

**VILLAGE OF RISINGSUN
WOOD COUNTY
Regular Audit
For The Years Ended December 31, 2006 and 2005**



Mary Taylor, CPA

Auditor of State

Village Council
Village of Risingsun
420 Main Street
Risingsun, OH 43457

We have reviewed the *Independent Accountants' Report* of the Village of Risingsun, Wood County, prepared by Perry & Associates, Certified Public Accountants, A.C., for the audit period January 1, 2005 to December 31, 2006. 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 financial statements in the attached report are presented in accordance with a regulatory basis of accounting prescribed or permitted by the Auditor of State. Due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA), modifications were required to the *Independent Accountants' Report* on your financial statements. While the Auditor of State does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. The attached report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the statements are misstated under the non-GAAP regulatory basis. The *Independent Accountants' Report* also includes an opinion on the financial statements using the regulatory format the Auditor of State permits.

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.

Mary Taylor

Mary Taylor, CPA
Auditor of State

August 1, 2007

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**VILLAGE OF RISINGSUN
WOOD COUNTY**

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INDEPENDENT ACCOUNTANTS' REPORT

June 26, 2007

Village of Risingsun
Wood County
420 Main Street
PO Box 37
Rising Sun, Ohio 43457

To the Village Council:

We have audited the accompanying financial statements of the **Village of Risingsun, Wood County, Ohio**, (the Village) as of and for the years ended December 31, 2006 and 2005. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinion.

As described more fully in Note 1, the Village has prepared these financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

Revisions to GAAP would require the Village to reformat its financial statement presentation and make other changes effective for the years ended December 31, 2006 and 2005. Instead of the combined funds the accompanying financial statements present for 2006 and 2005, the revisions require presenting entity wide statements and also to present it's larger (i.e. major) funds separately for 2006 and 2005. While the Village does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to the new GAAP presentation requirements. The Auditor of State permits, but does not require governments to reformat their statements. The Village has elected not to reformat its statements. Since the Village does not use GAAP to measure financial statement amounts, the following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2006 and 2005 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2006 and 2005 or their changes in financial position for the year then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserve for encumbrances of the Village of Risingsun, Wood County, as of December 31, 2006 and 2005, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The aforementioned revision to generally accepted accounting principles also requires the Village to include Management's Discussion and Analysis for the years ended December 31, 2006 and 2005. The Government has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 26, 2007, 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. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Respectfully Submitted,

Perry and Associates
Certified Public Accountants, A.C.

**VILLAGE OF RISINGSUN
WOOD COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2006**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
Cash Receipts:				
Property Tax and Other Local Taxes	\$ 28,364	\$ 19,156	\$ -	\$ 47,520
Intergovernmental	17,823	35,468	-	53,291
Special Assessments	-	10,315	-	10,315
Charges for Services	-	74,484	-	74,484
Fines, Licenses, and Permits	21,602	-	-	21,602
Earnings on Investments	5,397	189	-	5,586
Miscellaneous	8,714	714	-	9,428
	<hr/>	<hr/>	<hr/>	<hr/>
Total Cash Receipts	81,900	140,326	-	222,226
Cash Disbursements:				
Current:				
Security of Persons and Property	32,341	31,247	-	63,588
Public Health	254	-	-	254
Leisure Time	761	5,164	-	5,925
Basic Utility Services	1,019	220	-	1,239
Community Environment	-	107	-	107
Transportation	-	36,330	-	36,330
General Government	43,344	-	-	43,344
Debt Service:				
Redemption of Principal	4,378	28,858	-	33,236
Interest and Fiscal Charges	81	5,262	-	5,343
Capital Outlay	-	14,154	-	14,154
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Total Cash Disbursements	82,178	121,342	-	203,520
Total Cash Receipts Over/(Under) Disbursements	(278)	18,984	-	18,706
Other Financing Receipts and (Disbursements):				
Sale of Fixed Assets	-	5,000	-	5,000
Transfers-In	-	248	-	248
Advances-In	3,960	2,400	500	6,860
Transfers-Out	(248)	-	-	(248)
Advances-Out	(2,900)	(3,460)	(500)	(6,860)
Other Uses	(861)	-	-	(861)
	<hr/>	<hr/>	<hr/>	<hr/>
Total Other Financing Receipts/(Disbursements)	(49)	4,188	-	4,139
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(327)	23,172	-	22,845
Fund Cash Balances, January 1	760	157,824	62	158,646
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Fund Cash Balances, December 31	\$ 433	\$ 180,996	\$ 62	\$ 181,490
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Reserve for Encumbrances, December 31	\$ 5,066	\$ 4,984	\$ 487	\$ 10,537

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

**VILLAGE OF RISINGSUN
WOOD COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES FOR ALL FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2006**

	Fiduciary Fund Type
	Agency
Operating Cash Receipts:	
Fines, Licenses, and Permits	\$ 1,055
Total Operating Revenues	1,055
Operating Cash Disbursements:	
Supplies and Materials	810
Other	60
Total Operating Cash Disbursements	870
Operating Income (Loss)	185
Fund Cash Balances, January 1	287
Fund Cash Balances, December 31	\$ 472
Reserve for Encumbrances, December 31	\$ 404

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

**VILLAGE OF RISINGSUN
WOOD COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2005**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
Cash Receipts:				
Property Tax and Other Local Taxes	\$ 31,354	\$ 19,514	\$ -	\$ 50,868
Intergovernmental	17,380	101,139	-	118,519
Special Assessments	-	10,089	-	10,089
Charges for Services	750	66,849	-	67,599
Fines, Licenses, and Permits	32,430	-	-	32,430
Earnings on Investments	4,738	100	-	4,838
Miscellaneous	2,893	1,402	-	4,295
	<u>89,545</u>	<u>199,093</u>	<u>-</u>	<u>288,638</u>
Total Cash Receipts				
	<u>89,545</u>	<u>199,093</u>	<u>-</u>	<u>288,638</u>
Cash Disbursements:				
Current:				
Security of Persons and Property	36,194	29,607	-	65,801
Public Health	254	-	-	254
Leisure Time	642	4,770	-	5,412
Basic Utility Services	1,167	240	-	1,407
Community Environment	-	644	-	644
Transportation	680	35,183	-	35,863
General Government	50,671	-	-	50,671
Debt Service:				
Redemption of Principal	5,085	27,691	-	32,776
Interest and Fiscal Charges	270	6,430	-	6,700
Capital Outlay	-	84,247	838	85,085
	<u>94,963</u>	<u>188,812</u>	<u>838</u>	<u>284,613</u>
Total Cash Disbursements				
	<u>94,963</u>	<u>188,812</u>	<u>838</u>	<u>284,613</u>
Total Cash Receipts Over/(Under) Disbursements	<u>(5,418)</u>	<u>10,281</u>	<u>(838)</u>	<u>4,025</u>
Other Financing Receipts and (Disbursements):				
Transfers-In	4,100	583	-	4,683
Advances-In	2,775	375	-	3,150
Transfer-Out	(583)	-	(4,100)	(4,683)
Advances-Out	(375)	(2,775)	-	(3,150)
Other Uses	(170)	-	-	(170)
	<u>5,747</u>	<u>(1,817)</u>	<u>(4,100)</u>	<u>(170)</u>
Total Other Financing Receipts/(Disbursements)				
	<u>5,747</u>	<u>(1,817)</u>	<u>(4,100)</u>	<u>(170)</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	329	8,464	(4,938)	3,855
Fund Cash Balances, January 1	<u>431</u>	<u>149,360</u>	<u>5,000</u>	<u>154,791</u>
Fund Cash Balances, December 31	<u><u>\$ 760</u></u>	<u><u>\$ 157,824</u></u>	<u><u>\$ 62</u></u>	<u><u>\$ 158,646</u></u>
Reserve for Encumbrances, December 31	<u><u>\$ 1,545</u></u>	<u><u>\$ 579</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 2,124</u></u>

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

**VILLAGE OF RISINGSUN
WOOD COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES FOR ALL FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2005**

	Fiduciary Fund Type
	Agency
Operating Cash Receipts:	
Fines, Licenses, and Permits	\$ 1,730
Total Operating Revenues	1,730
Operating Cash Disbursements:	
Contractual Services	1,992
Supplies and Materials	875
Total Operating Cash Disbursements	2,867
Operating Income (Loss)	(1,137)
Fund Cash Balances, January 1	1,424
Fund Cash Balances, December 31	\$ 287
Reserve for Encumbrances, December 31	\$ 15

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

**VILLAGE OF RISINGSUN
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2006 AND 2005**

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 governs the Village. The Village provides park operations and police services. The Village appropriates general fund money to support a volunteer fire department.

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

B. Basis of Accounting

These financial statements follow the accounting basis the Auditor of State prescribes or permits. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized 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 the Auditor of State prescribes.

C. Cash

The villages accounting basis includes investments as assets. This basis does not report disbursements for investment purchases or receipts for investment sales. The Village reports gains or losses at the time of sale as receipts or disbursements, respectively.

D. Fund Accounting

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

1. General Fund

The General Fund is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

2. Special Revenue Funds

These funds are used to account for proceeds from specific sources that are restricted to expenditure for specific purposes. The Village has 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 fire contract and levy monies for the operation of the volunteer fire department.

**VILLAGE OF RISINGSUN
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2006 AND 2005
(continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

3. Fiduciary Fund (Agency Funds)

Funds for which the Village is acting in an agency capacity are classified as agency funds. The Village had the following significant fiduciary fund: The Village has an agency fund that collects additional court costs for computer expenses of the Mayor's Court.

4. Capital Project Funds

This fund is used to account for proceeds that are restricted for the acquisition or construction of capital assets. The Village had the following significant Capital Projects Fund:

Capital Projects Fund - This fund receives monies for the acquisition of capital assets for the Village.

E. Budgetary Process

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

1. Appropriations

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

2. Estimated Resources

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

3. Encumbrances

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

A summary of 2006 and 2005 budgetary activity appears in Note 3.

**VILLAGE OF RISINGSUN
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2006 AND 2005
(continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Property, Plant and Equipment

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets on the accompanying financial statements.

G. 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 CASH AND INVESTMENTS

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

	2006	2005
Demand Deposits	\$81,173	\$58,142
Investments	100,790	100,790
Total Deposits and Investments	\$181,962	\$158,933

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

3. BUDGETARY ACTIVITY

Budgetary activity for the years ended December 31, 2006 and 2005 follows:

2006 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$103,660	\$85,860	(\$17,800)
Special Revenue	124,719	147,974	23,255
Fiduciary Fund	1,000	1,055	55
Capital Projects	2,000	500	(1,500)
Total	\$231,379	\$235,389	\$4,010

**VILLAGE OF RISINGSUN
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2006 AND 2005
(continued)**

3. BUDGETARY ACTIVITY (continued)

2006 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$97,550	\$91,253	\$6,297
Special Revenue	187,784	129,786	57,998
Capital Projects	1,286	1,274	12
Fiduciary	561	500	61
Total	\$287,181	\$222,813	\$64,368

2005 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$102,198	\$96,420	(\$5,778)
Special Revenue	174,427	200,051	25,624
Fiduciary Fund	1,500	1,730	230
Total	\$278,125	\$298,201	\$20,076

2005 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$102,628	\$92,218	\$10,410
Special Revenue	149,495	192,166	(42,671)
Fiduciary Fund	2,924	2,882	42
Capital Projects	5,100	4,938	162
Total	\$260,147	\$292,204	(\$32,057)

Contrary to Ohio Rev. Code Section 5705.41 (B), expenditures exceeded appropriations during 2005 in the Parks and Recreations and Other Special Revenue Funds.

Contrary to Ohio Rev. Code Section 5705.15, transfers between funds were performed without the required court approval.

**VILLAGE OF RISINGSUN
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2006 AND 2005
(continued)**

4. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which Village Council adopts rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. Homestead and rollback amounts are then paid by the State, and are reflected in the accompanying financial statements as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to make semiannual payment, 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 property owners, who must file a list of such property to the County by each April 30, assess tangible personal property tax. The County is responsible for assessing property, and for billing, collecting, and distributing all property taxes on behalf of the Village.

5. RETIREMENT SYSTEMS

The Village's elected officials and employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multi-employer plan. This plan provides retirement benefits, including post retirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

The Ohio Revised Code also prescribes contribution rates. For 2006 and 2005, members of PERS contributed 9.0% and 8.5%, respectively, of their gross salaries. The Village contributed an amount equal to 13.70% of participants' gross salaries in 2006 and 13.55% in 2005. The Village has paid all contributions required through December 31, 2006.

6. RISK MANAGEMENT

Commercial Insurance

The Village has obtained commercial insurance for the following risks:

- Commercial general liability coverage
- Commercial inland marine coverage
- Errors and omissions

The Village also provides health insurance to their full-time employees.

**VILLAGE OF RISINGSUN
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2006 AND 2005
(continued)**

7. DEBT

Debt outstanding at December 31, 2006 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Promissory Loan – Fire Truck	\$ 84,809	4.50%
Lawn Tractor Lease	3,016	4.24%
Total	<u>\$ 87,825</u>	

Promissory Loan – Fire Truck -The Village borrowed \$135,365 during 2004 to help purchase a new fire truck. The loan will be repaid in annual payments of \$30,890 over a five-year period. The truck is collateral for the loan.

Lawn Tractor Lease - The Village entered into a lease with option to purchase for a mower in 2004. The prior audit report neglected to report this lease within the debt note. At December 31, 2004, the lease had an outstanding principal balance due of \$9,028. The lease will be repaid in monthly payments of \$269.21.

The Village also had a promissory loan to pay back wages they owed to an employee as a result of a lawsuit. The loan had an outstanding principal balance of \$9,444 as of December 31, 2004. The loan was paid in full during the audit period.

Amortization of the above debt and capital lease, including interest, is as follows:

	<u>Promissory Loan Fire Truck</u>	<u>Lease Payment Lawn Tractor</u>
Year ending December 31:		
2007	\$30,890	\$3,231
2008	30,890	-
2009	30,890	-
Total	<u>\$92,670</u>	<u>\$3,231</u>

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

June 26, 2007

Village of Risingsun
Wood County
420 Main Street
PO Box 37
Rising Sun, Ohio 434547

To the Village Council:

We have audited the financial statements of **Village of Risingsun, Wood County, Ohio** (the Village) as of and for the years ended December 31, 2006 and 2005, and have issued our report thereon dated June 26, 2007, wherein we noted the Village followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Village's internal control over financial reporting as a basis for designing our audit procedures for expressing our opinion on the financial statements, but not to opine on the effectiveness of the Village's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Village's internal control over financial reporting.

Our consideration of the internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be considered significant deficiencies or material weaknesses. However, as discussed below, we identified one deficiency in internal control over financial reporting that we consider to be a significant deficiency.

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Village's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the Village's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

Internal Control Over Financial Reporting (Continued)

We consider the following deficiencies described in the accompanying schedule of findings to be significant deficiencies in internal control over financial reporting: 2006-001 through 2006-003.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the Village's internal control will not prevent or detect a material financial statement misstatement.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and accordingly, would not necessarily disclose all significant deficiencies that are also material weaknesses. We believe significant deficiency 2006-001 described above is a material weakness.

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, providing an opinion 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 that we must report under *Government Auditing Standards*, which are described in the accompanying schedule of findings as items 2006-004 and 2006-005.

This report is intended solely for the information and use of Village management and Council and is not intended to be, and should not be used by anyone other than these specified parties.

Respectfully Submitted,

Perry and Associates
Certified Public Accountants, A.C.

**VILLAGE OF RISINGSUN
WOOD COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2006 and 2005**

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

FINDING NUMBER 2006-001

Significant Deficiency/ Material Weakness

Posting of Estimated Revenues and Appropriations

The Village did not have a control procedure in place to ensure that appropriations and estimated receipts, as authorized by Village Council and approved by the County Budget Commission, were reconciled to the appropriations and estimated receipts posted to the accounting system.

This resulted in incorrect amounts posted to the accounting system and information available to Village officials to monitor year-to-date total comparison of budgeted amounts versus actual amounts was not accurate. Adjustments were made to the budgetary activity reported in Note 3 to the financial statements in order to accurately present estimated receipts as Certified by the County Budget Commission.

We recommend the Village implement procedures to ensure appropriations and estimated receipts are accurately posted to the accounting system and reconciled to the amounts approved by the budget commission after each amendment.

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

FINDING NUMBER 2006-002

Significant Deficiency

Investment Carrying Amount

The Village maintains an investment account with Edward Jones. The Village records these investments at cost on their accounting system.

Maintaining investments at cost is the preferred accounting method for cash basis governments. Care should be taken to review the market value of securities against the cost value and if the difference in value becomes significant, the Village should consider adjusting their investment value. The market/fair value at December 31, 2006 and 2005 was below the cost value.

We recommend the Village consult with their investment advisor and determine if the Village should consider making any adjustments to their investment portfolio because of changes in the market value.

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

**VILLAGE OF RISINGSUN
WOOD COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2006 and 2005**

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

FINDING NUMBER 2006-003

Significant Deficiency

Advances

In order to advance cash from one fund to another, Auditor of State Bulletin 97-003 suggests there must be statutory authority to use the money in the fund advancing the cash (the “creditor” fund) for the same purpose for which the fund receiving the cash (the “debtor” fund) was established. In addition, advances must be approved by a formal resolution of the taxing authority of the subdivision which must include: (1) a specific statement that the transaction is an advance of cash, and, (2) an indication of the money (fund) from which it is expected that repayment will be made.

To alleviate short-term cash flow problems, the Village advanced cash between the funds. The Village made advances that were not approved in Resolution form by the taxing authority. Some advances performed were not paid back as of the end of the audit period.

We recommend that the Village follow the guidance outlined in Auditor of State Bulletin 97-003 to initiate an advance. The Council should approve all advances. In addition, if the Village intent is to not repay the advance, the taxing authority should by Resolution turn the unpaid advance into a transfer.

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

FINDING NUMBER 2006-004

Noncompliance Citation

Ohio Rev. Code Section 5705.41 (B) states that no subdivision or taxing unit shall make any expenditure of money unless the same has been properly appropriated.

Actual disbursements exceeded appropriations in 2005 in the Parks and Recreation Fund and Other Special Revenue Fund.

We recommend the Village Clerk modify appropriations with the Council and County Budget Commission before incurring obligations that would cause expenditures to exceed appropriations. The Village Clerk should deny any payments until the legislative authority has passed the necessary changes to the appropriation measure.

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

**VILLAGE OF RISINGSUN
WOOD COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2006 and 2005**

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

FINDING NUMBER 2006-005

Noncompliance Citation

Ohio Revised Code Section 5705.15 states in addition to the transfers authorized in section 5705.14 of the Revised Code, the taxing authority of any political subdivision with the approval of the Tax Commissioner and of the Court of Common Pleas, may transfer from one fund to another any public funds under supervision, except proceeds or balances of loans, bond issues, special levies for the payment of loans or bond issues, the proceeds or balances of funds derived from any excise tax levied by law for a specified purpose, and the proceeds or balances of any license fees imposed by law for a specific purpose.

The Village made several transfers during the audit period between funds without the required court approval. We recommend the Council review the statutes governing transfers, and take the appropriate action necessary to be compliant with the Revised Code.

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

**VILLAGE OF RISINGSUN
WOOD COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2006 AND 2005**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2004-001	ORC Section 5705.41(B) – Expenditures exceeding appropriations.	No	Not Corrected, Repeated as finding 2006-004.



Mary Taylor, CPA
Auditor of State

VILLAGE OF RISINGSUN

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
AUGUST 14, 2007**