



bhm cpa group, inc.
CERTIFIED PUBLIC ACCOUNTANTS

VILLAGE OF RISINGSUN
WOOD COUNTY

REGULAR AUDIT

For the Years Ended December 31, 2018 and 2017
Fiscal Years Audited Under GAGAS: 2018 and 2017

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OHIO AUDITOR OF STATE
KEITH FABER



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Columbus, Ohio 43215
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(800) 282-0370

Village Council
Village of Risingsun
420 Main Street P.O. Box 37
Risingsun, OH 43457

We have reviewed the *Independent Auditor's Report* of the Village of Risingsun, Wood County, prepared by BHM CPA Group, Inc., for the audit period January 1, 2017 through December 31, 2018. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

The Auditor of State is conducting an investigation. As of the date of this report, the investigation is ongoing. Dependent on the results of the investigation results may be reported on at a later date.

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 Risingsun is responsible for compliance with these laws and regulations.

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Keith Faber
Auditor of State
Columbus, Ohio

September 02, 2021

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VILLAGE OF RISINGSUN
WOOD COUNTY

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INDEPENDENT AUDITOR'S REPORT

Village of Risingsun
Wood County
420 Main Street
P.O. Box 37
Risingsun, Ohio 43457

To the Village Council:

Report on the Financial Statements

We were engaged to audit the accompanying financial statements of the cash balances, receipts and disbursements by fund type, and related notes of the Village of Risingsun, Wood County, Ohio (the Village) as of and for the years ended December 31, 2018 and 2017.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on conducting the audit in accordance with auditing standards generally accepted in the United States of America. Because of the matter described in the Basis for Disclaimer of Opinion paragraph, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

Basis for Disclaimer of Opinion

The Village had unsupported cash withdrawals and other transactions where sufficient appropriate audit evidence could not be provided by the Village. We are unable to satisfy ourselves by other auditing procedures the adjustments necessary in respect to the elements making up the Combined Statements of Receipts, Disbursements, and Changes in Fund Balances (Regulatory Cash Basis) as of December 31, 2018 and 2017.

Disclaimer of Opinion

Because of the significance of the matters described in the Basis for Disclaimer of Opinion paragraph, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion on these financial statements.

Emphasis of Matter

As discussed in Note 10 to the 2018 financial statements, the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Village. We did not modify our opinion regarding this matter.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 15, 2021, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "BHM CPA Group". The letters are cursive and somewhat stylized.

BHM CPA Group, Inc.
Piketon, Ohio
January 15, 2021

**VILLAGE OF RISINGSUN
WOOD COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2018**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
Cash Receipts:				
Property Taxes	\$ 52,404	\$ 32,289	\$ -	\$ 84,693
Intergovernmental	16,483	29,589	-	46,072
Charges for Services	-	90,815	-	90,815
Fines, Licenses, and Permits	23,876	-	-	23,876
Special Assessment	-	909	-	909
Miscellaneous	7,932	19,494	-	27,426
	<u>100,695</u>	<u>173,096</u>	<u>-</u>	<u>273,791</u>
Total Cash Receipts				
Cash Disbursements:				
Current:				
Security of Persons and Property	70,757	63,468	-	134,225
Leisure Time Activities	97	7,498	-	7,595
Community Environment	695	9	-	704
Basic Utility Services	1,996	929	-	2,925
Transportation	-	30,489	-	30,489
General Government	46,139	-	-	46,139
Capital Outlay	-	15,198	-	15,198
Debt Service:				
Redemption of Principal	2,200	44,518	-	46,718
Interest and Fiscal Charges	858	7,614	-	8,472
	<u>122,742</u>	<u>169,723</u>	<u>-</u>	<u>292,465</u>
Total Cash Disbursements				
Excess of Receipts Over/(Under) Disbursements	(22,047)	3,373	-	(18,674)
Other Financing Receipts (Disbursements):				
Other Sources	978	-	-	978
Other Uses	(15,934)	(4,700)	-	(20,634)
	<u>(14,956)</u>	<u>(4,700)</u>	<u>-</u>	<u>(19,656)</u>
Total Other Financing Receipts (Disbursements)				
Net Change in Fund Cash Balances	(37,003)	(1,327)	-	(38,330)
Fund Cash Balances, January 1	19,157	58,259	18,945	96,361
	<u>19,157</u>	<u>58,259</u>	<u>18,945</u>	<u>96,361</u>
Fund Cash Balances, December 31				
Restricted	-	56,932	18,945	75,877
Unassigned (Deficit)	(17,846)	-	-	(17,846)
	<u>(17,846)</u>	<u>-</u>	<u>-</u>	<u>(17,846)</u>
Fund Cash Balances, December 31	<u>\$ (17,846)</u>	<u>\$ 56,932</u>	<u>\$ 18,945</u>	<u>\$ 58,031</u>

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

VILLAGE OF RISINGSUN
WOOD COUNTY

COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)
ALL FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2018

	<u>Fiduciary Fund Types</u>
	<u>Agency</u>
Operating Cash Receipts:	
Fines, Licenses and Permits	\$ 38,520
Total Operating Cash Receipts	<u>38,520</u>
Operating Cash Disbursements:	
Contractual Services	<u>37,789</u>
Total Operating Cash Disbursements	<u>37,789</u>
Operating Income (Loss)	731
Net Change in Fund Cash Balances	731
Fund Cash Balances, January 1	<u>3</u>
Fund Cash Balances, December 31	<u>\$ 734</u>

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

Village of Risingsun
Wood County
Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 1 - Reporting Entity

The Village of Risingsun, Wood County, Ohio (the Village) is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. A publicly-elected six-member Council directs the Village. The Village provides general government services, park operations, police, and fire services.

Public Entity Risk Pool

The Village participates in the Public Entities Pool of Ohio, which is a public entity risk pool that provides property and casualty coverage for its members. Note 6 to the financial statements provides additional information for this entity. The Village's management believes these financial statements present all activities for which the Village is financially accountable.

Note 2 - Summary of Significant Accounting Policies

Basis of Presentation

The Village's financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types, and a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all fiduciary fund types which are organized on a fund type basis.

Fund Accounting

The Village uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Village are presented below:

General Fund The general fund accounts for and reports all financial resources not accounted for and reported in another fund. The general fund balance is available to the Village for any purpose provided it is expended or transferred according to the general laws of Ohio.

Special Revenue Funds These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Village had the following significant Special Revenue Funds.

Street Construction Maintenance and Repair The street construction maintenance and repair fund accounts for and reports that portion of the State gasoline tax and motor vehicle license registration fees restricted for construction, maintenance, and repair of streets within the Village.

Other Special Revenue, Fire Fund The other special revenue, fire fund receives property tax and charges for services receipts to be used for providing fire protection services.

Capital Project Funds The 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. The Village had the following significant capital project funds:

Village of Risingsun
Wood County
Notes to the Financial Statements
For the Year Ended December 31, 2018

Other Capital Projects, Police Fund The other capital projects, police fund receives proceeds from the sale of capital assets and transfers to be used for the acquisition of capital projects for police.

Fiduciary Funds

Agency funds are purely custodial in nature and are used to hold resources for individuals, organizations or other governments. The Village disburses these funds as directed by the individual, organization or other government. The Village's agency fund accounts for the activity of the mayor's court.

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 (D). This basis is similar to the cash receipts and disbursements accounting basis. The Board recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D) permit.

Budgetary Process

The Ohio Revised Code requires that each fund be budgeted annually.

Appropriations Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object of control, and appropriations may not exceed estimated resources. The Village Council must annually approve appropriation measures and subsequent amendments. Unencumbered appropriations lapse at year-end.

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

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

A summary of 2018 budgetary activity appears in Note 3.

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.

Village of Risingsun
Wood County
Notes to the Financial Statements
For the Year Ended December 31, 2018

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.

Restricted Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

Committed Council can *commit* amounts via formal action (resolution). The Village must adhere to these commitments unless the Council amends the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

Assigned Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. 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.

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.

Village of Risingsun
Wood County
Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 3 - Budgetary Activity

Budgetary activity for the year ending December 31, 2018 follows:

2018 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$134,475	\$101,673	(\$32,802)
Special Revenue	208,079	173,096	(34,983)
Capital Projects	28,022	0	(28,022)
Agency	38,028	38,520	492
Total	\$408,604	\$313,289	(\$95,315)

2018 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$156,365	\$138,676	\$17,689
Special Revenue	190,290	174,423	15,867
Capital Projects	28,092	0	28,092
Agency	37,964	37,789	175
Total	\$412,711	\$350,888	\$61,823

Note 4 – Deposits and Investments

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

	2018
Demand deposits	\$ 58,765

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation or collateralized by securities specifically pledged by the financial institution to the Village.

Village of Risingsun
Wood County
Notes to the Financial Statements
For the Year Ended December 31, 2018

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.

Note 6 - Risk Management

Risk Pool Membership

The Village 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:

	2018
Cash and investments	\$ 35,381,789
Actuarial liabilities	\$12,965,015

Village of Risingsun
Wood County
Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 7 - Defined Benefit Pension Plans

Ohio Public Employees Retirement System

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

The Ohio Revised Code also prescribes contribution rates. OPERS 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, 2018.

Social Security

Several of the Village's employees contributed to social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2 percent of their gross salaries. The Village contributed an amount equal to 6.2 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2018.

Note 8 - Postemployment Benefits

OPERS offers 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 members in the Traditional Pension Plan and Combined Plan was 4.0 percent during calendar year 2018.

Note 9 – Debt

Debt outstanding at December 31, 2018 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Promissory Loan - Land Purchase and Truck	\$ 30,878	5.00%
Fire Truck Lease	225,267	3.17%
Total	<u>\$ 256,145</u>	

Village of Risingsun
Wood County
Notes to the Financial Statements
For the Year Ended December 31, 2018

The Village borrowed \$28,000 during 2012 to purchase land within the Village. The land is collateral for the loan. This loan was refinanced in 2014.

On October 30, 2014, the Village refinanced the Land Purchase loan to include the purchase of an F-450 truck. The land included a playground and park area for use by Village residents and also houses a building that is used to store supplies for the Street Department. The loan has an interest rate of 5% and will be repaid in monthly installments of \$510 over ten years.

In October of 2017, the village entered into a lease purchase agreement for a fire truck. The agreement has an interest rate of 3.17% and will be repaid with a \$350,000 principal payment due in 2017 followed by semiannual installments of \$24,537 over six years.

Amortization

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

Year Ending December 31:	Promissory Loan	Fire Truck Lease
2019	\$ 6,120	\$ 49,074
2020	6,120	49,074
2021	6,120	49,074
2022	6,120	49,074
2023	6,120	49,074
2024	5,091	-
Total	\$ 35,691	\$ 245,370

Note 10 – Subsequent Events

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID19 pandemic. The financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Village. In addition, the impact on the Village’s future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated.

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**VILLAGE OF RISINGSUN
WOOD COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2017**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
Cash Receipts:				
Property Taxes	\$ 45,986	\$ 36,933	\$ -	\$ 82,919
Intergovernmental	20,966	50,850	19,572	91,388
Charges for Services	1,970	92,307	-	94,277
Fines, Licenses, and Permits	38,512	-	-	38,512
Miscellaneous	12,731	5,731	1,384	19,846
	<u>120,165</u>	<u>185,821</u>	<u>20,956</u>	<u>326,942</u>
Total Cash Receipts				
Cash Disbursements:				
Current:				
Security of Persons and Property	41,913	48,556	-	90,469
Leisure Time Activities	616	5,669	-	6,285
Community Environment	-	1,040	-	1,040
Basic Utility Services	2,189	876	-	3,065
Transportation	-	33,191	-	33,191
General Government	50,778	-	-	50,778
Capital Outlay	-	641,008	24,401	665,409
Debt Service:				
Redemption of Principal	2,106	202,106	150,000	354,212
Interest and Fiscal Charges	953	953	-	1,906
	<u>98,555</u>	<u>933,399</u>	<u>174,401</u>	<u>1,206,355</u>
Total Cash Disbursements				
Excess of Receipts Over/(Under) Disbursements	21,610	(747,578)	(153,445)	(879,413)
Other Financing Receipts (Disbursements):				
Other Debt Proceeds	-	617,585	-	617,585
Transfers-In	-	-	51,000	51,000
Transfers-Out	(1,000)	(50,000)	-	(51,000)
Other Sources	784	-	-	784
Other Uses	(3,116)	(5,273)	-	(8,389)
	<u>(3,332)</u>	<u>562,312</u>	<u>51,000</u>	<u>609,980</u>
Total Other Financing Receipts (Disbursements)				
Net Change in Fund Cash Balances	18,278	(185,266)	(102,445)	(269,433)
Fund Cash Balances, January 1	879	243,525	121,390	365,794
	<u>879</u>	<u>243,525</u>	<u>121,390</u>	<u>365,794</u>
Fund Cash Balances, December 31				
Restricted	-	58,259	16,922	75,181
Committed	-	-	2,023	2,023
Unassigned (Deficit)	19,157	-	-	19,157
	<u>19,157</u>	<u>-</u>	<u>-</u>	<u>19,157</u>
Fund Cash Balances, December 31	<u>\$ 19,157</u>	<u>\$ 58,259</u>	<u>\$ 18,945</u>	<u>\$ 96,361</u>

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

**VILLAGE OF RISINGSUN
WOOD COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)
ALL FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2017**

	Fiduciary Fund Types
	Agency
Operating Cash Receipts:	
Fines, Licenses and Permits	\$ 23,918
Total Operating Cash Receipts	23,918
Operating Cash Disbursements:	
Contractual Services	23,915
Total Operating Cash Disbursements	23,915
Operating Income (Loss)	3
Net Change in Fund Cash Balances	3
Fund Cash Balances, January 1	-
Fund Cash Balances, December 31	\$ 3

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

Village of Risingsun
Wood County
Notes to the Financial Statements
For the Year Ended December 31, 2017

Note 1 - Reporting Entity

The Village of Risingsun, Wood County, Ohio (the Village) is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. A publicly-elected six-member Council directs the Village. The Village provides general government services, park operations, police, and fire services.

Public Entity Risk Pool

The Village participates in the Public Entities Pool of Ohio, which is a public entity risk pool that provides property and casualty coverage for its members. Note 6 to the financial statements provides additional information for this entity. The Village's management believes these financial statements present all activities for which the Village is financially accountable.

Note 2 - Summary of Significant Accounting Policies

Basis of Presentation

The Village's financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types, and a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all fiduciary fund types which are organized on a fund type basis.

Fund Accounting

The Village uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Village are presented below:

General Fund The general fund accounts for and reports all financial resources not accounted for and reported in another fund. The general fund balance is available to the Village for any purpose provided it is expended or transferred according to the general laws of Ohio.

Special Revenue Funds These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Village had the following significant Special Revenue Funds.

Street Construction Maintenance and Repair The street construction maintenance and repair fund accounts for and reports that portion of the State gasoline tax and motor vehicle license registration fees restricted for construction, maintenance, and repair of streets within the Village.

Other Special Revenue, Fire Fund The other special revenue, fire fund receives property tax and charges for services receipts to be used for providing fire protection services.

Capital Project Funds The 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. The Village had the following significant capital project funds:

Village of Risingsun
Wood County
Notes to the Financial Statements
For the Year Ended December 31, 2017

Other Capital Projects, Police Fund The other capital projects, police fund receives proceeds from the sale of capital assets and transfers to be used for the acquisition of capital projects for police.

Other Capital Projects, Fire Fund The other capital projects, fire fund accounts for revenues and expenditures related to capital projects for fire.

Other Capital Projects, Park Fund The other capital projects, park fund accounts for revenues and expenditures related to capital projects for parks.

Fiduciary Funds

Agency funds are purely custodial in nature and are used to hold resources for individuals, organizations or other governments. The Village disburses these funds as directed by the individual, organization or other government. The Village's agency fund accounts for the activity of the mayor's court.

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 (D). This basis is similar to the cash receipts and disbursements accounting basis. The Board recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D) permit.

Budgetary Process

The Ohio Revised Code requires that each fund be budgeted annually.

Appropriations Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object of control, and appropriations may not exceed estimated resources. The Village Council must annually approve appropriation measures and subsequent amendments. Unencumbered appropriations lapse at year-end.

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

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

A summary of 2017 budgetary activity appears in Note 3.

Village of Risingsun
Wood County
Notes to the Financial Statements
For the Year Ended December 31, 2017

Capital Assets

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

Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the Village must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

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

Restricted Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

Committed Council can *commit* amounts via formal action (resolution). The Village must adhere to these commitments unless the Council amends the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

Assigned Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. 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.

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.

Village of Risingsun
Wood County
Notes to the Financial Statements
For the Year Ended December 31, 2017

Note 3 - Budgetary Activity

Budgetary activity for the year ending December 31, 2017 follows:

2017 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$166,021	\$120,949	(\$45,072)
Special Revenue	780,895	803,406	22,511
Capital Projects	80,100	71,956	(8,144)
Agency	28,000	23,918	(4,082)
Total	\$1,055,016	\$1,020,229	(\$34,787)

2017 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$148,655	\$109,954	\$38,701
Special Revenue	1,371,755	988,672	383,083
Capital Projects	192,300	174,401	17,899
Agency	27,500	23,915	3,585
Total	\$1,740,210	\$1,296,942	\$443,268

Note 4 – Deposits and Investments

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

	2017
Demand deposits	\$ 96,364

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation or collateralized by securities specifically pledged by the financial institution to the Village.

Village of Risingsun
Wood County
Notes to the Financial Statements
For the Year Ended December 31, 2017

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.

Note 6 - Risk Management

The Government is exposed to various risks of property and casualty losses, and injuries to employees.

The Government insures against injuries to employees through the Ohio Bureau of Worker's Compensation.

The Government belongs to the Public Entities Pool of Ohio (PEP), a risk-sharing pool available to Ohio local governments. PEP provides property and casualty coverage for its members. York Insurance Services Group, Inc. (York) functions as the administrator of PEP and provides underwriting, claims, loss control, risk management, and reinsurance services for PEP. PEP is a member of the American Public Entity Excess Pool (APEEP), which is also administered by York. Member governments pay annual contributions to fund PEP. PEP pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

Casualty and Property Coverage

APEEP provides PEP with an excess risk-sharing program. Under this arrangement, PEP retains insured risks up to an amount specified in the contracts. At December 31, 2017, PEP retained \$350,000 for casualty claims and \$100,000 for property claims.

The aforementioned casualty and property reinsurance agreement does not discharge PEP's primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective government.

Village of Risingsun
Wood County
Notes to the Financial Statements
For the Year Ended December 31, 2017

Financial Position

PEP's financial statements (audited by other auditor's) conform with generally accepted accounting principles, and reported the following assets, liabilities and net position at December 31, 2017.

	<u>2017</u>
Assets	\$44,452,326
Liabilities	(13,004,011)
Net Position	\$31,448,315

At December 31, 2017 the liabilities above include approximately \$11.8 million of estimated incurred claims payable. The assets above also include approximately \$11.2 million of unpaid claims to be billed. The Pool's membership increased to 527 members in 2017. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2017, the Government's share of these unpaid claims collectible in future years is approximately \$8,000.

Based on discussions with PEP, the expected rates PEP charges to compute member contributions, which are used to pay claims as they become due, are not expected to change significantly from those used to determine the historical contributions detailed below. By contract, the annual liability of each member is limited to the amount of financial contributions required to be made to PEP for each year of membership.

<u>2017 Contributions to PEP</u> \$ 12,098
--

After one year of membership, a member may withdraw on the anniversary of the date of joining PEP, if the member notifies PEP in writing 60 days prior to the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's contribution. Withdrawing members have no other future obligation to PEP. Also upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim occurred or was reported prior to the withdrawal.

Village of Risingsun
Wood County
Notes to the Financial Statements
For the Year Ended December 31, 2017

Note 7 - Defined Benefit Pension Plans

Ohio Public Employees Retirement System

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

The Ohio Revised Code also prescribes contribution rates. OPERS 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, 2017.

Social Security

Several of the Village's employees contributed to social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2 percent of their gross salaries. The Village contributed an amount equal to 6.2 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2017.

Note 8 - Postemployment Benefits

OPERS offers 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 members in the Traditional Pension Plan and Combined Plan was 2.0 percent during calendar year 2017.

Note 9 – Debt

Debt outstanding at December 31, 2017 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Promissory Loan - Land Purchase and Truck	\$ 35,278	5.00%
Fire Truck Loan	267,585	3.17%
Total	<u>\$ 302,863</u>	

Village of Risingsun
Wood County
Notes to the Financial Statements
For the Year Ended December 31, 2017

The Village borrowed \$28,000 during 2012 to purchase land within the Village. The land is collateral for the loan. This loan was refinanced in 2014.

On October 30, 2014, the Village refinanced the Land Purchase loan to include the purchase of an F-450 truck. The land included a playground and park area for use by Village residents and also houses a building that is used to store supplies for the Street Department. The loan has an interest rate of 5% and will be repaid in monthly installments of \$510 over ten years.

In October of 2017, the village entered into a lease purchase agreement for a fire truck. The agreement has an interest rate of 3.17% and will be repaid with a \$350,000 principal payment due in 2017 followed by semiannual installments of \$24,537 over six years.

Amortization

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

Year Ending December 31:	Promissory Loan	Fire Truck Loan
2018	\$ 6,120	\$ 49,074
2019	6,120	49,074
2020	6,120	49,074
2021	6,120	49,074
2022	6,120	49,074
2023-2024	11,211	49,074
Total	<u>\$ 41,811</u>	<u>\$ 294,444</u>



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

Village of Risingsun
Wood County
420 Main Street
P.O. Box 37
Risingsun, Ohio 43457

To the Village Council:

We were engaged to audit, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the cash balances, receipts, and disbursements by fund type of the Village of Risingsun, Wood County, (the Village) as of and for the years ended December 31, 2018 and 2017, and the related notes to the financial statements, and have issued our report thereon dated January 15, 2021, wherein we noted the Village followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. We disclaimed our opinion on these financial statements because we were unable to obtain sufficient appropriate audit evidence over certain transactions and we were unable to satisfy ourselves through alternative audit procedures to support an audit opinion. We also noted the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Village.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Village's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinion on the financial statements, but not to the extent necessary to opine on the effectiveness of the Village's internal control. Accordingly, we have not opined on it.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Village's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings that we consider material weaknesses. We consider findings 2018-001 through 2018-004 to be material weaknesses.

Compliance and Other Matters

As part of reasonably assuring whether the Village's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed instances of noncompliance or other matters we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2018-002 through 2018-004.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Village's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Village's internal control and compliance. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in black ink that reads "BHM CPA Group". The letters are cursive and somewhat stylized.

BHM CPA Group, Inc.
Piketon, Ohio
January 15, 2021

**Village of Risingsun
Wood County
Schedule of Findings
December 31, 2018 and 2017**

1. SUMMARY OF AUDITOR'S RESULTS
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FINDING NUMBER 2018-001

Material Weakness – Financial Reporting

In our audit engagement letter, as required by AU-C Section 210, Terms of Engagement, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error as discussed in AU-C Section 210 paragraphs .A14 & .A16. We identified the following errors requiring adjustment to the financial statements and/or notes to the financial statements for the year ended December 31, 2018:

- Principal Payments;
- Interest Payments;
- General Government Disbursements;
- Security of Persons and Property Disbursements;
- Leisure Time Activities Disbursements;
- Community Environment Disbursements;
- Transportation Disbursements;
- Other Financing Uses;
- Contractual Services;
- Property Tax Receipts;
- Intergovernmental Receipts;
- Special Assessment Receipts;
- License Permits & Fees Receipts
- The footnotes required various updates and revisions to present accurate disclosures for 2018

We also identified the following errors requiring adjustment to the financial statements and/or notes to the financial statements for the year ended December 31, 2017:

- Other Debt Proceeds;
- Capital Outlay Disbursements;
- Principal Payments;
- General Government Disbursements;
- Security of Persons and Property Disbursements;
- Leisure Time Activities Disbursements;
- Transportation Disbursements;
- Intergovernmental Receipts;
- The footnotes required various updates and revisions to present accurate disclosures for 2017

These errors were not identified and corrected prior to the Village preparing its financial statements due to deficiencies in the Village's internal controls over financial statement monitoring. The accompanying financial statements and notes to the financial statements have been adjusted to reflect these changes. Additional insignificant errors were also noted for the years ended December 31, 2018 and 2017.

**Village of Risingsun
Wood County
Schedule of Findings
December 31, 2018 and 2017**

**FINDING NUMBER 2018-001
(Continued)**

To help ensure the Village's financial statements and notes to the statements are complete and accurate, the Village should adopt policies and procedures, including a final review of the statements and notes by the Fiscal Officer and Village Council, to help identify and correct errors and omissions. The Fiscal Officer can refer to the Village Officer's Handbook for guidance on the recording of transactions.

FINDING NUMBER 2018-002

Noncompliance / Material Weakness

Ohio Rev. Code, Section 149.351 All records are the property of the public office concerned and shall not be removed, destroyed, mutilated, transferred, or otherwise damaged or disposed of, in whole or in part, except as provided by law or under the rules adopted by the records commissions provided for under sections 149.38 to 149.42

The Village failed to maintain accounting records sufficient to enable the public office to identify, assemble, analyze, classify, record and report its transactions, maintain accountability for the related assets, document compliance with finance-related legal and contractual requirements and prepare financial statements. During 2018 the Village had unsupported bank withdraws totaling \$20,967 that were not recorded in the Village's accounting system. In addition to the unsupported bank withdraws it was noted there were unsupported transaction on the Village's bank reconciliation that we could not determine where they should have been posted.

The Village should develop policies and procedures outlining the security of all records or take a written inventory of all records noting the records description and location. All records should be maintained in a secure central location. Disposal of records should only be made in accordance with an approved records retention schedule.

**Village of Risingsun
Wood County
Schedule of Findings
December 31, 2018 and 2017**

FINDING NUMBER 2018-003

Material Weakness/Non-Compliance

Ohio Revised Code section 5705.41(D)(1) prohibits a subdivision or taxing entity from making any contract or ordering any expenditure of money unless a certificate signed by the fiscal officer is attached thereto.

There are several exceptions to the standard requirement stated above that a fiscal officer's certificate must be obtained prior to a subdivision or taxing authority entering into a contract or order involving the expenditure of money. The main exceptions are: "then and now" certificates, blanket certificates, and super blanket certificates, which are provided for in Section 5705.41(D)(1) and 5705.41(D)(3), respectively, of the Ohio Revised Code.

1. "Then and Now" Certificate – if the fiscal officer can certify that both at the time that the contract or order was made ("then"), and at the time that the fiscal officer is completing the certification ("Now"), that sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the Village can authorize the drawing of a warrant for the payment of the amount due. The Village has thirty days from the receipt of the "then and now" certificate to approve payment or ordinance or resolution.
2. Amounts of less than \$3,000 may be paid by the fiscal officer without a resolution or ordinance upon completion of the "then and now" certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the Village.
3. Blanket Certificate – Fiscal Officers may prepare "blanket" certificates for a certain sum of money not in excess of an amount established by resolution or ordinance adopted by a majority of the members of the legislative authority against any specific line item account over a period not running beyond the end of the current fiscal year. The blanket certificates may, but need not, be limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time for any one particular line item appropriation.
4. Super Blanket Certificate – The Village may also make expenditures and contracts for any amount from a specific line-item appropriation account in a specified fund upon certification of the fiscal officer for most professional services, fuel, oil, food items, and any other specific recurring and reasonably predictable operating expense. This certification is not to extend beyond the current year. More than one super blanket certificate may be outstanding at a particular time for any line item appropriation.

The Village's Fiscal Officer did not certify the availability of funds prior to making commitments during 2018 for 59% of disbursements tested and during 2017 for 42% of disbursement tested. Failure to properly certify the availability of funds can result in overspending funds and negative cash fund balances.

The Village's Fiscal Officer should certify the availability of funds prior to the commitment being incurred. The most convenient certification method is to use purchase orders that include the certification language Ohio Rev. Code section 5705.41(D) requires to authorize disbursements.

**Village of Risingsun
Wood County
Schedule of Findings
December 31, 2018 and 2017**

FINDING NUMBER 2018-004

Material Weakness/Non-Compliance

Ohio Rev. Code § 5705.10(I) provides that money paid into a fund must be used only for the purposes for which such fund has been established. As a result, a negative fund cash balance indicates that money from one fund was used to cover the expenses of another fund. During 2018 the Village had a negative General Fund balance of \$17,846.

Improper posting of revenues and expenditures could cause management to draw incorrect conclusions regarding its fiscal position. Financial activity should be properly posted in the accounting ledgers so that Council can better assess whether financial goals are being met on an ongoing basis. As part of the monitoring process Village Council should review financial records to make sure that amounts are reflected in the appropriate funds and that there are sufficient funds to pay obligations.

**Village of Risingsun
Wood County
Schedule of Prior Audit Findings
December 31, 2018 and 2017**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:
2016-001	Material Weakness – Financial Reporting	No	Reissued as Finding 2018-001

OHIO AUDITOR OF STATE KEITH FABER



VILLAGE OF RISINGSUN

WOOD 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 9/14/2021

88 East Broad 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