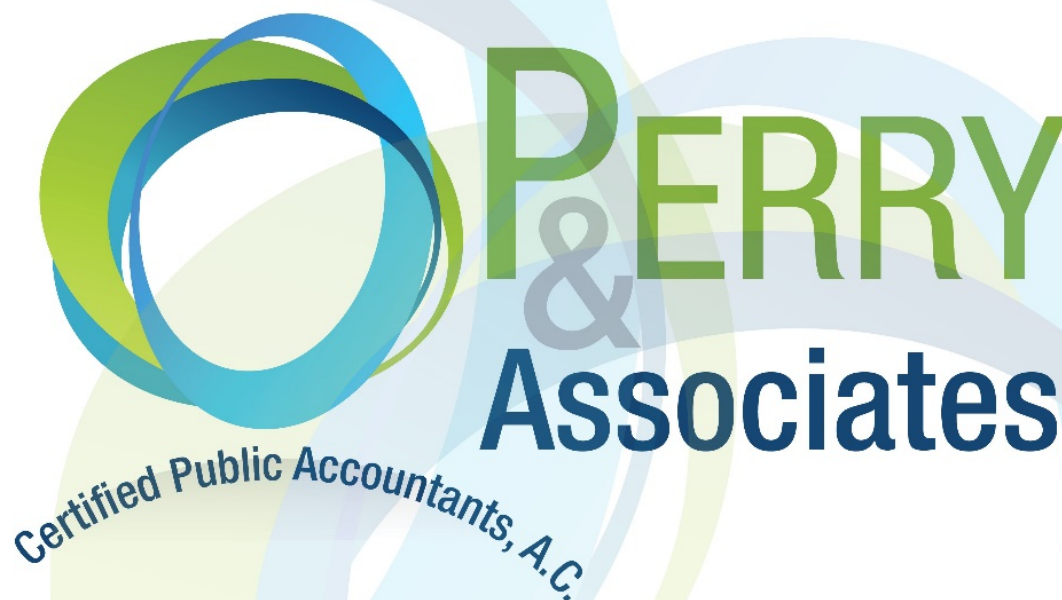


428 Second St.
Marietta, OH 45750
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1035 Murdoch Ave
Parkersburg, WV 26101
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**VILLAGE OF RISINGSUN
WOOD COUNTY
Regular Audit
For the Years Ended December 31, 2014 and 2013**

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Dave Yost • Auditor of State

Village Council
Village of Risingsun
420 Main St.
Rising Sun, OH 43457

We have reviewed the *Independent Auditor's Report* of the Village of Risingsun, Wood County, prepared by Perry & Associates, Certified Public Accountants, A.C., for the audit period January 1, 2013 through December 31, 2014. 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.

In conjunction with the work performed by the Independent Public Accountant, the Auditor of State is issuing the following: Ohio Rev. Code, Section 2949.091(A)(1)(ii), requires that the court, in which any person is convicted of or pleads guilty to any offense that is a misdemeanor other than a traffic offense that is not a moving violation, to impose the sum of twenty dollars as costs in the case in addition to any other court costs that the court is required by law to impose upon the offender. Under Rev. Code Section 2949.091(A)(b), all such moneys collected during a month shall be transmitted on or before the twentieth day of the following month by the clerk of the court to the treasurer of state and deposited by the treasurer of state into the general revenue fund. The court shall not waive the payment of the additional twenty dollars court costs, unless the court determines that the offender is indigent and waives the payment of all court costs imposed upon the indigent offender.

Ohio Rev. Code, Section 2949.094(A), states that the court in which any person is convicted of or pleads guilty to any moving violation shall impose an additional court cost of ten dollars upon the offender. The court shall not waive the payment of the ten dollars unless the court determines that the offender is indigent and waives the payment of all court costs imposed upon the indigent offender. The remittance consists of three dollars and fifty cents to the Drug Law Enforcement Fund, five dollars to the Indigent Defense Fund, and one dollar and fifty cents to the Indigent Driver Alcohol Treatment Fund (remitted to the county).

Ohio Rev. Code, Section 2743.70(A)(1)(b), states that the court, in which any person is convicted of or pleads guilty to any offense other than a traffic offense that is not a moving violation, shall impose nine dollars, if the offense is a misdemeanor, as costs in the case in addition to any other court costs that the court is required by law to impose upon the offender.

During our testing of Mayor's Court, it was noted the Village was not collecting nor was it remitting the proper amount of court costs to the Treasurer of State. The Village was collecting and remitting \$12.50 for each violation to the Treasure of State; however, the Village should have remitted \$37.50 for 216 cases in 2014 and for 243 cases in 2013. During 2014 and 2013, the Village should have remitted an additional \$11,475 to the Treasurer of State.

Village Council
Village of Risingsun
420 Main St.
Rising Sun, OH 43457
Page -2-

In accordance with the foregoing facts and pursuant to Ohio Rev. Code Section 117.28, a Finding for Recovery for public money due but not collected is hereby issued again the General Fund in the amount of \$11,475 and in favor of the State of Ohio.

On October 21, 2015 the Village remitted \$11,475 to the State of Ohio.

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 black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

Dave Yost
Auditor of State

December 17, 2015

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VILLAGE OF RISINGSUN
WOOD COUNTY

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INDEPENDENT AUDITOR'S REPORT

October 14, 2015

Village of Risingsun
Wood County
420 Main Street
Risingsun, Ohio 43457

To the Village Council:

Report on the Financial Statements

We have audited the accompanying financial statements and related notes of the **Village of Risingsun**, Wood County, (the Village) as of and for the years ended December 31, 2014 and 2013.

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 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.



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

As described in Note 1B 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, 2014 and 2013, or 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 combined cash balances of the Village of Risingsun, Wood County, as of December 31, 2014 and 2013, and its combined cash receipts and disbursements for the years then ended 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 1B.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 14, 2015, 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.



Perry and Associates
Certified Public Accountants, A.C.
Marietta, Ohio

**VILLAGE OF RISINGSUN
WOOD COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2014**

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
Cash Receipts				
Property and Other Local Taxes	\$ 46,459	\$ 30,764	\$ -	\$ 77,223
Intergovernmental	16,214	35,099	-	51,313
Charges for Services	-	67,843	-	67,843
Fines, Licenses and Permits	38,406	-	-	38,406
Earnings on Investments	8,177	-	-	8,177
Miscellaneous	1,474	7,846	-	9,320
<i>Total Cash Receipts</i>	<u>110,730</u>	<u>141,552</u>	<u>-</u>	<u>252,282</u>
Cash Disbursements				
Current:				
Security of Persons and Property	41,497	60,256	-	101,753
Leisure Time Activities	50	9,365	-	9,415
Community Environment	-	783	-	783
Basic Utility Services	1,736	638	-	2,374
Transportation	-	28,287	-	28,287
General Government	40,206	-	-	40,206
Capital Outlay	14,120	111,748	-	125,868
Debt Service:				
Principal Retirement	12,241	12,241	-	24,482
Interest and Fiscal Charges	805	783	-	1,588
<i>Total Cash Disbursements</i>	<u>110,655</u>	<u>224,101</u>	<u>-</u>	<u>334,756</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>75</u>	<u>(82,549)</u>	<u>-</u>	<u>(82,474)</u>
Other Financing Receipts (Disbursements)				
Other Debt Proceeds	23,949	23,949	-	47,898
Transfers In	4,000	50,639	16,912	71,551
Transfers Out	(23,351)	(48,200)	-	(71,551)
Advances In	10,000	10,000	-	20,000
Advances Out	(10,000)	(10,000)	-	(20,000)
Other Financing Uses	(1,125)	(11,426)	-	(12,551)
<i>Net Change in Fund Cash Balances</i>	3,548	(67,587)	16,912	(47,127)
<i>Fund Cash Balances, January 1</i>	<u>19,383</u>	<u>300,745</u>	<u>14,012</u>	<u>334,140</u>
Fund Cash Balances, December 31				
Restricted	-	236,449	-	236,449
Assigned	1,386	-	30,924	32,310
Unassigned	21,545	(3,291)	-	18,254
<i>Fund Cash Balances, December 31</i>	<u>\$ 22,931</u>	<u>\$ 233,158</u>	<u>\$ 30,924</u>	<u>\$ 287,013</u>

The notes 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 (CASH BASIS)
FIDUCIARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2014

	<u>Fiduciary Fund Type</u>
	<u>Agency</u>
Non-Operating Receipts (Disbursements)	
Non-Operating Cash Receipts	21,937
Non-Operating Cash Disbursements	<u>(16,699)</u>
<i>Net Change in Fund Cash Balances</i>	5,238
<i>Fund Cash Balances, January 1</i>	<u>9,237</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$ 14,475</u></u>

The notes 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 (CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2013**

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
Cash Receipts				
Property and Other Local Taxes	\$ 53,327	\$ 33,513	\$ -	\$ 86,840
Intergovernmental	12,780	32,378	-	45,158
Charges for Services	-	113,256	-	113,256
Fines, Licenses and Permits	52,656	-	-	52,656
Earnings on Investments	444	46	-	490
Miscellaneous	4,669	4,274	-	8,943
<i>Total Cash Receipts</i>	<u>123,876</u>	<u>183,467</u>	<u>-</u>	<u>307,343</u>
Cash Disbursements				
Current:				
Security of Persons and Property	35,335	49,707	-	85,042
Public Health Services	103	-	-	103
Leisure Time Activities	50	6,620	-	6,670
Community Environment	-	385	-	385
Basic Utility Services	1,604	749	-	2,353
Transportation	131	33,614	-	33,745
General Government	41,583	534	-	42,117
Capital Outlay	3,809	14,421	-	18,230
Debt Service:				
Principal Retirement	1,111	1,112	22,356	24,579
Interest and Fiscal Charges	761	761	1,331	2,853
<i>Total Cash Disbursements</i>	<u>84,487</u>	<u>107,903</u>	<u>23,687</u>	<u>216,077</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>39,389</u>	<u>75,564</u>	<u>(23,687)</u>	<u>91,266</u>
Other Financing Receipts (Disbursements)				
Transfers In	-	-	19,510	19,510
Transfers Out	(19,510)	-	-	(19,510)
Advances In	5,000	5,000	-	10,000
Advances Out	(5,000)	(5,000)	-	(10,000)
Other Financing Uses	(3,303)	(10,856)	-	(14,159)
<i>Net Change in Fund Cash Balances</i>	16,576	64,708	(4,177)	77,107
<i>Fund Cash Balances, January 1</i>	<u>2,807</u>	<u>236,037</u>	<u>18,189</u>	<u>257,033</u>
Fund Cash Balances, December 31				
Restricted	-	300,745	-	300,745
Assigned	1,077	-	14,012	15,089
Unassigned	18,306	-	-	18,306
<i>Fund Cash Balances, December 31</i>	<u>\$ 19,383</u>	<u>\$ 300,745</u>	<u>\$ 14,012</u>	<u>\$ 334,140</u>

The notes 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 (CASH BASIS)
FIDUCIARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2013**

	Fiduciary Fund Type
	Agency
Non-Operating Receipts (Disbursements)	
Non-Operating Cash Receipts	20,360
Non-Operating Cash Disbursements	(29,279)
<i>Net Change in Fund Cash Balances</i>	(8,919)
<i>Fund Cash Balances, January 1</i>	18,156
<i>Fund Cash Balances, December 31</i>	\$ 9,237

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

**VILLAGE OF RISINGSUN
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Village of Risingsun, Wood County, (the Village) as a body corporate and politic. A publicly-elected six-member Council directs the Village. The Village maintains the Village's roads and bridges, provides park operations and police and fire services.

The Village participates in the Public Entities Pool of Ohio (PEP) public entity risk pool. Note 7 to the financial statements provides additional information for this entity. This organization is:

Public Entity Risk Pool:

The Village belongs to the Public Entities Pool of Ohio (PEP), a risk-sharing pool available to Ohio local governments. PEP pays judgments, settlements, and other expenses resulting from covered claims that exceed the members' deductibles.

The Village's management believes these financial statements present all activities for which the Village is financially accountable.

B. Accounting Basis

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.

C. 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.

D. Fund Accounting

The Village uses fund accounting to segregate cash and investments that are restricted as to use. The Village classifies its funds into the following types:

1. General Fund

The General Fund accounts for and reports all financial resources not accounted for and reported in another fund.

**VILLAGE OF RISINGSUN
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

2. Special Revenue Funds

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

Street Construction, Maintenance and Repair Fund – This fund receives gasoline tax and motor vehicle tax money for constructing, maintaining and repairing Village streets.

Fire Fund – This fund receives real estate tax and monies charged for fire protection to surrounding entities. These monies are used to provide fire protection to Village residents and to those entities that contract with the Village to provide such services.

3. Capital Projects Funds

These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Village had the following significant capital project fund:

Other Capital Projects Police Fund – This fund receives monies for the acquisition of capital projects for the Police Department.

4. Fiduciary Funds

Fiduciary funds include private purpose trust funds and agency funds. Trust funds account for assets held under a trust agreement for individuals, private organizations, or other governments which are not available to support the Village's own programs.

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 Mayor's Court fines and forfeitures.

E. Budgetary Process

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

1. Appropriations

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

VILLAGE OF RISINGSUN
WOOD COUNTY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013
(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2. 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.

3. Encumbrances

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

A summary of 2014 and 2013 budgetary activity appears in Note 3.

F. 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:

1. Nonspendable

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

2. 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 it is imposed by law through constitutional provisions.

3. 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.

4. Assigned

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

**VILLAGE OF RISINGSUN
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Fund Balance (Continued)

5. 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.

G. Property, Plant and Equipment

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

H. Accumulated Leave

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

2. EQUITY IN POOLED DEPOSITS

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

	2014	2013
Demand deposits	\$ 299,492	\$ 295,177
Certificates of deposit	1,996	48,200
Total deposits	\$ 301,488	\$ 343,377

Deposits: Deposits are insured by the Federal Depository Insurance Corporation or collateralized by the financial institution's public entity deposit pool.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2014 and 2013 follows:

2014 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 121,758	\$ 138,679	\$ 16,921
Special Revenue	253,533	216,140	(37,393)
Capital Projects	20,100	16,912	(3,188)
Total	\$ 395,391	\$ 371,731	\$ (23,660)

**VILLAGE OF RISINGSUN
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013
(Continued)**

3. BUDGETARY ACTIVITY (Continued)

2014 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 121,260	\$ 136,517	\$ (15,257)
Special Revenue	302,062	290,670	11,392
Capital Projects	28,175	-	28,175
Total	\$ 451,497	\$ 427,187	\$ 24,310

2013 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 133,086	\$ 123,876	\$ (9,210)
Special Revenue	144,930	183,467	38,537
Capital Projects	33,550	19,510	(14,040)
Total	\$ 311,566	\$ 326,853	\$ 15,287

2013 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 134,084	\$ 108,377	\$ 25,707
Special Revenue	292,234	119,173	173,061
Capital Projects	23,825	23,687	138
Total	\$ 450,143	\$ 251,237	\$ 198,906

Contrary to Ohio Revised Code, the Village had a negative fund balance in the Park and Recreation Fund at December 31, 2014. Contrary to Ohio Revised Code, expenditures exceeded appropriations in the General, Street Construction Maintenance and Repair, Park and Recreation and Investment Special Revenue Funds in 2014. Appropriations exceeded estimated resources in the Street Construction Maintenance and Repair, Park and Recreation and Permissive Sales Tax Funds in 2013.

4. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by Village Council. 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.

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

**VILLAGE OF RISINGSUN
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013
(Continued)**

5. DEBT

Debt outstanding at December 31, 2014 was as follows:

	Principal	Interest
Promissory Loan - Land Purchase and Truck	\$ 47,283	5.00%
Total	\$ 47,283	

Promissory Loan – Police Cruiser – The Village borrowed \$30,000 during 2010 to help purchase a new police cruiser. The cruiser is collateral for the loan. The loan was paid off in October 2013.

Promissory Loan – Land Purchase – 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 will be repaid in monthly payments of \$509.74 over ten years with an interest rate of 5.00% from the General Fund and Street Construction Maintenance and Repair Fund.

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

	Promissory Loan	
Year ending December 31:	Land Purchase and Truck	
2015	\$	6,117
2016		6,117
2017		6,117
2018		6,117
2019		6,117
2020-2024		29,565
Total	\$	60,150

6. RETIREMENT SYSTEMS

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

The Ohio Revised Code also prescribes contribution rates. For 2014 and 2013, 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, 2014.

7. RISK MANAGEMENT

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

The Village insures against injuries to employees through the Ohio Bureau of Worker’s Compensation.

**VILLAGE OF RISINGSUN
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013
(Continued)**

7. RISK MANAGEMENT (Continued)

The Village 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. American Risk Pooling Consultants, Inc. (ARPCO), a division of 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 ARPCO. 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, 2014, 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.

Financial Position

PEP's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and net position at December 31, 2013 and 2014:

	<u>2013</u>	<u>2014</u>
Assets	\$34,411,883	\$35,402,177
Liabilities	<u>(12,760,194)</u>	<u>(12,363,257)</u>
Net Position	<u>\$21,651,689</u>	<u>\$23,038,920</u>

At December 31, 2013 and 2014, respectively, the liabilities above include approximately 11.6 million and \$11.1 million of estimated incurred claims payable. The assets above also include approximately \$11.1 million and \$10.8 million of unpaid claims to be billed. The Pool's membership increased from 475 members in 2013 to 488 members in 2014. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2014, the Government's share of these unpaid claims collectible in future years is approximately \$10,000.

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.

**VILLAGE OF RISINGSUN
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013
(Continued)**

7. RISK MANAGEMENT (Continued)

<u>Contributions to PEP</u>	
<u>2013</u>	<u>2014</u>
\$14,772	\$15,100

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.

8. TRANSFERS AND ADVANCES

During 2014, the following transfers were made:

	<u>Transfers In</u>	<u>Transfers Out</u>
General	\$ -	\$ (23,351)
Parks & Recreation	6,414	-
Street Construction, Maintenance and Repair	25	-
Police Capital Projects	16,912	-
Investment Fund	-	(48,200)
General	4,000	-
Street Construction, Maintenance and Repair	35,200	-
Parks & Recreation	9,000	-
Total	<u>\$ 71,551</u>	<u>\$ (71,551)</u>

During 2014, the following advances were made:

	<u>Advances In</u>	<u>Advances Out</u>
General Fund	\$ 10,000	\$ (10,000)
Special Assessments	10,000	(10,000)
Total	<u>\$ 20,000</u>	<u>\$ (20,000)</u>

The Village transferred funds from the Special Revenue Investment Fund to the General, Park and Recreation and Street Construction Maintenance and Repair Funds for operating purposes and to purchase a new truck. All transfers were deemed reasonable and allowable by Ohio Revised Code. Advances were made from the Special Assessments Fund to the General Fund to cover general operating expenses and were deemed unallowable.

During 2013, the following transfers were made:

	<u>Transfers In</u>	<u>Transfers Out</u>
General	\$ -	\$ (19,510)
Police Capital Projects	19,510	-
Total	<u>\$ 19,510</u>	<u>\$ (19,510)</u>

**VILLAGE OF RISINGSUN
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013
(Continued)**

8. TRANSFERS AND ADVANCES (Continued)

During 2013, the following advances were made:

	<u>Advances In</u>	<u>Advances Out</u>
General Fund	\$ 5,000	\$ (5,000)
Street Construction, Maintenance and Repair	5,000	\$ (5,000)
Total	<u>\$ 10,000</u>	<u>\$ (10,000)</u>

All transfers were deemed reasonable and allowable by Ohio Revised Code. Advances were made from the Street Construction Maintenance and Repair Fund to the General Fund to cover general operating expenses and were deemed unallowable.

9. CONTINGENT LIABILITIES

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



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Marietta, OH 45750
740.373.0056

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Parkersburg, WV 26101
304.422.2203

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St. Clairsville, OH 43950
740.695.1569

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

October 14, 2015

Village of Risingsun
Wood County
420 Main Street
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 **Village of Risingsun**, Wood County, (the Village) as of and for the year ended December 31, 2014 and 2013, and the related notes to the financial statements, and have issued our report thereon dated October 14, 2015, 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.

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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. However, as described in the accompanying schedule of audit findings we identified a certain deficiency in internal control over financial reporting, that we consider a material weakness.

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 a 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. We consider finding 2014-001 described in the accompanying schedule of audit findings to be a material weakness.

...“bringing more to the table”

Tax – Accounting – Audit – Review – Compilation – Agreed Upon Procedure – Consultation – Bookkeeping – Payroll
Litigation Support – Financial Investigations

Members: American Institute of Certified Public Accountants

• Ohio Society of CPAs • West Virginia Society of CPAs • Association of Certified Fraud Examiners •

• Association of Certified Anti - Money Laundering Specialists •

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 is described in the accompanying schedule of audit findings as items 2014-002 through 2014-005.

We also noted certain matters not requiring inclusion in this report that we reported to the Village's management in a separate letter dated October 14, 2015.

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 communication is not suitable for any other purpose.



Perry & Associates
Certified Public Accountants, A.C.
Marietta, Ohio

**VILLAGE OF RISINGSUN
WOOD COUNTY**

**SCHEDULE OF AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2014-001

Material Weakness

Posting Receipts, Disbursements and Fund Balances

Receipts and disbursements should be posted to the fund and line item accounts as established by Ohio Administrative Code. Fund balances should be properly classified based on Governmental Accounting Standards Statement No. 54.

During 2014 and 2013, receipts, disbursements and fund balances were not always posted or classified correctly. The following errors were noted:

- Debt proceeds and the corresponding capital outlay expenditure was not recorded for the purchase of a new truck;
- The payoff of the Village's land loan was not recorded on the financial statements;
- The Village cashed out CD's during 2014 and recorded this as revenue in the General, Street Construction Maintenance and Repair and Park and Recreation Funds;
- Outstanding encumbrances in the General Fund were classified as unassigned instead of assigned in 2014 and 2013;
- A portion of Mayor's Court tickets collected for a computerization fund was recorded in the Agency Fund and not recorded in a separate computerization fund;
- The Village did not remit the proper amount of Mayor's Court fees to the Treasurer of State;
- To alleviate cash flow problems, the Village advanced money from Special Revenue funds to the General Fund during 2014 and 2013 (these were repaid during the respective year);
- Mayor's Court fees were not properly remitted to the Village's General Fund;
- Mayor's Court expenditures were paid from the Agency Fund instead of the General Fund.

Not posting receipts and disbursements or classifying fund balances accurately resulted in the financial statements requiring adjustments and reclassifications. The Village has made all adjustments to its accounting system. The financial statements reflect all adjustments and reclassifications.

To help ensure accuracy and reliability in the financial reporting process, we recommend that management perform a detailed review of its draft financial statements. Such review should include procedures to ensure that all sources of revenues are properly identified and classified on the financial statements.

We also recommend the Fiscal Officer refer to Ohio Administrative Code and/or the Ohio Village Handbook for guidance to determine the proper establishment of receipt and disbursement accounts and posting of receipts and disbursements. The Fiscal Officer should refer to Auditor of State Bulletin 2011-004 for assistance in properly classifying fund balances.

Officials' Response – Officials did not provide a response to this finding.

VILLAGE OF RISINGSUN
WOOD COUNTY

SCHEDULE OF AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)

FINDING NUMBER 2014-002

Non-Compliance

Ohio Rev. Code Section 5705.09 requires, in part, each subdivision to establish a special fund for each class of revenues derived from a source other than the general property tax, which the law requires to be used for a particular purpose.

During 2014 and 2013, the Village collected \$5 per Mayor's Court ticket to be used for a Mayor's Court computerization fund. The Village did not have a separate fund set up for these revenues, resulting in the balance being recorded and held in the Agency Fund. The amount that should have been recorded in a separate computerization fund is \$3,000 for fees collected during 2014 and 2013.

We recommend the Village establish a special revenue computerization fund to account for collections from tickets related to this revenue source. New funds established should be approved by Village Council and documented in the minutes.

Officials' Response – Officials did not provide a response to this finding.

FINDING NUMBER 2014-003

Non-Compliance

Ohio Rev. Code Section 5705.10 requires 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 balance indicates that money from one fund was used to cover the expenses of another fund.

The Village had a negative fund balance at December 31, 2014 as follows:

<u>Fund</u>	<u>Deficit</u>
Park and Recreation Fund	(\$3,291)

The Village also posted unallowable advances during 2014 and 2013 to alleviate cash flow problems in the General Fund. In 2014, an advance was posted from the Special Assessments Fund to the General Fund. In 2013, an advance was posted from the Street Construction Maintenance and Repair Fund to the General Fund. The advances were repaid during the appropriate year.

The Village also made debt payments from a Capital Projects Fund during 2014 and 2013. Capital Projects Funds are to be used to account for receipts and disbursements restricted for the acquisition on construction of major projects. We recommend the Village establish a debt service fund to make payments on indebtedness or ensure debt is being paid from an allowable fund. The Village should consult with its solicitor concerning establishing new funds.

A negative cash fund balance is an indication that revenues from other sources were used to pay obligations of these funds. Fund activity should be monitored by the Fiscal Officer to prevent future expenditures in excess of available resources. In those cases where additional funds are required, the resources should either be transferred or advanced to the fund in accordance with the Ohio Revised Code.

Officials' Response – Officials did not provide a response to this finding.

VILLAGE OF RISINGSUN
WOOD COUNTY

SCHEDULE OF AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)

FINDING NUMBER 2014-004

Non-Compliance

Ohio Rev. Code, Section 2949.091(A)(1), states that the court, in which any person is convicted of or pleads guilty to any offense that is not a moving violation, shall impose the sum of twenty dollars as costs in the case in addition to any other court costs that the court is required by law to impose upon the offender. All such moneys collected during a month shall be transmitted on or before the twentieth day of the following month by the clerk of the court to the treasurer of state and deposited by the treasurer of state into the general revenue fund. The court shall not waive the payment of the additional twenty dollars court costs, unless the court determines that the offender is indigent and waives the payment of all court costs imposed upon the indigent offender.

Ohio Rev. Code, Section 2949.094(A), states that the court in which any person is convicted of or pleads guilty to any moving violation shall impose an additional court cost of ten dollars upon the offender. The court shall not waive the payment of the ten dollars unless the court determines that the offender is indigent and waives the payment of all court costs imposed upon the indigent offender. The remittance consist of three dollars and fifty cents to the Drug Law Enforcement Fund, five dollars to the Indigent Defense Fund, and one dollar and fifty cents to the Indigent Driver Alcohol Treatment Fund (Remitted to County).

Ohio Rev. Code, Section 2743.70(A)(1), states that the court, in which any person is convicted of or pleads guilty to any offense other than a traffic offense that is not a moving violation, shall impose nine dollars, if the offence is a misdemeanor, as costs in the case in addition to any other court costs that the court is required by law to impose upon the offender.

During our testing of Mayor's Court, we noted the Village was not remitting the proper amount of fees to the Treasurer of State. The Village was remitting twelve dollars and fifty cents for each violation sent to the Treasure of State, however the Village should have remitted thirty-seven dollars and fifty cents for 216 cases in 2014 and 243 cases in 2013. During 2014 and 2013, the Village should have remitted an additional \$11,475 to the Treasurer of State for fees collected. This amount due is reflected in the Agency Fund as the 2014 ending balance.

We recommend the Village remit the proper amount of fees to the Treasurer of State by the twentieth of each month. This issue will be referred to the Treasurer of State.

Management's Response – We did not receive a response from officials to this finding.

FINDING NUMBER 2014-005

Non-Compliance

Budgetary Controls

The budget is an instrument of public policy: A governing board expresses its desires for using a government's limited resources through its appropriations. Ohio Rev. Code Section 5705 deals with a variety of budgetary requirements that all subdivisions must comply with in order to ensure fiscal responsibility.

VILLAGE OF RISINGSUN
WOOD COUNTY

SCHEDULE OF AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)

FINDING NUMBER 2014-005 (Continued)

Non-Compliance (Continued)

Budgetary Controls (Continued)

In performing the audit we noted several violations of budgetary law which, although they do not in and of themselves, result in errors in financial reporting, may lead to the Village making financial decisions based on incorrect or incomplete information. We noted the following:

- Violations of 5705.39 indicating appropriations cannot exceed estimated resources;
- Violations of 5705.41(B) stating no subdivision is to expend money unless it has been appropriated (expenditures exceeded appropriations);
- Violations of 5705.10(l) requiring that monies paid into any fund is used only for purposes for which such fund is established, resulting in a negative fund balance of \$3,291 in the Park and Recreation Fund as of December 31, 2014.

Although Council approves budgets for revenue and expenses and receives monthly reports of budget and actual information, it does not ensure budgetary forms are properly completed, submitted to the County Budget Commission and entered into the UAN system.

The Fiscal Officer and Village Council should review the requirements of ORC section 5705 to be familiar with these laws and to make sure the Village is complying with applicable sections.

Management's Response – We did not receive a response from officials to this finding.

**VILLAGE OF RISINGSUN
WOOD COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2012-001	Posting Receipts and Disbursements	No	Repeated as Finding 2014-001



Dave Yost • Auditor of State

VILLAGE OF RISING SUN

WOOD COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
DECEMBER 29, 2015**