



bhm cpa group, inc.
CERTIFIED PUBLIC ACCOUNTANTS

VILLAGE OF RISINGSUN
WOOD COUNTY

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

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OHIO AUDITOR OF STATE
KEITH FABER



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Village Council
Village of Risingsun
420 Main Street
PO Box 37
Risingsun, Ohio 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, 2019 through December 31, 2020. 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 currently conducting an investigation at the Village. The investigation is ongoing and control or compliance issues, if any, related to this investigation will be addressed in future audit reports.

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.

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

Keith Faber
Auditor of State
Columbus, Ohio

December 10, 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 have audited the accompanying financial statements of the cash balances, receipts and disbursements for each governmental fund type and the fiduciary fund type combined total as of and for the year ended December 31, 2020 and for each governmental and fiduciary fund type as of and for the year ended December 31, 2019, and related notes of the Village of Risingsun, Wood County, Ohio (the Village).

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Village's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Village's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

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

As described in Note 2 of the financial statements, the Village prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements.

Although the effects on the financial statements of the variances between the regulatory accounting basis and GAAP are not reasonably determinable, we presume they are material.

Though the Village does not intend these statements to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. Our opinion on this accounting basis is in the *Opinion on Regulatory Basis of Accounting* paragraph below.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Village, as of December 31, 2020 and 2019, and the respective changes in financial position thereof for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements for each governmental fund type and the fiduciary fund type combined total as of and for the year ended December 31, 2020 and for each governmental and fiduciary fund type as of and for the year ended December 31, 2019, and related notes of the Village, in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 2.


Emphasis of Matter

As discussed in Note 13 to the 2020 financial statements, the financial impact of COVID-19 and the ensuing measure will impact subsequent periods of the Village. We did not modify our opinion regarding this matter.

The Village has suffered recurring losses from operations and had a fund balance deficiency of \$11,756 in the General Fund as of December 31, 2020 and a deficiency of \$49,561 as of December 31, 2019. Based solely on inquiries and scanning of unaudited cash balances the Village may require additional receipts or cost cutting measures to continue paying obligations when due. As discussed in Note 14 to the 2020 financial statements the Village was placed in Fiscal Emergency for these deficit fund balances.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 23, 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.



BHM CPA Group, Inc.
Piketon, Ohio
November 23, 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, 2020**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
Cash Receipts:				
Property Taxes	\$ 48,076	\$ 14,173	\$ -	\$ 62,249
Municipal Income Tax	29,220	-	-	29,220
Intergovernmental	21,159	77,729	5,916	104,804
Special Assessments	-	9,789	-	9,789
Charges for Services	4,824	88,132	-	92,956
Fines, Licenses, and Permits	32,945	2,080	-	35,025
Miscellaneous	10,968	8,834	-	19,802
	<u>147,192</u>	<u>200,737</u>	<u>5,916</u>	<u>353,845</u>
Total Cash Receipts				
Cash Disbursements:				
Current:				
Security of Persons and Property	49,166	107,254	-	156,420
Leisure Time Activities	-	9,651	-	9,651
Community Environment	19	-	-	19
Basic Utility Services	1,569	-	-	1,569
Transportation	-	25,601	-	25,601
General Government	54,526	7,469	-	61,995
Capital Outlay	-	-	7,395	7,395
Debt Service:				
Redemption of Principal	2,451	46,065	-	48,516
Interest and Fiscal Charges	607	6,066	-	6,673
	<u>108,338</u>	<u>202,106</u>	<u>7,395</u>	<u>317,839</u>
Total Cash Disbursements				
Excess of Receipts Over/(Under) Disbursements	38,854	(1,369)	(1,479)	36,006
Other Financing Receipts (Disbursements):				
Sale of Fixed Assets	206	-	-	206
Transfers-In	-	1,255	-	1,255
Transfers-Out	(1,255)	-	-	(1,255)
	<u>(1,049)</u>	<u>1,255</u>	<u>-</u>	<u>206</u>
Total Other Financing Receipts (Disbursements)				
Net Change in Fund Cash Balances	37,805	(114)	(1,479)	36,212
Fund Cash Balances, January 1	(49,561)	90,695	18,945	60,079
	<u>(49,561)</u>	<u>90,695</u>	<u>18,945</u>	<u>60,079</u>
Fund Cash Balances, December 31	<u>\$ (11,756)</u>	<u>\$ 90,581</u>	<u>\$ 17,466</u>	<u>\$ 96,291</u>

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

VILLAGE OF RISINGSUN
WOOD COUNTY

COMBINED STATEMENT OF ADDITIONS, DEDUCTIONS, AND
CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)
ALL FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2020

	<u>Fiduciary Fund Types</u>	
	<u>Custodial</u>	
Additions		
Other Amounts Collected for Distribution	\$	44,851
Total Additions		<u>44,851</u>
Deductions		
Distributions to Other Governments		8,610
Distributions to Other Funds (Primary Gov't)		<u>29,785</u>
Total Deductions		<u>38,395</u>
Net Change in Fund Cash Balances		6,456
Fund Cash Balances, January 1		<u>-</u>
Fund Cash Balances, December 31	\$	<u><u>6,456</u></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, 2020

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

Fund Accounting

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

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

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

Street Construction Maintenance and Repair 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.

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

Coronavirus Relief Fund The coronavirus relief fund receives federal grant dollars to be used for specific purchases to help aid in the cost of combating the virus.

Village of Risingsun
Wood County
Notes to the Financial Statements
For the Year Ended December 31, 2020

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:

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 Fund

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 fees and fines imposed by the Mayor's Court for traffic violations. Corresponding expenses are to be made to the applicable government agencies.

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 entity are identified on the combined statement of additions, deductions and changes in fund balances (regulatory cash basis) all fiduciary fund types. Also, for regulatory purposes, certain deposits and clearing funds are permitted to be presented as custodial funds.

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 (except certain custodial funds) 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.

Village of Risingsun
Wood County
Notes to the Financial Statements
For the Year Ended December 31, 2020

A summary of 2020 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.

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 Village classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact. For regulatory purposes nonspendable fund balance includes unclaimed monies that are required to be held for five years before they may be utilized by the Village and the nonexpendable portion of the corpus in permanent funds.

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

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

Assigned Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. For regulatory purposes, assigned fund balance in the general fund is limited to encumbrances outstanding at year end.

Unassigned Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The Village applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

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

Village of Risingsun
Wood County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 3 - Budgetary Activity

Budgetary activity for the year ending December 31, 2020 follows:

2020 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$130,500	\$147,398	\$16,898
Special Revenue	199,380	201,992	2,612
Capital Projects	6,000	5,916	(84)
Custodial	40,000	44,851	4,851
Total	\$375,880	\$400,157	\$24,277

2020 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$123,739	\$110,619	\$13,120
Special Revenue	229,705	202,661	27,044
Capital Projects	7,395	7,395	0
Custodial	40,000	38,395	1,605
Total	\$400,839	\$359,070	\$41,769

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:

	2020
Demand deposits	\$ 102,747

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, 2020

Note 5 – Taxes

Property Taxes

Real property taxes become a lien on January 1 preceding the October 1 date for which the Council adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. The financial statements include homestead and rollback amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

Public utilities are also taxed on personal and real property located within the Village.

The County is responsible for assessing property, and for billing, collecting, and distributing all property taxes on behalf of the Village.

Income Taxes

The Village levies a municipal income tax of 1 percent on substantially all earned income arising from employment, residency, or business activities within the Village as well as certain income of residents earned outside of the Village.

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

Note 6 - Risk Management

Risk Pool Membership

The Village 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

Village of Risingsun
Wood County
Notes to the Financial Statements
For the Year Ended December 31, 2020

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

	2020
Cash and investments	\$ 40,318,971
Actuarial liabilities	\$14,111,510

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, 2020.

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, 2020.

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 OPERS members in the Traditional Pension Plan and Combined Plan was 0 percent during calendar year 2020. The portion of employer contributions allocated to health care for OPERS members in the Member Directed Plan was 4.0 percent during calendar year 2020.

Village of Risingsun
Wood County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 9 – Debt

Debt outstanding at December 31, 2020 was as follows:

	Principal	Interest Rate
Promissory Loan - Land Purchase and Truck	\$ 21,257	5.00%
Fire Truck Lease	139,388	3.17%
Total	\$ 160,645	

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
2021	\$ 6,117	\$ 49,074
2022	6,117	49,074
2023	6,117	49,074
2024	4,865	-
Total	\$ 23,216	\$ 147,222

Note 10 – Compliance

Contrary to Ohio law, budgetary expenditures exceeded appropriation authority in the General fund by \$289, for the year ended December 31, 2020. Also contrary to Ohio law, at December 31, 2020, the General fund had appropriations exceed estimated receipts plus carryover balances and a deficit fund balance of \$42,780 and \$11,736, respectively.

Village of Risingsun
Wood County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 11 – Fund Balances

Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At year end the balances of these amounts were as follows:

Fund Balances	General	Special Revenue	Total
Outstanding Encumbrances	\$ 1,026	\$ 555	\$ 1,581
<i>Total</i>	<i>\$ 1,026</i>	<i>\$ 555</i>	<i>\$ 1,581</i>

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

Note 12 – Change in Accounting Principles

For 2020, the Village has made changes to their cash basis reporting model. These changes include modifications to the definition of fiduciary funds, adding a separate Combined Statement of Additions, Deductions and Changes in Fund Balances (Regulatory Cash Basis) -- All Fiduciary Fund Types.

Note 13 – COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID19 pandemic. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the Village. The Village’s investment portfolio fluctuates with market conditions, and due to market volatility, the amount of gains or losses that will be realized in subsequent periods, if any, cannot be determined. In addition, the impact on the Village’s future operating costs, revenues, and additional recovery.

Note 14 – Fiscal Emergency

The Village was placed in Fiscal Emergency on June 18, 2020 for deficit fund balances. As of December 31, 2020, the Village remains in fiscal emergency.

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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, 2019**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
Cash Receipts:				
Property Taxes	\$ 65,007	\$ 42,829	\$ -	\$ 107,836
Intergovernmental	9,515	45,019	-	54,534
Charges for Services	-	91,194	-	91,194
Fines, Licenses, and Permits	25,954	-	-	25,954
Miscellaneous	7,262	45,872	-	53,134
	<u>107,738</u>	<u>224,914</u>	<u>-</u>	<u>332,652</u>
Total Cash Receipts				
Cash Disbursements:				
Current:				
Security of Persons and Property	54,160	75,971	-	130,131
Leisure Time Activities	-	8,296	-	8,296
Community Environment	638	48	-	686
Basic Utility Services	2,337	945	-	3,282
Transportation	-	42,370	-	42,370
General Government	68,087	6,353	-	74,440
Debt Service:				
Redemption of Principal	2,360	44,624	-	46,984
Interest and Fiscal Charges	711	7,521	-	8,232
	<u>128,293</u>	<u>186,128</u>	<u>-</u>	<u>314,421</u>
Total Cash Disbursements				
Excess of Receipts Over/(Under) Disbursements	(20,555)	38,786	-	18,231
Other Financing Receipts (Disbursements):				
Other Sources	1,615	-	-	1,615
Other Uses	(3,201)	(5,765)	-	(8,966)
	<u>(1,586)</u>	<u>(5,765)</u>	<u>-</u>	<u>(7,351)</u>
Total Other Financing Receipts (Disbursements)				
Net Change in Fund Cash Balances	(22,141)	33,021	-	10,880
Fund Cash Balances, January 1 <i>(Restated- See Note 11)</i>	(27,420)	57,674	18,945	49,199
	<u>(27,420)</u>	<u>57,674</u>	<u>18,945</u>	<u>49,199</u>
Fund Cash Balances, December 31				
Restricted	-	90,695	18,945	109,640
Unassigned (Deficit)	(49,561)	-	-	(49,561)
	<u>(49,561)</u>	<u>-</u>	<u>-</u>	<u>(49,561)</u>
Fund Cash Balances, December 31	<u>\$ (49,561)</u>	<u>\$ 90,695</u>	<u>\$ 18,945</u>	<u>\$ 60,079</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, 2019**

	Fiduciary Fund Types
	Custodial
Operating Cash Receipts:	
Fines, Licenses and Permits	\$ 34,851
Total Operating Cash Receipts	34,851
Operating Cash Disbursements:	
Contractual Services	35,419
Total Operating Cash Disbursements	35,419
Operating Income (Loss)	(568)
Net Change in Fund Cash Balances	(568)
Fund Cash Balances, January 1 <i>(Restated- See Note 11)</i>	568
Fund Cash Balances, December 31	\$ -

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, 2019

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.

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, 2019

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

Custodial 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 custodial 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 2019 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, 2019

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, 2019

Note 3 - Budgetary Activity

Budgetary activity for the year ending December 31, 2019 follows:

2019 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$103,510	\$109,353	\$5,843
Special Revenue	170,274	244,914	74,640
Custodial	27,000	34,851	7,851
Total	\$300,784	\$389,118	\$88,334

2019 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$98,103	\$131,494	(\$33,391)
Special Revenue	224,169	191,893	32,276
Custodial	28,268	35,419	(7,151)
Total	\$350,540	\$358,806	(\$8,266)

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:

	2019
Demand deposits	\$ 60,079

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation.

Village of Risingsun
Wood County
Notes to the Financial Statements
For the Year Ended December 31, 2019

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:

	<u>2019</u>
Cash and investments	\$ 38,432,610
Actuarial liabilities	\$14,705,917

Village of Risingsun
Wood County
Notes to the Financial Statements
For the Year Ended December 31, 2019

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, 2019.

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, 2019.

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 OPERS members in the Traditional Pension Plan and Combined Plan was 0 percent during calendar year 2019. The portion of employer contributions allocated to health care for OPERS members in the Member Directed Plan was 4.0 percent during calendar year 2019.

Note 9 - Debt

Debt outstanding at December 31, 2019 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Promissory Loan - Land Purchase and Truck	\$ 26,158	5.00%
Fire Truck Loan	<u>183,003</u>	3.17%
Total	<u>\$ 209,161</u>	

Village of Risingsun
Wood County
Notes to the Financial Statements
For the Year Ended December 31, 2019

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
2020	\$ 6,120	\$ 49,074
2021	6,120	49,074
2022	6,120	49,074
2023	6,120	49,074
2024	5,097	-
Total	\$ 29,577	\$ 196,296

Note 10 – Compliance

Contrary to Ohio law, budgetary expenditures exceeded appropriation authority in the General fund and Street Maintenance, Construction, and Repair special revenue fund by \$33,392 and \$7,241, respectively, for the year ended December 31, 2019. Also contrary to Ohio law, at December 31, 2019, the General fund had a cash deficit balance of \$49,561.

Note 11 – Beginning Balance Restatement

General Fund Balance, January 1, 2019- As previously stated	\$ (17,846)
Adjustments from LGS 17-18 reconstruction	(9,574)
General Fund Balance, January 1, 2019- Restated	\$ (27,420)
Special Revenue Funds Balance, January 1, 2019- As previously stated	\$ 56,932
Adjustments from LGS 17-18 reconstruction	742
Special Revenue Funds Balance, January 1, 2019- Restated	\$ 57,674
Custodial Fund Balance, January 1, 2019- As previously stated	\$ 734
Adjustments from LGS 17-18 reconstruction	(166)
Custodial Fund Balance, January 1, 2019- Restated	\$ 568



**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 have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the cash balances, receipts, and disbursements for each governmental fund type and the fiduciary fund type combined total as of and for the year ended December 31, 2020 and for each governmental and fiduciary fund type as of and for the year ended December 31, 2019, and related notes of the Village of Risingsun, Wood County, (the Village) and have issued our report thereon dated November 23, 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 also noted the financial impact of Fiscal Emergency and 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) as a basis for designing audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the Village's internal control. Accordingly, we have not opined on it.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. 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 2020-001 through 2020-003 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 financial statement. 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 2020-002 through 2020-004.

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.

BHM CPA Group, Inc.
Piketon, Ohio
November 23, 2021

**Village of Risingsun
Wood County
Schedule of Findings
December 31, 2020 and 2019**

1. SUMMARY OF AUDITOR'S RESULTS

FINDING NUMBER 2020-001

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, 2019:

- Reclassify principal payments in the special revenue funds in the amount of \$42,414;
- Reclassify interest payments in the special revenue funds in the amount of \$6,960;
- Reclassify property tax receipts in the general fund in the amount of \$10,884;
- Reclassify property tax receipts in the special revenue funds in the amount of \$10,422

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.

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 at the following website address for guidance on the recording of transactions:
<https://ohioauditor.gov/publications/Village%20Officers%20Manual.pdf>.

Officials' Response: We did not receive a response to this finding.

FINDING NUMBER 2020-002

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.

**Village of Risingsun
Wood County
Schedule of Findings
December 31, 2020 and 2019**

FINDING NUMBER 2020-002 (Continued)

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 2020 for 82% of disbursements tested and during 2019 for 84% 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.

Officials’ Response: We did not receive a response to this finding.

FINDING NUMBER 2020-003

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 2020 and 2019 the Village had a negative General Fund balance of \$11,736 and 49,561, respectively.

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.

Officials’ Response: We did not receive a response to this finding.

**Village of Risingsun
Wood County
Schedule of Findings
December 31, 2020 and 2019**

FINDING NUMBER 2020-004

Non-Compliance

ORC Section 5705.41(B) states that no expenditure of money can be spent unless it has been appropriated as provided in such chapter.

Contrary to Ohio law, budgetary expenditures exceeded appropriation authority in the General fund and Street Maintenance, Construction, and Repair special revenue fund by \$33,392 and \$7,241, respectively, for the year ended December 31, 2019.

The Village should establish controls to review and make amendments where necessary to adjust their appropriations during the year.

Officials' Response: We did not receive a response to this finding.

**Village of Risingsun
Wood County
Schedule of Prior Audit Findings
December 31, 2020 and 2019**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:
2018-001	Material Weakness – Financial Reporting	No	Reissued as Finding 2020-001
2018-002	Material Weakness/Noncompliance – Cash Reconciliations	Yes	
2018-003	Material Weakness/Non-Compliance – ORC5705.41(D)(1)	No	Reissued as Finding 2020-002
2018-004	Material Weakness/Non-Compliance – ORC5705.10(I)	No	Reissued as Finding 2020-003

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 12/23/2021

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