</u>	<u>1,094,188</u>
<i>Net Change in Fund Cash Balances</i>	208,343	52,829	-	825,854	433	1,087,459
<i>Restated Fund Cash Balances, January 1, Restated</i>	<u>1,641,682</u>	<u>1,660,294</u>	<u>91</u>	<u>226,872</u>	<u>76,231</u>	<u>3,605,170</u>
<i>Fund Cash Balances, December 31</i>	<u>\$ 1,850,025</u>	<u>\$ 1,713,123</u>	<u>\$ 91</u>	<u>\$ 1,052,726</u>	<u>\$ 76,664</u>	<u>\$ 4,692,629</u>

See accompanying notes to the financial statements

Village of Madison, Ohio
Lake County
Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
Proprietary Fund Type
For the Year Ended December 31, 2023

	Enterprise
Operating Cash Receipts	
Charges for Services	\$ 1,389,599
Miscellaneous	2,863
<i>Total Operating Cash Receipts</i>	1,392,462
Operating Cash Disbursements	
Personal Services	214,403
Fringe Benefits	83,437
Contractual Services	566,369
Supplies and Materials	90,351
Other	767
<i>Total Operating Cash Disbursements</i>	955,327
<i>Operating Income (Loss)</i>	437,135
Non-Operating Receipts (Disbursements)	
Earning on Investments	11,063
Loans Issued	8,039,373
Capital Outlay	(8,148,909)
Principal Retirement	(122,645)
Interest and Other Fiscal Charges	(34,994)
<i>Total Non-Operating Receipts (Disbursements)</i>	(256,112)
<i>Net Change in Fund Cash Balances</i>	181,023
<i>Fund Cash Balances, January 1</i>	3,966,556
<i>Fund Cash Balances, December 31</i>	\$ 4,147,579

See accompanying notes to the financial statements

Village of Madison, Ohio
Lake County
Statement of Additions, Deductions
and Changes in Fund Balances (Regulatory Cash Basis)
Fiduciary Fund Type
For the Year Ended December 31, 2023

	Other Custodial
Additions	
Fines, Licenses and Permits for Distribution	\$ 52,986
Gifts and Donations	794
Amounts Received as Fiscal Agent	5,946
<i>Total Additions</i>	59,726
Deductions	
Distributions as Fiscal Agent	5,692
Distributions to Other Governments	11,613
Distributions to Other Funds (Primary Gov't)	33,859
Distributions of Deposits	2,318
Other Distributions	1,257
<i>Total Deductions</i>	54,739
<i>Net Change in Fund Balances</i>	4,987
<i>Fund Cash Balances, January 1</i>	70,645
<i>Fund Cash Balances, December 31</i>	\$ 75,632

See accompanying notes to the financial statements

Village of Madison, Ohio
Lake County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 1 - Reporting Entity

The Village of Madison, Lake County (the Village) is a body corporate and politic established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Village is directed by a publicly-elected five-member Council. The Village provides water and sewer utilities, park operations, public service and police services. The Village contracts with Madison Fire District to receive fire protection services. Effective January 1, 2010, the Village began operating under the municipal charter form of government as approved by vote of the people on November 3, 2009.

Jointly Governed Organization and Public Entity Risk Pool

The Village participates in NOPEC, a jointly governed organization. The entity also participates in the Public Entities Pool of Ohio (PEP), a public entity risk pool. Notes 6 and 10 to the financial statements provide additional information for these entities.

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, a statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for the proprietary fund type and a statement of additions, deductions and changes in fund balances (regulatory cash basis) for the fiduciary fund type, which are all organized on a fund type basis.

Fund Accounting

The Village maintains its accounting records in accordance with the principles of "Fund" accounting. Fund accounting is a concept developed to meet the needs of governmental entities in which legal or other restraints require the recoding of specific receipts and disbursements. The transactions of each fund are reflected in a self-balancing group of accounts, an accounting entity, which stands separate from the activities reported in other funds. The restrictions associated with each class of funds are as follows:

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 accounts for reports tax and motor vehicle tax money as well as transfers in from the general fund restricted for the purpose of constructing, maintaining, and repairing Village streets.

Village of Madison, Ohio
Lake County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 2 - Summary of Significant Accounting Policies (continued)

Police Levy Fund The police levy fund accounts for and reports intergovernmental monies and transfers in for the general fund restricted for the operation of the Police Department.

Debt Service Funds This fund accounts for and reports financial resources that are restricted, committed, or assigned to expenditure for debt principal and interest. The only debt service fund is the general obligation debt service fund, which is not active at this time.

Capital Project Funds These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets (except those financed through enterprise or trust funds). The Village had the following significant Capital Project Fund:

Other Capital Projects Fund The other capital projects fund accounts for and reports financial resources received to improve buildings and land owned by the Village, as well as reporting other financing sources for installation of signalization at state highway interchanges being constructed for the need and purpose of economic development at the interchange. Many of these transactions are funded by developers investing in the growth and expansion of the interchange business district.

Permanent Funds These funds account for assets held under a trust agreement that are legally restricted to the extent that only earnings, not principal, are available to support the Village's programs. The Village had the following significant Permanent Fund:

Cemetery Endowment Fund The cemetery endowment fund receives interest earned on the nonexpendable corpus from a trust agreement. These earnings are used for the general maintenance and upkeep of the Village's cemetery.

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

Water Capital Fund The water capital fund receives proceeds from water charges which are used to improve the Village's water treatment plant and infrastructure.

Sewer Capital Fund The sewer capital fund receives proceeds from sewer charges which are used to improve the Village's Waste Water Treatment Plant and infrastructure.

Water Operating Fund The water operating fund receives charges for services from residents to cover the cost of providing water.

Sewer Operating Fund The sewer operating fund receives charges for services from residents to cover the cost of treating waste water under the compliance of the Ohio EPA.

Fiduciary Funds Fiduciary funds include private purpose trust funds, investment trust funds, and custodial funds. Trust funds account for assets held under a trust agreement meeting certain criteria.

Village of Madison, Ohio
Lake County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 2 - Summary of Significant Accounting Policies (continued)

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 funds account for collection and distribution of Mayor's Court fines, fees, and bonds, construction deposits, and community fundraising.

For regulatory purposes, certain own source revenues are permitted to flow through clearing funds presented as custodial funds. The amounts distributed to the other funds of the Village are identified on the statement of additions, deductions and changes in fund balances (regulatory cash basis) fiduciary fund type. Also, for regulatory purposes, certain deposits and clearing funds are permitted to be presented as custodial funds. The Village disburses these funds as directed by the individual, organization or other government.

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 disbursements (that is, disbursements and encumbrances) may not exceed appropriations at the personal services level of control within each fund and appropriations may not exceed estimated resources. The Village Council must annually approve the appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. 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 also approve estimated resources.

Encumbrances The Ohio Revised Code requires the Village to reserve (encumber) appropriations when commitments are made. Encumbrances outstanding at year-end are carried-forward and need not be re-appropriated.

A summary of 2023 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.

Village of Madison, Ohio
Lake County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 2 - Summary of Significant Accounting Policies (continued)

Money market mutual funds are recorded at share values the mutual funds report. Investment in STAR Ohio is measured at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

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

Accumulated Leave In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

Leases and SBITAs

The Village is the lessee in various leases (as defined by GASB 87) related to vehicles and other equipment under noncancelable leases. Lease revenue/disbursements are recognized when they are received/paid.

The Village has entered into noncancelable Subscription-Based Information Technology Arrangements (SBITA) contracts (as defined by GASB 96) for several types of software including contracts related to financial systems and various other software. Subscription disbursements are recognized when they are paid.

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 or ordinance). The Village must adhere to these commitments unless the Council amends the resolution or ordinance. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

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

Village of Madison, Ohio
Lake County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 2 - Summary of Significant Accounting Policies (continued)

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.

Note 3 - Budgetary Activity

Budgetary activity for the year ending December 31, 2023 follows:

2023 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 2,015,200	\$ 2,171,710	\$ 156,510
Special Revenue	2,879,869	2,509,132	(370,737)
Debt Service	-	-	-
Capital Projects	2,005,660	1,677,929	(327,731)
Enterprise	13,176,972	9,442,898	(3,734,074)
Permanent	-	433	433

2023 Budgeted vs. Actual Budgetary Basis Disbursements			
Fund Type	Appropriation Authority	Budgetary Disbursements	Variance
General	\$ 2,532,701	\$ 2,133,517	\$ 399,184
Special Revenue	3,910,443	2,544,685	1,365,758
Debt Service	-	-	-
Capital Projects	2,076,865	812,075	1,264,790
Enterprise	13,834,604	9,267,711	4,566,893
Permanent	-	-	-

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. The carrying amount of deposits and investments at December 31 was as follows:

Village of Madison, Ohio
Lake County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 4 – Deposits and Investments (continued)

	2023
Demand deposits	\$7,840,438
Certificate of deposit	119,528
Other time deposits (savings and NOW accounts)	108,358
Total deposits	8,068,324
STAR Ohio	847,516
Total investments	847,516
Total deposits and investments	\$8,915,840

The Village does not use a separate payroll clearing account. The expenditures included in the accompanying financial statement reflect net payroll plus all remitted payroll withholdings. At December 31, 2023, the Village is holding \$17,349 in unremitted employee payroll withholdings.

Deposits

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

Investments

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

Note 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.

Village of Madison, Ohio
Lake County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 5 – Taxes (continued)

Income Taxes

The Village levies a municipal income tax of 1% 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

Workers' Compensation

The Village participates in the Ohio Association of Public Treasurers Group Rating Plan (GRP) for worker's compensation. The intent of the GRP is to achieve the benefit of reduced premiums for the participants, foster safer working conditions and foster cost-effective claims management skills by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating entities is calculated as one experience and a common premium is applied to all entities in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for all entities in the GRP rather than its individual rate. Total savings are then calculated, and each participant's individual performance is compared to the overall savings of the GRP. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund." This "equity pooling" arrangement ensures that each participant shares equally in the overall performance of the GRP. Sedgwick Ohio TPA Division, 5555 Glendon Court, Dublin, OH 43016 provides administrative, cost control and actuarial services to the GRP.

Risk Pool Membership

The Village of Madison is a member of the Public Entities Pool of Ohio (The Pool). The Pool assumes the risk of loss up to the limits of the Village's policy. The Pool covers the following risks:

- General liability and casualty
- Public official's liability
- Cyber
- Law enforcement liability
- Automobile liability
- Vehicles
- Property
- Equipment breakdown

The Pool reported the following summary of assets and actuarially-measured liabilities available to pay those liabilities as of December 31:

Village of Madison, Ohio
Lake County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 6 – Risk Management (continued)

	<u>2023</u>
Cash and investments	\$43,996,442
Actuarial liabilities	19,743,401

Note 7 - Defined Benefit Pension Plans

Ohio Public Employees Retirement System

Twenty-three employees (including elected and appointed public officials) 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 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, 2023.

Ohio Police and Fire Retirement System

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

The Ohio Revised Code also prescribes contribution rates. OP&F participants contributed 12.25% of their wages. The Village contributed to OP&F an amount equal to 19.5% of full-time police members’ wages. The Village has paid all contributions required through December 31, 2023.

Social Security

One Village employee contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2% of their gross salaries. The Village contributed an amount equal to 6.2% of participants’ gross salaries. The Village has paid all contributions required through December 31, 2023.

Village of Madison, Ohio
Lake County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 8 - Postemployment Benefits

Both OPERS and OP&F offer cost-sharing, multiple-employer defined benefit postemployment plans. OPERS offers a health reimbursement arrangement (HRA) allowance to benefit recipients meeting certain age and service credit requirements. The HRA is an account funded by OPERS that provides tax-free reimbursement for qualified medical expenses such as monthly post-tax insurance premiums, deductibles, co-insurance, and co-pays incurred by eligible benefit recipients and their dependents. OP&F uses a stipend-based health care model. A stipend funded by OP&F is placed in individual Health Reimbursement Accounts that retirees use to be reimbursed for health care expenses. For calendar year 2023, the portion of OPERS employer contributions allocated to health care was 0% for members in the traditional pension plan and 2% for members in the combined plan. For 2023, the portion of employer contributions OPERS allocated to health care for members in the member-directed plan was 4%; however, a portion of the health care rate was funded with reserves. OP&F contributes 0.5% to fund these benefits.

Note 9 – Debt

Debt outstanding at December 31, 2023 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Ohio Water Development Authority Loans	\$ 9,216,070	0 - 4.29%
Financed Purchases	212,865	3.21 - 7.91%
Total	\$ 9,428,935	

The Ohio Water Development Authority (OWDA) loans relate to improvements in water and sewer plants and lines. There is a total of four OWDA Loans. Water and sewer receipts collateralize these loans. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements. There is no amortization schedule available for OWDA Loan 10031 at this time.

Financed Purchases

The Village has entered into financed purchases agreements for vehicles and other equipment where ownership of the underlying asset transfers to the Village by the end of the contract. The Village disbursed \$73,040 to pay these costs for the fiscal year ended December 31, 2023.

Amortization

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

Village of Madison, Ohio
Lake County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 9 – Debt (continued)

Year Ending December 31:	Financed Purchases	OWDA Loans
2024	\$ 90,220	\$ 157,927
2025	58,273	158,229
2026	42,295	158,542
2027	27,180	43,210
2028	27,180	43,210
2029-2033	-	216,050
2034-2038	-	216,050
2039-2043	-	216,058
Total	\$245,148	\$ 1,209,276

Note 10 – Jointly Governed Organizations

The Village is a member of Northeast Ohio Public Energy Council (NOPEC), which is a regional council of governments formed under Chapter 167 of the Ohio Revised Code. NOPEC was formed to serve as a vehicle for communities wishing to proceed jointly with an aggregation program for electricity and/or natural gas. NOPEC is currently comprised of 124 communities who have been authorized by ballot to purchase electricity and/or natural gas on behalf of their citizens. The intent of NOPEC is to provide electricity and/or natural gas at the lowest possible rates while at the same time insuring stability in prices by entering into long-term contracts with suppliers to provide electricity to the citizens of its member communities. NOPEC is governed by a General Assembly made up of one representative from each member community. The representatives from each county then elect one person to service on the eight member NOPEC Board of Directors. The Board oversees and manages the operation of the aggregation program. The degree of control exercised by a participating government is limited to its representation in the General Assembly and on the Board. The Village did not contribute to NOPEC during 2023. Financial information can be obtained by contacting NOPEC, 31320 Solon Rd. Suite 20, Solon, OH 44139.

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:

Village of Madison, Ohio
Lake County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 11 – Fund Balances (continued)

<u>Fund Balances</u>	<u>General</u>	<u>Special Revenue</u>	<u>Permanent</u>	<u>Total</u>
Nonspendable:				
Unclaimed Monies	\$ 1,058	\$ -	\$ -	\$ 1,058
Corpus	-	-	72,363	72,363
Outstanding Encumbrances	<u>130,150</u>	<u>88,382</u>	<u>-</u>	<u>\$218,532</u>
Total	<u>\$131,208</u>	<u>\$ 88,382</u>	<u>\$ 72,363</u>	<u>\$291,953</u>

The fund balance of special revenue funds is either restricted or committed. The fund balance of debt service funds and capital projects fund are restricted, committed or assigned. The fund balance of permanent funds that is not part of the nonspendable corpus is either restricted or committed. These restricted, committed and assigned amounts in the special revenue, debt service, capital projects and permanent funds include the outstanding encumbrances. In the general fund, outstanding encumbrances are considered assigned.

Note 12 – Transfers

The General Fund transferred \$1,375,636 to various Special Revenue funds to subsidize operations in 2023. These transfers were made in accordance with the Ohio Revised Code.

Note 13 – 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 in April of 2023. The Village will continue to spend available COVID-19 funding consistent with the applicable program guidelines.

Note 14 – Prior Period Adjustment

The beginning balance of the Special Revenue Funds increased by \$20 due to voided checks.

Village of Madison, Ohio
Lake 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

	General	Special Revenue	Debt Service	Capital Projects	Permanent	Combined Total
Cash Receipts						
Property and Other Local Taxes	\$ 276,216	\$ 278,140	\$ -	\$ -	\$ -	\$ 554,356
Municipal Income Tax	1,405,702	-	-	-	-	1,405,702
Intergovernmental	180,520	529,103	-	73,139	-	782,762
Special Assessments	6,718	248,194	-	-	-	254,912
Charges for Services	4,177	41,375	-	10,043	-	55,595
Fines, Licenses and Permits	100,617	4,803	-	-	-	105,420
Earnings on Investments	2,768	2,122	-	234	79	5,203
Miscellaneous	8,203	16,521	-	-	-	24,724
<i>Total Cash Receipts</i>	<u>1,984,921</u>	<u>1,120,258</u>	<u>-</u>	<u>83,416</u>	<u>79</u>	<u>3,188,674</u>
Cash Disbursements						
Current:						
Security of Persons and Property	-	896,456	-	-	-	896,456
Public Health Services	-	34,053	-	-	-	34,053
Leisure Time Activities	24,397	152,954	-	-	-	177,351
Community Environment	17,536	-	-	-	-	17,536
Basic Utility Services	-	111,022	-	-	-	111,022
Transportation	-	371,335	-	-	-	371,335
General Government	482,337	101,653	-	-	-	583,990
Capital Outlay	98,652	293,408	-	105,095	-	497,155
Debt Service:						
Principal Retirement	-	55,590	-	-	-	55,590
Interest and Fiscal Charges	-	7,450	-	-	-	7,450
<i>Total Cash Disbursements</i>	<u>622,922</u>	<u>2,023,921</u>	<u>-</u>	<u>105,095</u>	<u>-</u>	<u>2,751,938</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>1,361,999</u>	<u>(903,663)</u>	<u>-</u>	<u>(21,679)</u>	<u>79</u>	<u>436,736</u>
Other Financing Receipts (Disbursements)						
Sale of Capital Assets	17	278	-	-	-	295
Transfers In	-	1,034,500	-	-	-	1,034,500
Transfers Out	(1,034,500)	-	-	-	-	(1,034,500)
Advances In	-	-	-	40,000	-	40,000
Advances Out	(40,000)	-	-	-	-	(40,000)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(1,074,483)</u>	<u>1,034,778</u>	<u>-</u>	<u>40,000</u>	<u>-</u>	<u>295</u>
<i>Net Change in Fund Cash Balances</i>	287,516	131,115	-	18,321	79	437,031
<i>Fund Cash Balances, January 1</i>	<u>1,354,166</u>	<u>1,529,159</u>	<u>91</u>	<u>208,551</u>	<u>76,152</u>	<u>3,168,119</u>
<i>Fund Cash Balances, December 31</i>	<u>\$ 1,641,682</u>	<u>\$ 1,660,274</u>	<u>\$ 91</u>	<u>\$ 226,872</u>	<u>\$ 76,231</u>	<u>\$ 3,605,150</u>

See accompanying notes to the financial statements

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

	Enterprise
Operating Cash Receipts	
Charges for Services	\$ 1,532,869
Miscellaneous	2,916
	<u>1,535,785</u>
<i>Total Operating Cash Receipts</i>	<i>1,535,785</i>
Operating Cash Disbursements	
Personal Services	207,581
Fringe Benefits	92,313
Contractual Services	571,314
Supplies and Materials	44,835
Other	86,872
	<u>1,002,915</u>
<i>Total Operating Cash Disbursements</i>	<i>1,002,915</i>
<i>Operating Income (Loss)</i>	<i>532,870</i>
Non-Operating Receipts (Disbursements)	
Special Assessments	21,561
Earnings on Investments	2,601
Loans Issued	258,438
Capital Outlay	(287,886)
Principal Retirement	(154,609)
Interest and Other Fiscal Charges	(39,483)
	<u>(199,378)</u>
<i>Total Non-Operating Receipts (Disbursements)</i>	<i>(199,378)</i>
<i>Net Change in Fund Cash Balances</i>	<i>333,492</i>
<i>Fund Cash Balances, January 1</i>	<i>3,633,064</i>
<i>Fund Cash Balances, December 31</i>	<i>\$ 3,966,556</i>

See accompanying notes to the financial statements

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

	Other Custodial
Additions	
Fines, Licenses and Permits for Distribution	\$ 51,002
Gifts and Donations	3,311
Deposits Received	1,800
Amounts Received as Fiscal Agent	64,654
Other Amounts Collected for Distribution	2,000
<i>Total Additions</i>	122,767
Deductions	
Distributions as Fiscal Agent	63,538
Distributions to Other Governments	13,349
Distributions to Other Funds (Primary Gov't)	45,008
Distributions of Deposits	9,128
Other Distributions	905
<i>Total Deductions</i>	131,928
<i>Net Change in Fund Balances</i>	(9,161)
<i>Fund Cash Balances, January 1</i>	79,806
<i>Fund Cash Balances, December 31</i>	\$ 70,645

See accompanying notes to the financial statements

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

Note 1 - Reporting Entity

The Village of Madison, Lake County (the Village) is a body corporate and politic established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Village is directed by a publicly-elected five-member Council. The Village provides water and sewer utilities, park operations, public service and police services. The Village contracts with Madison Fire District to receive fire protection services. Effective January 1, 2010, the Village began operating under the municipal charter form of government as approved by vote of the people on November 3, 2009.

Jointly Governed Organization and Public Entity Risk Pool

The Village participates in NOPEC, a jointly governed organization. The Village also participates in the Ohio Association of Public Treasurers Group Rating Plan (GRP) a public entity risk pool. Notes 6 and 10 to the financial statements provide additional information for these entities.

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, a statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for the proprietary fund type and a statement of additions, deductions and changes in fund balances (regulatory cash basis) for the fiduciary fund type, which are all organized on a fund type basis.

Fund Accounting

The Village maintains its accounting records in accordance with the principles of "Fund" accounting. Fund accounting is a concept developed to meet the needs of governmental entities in which legal or other restraints require the recoding of specific receipts and disbursements. The transactions of each fund are reflected in a self-balancing group of accounts, an accounting entity, which stands separate from the activities reported in other funds. The restrictions associated with each class of funds are as follows:

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 accounts for reports tax and motor vehicle tax money as well as transfers in from the general fund restricted for the purpose of constructing, maintaining, and repairing Village streets.

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

Note 2 - Summary of Significant Accounting Policies (continued)

Police Levy Fund The police levy fund accounts for and reports intergovernmental monies and transfers in for the general fund restricted for the operation of the Police Department.

Debt Service Funds This fund accounts for and reports financial resources that are restricted, committed, or assigned to expenditure for debt principal and interest. The only debt service fund is the general obligation debt service fund, which is not active at this time.

Capital Project Funds These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets (except those financed through enterprise or trust funds). The Village had the following significant Capital Project Funds:

Senior Center Capital Improvements The senior center capital improvements fund accounts for and reports intergovernmental monies restricted for maintenance and improvement of the Village's Senior Citizens Center.

Other Capital Projects Fund The other capital projects fund accounts for and reports financial resources received to improve buildings and land owned by the Village, as well as reporting other financing sources for installation of signalization at state highway interchanges being constructed for the need and purpose of economic development at the interchange. Many of these transactions are funded by developers investing in the growth and expansion of the interchange business district.

Permanent Funds These funds account for assets held under a trust agreement that are legally restricted to the extent that only earnings, not principal, are available to support the Village's programs. The Village had the following significant Permanent Fund:

Cemetery Endowment Fund The cemetery endowment fund receives interest earned on the nonexpendable corpus from a trust agreement. These earnings are used for the general maintenance and upkeep of the Village's cemetery.

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

Water Capital Fund The water capital fund receives proceeds from water charges which are used to improve the Village's water treatment plant and infrastructure.

Sewer Capital Fund The sewer capital fund receives proceeds from sewer charges which are used to improve the Village's Waste Water Treatment Plant and infrastructure.

Water Operating Fund The water operating fund receives charges for services from residents to cover the cost of providing water.

Sewer Operating Fund The sewer operating fund receives charges for services from residents to cover the cost of treating waste water under the compliance of the Ohio EPA.

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

Note 2 - Summary of Significant Accounting Policies (continued)

Fiduciary Funds Fiduciary funds include private purpose trust funds, investment trust funds, and custodial funds. Trust funds account for assets held under a trust agreement meeting certain criteria.

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 the collection and distribution of Mayor's Court fines, fees, and bonds, construction deposits, and community fundraising.

For regulatory purposes, certain own source revenues are permitted to flow through clearing funds presented as custodial funds. The amounts distributed to the other funds of the Village are identified on the statement of additions, deductions and changes in fund balances (regulatory cash basis) fiduciary fund type. Also, for regulatory purposes, certain deposits and clearing funds are permitted to be presented as custodial funds. The Village disburses these funds as directed by the individual, organization or other government.

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 disbursements (that is, disbursements and encumbrances) may not exceed appropriations at the personal services level of control within each fund and appropriations may not exceed estimated resources. The Village Council must annually approve the appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. 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 also approve estimated resources.

Encumbrances The Ohio Revised Code requires the Village to reserve (encumber) appropriations when commitments are made. Encumbrances outstanding at year-end are carried-forward and need not be re-appropriated.

A summary of 2022 budgetary activity appears in Note 3.

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

Note 2 - Summary of Significant Accounting Policies (continued)

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.

Money market mutual funds are recorded at share values the mutual funds report. Investment in STAR Ohio is measured at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

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

Accumulated Leave In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

Leases

The Village is the lessee in various leases (as defined by GASB 87) related to vehicles and other equipment under noncancelable leases. Lease revenue/disbursements are recognized when they are received/paid.

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 or ordinance). The Village must adhere to these commitments unless the Council amends the resolution or ordinance. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

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

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

Note 2 - Summary of Significant Accounting Policies (continued)

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.

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	\$ 1,609,991	\$ 1,984,938	\$ 374,947
Special Revenue	2,273,229	2,155,036	(118,193)
Debt Service	-	-	-
Capital Projects	1,575,837	83,416	(1,492,421)
Enterprise	1,348,900	1,818,385	469,485
Permanent	150	79	(71)

2022 Budgeted vs. Actual Budgetary Basis Disbursements			
Fund Type	Appropriation Authority	Budgetary Disbursements	Variance
General	\$ 1,995,622	\$ 1,673,371	\$ 322,251
Special Revenue	2,690,019	2,155,295	534,724
Debt Service	-	-	-
Capital Projects	1,673,382	107,207	1,566,175
Enterprise	2,568,171	1,508,521	1,059,650
Permanent	-	-	-

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. The carrying amount of deposits and investments at December 31 was as follows:

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

Note 4 – Deposits and Investments (continued)

	<u>2022</u>
Demand deposits	\$7,094,695
Certificate of deposit	119,515
Other time deposits (savings and NOW accounts)	<u>108,326</u>
Total deposits	7,322,536
STAR Ohio	<u>319,815</u>
Total investments	319,815
Total deposits and investments	<u><u>\$7,642,351</u></u>

The Village does not use a separate payroll clearing account. The expenditures included in the accompanying financial statement reflect net payroll plus all remitted payroll withholdings. At December 31, 2022, the Village is holding \$0 in unremitted employee payroll withholdings.

Deposits

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

Investments

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

Note 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.

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

Note 5 – Taxes (continued)

Income Taxes

The Village levies a municipal income tax of 1% 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

Workers' Compensation

The Village participates in the Ohio Association of Public Treasurers Group Rating Plan (GRP) for worker's compensation. The intent of the GRP is to achieve the benefit of reduced premiums for the participants, foster safer working conditions and foster cost-effective claims management skills by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating entities is calculated as one experience and a common premium is applied to all entities in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for all entities in the GRP rather than its individual rate. Total savings are then calculated, and each participant's individual performance is compared to the overall savings of the GRP. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund." This "equity pooling" arrangement ensures that each participant shares equally in the overall performance of the GRP. Sedgwick Ohio TPA Division, 5555 Glendon Court, Dublin, OH 43016 provides administrative, cost control and actuarial services to the GRP.

Commercial Insurance

The Village has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Equipment;
- Vehicles; and
- Errors and omissions
- Flood Insurance (Water and Waste Water Treatment Plant buildings)

Settled claims have not exceeded coverage in any of the last three years, and there was no significant reduction in coverage from the prior year.

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

Note 7 - Defined Benefit Pension Plans

Ohio Public Employees Retirement System

Thirty-four employees (including elected and appointed public officials) 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 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.

Ohio Police and Fire Retirement System

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

The Ohio Revised Code also prescribes contribution rates. OP&F participants contributed 12.25% of their wages. The Village contributed to OP&F an amount equal to 19.5% of full-time police members' wages. The Village has paid all contributions required through December 31, 2022.

Note 8 - Postemployment Benefits

Both OPERS and OP&F offer cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the traditional pension plan and combined plan was 0% during calendar year 2022. The portion of employer contributions allocated to health care for OPERS members in the member-directed plan was 4% during calendar year 2022. OP&F contributes 0.5% to fund these benefits.

Effective January 1, 2022, OPERS discontinued the group plans currently offered to non-Medicare retirees and re-employed retirees. Instead, eligible non-Medicare retirees will select an individual medical plan. OPERS will provide a subsidy or allowance via an HRA allowance to those retirees who meet health care eligibility requirements. Retirees will be able to seek reimbursement for plan premiums and other qualified medical expenses.

Village of Madison, Ohio
Lake 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
Ohio Water Development Authority Loans	\$ 1,299,343	0 - 4.29%
Financed Purchases	159,494	3.21 - 4.60%
Total	\$ 1,458,837	

The Ohio Water Development Authority (OWDA) loans relate to improvements in water and sewer plants and lines. There is a total of four OWDA Loans. Water and sewer receipts collateralize these loans. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

Financed Purchases

The Village has entered into financed purchases agreements for vehicles and other equipment where ownership of the underlying asset transfers to the Village by the end of the contract. The Village disbursed \$63,040 to pay these costs for the fiscal year ended December 31, 2022.

Amortization

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

Year Ending December 31:	Financed Purchases	OWDA Loans
2023	\$ 63,040	\$ 157,638
2024	63,040	157,927
2025	31,093	158,229
2026	15,115	158,542
2027	-	43,210
2028-2032	-	216,050
2033-2037	-	216,050
2038-2042	-	216,050
2043-2047	-	43,218
Total	\$ 172,288	\$ 1,366,914

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

Note 10 – Jointly Governed Organizations

The Village is a member of Northeast Ohio Public Energy Council (NOPEC), which is a regional council of governments formed under Chapter 167 of the Ohio Revised Code. NOPEC was formed to serve as a vehicle for communities wishing to proceed jointly with an aggregation program for electricity and/or natural gas. NOPEC is currently comprised of 124 communities who have been authorized by ballot to purchase electricity and/or natural gas on behalf of their citizens. The intent of NOPEC is to provide electricity and/or natural gas at the lowest possible rates while at the same time insuring stability in prices by entering into long-term contracts with suppliers to provide electricity to the citizens of its member communities. NOPEC is governed by a General Assembly made up of one representative from each member community. The representatives from each county then elect one person to service on the eight member NOPEC Board of Directors. The Board oversees and manages the operation of the aggregation program. The degree of control exercised by a participating government is limited to its representation in the General Assembly and on the Board. The Village did not contribute to NOPEC during 2023. Financial information can be obtained by contacting NOPEC, 31320 Solon Rd. Suite 20, Solon, OH 44139.

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:

<u>Fund Balances</u>	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Permanent</u>	<u>Total</u>
Nonspendable:					
Unclaimed Monies	\$ 241	\$ -	\$ -	\$ -	\$ 241
Corpus	-	-		72,363	72,363
Outstanding Encumbrances	<u>15,949</u>	<u>131,374</u>	<u>2,112</u>	<u>-</u>	<u>149,435</u>
Total	<u>\$16,190</u>	<u>\$131,374</u>	<u>\$2,112</u>	<u>\$ 72,363</u>	<u>\$222,039</u>

The fund balance of special revenue funds is either restricted or committed. The fund balance of debt service funds and capital projects fund are restricted, committed or assigned. The fund balance of permanent funds that is not part of the nonspendable corpus is either restricted or committed. These restricted, committed and assigned amounts in the special revenue, debt service, capital projects and permanent funds include the outstanding encumbrances. In the general fund, outstanding encumbrances are considered assigned.

Note 12 – Transfers

The General Fund transferred \$1,034,500 to various Special Revenue funds to subsidize operations in 2022. These transfers were made in accordance with the Ohio Revised Code.

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

Note 13 – Interfund Balances

Outstanding advances at December 31, 2022, consisted of \$40,000 advanced to the other capital projects funds to provide working capital for projects.

Note 14 – 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 in April of 2023. The Village will continue to spend available COVID-19 funding consistent with the applicable program guidelines.

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

Village of Madison
Lake County
33 E. Main St.
Madison, OH 44057

To the Village Council:

We have audited, 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, the financial statements of the cash balances, receipts, and disbursements for each governmental and proprietary fund type and the fiduciary fund type as of and for the years ended December 31, 2023 and 2022 and the related notes to the financial statements of the Village of Madison, Lake County, (the Village) and have issued our report thereon dated June 28, 2024, wherein we noted the Village followed financial reporting provisions Ohio Rev. Code § 117.38 and Ohio Admin. Code 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's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purposes of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control. Accordingly, we do not express an opinion on the effectiveness of the Village'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'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 internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

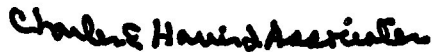
Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Village'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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

However, we noted certain other matters not requiring inclusion in this report that we reported to the Village's management in a separate letter dated June 28, 2024.

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'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's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Charles E. Harris & Associates, Inc.
June 28, 2024

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OHIO AUDITOR OF STATE KEITH FABER



VILLAGE OF MADISON

LAKE 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 9/5/2024

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