



Dave Yost • Auditor of State



**VILLAGE OF RAWSON  
HANCOCK COUNTY  
DECEMBER 31, 2017 AND 2016**

**TABLE OF CONTENTS**

<b>TITLE</b>	<b>PAGE</b>
Independent Auditor's Report .....	1
Prepared by Management:	
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position – Cash Basis – December 31, 2017 .....	3
Statement of Activities – Cash Basis – For the Year Ended December 31, 2017 .....	4
Fund Financial Statements:	
Statement of Assets and Fund Balances – Cash Basis	
Governmental Funds – December 31, 2017 .....	6
Statement of Receipts, Disbursements and Changes in Fund Balances – Cash Basis	
Governmental Funds – For the Year Ended December 31, 2017 .....	7
Statement of Receipts, Disbursements and Changes in	
Fund Balance - Budget and Actual – Budget Basis –	
For the Year Ended December 31, 2017	
General Fund.....	8
Street Construction, Maintenance and Repair Fund.....	9
Sidewalks & Trees Special Assessment Fund.....	10
Statement of Fund Net Position – Cash Basis	
Proprietary Funds .....	11
Statement of Revenues, Expenses and Changes in Fund Net Position – Cash Basis	
Proprietary Funds .....	12
Notes to the Basic Financial Statements .....	13
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position – Cash Basis – December 31, 2016 .....	29
Statement of Activities – Cash Basis – For the Year Ended December 31, 2016.....	30
Fund Financial Statements:	
Statement of Assets and Fund Balances – Cash Basis	
Governmental Funds – December 31, 2016 .....	32
Statement of Receipts, Disbursements and Changes in Fund Balances – Cash Basis	
Governmental Funds – For the Year Ended December 31, 2016 .....	33
Statement of Receipts, Disbursements and Changes in	
Fund Balance - Budget and Actual – Budget Basis –	
For the Year Ended December 31, 2016	
General Fund.....	34
Street Construction, Maintenance and Repair Fund.....	35

VILLAGE OF RAWSON  
HANCOCK COUNTY  
DECEMBER 31, 2017 AND 2016

TABLE OF CONTENTS  
(Continued)

<b>TITLE</b>	<b>PAGE</b>
Statement of Fund Net Position – Cash Basis Proprietary Funds .....	36
Statement of Revenues, Expenses and Changes in Fund Net Position – Cash Basis Proprietary Funds .....	37
Notes to the Basic Financial Statements .....	39
Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i> .....	55
Schedule of Findings.....	57
Prepared by Management:	
Summary Schedule of Prior Audit Findings.....	58



# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT

Village of Rawson  
Hancock County  
111 South Main Street  
P.O. Box 525  
Rawson, Ohio 45881

To the Village Council:

### ***Report on the Financial Statements***

We have audited the accompanying cash-basis financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Village of Rawson, Hancock County, Ohio (the Village), as of and for the years ended December 31, 2017 and 2016, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for preparing and fairly presenting these financial statements in accordance with the cash accounting basis Note 2 describes. This responsibility includes determining that the cash accounting basis is acceptable for the circumstances. Management is also responsible for designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements that are 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.

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Village of Rawson, Hancock County, Ohio, as of December 31, 2017 and 2016, and the respective changes in cash financial position and the respective budgetary comparison for the General and Street Construction, Maintenance and Repair Funds thereof for the years then ended and the Sidewalks & Trees Special Assessment Fund for the year ended 2017 in accordance with the accounting basis described in Note 2.

**Accounting Basis**

We draw attention to Note 2 of the financial statements, which describes the accounting basis. The financial statements are prepared on the cash basis of accounting, which differs from generally accepted accounting principles. We did not modify our opinion regarding this matter.

**Emphasis of Matter**

As discussed in Note 2 to the financial statements, during 2016, the Village has elected to change its financial presentation to a cash basis comparable to the requirements of *Governmental Accounting Standards*. We did not modify our opinion regarding this matter.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated July 25, 2018, 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.



**Dave Yost**  
Auditor of State

Columbus, Ohio

July 25, 2018

**Village of Rawson, Ohio**  
*Hancock County*  
*Statement of Net Position - Cash Basis*  
*December 31, 2017*

	Governmental Activities	Business - Type Activities	Total
<b>Assets</b>			
Equity in Pooled Cash and Cash Equivalents	\$232,591	\$476,346	\$708,937
<b>Net Position</b>			
Restricted for:			
Debt Service		\$254,829	\$254,829
Other Purposes	\$175,159	212,663	387,822
Unrestricted	57,432	8,854	66,286
<i>Total Net Position</i>	\$232,591	\$476,346	\$708,937

See accompanying notes to the basic financial statements

**Village of Rawson, Ohio**  
*Hancock County*  
**Statement of Activities - Cash Basis**  
*For the Year Ended December 31, 2017*

	Program Cash Receipts			
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions
<b>Governmental Activities</b>				
Current:				
Security of Persons and Property	\$28,779	\$5,598		
Public Health Services	1,000			
Leisure Time Activities	20,528	550	\$9,000	
Community Environment	794	9,853		
Basic Utility Services	2			
Transportation	13,840	11,186	24,399	\$1,550
General Government	26,285	1,270	229	
<i>Total Governmental Activities</i>	<u>91,228</u>	<u>28,457</u>	<u>33,628</u>	<u>1,550</u>
<b>Business-Type Activities</b>				
Water Operating	82,797	79,904		
Sewer Operating	161,600	77,838	34,273	
Sewer/Lagoon Enterprise Improvement		485		
Special Assessment Debt Service	10,683	35,496		
Reserve Account		341		
Water Enterprise Deposit Fund	618	1,651		
Sewer Deposit Fund	618	1,726		
<i>Total Business-Type Activities</i>	<u>256,316</u>	<u>197,441</u>	<u>34,273</u>	
<i>Total Primary Government</i>	<u>\$347,544</u>	<u>\$225,898</u>	<u>\$67,901</u>	<u>\$1,550</u>

General Receipts:  
Property Taxes Levied for:  
General Purposes  
Grants and Entitlements not Restricted to Specific Programs  
Miscellaneous

*Total General Receipts*

Change in Net Position

*Net Position Beginning of Year*

*Net Position End of Year*

See accompanying notes to the basic financial statements



Net (Disbursements) Receipts and Changes in Net Position

<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
(\$23,181)		(\$23,181)
(1,000)		(1,000)
(10,978)		(10,978)
9,059		9,059
(2)		(2)
23,295		23,295
<u>(24,786)</u>		<u>(24,786)</u>
<u>(27,593)</u>		<u>(27,593)</u>
	(\$2,893)	(2,893)
	(49,489)	(49,489)
	485	485
	24,813	24,813
	341	341
	1,033	1,033
	<u>1,108</u>	<u>1,108</u>
	<u>(24,602)</u>	<u>(24,602)</u>
<u>(27,593)</u>	<u>(24,602)</u>	<u>(52,195)</u>
15,838		15,838
27,074		27,074
<u>1,152</u>		<u>1,152</u>
<u>44,064</u>		<u>44,064</u>
16,471	(24,602)	(8,131)
<u>216,120</u>	<u>500,948</u>	<u>717,068</u>
<u>\$232,591</u>	<u>\$476,346</u>	<u>\$708,937</u>

**Village of Rawson, Ohio**  
 Hancock County  
 Statement of Assets and Fund Balances - Cash Basis  
 Governmental Funds  
 December 31, 2017

	General	Street Construction, Maintenance and Repair	Sidewalks & Trees Special Assessment	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>					
Equity in Pooled Cash and Cash Equivalents	<u>\$57,432</u>	<u>\$64,497</u>	<u>\$36,960</u>	<u>\$73,702</u>	<u>\$232,591</u>
<b>Fund Balances</b>					
Restricted		\$64,497	\$36,960	\$73,702	\$175,159
Unassigned	<u>\$57,432</u>				<u>57,432</u>
<i>Total Fund Balances</i>	<u>\$57,432</u>	<u>\$64,497</u>	<u>\$36,960</u>	<u>\$73,702</u>	<u>\$232,591</u>

See accompanying notes to the basic financial statements

**Village of Rawson, Ohio**  
Hancock County  
Statement of Receipts, Disbursements and Changes in Fund Balances - Cash Basis  
Governmental Funds  
For the Year Ended December 31, 2017

	General	Street Construction, Maintenance and Repair	Sidewalks & Trees Special Assessment	Other Governmental Funds	Total Governmental Funds
<b>Receipts</b>					
Property Taxes	\$13,055				\$13,055
Intergovernmental	27,074	\$20,330		\$13,069	60,473
Special Assessments	204		\$5,601	25,165	30,970
Charges for Services	550				550
Earnings on Investments	1,270	229			1,499
Miscellaneous	1,152				1,152
<i>Total Receipts</i>	<u>43,305</u>	<u>20,559</u>	<u>5,601</u>	<u>38,234</u>	<u>107,699</u>
<b>Disbursements</b>					
Current:					
Security of Persons and Property	5,040			23,739	28,779
Public Health Services	1,000				1,000
Leisure Time Activities	20,528				20,528
Community Environment			794		794
Basic Utility Services				2	2
Transportation		5,311		8,529	13,840
General Government	25,945	340			26,285
<i>Total Disbursements</i>	<u>52,513</u>	<u>5,651</u>	<u>794</u>	<u>32,270</u>	<u>91,228</u>
<i>Net Change in Fund Balances</i>	(9,208)	14,908	4,807	5,964	16,471
<i>Fund Balances Beginning of Year</i>	<u>66,640</u>	<u>49,589</u>	<u>32,153</u>	<u>67,738</u>	<u>216,120</u>
<i>Fund Balances End of Year</i>	<u>\$57,432</u>	<u>\$64,497</u>	<u>\$36,960</u>	<u>\$73,702</u>	<u>\$232,591</u>

See accompanying notes to the basic financial statements

**Village of Rawson, Ohio**  
*Hancock County*  
**Statement of Receipts, Disbursements and Changes**  
*In Fund Balance - Budget and Actual - Budget Basis*  
**General Fund**  
*For the Year Ended December 31, 2017*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Receipts</b>				
Property Taxes	\$11,111	\$13,032	\$13,055	\$23
Intergovernmental	23,358	23,359	27,074	3,715
Special Assessments			204	204
Charges for Services	200	200	550	350
Earnings on Investments			1,270	1,270
Miscellaneous			1,152	1,152
<i>Total Receipts</i>	34,669	36,591	43,305	6,714
<b>Disbursements</b>				
Current:				
Security of Persons and Property	8,279	8,279	5,075	3,204
Public Health Services	1,000	1,000	1,000	0
Leisure Time Activities	35,726	35,726	20,597	15,129
General Government	56,988	56,988	26,320	30,668
<i>Total Disbursements</i>	101,993	101,993	52,992	49,001
<i>Net Change in Fund Balance</i>	(67,324)	(65,402)	(9,687)	55,715
<i>Unencumbered Fund Balance Beginning of Year</i>	65,672	65,672	65,672	
Prior Year Encumbrances Appropriated	968	968	968	
<i>Unencumbered Fund Balance End of Year</i>	(\$684)	\$1,238	\$56,953	\$55,715

See accompanying notes to the basic financial statements

**Village of Rawson, Ohio**  
*Hancock County*  
*Statement of Receipts, Disbursements and Changes*  
*In Fund Balance - Budget and Actual - Budget Basis*  
*Street Construction, Maintenance and Repair Fund*  
*For the Year Ended December 31, 2017*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Receipts</b>				
Intergovernmental	\$22,000	\$22,000	\$20,330	(\$1,670)
Earnings on Investments			229	229
<i>Total Receipts</i>	22,000	22,000	20,559	(1,441)
<b>Disbursements</b>				
Current:				
Transportation	71,199	71,199	5,344	65,855
General Government	340	340	340	0
<i>Total Disbursements</i>	71,539	71,539	5,684	65,855
<i>Net Change in Fund Balance</i>	(49,539)	(49,539)	14,875	64,414
<i>Unencumbered Fund Balance Beginning of Year</i>	48,951	48,951	48,951	
Prior Year Encumbrances Appropriated	638	638	638	
<i>Unencumbered Fund Balance End of Year</i>	\$50	\$50	\$64,464	\$64,414

See accompanying notes to the basic financial statements

**Village of Rawson, Ohio**  
*Hancock County*  
*Statement of Receipts, Disbursements and Changes*  
*In Fund Balance - Budget and Actual - Budget Basis*  
*Sidewalks & Trees Special Assessment Fund*  
*For the Year Ended December 31, 2017*

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
<b>Receipts</b>				
Special Assessments	<u>\$2,414</u>	<u>\$2,414</u>	<u>\$5,601</u>	<u>\$3,187</u>
<b>Disbursements</b>				
Current:				
Community Environment	<u>34,230</u>	<u>34,230</u>	<u>794</u>	<u>33,436</u>
<i>Net Change in Fund Balance</i>	(31,816)	(31,816)	4,807	36,623
<i>Unencumbered Fund Balance Beginning of Year</i>	31,816	31,816	31,816	
Prior Year Encumbrances Appropriated	<u>337</u>	<u>337</u>	<u>337</u>	
<i>Unencumbered Fund Balance End of Year</i>	<u><u>\$337</u></u>	<u><u>\$337</u></u>	<u><u>\$36,960</u></u>	<u><u>\$36,623</u></u>

See accompanying notes to the basic financial statements

**Village of Rawson, Ohio**  
 Hancock County  
 Statement of Fund Net Position - Cash Basis  
 Proprietary Funds  
 December 31, 2017

	Business-Type Activities					Total Enterprise Funds
	Water Operating	Sewer Operating	Special Assessment Debt Service	Reserve Account	Other Enterprise Funds	
<b>Assets</b>						
Equity in Pooled Cash and Cash Equivalents	\$17,709	\$159,522	\$169,909	\$84,920	\$44,286	\$476,346
<b>Net Position</b>						
Restricted for:						
Debt Service			\$169,909	\$84,920		\$254,829
Other Purposes	\$17,709	\$159,522			\$35,432	212,663
Unrestricted					8,854	8,854
<i>Total Net Position</i>	<u>\$17,709</u>	<u>\$159,522</u>	<u>\$169,909</u>	<u>\$84,920</u>	<u>\$44,286</u>	<u>\$476,346</u>

See accompanying notes to the basic financial statements

**Village of Rawson, Ohio**  
*Hancock County*  
*Statement of Receipts, Disbursements and Changes in Fund Net Position - Cash Basis*  
*Proprietary Funds*  
*For the Year Ended December 31, 2017*

	Business-Type Activities					Total Enterprise Funds
	Water Operating	Sewer Operating	Special Assessment Debt Service	Reserve Account	Other Enterprise Funds	
<b>Operating Receipts</b>						
Charges for Services	\$79,904	\$77,838			\$3,862	\$161,604
<b>Operating Disbursements</b>						
Personal Services	18,132	15,845				33,977
Employee Fringe Benefits	2,482	2,432				4,914
Contractual Services	1,179	728				1,907
Supplies and Materials	11,713	51,126				62,839
Other					1,236	1,236
<i>Total Operating Disbursements</i>	<u>33,506</u>	<u>70,131</u>			<u>1,236</u>	<u>104,873</u>
<i>Operating Income</i>	<u>46,398</u>	<u>7,707</u>			<u>2,626</u>	<u>56,731</u>
<b>Non-Operating Receipts (Disbursements)</b>						
Intergovernmental		34,273				34,273
Special Assessments			\$35,496			35,496
Earnings on Investments				\$341		341
Principal Retirement	(43,279)	(40,545)	(4,000)			(87,824)
Interest and Other Fiscal Charges	(7,210)	(49,726)	(6,683)			(63,619)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(50,489)</u>	<u>(55,998)</u>	<u>24,813</u>	<u>341</u>		<u>(81,333)</u>
<i>Change in Net Position</i>	<u>(4,091)</u>	<u>(48,291)</u>	<u>24,813</u>	<u>341</u>	<u>2,626</u>	<u>(24,602)</u>
<i>Net Position Beginning of Year</i>	<u>21,800</u>	<u>207,813</u>	<u>145,096</u>	<u>84,579</u>	<u>41,660</u>	<u>500,948</u>
<i>Net Position End of Year</i>	<u>\$17,709</u>	<u>\$159,522</u>	<u>\$169,909</u>	<u>\$84,920</u>	<u>\$44,286</u>	<u>\$476,346</u>

See accompanying notes to the basic financial statements



**Village of Rawson, Ohio**  
*Hancock County*  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2017*

---

**Note 1 – Reporting Entity**

The Village of Rawson (the Village), Hancock County, 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. The Village is directed by a six-member council elected at large for four year terms. The Mayor is elected to a four-year term, serves as the President of Council and votes only to break a tie.

The reporting entity is comprised of the primary government, component units, and other organizations that are included to ensure the financial statements of the Village are not misleading.

***Primary Government***

The primary government consists of all funds, departments, boards, and agencies that are not legally separate from the Village. The primary government of the Village of Rawson provides the following services to its citizens: police and fire protection, parks and recreation, street maintenance and repairs, and water/sewer utilities.

***Public Entity Risk Pool***

The Village participates in a public entity risk pool. 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**

As discussed further in the "Basis of Accounting" section of this note, these financial statements are presented on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. Following are the more significant of the Village's accounting policies.

***Basis of Presentation***

The Village's basic financial statements consist of government-wide financial statements, including a statement of net position and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

***Government-Wide Financial Statements*** The statement of net position and the statement of activities display information about the Village as a whole. These statements include the financial activities of the primary government. The statements distinguish between those activities of the Village that are governmental in nature and those that are considered business-type activities. Governmental activities generally are financed through taxes, intergovernmental receipts or other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

The statement of net position presents the cash balance of the governmental and business-type activities of the Village at year end. The statement of activities compares disbursements with program receipts for each program or function of the Village's governmental activities and business-type activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the Village is responsible. Program receipts include

**Village of Rawson, Ohio**  
*Hancock County*  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2017*

---

charges paid by the recipient of the program's goods or services, grants and contributions restricted to meeting the operational or capital requirements of a particular program, and receipts of interest earned on grants required to be used to support a particular program. General receipts are all receipts not classified as program receipts, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental program or business activity is self-financing on a cash basis or draws from the general receipts of the Village.

**Fund Financial Statements** During the year, the Village segregates transactions related to certain Village functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Village at this more detailed level. The focus of governmental and enterprise fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column.

Proprietary fund statements distinguish operating transactions from nonoperating transactions. Operating receipts generally result from exchange transactions such as charges for services directly relating to the funds' principal services. Operating disbursements include costs of sales and services and administrative costs. The fund statements report all other receipts and disbursements as nonoperating.

**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 in two categories: governmental and proprietary.

**Governmental Funds** Governmental funds are those through which most governmental functions of the Village are financed. The following are the Village's major governmental funds:

**General** 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.

**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 maintenance and repair of streets within the Village.

**Sidewalks & Trees Special Assessment Fund** The sidewalks & trees special assessment fund accounts for and reports resources restricted for the maintenance and replacement of sidewalks and trees in the Village right of way deemed to benefit the properties against which special assessments are levied.

The other governmental funds of the Village account for and report grants and other resources, whose use is restricted, committed or assigned to a particular purpose.

**Proprietary Funds** The Village classifies funds financed primarily from user charges for goods or services as proprietary. Proprietary funds are classified as either enterprise funds or internal service funds.

**Enterprise Funds** Enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services. The following are the Village's major enterprise funds:

**Water Operating Fund** The water fund accounts for the provision of water treatment and distribution to the residents and commercial users located within the Village.

**Village of Rawson, Ohio**  
*Hancock County*  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2017*

---

**Sewer Operating Fund** The sewer fund accounts for the provision of sanitary sewer services to the residents and commercial users within the Village.

**Special Assessment Debt Service Fund** The special assessment debt service fund accounts for and reports resources restricted for the retirement of debt issued to finance public improvements deemed to benefit the properties against which special assessments are levied.

**Reserve Account Fund** The reserve account fund accounts for and reports resources required to be reserved and restricted for the retirement of USDA debt.

***Basis of Accounting***

The Village's financial statements are prepared using the cash basis of accounting. Receipts are recorded in the Village's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred. Any such modifications made by the Village are described in the appropriate section in this note.

As a result of the use of this cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements.

***Budgetary Process***

All funds, except agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations ordinance, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount Village Council may appropriate.

The appropriations ordinance is Village Council's authorization to spend resources and sets annual limits on cash disbursements plus encumbrances at the level of control selected by Village Council. The legal level of control has been established by Village Council at the fund, department, and object level for all funds.

The certificate of estimated resources may be amended during the year if projected increases or decreases in receipts are identified by the Village Clerk. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the amended certificated of estimated resources in effect at the time final appropriations were passed by Village Council.

The appropriations ordinance is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation ordinance for that fund that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by Village Council during the year.

**Village of Rawson, Ohio**  
*Hancock County*  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2017*

---

***Cash and Investments***

To improve cash management, cash received by the Village is pooled and invested. Individual fund integrity is maintained through Village records. Interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents".

Investments of the cash management pool and investments with an original maturity of three months or less at the time of purchase are presented on the financial statements as cash equivalents. Investments with an initial maturity of more than three months that were not purchased from the pool are reported as investments.

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or negative receipts (contra revenue), respectively. During 2017, the Village invested in nonnegotiable certificates of deposit and a money market fund.

Interest earnings are allocated to Village funds according to State statutes, grant requirements, or debt related restrictions. Interest receipts credited to the General Fund during 2017 was \$1,270 which includes \$1,139 assigned from other Village funds.

***Restricted Assets***

Assets are reported as restricted when limitations on their use change the nature or normal understanding of the availability of the asset. Such constraints are either externally imposed by creditors, contributors, grantors, or laws of other governments, or are imposed by law through constitutional provisions or enabling legislation.

***Inventory and Prepaid Items***

The Village reports disbursements for inventory and prepaid items when paid. These items are not reflected as assets in the accompanying financial statements.

***Capital Assets***

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

***Employer Contributions to Cost-Sharing Pension Plans***

The Village recognizes the disbursement for employer contributions to cost-sharing pension plans when they are paid. As described in Notes 7 and 8, the employer contributions include portions for pension benefits and for postretirement health care benefits.

***Long-Term Obligations***

The Village's cash basis financial statements do not report liabilities for bonds and other long-term obligations. Proceeds of debt are reported when cash is received and principal and interest payments are reported when paid.

***Net Position***

Net position is reported as restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net position restricted for other purposes include resources restricted for transportation, utilities, and other purposes.

**Village of Rawson, Ohio**  
*Hancock County*  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2017*

---

The Village's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted resources are available.

***Fund Balance***

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

***Nonspendable*** The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or are legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash.

***Restricted*** Fund balance is reported as 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.

Enabling legislation authorizes the Village to assess, levy, charge, or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation. Legal enforceability means that the Village can be compelled by an external party—such as citizens, public interest groups, or the judiciary to use resources created by enabling legislation only for the purposes specified by the legislation.

***Committed*** The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by formal action (ordinance or resolution, as both are equally binding) of Village Council. Those committed amounts cannot be used for any other purpose unless Village Council removes or changes the specified use by taking the same type of action (ordinance or resolution, as both are equally binding) it employed to previously commit those amounts. In contrast to fund balance that is restricted by enabling legislation, the committed fund balance classification may be redeployed for other purposes with appropriate due process. Constraints imposed on the use of committed amounts are imposed by Village Council, separate from the authorization to raise the underlying revenue; therefore, compliance with these constraints is not considered to be legally enforceable. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

***Assigned*** Amounts in the assigned fund balance classification are intended to be used by the Village for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by the Village Council or a Village official delegated that authority by resolution or by State Statute. State Statute authorizes the Village Auditor to assign fund balance for purchases on order provided such amounts have been lawfully appropriated.

***Unassigned*** Unassigned fund balance is the residual classification for the general fund and includes amounts not contained 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

**Village of Rawson, Ohio**  
*Hancock County*  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2017*

unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

**Internal Activity**

Transfers between governmental and business-type activities on the government-wide financial statements are reported in the same manner as general receipts.

Internal allocations of overhead expenses from one function to another or within the same function are eliminated on the Statement of Activities. Payments for interfund services provided and used are not eliminated.

Exchange transactions between funds are reported as receipts in the seller funds and as disbursements in the purchaser funds. Subsidies from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after nonoperating receipts/disbursements in proprietary funds. Repayments from funds responsible for particular disbursements to the funds that initially paid for them are not presented in the financial statements.

**Note 3 – Budgetary Basis of Accounting**

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budgetary Basis presented for the general fund and any major special revenue funds are prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference between the budgetary basis and the cash basis is as follows:

Outstanding year end encumbrances are treated as cash disbursements (budgetary basis) rather than as restricted, committed or assigned fund balance (cash basis).

Adjustments necessary to convert the results of operations at the end of the year on the budget basis to the cash basis are as follows:

	General	Street Construction, Maintenance and Repair Fund	Sidewalks & Trees Special Assessment Fund
Cash Basis	\$57,432	\$64,497	\$36,960
Encumbrances	479	33	
Budget Basis	\$56,953	\$64,464	\$36,960

**Note 4 – Deposits and Investments**

State statutes classify monies held by the Village into three categories.

Active deposits are public monies determined to be necessary to meet current demands upon the Village treasury. Active monies must be maintained either as cash in the Village treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

**Village of Rawson, Ohio**  
*Hancock County*  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2017*

---

Inactive deposits are public deposits that Council has identified as not required for use within the current five year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts including passbook accounts.

Interim monies held by the Village can be deposited or invested in the following securities:

1. United States Treasury bills, bonds notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, and Government National Mortgage Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. No-load money market mutual funds consisting exclusively of obligations described in (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
4. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
5. Bonds and other obligations of the State of Ohio, and with certain limitations bonds and other obligations of political subdivisions of the State of Ohio;
6. The State Treasurer's investment pool (STAR Ohio);
7. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred eighty days in an amount not to exceed 40 percent of the interim monies available for investment at any one time if training requirements have been met; and
8. Written repurchase agreements in the securities described in (1) or (2) provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and the term of the agreement must not exceed thirty days.

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited.

Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

**Village of Rawson, Ohio**  
*Hancock County*  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2017*

---

**Deposits**

Custodial credit risk is the risk that in the event of bank failure, the Village will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year end, \$33,542 of the Village's bank balance of \$710,322 was exposed to custodial credit risk because those deposits were uninsured and uncollateralized. Although all statutory requirements for the deposit of money had been followed, noncompliance with Federal requirements could potentially subject the Village to a successful claim by the Federal Deposit Insurance Corporation.

The Village has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by:

Eligible securities pledged to the Village and deposited with a qualified trustee by the financial institution as security for repayment whose market value at all times shall be at least one hundred five percent of the deposits being secured; or

Participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total market value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State.

**Note 5 – Taxes**

**Property Taxes**

Property taxes include amounts levied against all real and public utility property located in the Village. Property tax revenue received during 2017 for real and public utility property taxes represents collections of 2016 taxes.

2017 real property taxes are levied after October 1, 2017, on the assessed value as of January 1, 2017, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2017 real property taxes are collected in and intended to finance 2018.

Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits later payment dates to be established.

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2017 public utility property taxes which became a lien December 31, 2016, are levied after October 1, 2017, and are collected in 2018 with real property taxes.

The full tax rate for all Village operations for the year ended December 31, 2017, was \$2.50 per \$1,000 of assessed value. The assessed values of real property upon which 2017 property tax receipts were based are as follows:

	_____
Real Property	\$5,212,950
	_____

The County Treasurer collects property taxes on behalf of all taxing districts in the county, including the Village. The County Auditor periodically remits to the Village its portion of the taxes collected.



**Village of Rawson, Ohio**  
*Hancock County*  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2017*

---

**Note 6 – 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.

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. York Insurance Services Group, Inc. (York) functions as the administrator of PEP and provides underwriting, claims, loss control, risk management, and reinsurance services for PEP. PEP is a member of the American Public Entity Excess Pool (APEEP), which is also administered by York. Member governments pay annual contributions to fund PEP. PEP pays judgments, settlements and other expenses resulting from covered claims that exceed the members’ deductibles.

Casualty and Property Coverage

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

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

Financial Position

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

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

At December 31, 2017 the liabilities above include approximately \$11.8 million of estimated incurred claims payable. The assets above also include approximately \$11.2 million of unpaid claims to be billed. The Pool’s membership increased to 527 members in 2017. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2017, the Village’s share of these unpaid claims collectible in future years is approximately \$6,000.

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

<u><b>2017 Contributions to PEP</b></u> \$9,253
--

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.

**Village of Rawson, Ohio**  
*Hancock County*  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2017*

---

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.

**Note 7 – Defined Benefit Pension Plans**

***Plan Description – Ohio Public Employees Retirement System (OPERS)***

Plan Description – Village employees participate in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional pension plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan and the combined plan is a cost-sharing, multiple-employer defined benefit pension plan with defined contribution features. While members (e.g. Village employees) may elect the member-directed plan and the combined plan, substantially all employee members are in OPERS' traditional plan; therefore, the following disclosure focuses on the traditional pension plan.

OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of the traditional plan. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about OPERS' fiduciary net position that may be obtained by visiting <https://www.opers.org/financial/reports.shtml>, by writing to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 800-222-7377.

Senate Bill (SB) 343 was enacted into law with an effective date of January 7, 2013. In the legislation, members were categorized into three groups with varying provisions of the law applicable to each group. The following table provides age and service requirements for retirement and the retirement formula applied to final average salary (FAS) for the three member groups under the traditional plan as per the reduced benefits adopted by SB 343 (see OPERS CAFR referenced above for additional information, including requirements for reduced and unreduced benefits):

**Village of Rawson, Ohio**  
*Hancock County*  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2017**

<b>Group A</b>	<b>Group B</b>	<b>Group C</b>
Eligible to retire prior to January 7, 2013 or five years after January 7, 2013	20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013	Members not in other Groups and members hired on or after January 7, 2013
<b>State and Local</b>	<b>State and Local</b>	<b>State and Local</b>
<b>Age and Service Requirements:</b> Age 60 w ith 60 months of service credit or Age 55 w ith 25 years of service credit	<b>Age and Service Requirements:</b> Age 60 w ith 60 months of service credit or Age 55 w ith 25 years of service credit	<b>Age and Service Requirements:</b> Age 57 w ith 25 years of service credit or Age 62 w ith 5 years of service credit
<b>Formula:</b> 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	<b>Formula:</b> 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	<b>Formula:</b> 2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35
<b>Public Safety</b>	<b>Public Safety</b>	<b>Public Safety</b>
<b>Age and Service Requirements:</b> Age 48 w ith 25 years of service credit or Age 52 w ith 15 years of service credit	<b>Age and Service Requirements:</b> Age 48 w ith 25 years of service credit or Age 52 w ith 15 years of service credit	<b>Age and Service Requirements:</b> Age 52 w ith 25 years of service credit or Age 56 w ith 15 years of service credit
<b>Law Enforcement</b>	<b>Law Enforcement</b>	<b>Law Enforcement</b>
<b>Age and Service Requirements:</b> Age 52 w ith 15 years of service credit	<b>Age and Service Requirements:</b> Age 48 w ith 25 years of service credit or Age 52 w ith 15 years of service credit	<b>Age and Service Requirements:</b> Age 48 w ith 25 years of service credit or Age 56 w ith 15 years of service credit
<b>Public Safety and Law Enforcement</b>	<b>Public Safety and Law Enforcement</b>	<b>Public Safety and Law Enforcement</b>
<b>Formula:</b> 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25	<b>Formula:</b> 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25	<b>Formula:</b> 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25

Final average Salary (FAS) represents the average of the three highest years of earnings over a member's career for Groups A and B. Group C is based on the average of the five highest years of earnings over a member's career.

Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount.

When a benefit recipient has received benefits for 12 months, an annual cost of living adjustment (COLA) is provided. This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. For those retiring prior to January 7, 2013, the COLA will continue to be a 3 percent simple annual COLA. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, the COLA will be based on the average percentage increase in the Consumer Price Index, capped at 3 percent.

Funding Policy – The Ohio Revised Code (ORC) provides statutory authority for member and employer contributions as follows:

**Village of Rawson, Ohio**  
*Hancock County*  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2017*

	State and Local	Public Safety	Law Enforcement
<b>2017 Statutory Maximum Contribution Rates</b>			
Employer	14.0 %	18.1 %	18.1 %
Employee	10.0 %	*	**
<b>2017 Actual Contribution Rates</b>			
Employer:			
Pension	13.0 %	17.1 %	17.1 %
Post-employment Health Care Benefits	1.0	1.0	1.0
<b>Total Employer</b>	<b>14.0 %</b>	<b>18.1 %</b>	<b>18.1 %</b>
<b>Employee</b>	<b>10.0 %</b>	<b>12.0 %</b>	<b>13.0 %</b>
* This rate is determined by OPERS' Board and has no maximum rate established by ORC.			
** This rate is also determined by OPERS' Board, but is limited by ORC to not more than 2 percent greater than the Public Safety rate.			

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll.

The Village's contractually required contribution was \$6,807 for year 2017.

**Social Security**

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

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

**Note 8 – Postemployment Benefits**

**Ohio Public Employees Retirement System**

Plan Description – The Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: the traditional pension plan, a cost-sharing, multiple-employer defined benefit pension plan; the member-directed plan, a defined contribution plan; and the combined plan, a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

In March 2016, OPERS received two favorable rulings from the Internal Revenue Service (IRS) allowing OPERS to consolidate all health care assets into the OPERS 115 Health Care Trust. Transition to the new health care trust structure was completed July 1, 2016. OPERS maintains a cost-sharing, multiple-employer defined benefit post-employment health care trust, which funds multiple health care plans including medical coverage, prescription drug coverage and deposits to a Health Reimbursement Arrangement to qualifying benefit recipients of both the Traditional Pension and the Combined plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including OPERS sponsored health care coverage. OPERS funds a Retiree Medical Account (RMA) for participants in the Member-

**Village of Rawson, Ohio**  
*Hancock County*  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2017*

---

Directed Plan. At retirement or refund, participants can be reimbursed for qualified medical expenses from their vested RMA balance.

In order to qualify for postemployment health care coverage, age and service retirees under the traditional pension and combined plans must have twenty or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 45. See OPERS' CAFR referenced below for additional information.

The Ohio Revised Code permits, but does not require OPERS to provide health care to its eligible benefit recipients. Authority to establish and amend health care coverage is provided to the Board in Chapter 145 of the Ohio Revised Code.

Disclosures for the health care plan are presented separately in the OPERS financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/financial/reports.shtml>, by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling (614) 222-5601 or 800-222-7377.

Funding Policy – The Ohio Revised Code provides the statutory authority requiring public employers to fund postemployment health care through their contributions to OPERS. A portion of each employer's contribution to OPERS is set aside to fund OPERS health care plans.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2017, state and local employers contributed at a rate of 14.0 percent of earnable salary and public safety and law enforcement employers contributed at 18.1 percent. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. The portion of employer contributions allocated to health care for members in the Traditional Pension Plan and Combined Plan was 1.0 percent during calendar year 2017. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the Member-Directed Plan for 2017 was 4.0 percent.

Substantially all of the Village's contribution allocated to fund postemployment health care benefits relates to the cost-sharing, multiple employer trusts. The corresponding contribution for the years ended December 31, 2017, 2016, and 2015 was \$6,842, \$6,802, and \$6,168, respectively. The full amount has been contributed for all three years.

## **Note 9 – Debt**

### ***Long-Term Obligations***

The changes in the Village's long-term debt during 2017 were as follows:

**Village of Rawson, Ohio**  
*Hancock County*  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2017*

	Outstanding 12/31/16	Additions	Deletions	Outstanding 12/31/17	Due in One Year
<b>Business Type Activities</b>					
Ohio Water Development Authority Loan #285	\$49,473		\$24,488	\$24,985	\$24,985
Ohio Water Development Authority Loan #285	5,621		977	4,644	997
Ohio Water Development Authority Loan #630	172,326		8,248	164,078	8,533
Ohio Public Works Commission Loan #CM02	32,500		5,000	27,500	5,000
Ohio Public Works Commission Loan #CT31	97,071		13,868	83,203	13,868
Ohio Public Works Commission Loan #CM04	283,950		10,517	273,433	10,517
Mortgage Revenue Bonds 2004 (USDA)	1,105,000		21,000	1,084,000	21,000
Mortgage Revenue Bonds 2013 (USDA)	243,000		4,000	239,000	5,000
<b>Total Business-Type Activities</b>	<b>\$1,988,941</b>		<b>\$88,098</b>	<b>\$1,900,843</b>	<b>\$89,900</b>

The Ohio Water Development Authority (OWDA) loans 2852 and 2853 were issued to finance utility construction and improvements within the Village. Water receipts collateralize the loan. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

The Ohio Water Development Authority (OWDA) loan 6303 and Ohio Public Works Commission (OPWC) loan CM04N were issued to finance a new water tower and improvements to the Village's water lines. Water receipts collateralize the loan. The Village has agreed to set utility rates sufficient to cover OWDA and OPWC debt service requirements.

Ohio Public Works Commission Loan CM02C was approved for \$100,000 for improvements due to sewer line installation. Sewer receipts collateralize the loan. The Village has agreed to set utility rates sufficient to cover OPWC debt service requirements. Ohio Public Works Commission Loan CT31B was approved for \$277,350 for improvements due to sewer line installation. Sewer receipts collateralize the loan. The Village has agreed to set utility rates sufficient to cover OPWC debt service requirements. Ohio Public Works Commission Loan CM04N was approved for \$315,500 for waterline improvements and a new water tower. Water receipts collateralize the loan. The Village has agreed to set utility rates sufficient to cover OPWC debt service requirements.

Mortgage Revenue Bonds were issued in 2004 to finance construction of a wastewater treatment plant. An addendum to the bonds was issued in 2012 to finance the expansion of the sewer lagoon. Sewer receipts collateralize both loans. The Village has agreed to set utility rates sufficient to meet the debt covenant requirements of the bonds. The mortgage revenue bond covenant requires the Village to establish and fund a debt service reserve fund, included as a debt service fund.

Principal and interest requirements to retire long-term debt outstanding at December 31, 2017, were as follows:

**Village of Rawson, Ohio**  
*Hancock County*  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2017**

Year	OWDA Loan #2852	OWDA Loan #2853	OWDA Loan #6303	OPWC Loan #CM02C	OPWC Loan #CT31B	OPWC Loan #CM04N	Mortgage Revenue Bond 2004	Mortgage Revenue Bond 2013
2018	\$25,477	\$1,090	\$14,083	\$5,000	\$13,867	\$10,517	\$69,780	\$11,573
2019		1,090	14,083	5,000	13,868	10,516	69,835	10,435
2020		1,090	14,083	5,000	13,867	10,517	69,845	10,325
2021		1,090	14,083	5,000	13,867	10,517	70,810	10,215
2022		545	14,083	5,000	13,867	10,516	70,685	11,105
2023-2027			70,415	2,500	13,867	52,584	350,975	53,463
2028-2032			70,415			52,583	351,110	53,860
2033-2037						52,583	349,425	53,680
2038-2042						52,584	351,805	53,868
2043-2047						10,516	139,910	53,367
2048-2052								53,097
<b>Total</b>	<b>\$25,477</b>	<b>\$4,905</b>	<b>\$211,245</b>	<b>\$27,500</b>	<b>\$83,203</b>	<b>\$273,433</b>	<b>\$1,894,180</b>	<b>\$374,988</b>

**Note 10 – Fund Balances**

Fund balance is classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the Village is bound to observe constraints imposed upon the use of the resources in the government funds. The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented below:

Fund Balances	General Fund	Street Construction, Maintenance and Repair Fund	Sidewalks & Trees Special Assessment	Other Governmental Funds	Total
<b>Restricted for</b>					
Community Development			\$36,960	\$47,237	\$84,197
Police Operations				1,904	1,904
Fire Operations				24,561	24,561
Road Maintenance and Improvements		\$64,497			64,497
<i>Total Restricted</i>		64,497	36,960	73,702	175,159
<b>Unassigned (Deficits)</b>	\$57,432				57,432
<i>Total Fund Balances</i>	\$57,432	\$64,497	\$36,960	\$73,702	\$232,591

**This page intentionally left blank.**



**Village of Rawson, Ohio**  
*Hancock County*  
*Statement of Net Position - Cash Basis*  
*December 31, 2016*

	Governmental Activities	Business - Type Activities	Total
<b>Assets</b>			
Equity in Pooled Cash and Cash Equivalents	\$216,120	\$500,948	\$717,068
<b>Net Position</b>			
Restricted for:			
Debt Service		\$229,675	\$229,675
Other Purposes	\$149,480	262,419	411,899
Unrestricted	66,640	8,854	75,494
<i>Total Net Position</i>	\$216,120	\$500,948	\$717,068

See accompanying notes to the basic financial statements

**Village of Rawson, Ohio**  
*Hancock County*  
*Statement of Activities - Cash Basis*  
*For the Year Ended December 31, 2016*

	Program Cash Receipts			
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions
<b>Governmental Activities</b>				
Current:				
Security of Persons and Property	\$17,081	\$5,340		
Public Health Services	952			
Leisure Time Activities	7,389	530		
Community Environment	3,318	9,748		\$500
Basic Utility Services	1,115			
Transportation	14,213	4,541	\$23,567	5,215
General Government	31,798		6,513	
<i>Total Governmental Activities</i>	<u>75,866</u>	<u>20,159</u>	<u>30,080</u>	<u>5,715</u>
<b>Business-Type Activities</b>				
Water Operating	89,634	81,312		
Sewer Operating	71,580	70,162	11,427	
Special Assessment Debt Service	81,418	36,457	16,915	
Reserve Account		210		
Water Enterprise Deposit Fund	310	1,050		
Sewer Deposit Fund	310	1,050		
Water Deposits Applied		35		
<i>Total Business-Type Activities</i>	<u>243,252</u>	<u>190,276</u>	<u>28,342</u>	
<i>Total Primary Government</i>	<u>\$319,118</u>	<u>\$210,435</u>	<u>\$58,422</u>	<u>\$5,715</u>

General Receipts:  
Property Taxes Levied for:  
    General Purposes  
    Grants and Entitlements not Restricted to Specific Programs  
Earnings on Investments  
Miscellaneous

*Total General Receipts*

Change in Net Position

*Net Position Beginning of Year*

*Net Position End of Year*

See accompanying notes to the basic financial statements

Net (Disbursements) Receipts and Changes in Net Position

Governmental Activities	Business-Type Activities	Total
(\$11,741)		(\$11,741)
(952)		(952)
(6,859)		(6,859)
6,930		6,930
(1,115)		(1,115)
19,110		19,110
(25,285)		(25,285)
(19,912)		(19,912)
	(\$8,322)	(8,322)
	10,009	10,009
	(28,046)	(28,046)
	210	210
	740	740
	740	740
	35	35
	(24,634)	(24,634)
(19,912)	(24,634)	(44,546)
13,760		13,760
26,691		26,691
11		11
411		411
40,873		40,873
20,961	(24,634)	(3,673)
195,159	525,582	720,741
\$216,120	\$500,948	\$717,068

**Village of Rawson, Ohio**  
 Hancock County  
 Statement of Assets and Fund Balances - Cash Basis  
 Governmental Funds  
 December 31, 2016

	General	Street Construction, Maintenance and Repair	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>				
Equity in Pooled Cash and Cash Equivalents	\$66,640	\$49,589	\$99,891	\$216,120
<b>Fund Balances</b>				
Restricted		\$49,589	\$99,891	\$149,480
Assigned	\$66,370			66,370
Unassigned	270			270
<i>Total Fund Balances</i>	\$66,640	\$49,589	\$99,891	\$216,120

See accompanying notes to the basic financial statements

**Village of Rawson, Ohio**  
*Hancock County*  
*Statement of Receipts, Disbursements and Changes Fund Balances - Cash Basis*  
*Governmental Funds*  
*For the Year Ended December 31, 2016*

	General	Street Construction, Maintenance and Repair	Other Governmental Funds	Total Governmental Funds
<b>Receipts</b>				
Property Taxes	\$11,355			\$11,355
Intergovernmental	32,138	\$22,695	\$756	55,589
Special Assessments			27,249	27,249
Charges for Services	530			530
Earnings on Investments	1,066	116	11	1,193
Miscellaneous	911			911
<i>Total Receipts</i>	<u>46,000</u>	<u>22,811</u>	<u>28,016</u>	<u>96,827</u>
<b>Disbursements</b>				
Current:				
Security of Persons and Property	6,025		11,056	17,081
Public Health Services	952			952
Leisure Time Activities	7,389			7,389
Community Environment			3,318	3,318
Basic Utility Services			1,115	1,115
Transportation		13,781	432	14,213
General Government	31,458	340		31,798
<i>Total Disbursements</i>	<u>45,824</u>	<u>14,121</u>	<u>15,921</u>	<u>75,866</u>
<i>Net Change in Fund Balances</i>	176	8,690	12,095	20,961
<i>Fund Balances Beginning of Year</i>	<u>66,464</u>	<u>40,899</u>	<u>87,796</u>	<u>195,159</u>
<i>Fund Balances End of Year</i>	<u>\$66,640</u>	<u>\$49,589</u>	<u>\$99,891</u>	<u>\$216,120</u>

See accompanying notes to the basic financial statements

**Village of Rawson, Ohio**  
*Hancock County*  
**Statement of Receipts, Disbursements and Changes**  
*In Fund Balance - Budget and Actual - Budget Basis*  
**General Fund**  
*For the Year Ended December 31, 2016*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Receipts</b>				
Property Taxes	\$11,111	\$11,111	\$11,355	\$244
Intergovernmental	29,704	29,705	32,138	2,433
Charges for Services	200	200	530	330
Earnings on Investments			1,066	1,066
Miscellaneous	100	100	911	811
<i>Total Receipts</i>	41,115	41,116	46,000	4,884
<b>Disbursements</b>				
Current:				
Security of Persons and Property	8,941	9,637	6,282	3,355
Public Health Services	1,091	1,091	952	139
Leisure Time Activities	13,989	13,989	7,600	6,389
General Government	35,014	34,970	31,958	3,012
<i>Total Disbursements</i>	59,035	59,687	46,792	12,895
<i>Net Change in Fund Balance</i>	(17,920)	(18,571)	(792)	17,779
<i>Unencumbered Fund Balance Beginning of Year</i>	66,020	66,020	66,020	
Prior Year Encumbrances Appropriated	444	444	444	
<i>Unencumbered Fund Balance End of Year</i>	\$48,544	\$47,893	\$65,672	\$17,779

See accompanying notes to the basic financial statements

**Village of Rawson, Ohio**  
*Hancock County*  
*Statement of Receipts, Disbursements and Changes*  
*In Fund Balance - Budget and Actual - Budget Basis*  
*Street Construction, Maintenance & Repair Fund*  
*For the Year Ended December 31, 2016*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Receipts</b>				
Intergovernmental	\$22,000	\$22,000	\$22,695	\$695
Earnings on Investments			116	116
<i>Total Receipts</i>	22,000	22,000	22,811	811
<b>Disbursements</b>				
Current:				
Transportation	62,899	62,899	14,419	48,480
General Government			340	(340)
<i>Total Disbursements</i>	62,899	62,899	14,759	48,140
<i>Net Change in Fund Balance</i>	(40,899)	(40,899)	8,052	48,951
<i>Unencumbered Fund Balance Beginning of Year</i>	40,791	40,791	40,791	
Prior Year Encumbrances Appropriated	\$108	\$108	108	
<i>Unencumbered Fund Balance End of Year</i>	\$48,951	\$48,951	\$48,951	\$48,951

See accompanying notes to the basic financial statements

**Village of Rawson, Ohio**  
 Hancock County  
 Statement of Fund Net Position - Cash Basis  
 Proprietary Funds  
 December 31, 2016

	Business-Type Activities					Total Enterprise Funds
	Water Operating	Sewer Operating	Special Assessment Debt Service	Reserve Account	Other Enterprise Funds	
<b>Assets</b>						
Equity in Pooled Cash and Cash Equivalents	\$21,800	\$207,813	\$145,096	\$84,579	\$41,660	\$500,948
<b>Net Position</b>						
Restricted for:						
Debt Service			\$145,096	\$84,579		\$229,675
Other Purposes	\$21,800	\$207,813			\$32,806	262,419
Unrestricted					8,854	8,854
<i>Total Net Position</i>	\$21,800	\$207,813	\$145,096	\$84,579	\$41,660	\$500,948

See accompanying notes to the basic financial statements



**Village of Rawson, Ohio**  
*Hancock County*  
*Statement of Receipts, Disbursements and Changes in Fund Net Position - Cash Basis*  
*Proprietary Funds*  
*For the Year Ended December 31, 2016*

	Business-Type Activities					Total Enterprise Funds
	Water Operating	Sewer Operating	Special Assessment Debt Service	Reserve Account	Other Enterprise Funds	
<b>Operating Receipts</b>						
Charges for Services	\$81,312	\$70,157			\$2,140	\$153,609
<b>Operating Disbursements</b>						
Personal Services	20,404	24,212				44,616
Employee Fringe Benefits	2,791	2,778				5,569
Contractual Services	6,992	3,345				10,337
Supplies and Materials	13,539	31,388				44,927
Other					620	620
<i>Total Operating Disbursements</i>	43,726	61,723			620	106,069
<i>Operating Income</i>	37,586	8,434			1,520	47,540
<b>Non-Operating Receipts (Disbursements)</b>						
Intergovernmental		11,427	\$16,915			28,342
Special Assessments			35,981			35,981
Earnings on Investments			476	\$210		686
Capital Outlay		(423)				(423)
Principal Retirement	(38,198)	(9,434)	(24,000)			(71,632)
Interest and Other Fiscal Charges	(7,710)		(57,418)			(65,128)
<i>Total Non-Operating Receipts (Disbursements)</i>	(45,908)	1,570	(28,046)	210		(72,174)
<i>Change in Net Position:</i>	(8,322)	10,004	(28,046)	210	1,520	(24,634)
<i>Net Position Beginning of Year</i>	30,122	197,809	173,142	84,369	40,140	525,582
<i>Net Position End of Year</i>	\$21,800	\$207,813	\$145,096	\$84,579	\$41,660	\$500,948

See accompanying notes to the basic financial statements

**This page intentionally left blank.**

**Village of Rawson, Ohio**  
*Hancock County*  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2016*

---

**Note 1 – Reporting Entity**

The Village of Rawson (the Village), Hancock County, 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. The Village is directed by a six-member council elected at large for four year terms. The Mayor is elected to a four-year term, serves as the President of Council and votes only to break a tie.

The reporting entity is comprised of the primary government, component units, and other organizations that are included to ensure the financial statements of the Village are not misleading.

***Primary Government***

The primary government consists of all funds, departments, boards, and agencies that are not legally separate from the Village. The primary government of the Village of Rawson provides the following services to its citizens: police and fire protection, parks and recreation, street maintenance and repairs, and water/sewer utilities.

***Public Entity Risk Pool***

The Village participates in a public entity risk pool. 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**

As discussed further in the "Basis of Accounting" section of this note, these financial statements are presented on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. Following are the more significant of the Village's accounting policies.

***Basis of Presentation***

The Village's basic financial statements consist of government-wide financial statements, including a statement of net position and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

***Government-Wide Financial Statements*** The statement of net position and the statement of activities display information about the Village as a whole. These statements include the financial activities of the primary government. The statements distinguish between those activities of the Village that are governmental in nature and those that are considered business-type activities. Governmental activities generally are financed through taxes, intergovernmental receipts or other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

The statement of net position presents the cash balance of the governmental and business-type activities of the Village at year end. The statement of activities compares disbursements with program receipts for each program or function of the Village's governmental activities and business-type activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the Village is responsible. Program receipts include

**Village of Rawson, Ohio**  
*Hancock County*  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2016*

---

charges paid by the recipient of the program's goods or services, grants and contributions restricted to meeting the operational or capital requirements of a particular program, and receipts of interest earned on grants required to be used to support a particular program. General receipts are all receipts not classified as program receipts, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental program or business activity is self-financing on a cash basis or draws from the general receipts of the Village.

**Fund Financial Statements** During the year, the Village segregates transactions related to certain Village functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Village at this more detailed level. The focus of governmental and enterprise fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column.

Proprietary fund statements distinguish operating transactions from nonoperating transactions. Operating receipts generally result from exchange transactions such as charges for services directly relating to the funds' principal services. Operating disbursements include costs of sales and services and administrative costs. The fund statements report all other receipts and disbursements as nonoperating.

**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 in two categories: governmental and proprietary.

**Governmental Funds** Governmental funds are those through which most governmental functions of the Village are financed. The following are the Village's major governmental funds:

**General** 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.

**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 maintenance and repair of streets within the Village.

The other governmental funds of the Village account for and report grants and other resources, whose use is restricted, committed or assigned to a particular purpose.

**Proprietary Funds** The Village classifies funds financed primarily from user charges for goods or services as proprietary. Proprietary funds are classified as either enterprise funds or internal service funds.

**Enterprise Funds** Enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services. The following are the Village's major enterprise funds:

**Water Operating Fund** The water fund accounts for the provision of water treatment and distribution to the residents and commercial users located within the Village.

**Sewer Operating Fund** The sewer fund accounts for the provision of sanitary sewer services to the residents and commercial users within the Village.

**Village of Rawson, Ohio**  
*Hancock County*  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2016*

---

**Special Assessment Debt Service Fund** The special assessment debt service fund accounts for and reports resources restricted for the retirement of debt issued to finance public improvements deemed to benefit the properties against which special assessments are levied.

**Reserve Account Fund** The reserve account fund accounts for and reports resources required to be reserved and restricted for the retirement of USDA debt.

***Basis of Accounting***

The Village's financial statements are prepared using the cash basis of accounting. Receipts are recorded in the Village's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred. Any such modifications made by the Village are described in the appropriate section in this note.

As a result of the use of this cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements.

***Budgetary Process***

All funds, except agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations ordinance, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount Village Council may appropriate.

The appropriations ordinance is Village Council's authorization to spend resources and sets annual limits on cash disbursements plus encumbrances at the level of control selected by Village Council. The legal level of control has been established by Village Council at the fund, department, and object level for all funds.

The certificate of estimated resources may be amended during the year if projected increases or decreases in receipts are identified by the Village Clerk. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the amended certificated of estimated resources in effect at the time final appropriations were passed by Village Council.

The appropriations ordinance is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation ordinance for that fund that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by Village Council during the year.

***Cash and Investments***

To improve cash management, cash received by the Village is pooled and invested. Individual fund integrity is maintained through Village records. Interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents".

**Village of Rawson, Ohio**  
*Hancock County*  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2016*

---

Investments of the cash management pool and investments with an original maturity of three months or less at the time of purchase are presented on the financial statements as cash equivalents. Investments with an initial maturity of more than three months that were not purchased from the pool are reported as investments.

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or negative receipts (contra revenue), respectively. During 2016, the Village invested in nonnegotiable certificates of deposit and a money market fund.

Interest earnings are allocated to Village funds according to State statutes, grant requirements, or debt related restrictions. Interest receipts credited to the General Fund during 2016 was \$1,066 which includes \$902 assigned from other Village funds.

***Restricted Assets***

Assets are reported as restricted when limitations on their use change the nature or normal understanding of the availability of the asset. Such constraints are either externally imposed by creditors, contributors, grantors, or laws of other governments, or are imposed by law through constitutional provisions or enabling legislation.

***Inventory and Prepaid Items***

The Village reports disbursements for inventory and prepaid items when paid. These items are not reflected as assets in the accompanying financial statements.

***Capital Assets***

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

***Employer Contributions to Cost-Sharing Pension Plans***

The Village recognizes the disbursement for employer contributions to cost-sharing pension plans when they are paid. As described in Notes 7 and 8, the employer contributions include portions for pension benefits and for postretirement health care benefits.

***Long-Term Obligations***

The Village's cash basis financial statements do not report liabilities for bonds and other long-term obligations. Proceeds of debt are reported when cash is received and principal and interest payments are reported when paid.

***Net Position***

Net position is reported as restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net position restricted for other purposes include resources restricted for transportation, utilities, and other purposes.

The Village's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted resources are available.

**Village of Rawson, Ohio**  
*Hancock County*  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2016*

---

**Fund Balance**

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

**Nonspendable** The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or are legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash.

**Restricted** Fund balance is reported as 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.

Enabling legislation authorizes the Village to assess, levy, charge, or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation. Legal enforceability means that the Village can be compelled by an external party—such as citizens, public interest groups, or the judiciary to use resources created by enabling legislation only for the purposes specified by the legislation.

**Committed** The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by formal action (ordinance or resolution, as both are equally binding) of Village Council. Those committed amounts cannot be used for any other purpose unless Village Council removes or changes the specified use by taking the same type of action (ordinance or resolution, as both are equally binding) it employed to previously commit those amounts. In contrast to fund balance that is restricted by enabling legislation, the committed fund balance classification may be redeployed for other purposes with appropriate due process. Constraints imposed on the use of committed amounts are imposed by Village Council, separate from the authorization to raise the underlying revenue; therefore, compliance with these constraints is not considered to be legally enforceable. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

**Assigned** Amounts in the assigned fund balance classification are intended to be used by the Village for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by the Village Council or a Village official delegated that authority by resolution or by State Statute. State Statute authorizes the Village Auditor to assign fund balance for purchases on order provided such amounts have been lawfully appropriated.

**Unassigned** Unassigned fund balance is the residual classification for the general fund and includes amounts not contained 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 Rawson, Ohio**  
*Hancock County*  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2016*

**Internal Activity**

Transfers between governmental and business-type activities on the government-wide financial statements are reported in the same manner as general receipts.

Internal allocations of overhead expenses from one function to another or within the same function are eliminated on the Statement of Activities. Payments for interfund services provided and used are not eliminated.

Exchange transactions between funds are reported as receipts in the seller funds and as disbursements in the purchaser funds. Subsidies from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after nonoperating receipts/disbursements in proprietary funds. Repayments from funds responsible for particular disbursements to the funds that initially paid for them are not presented in the financial statements.

**Note 3 – Budgetary Basis of Accounting**

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budgetary Basis presented for the general fund and any major special revenue funds are prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference between the budgetary basis and the cash basis is as follows:

Outstanding year end encumbrances are treated as cash disbursements (budgetary basis) rather than as restricted, committed or assigned fund balance (cash basis).

Adjustments necessary to convert the results of operations at the end of the year on the budget basis to the cash basis are as follows:

	General	Street Construction, Maintenance and Repair Fund
Cash Basis	\$66,640	\$49,589
Encumbrances	968	638
Budget Basis	\$65,672	\$48,951

**Note 4 – Deposits and Investments**

State statutes classify monies held by the Village into three categories.

Active deposits are public monies determined to be necessary to meet current demands upon the Village treasury. Active monies must be maintained either as cash in the Village treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that Council has identified as not required for use within the current five year period of designation of depositories. Inactive deposits must either be evidenced by certificates



**Village of Rawson, Ohio**  
*Hancock County*  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2016*

---

of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts including passbook accounts.

Interim monies held by the Village can be deposited or invested in the following securities:

1. United States Treasury bills, bonds notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, and Government National Mortgage Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. No-load money market mutual funds consisting exclusively of obligations described in (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
4. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
5. Bonds and other obligations of the State of Ohio, and with certain limitations bonds and other obligations of political subdivisions of the State of Ohio;
6. The State Treasurer's investment pool (STAR Ohio);
7. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred eighty days in an amount not to exceed 40 percent of the interim monies available for investment at any one time if training requirements have been met; and
8. Written repurchase agreements in the securities described in (1) or (2) provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and the term of the agreement must not exceed thirty days.

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited.

Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

***Deposits***

Custodial credit risk is the risk that in the event of bank failure, the Village will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year end, \$14,922 of the

**Village of Rawson, Ohio**  
*Hancock County*  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2016*

---

Village's bank balance of \$717,443 was exposed to custodial credit risk because those deposits were uninsured and uncollateralized. Although all statutory requirements for the deposit of money had been followed, noncompliance with Federal requirements could potentially subject the Village to a successful claim by the Federal Deposit Insurance Corporation.

The Village has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to the Village and deposited with a qualified trustee by the financial institution as security for repayment whose market value at all times shall be at least one hundred five percent of the deposits being secured.

**Note 5 – Taxes**

***Property Taxes***

Property taxes include amounts levied against all real and public utility property located in the Village. Property tax revenue received during 2016 for real and public utility property taxes represents collections of 2015 taxes.

2016 real property taxes are levied after October 1, 2016, on the assessed value as of January 1, 2016, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2016 real property taxes are collected in and intended to finance 2017.

Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits later payment dates to be established.

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2016 public utility property taxes which became a lien December 31, 2015, are levied after October 1, 2016, and are collected in 2017 with real property taxes.

The full tax rate for all Village operations for the year ended December 31, 2016, was \$2.50 per \$1,000 of assessed value. The assessed values of real property upon which 2016 property tax receipts were based are as follows:

Real Property	<u>\$5,212,950</u>
---------------	--------------------

The County Treasurer collects property taxes on behalf of all taxing districts in the county, including the Village. The County Auditor periodically remits to the Village its portion of the taxes collected.

**Note 6 – 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.

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. York Insurance Services Group, Inc. (York) functions as the administrator of PEP and provides underwriting, claims, loss control, risk management, and reinsurance services for PEP. PEP is a member of the American Public Entity Excess Pool (APEEP), which is also administered by York. Member governments pay annual

**Village of Rawson, Ohio**  
*Hancock County*  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2016*

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, 2016, 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 auditor's) conform with generally accepted accounting principles, and reported the following assets, liabilities and net position at December 31, 2016.

	<u>2016</u>
Assets	\$42,182,281
Liabilities	<u>(13,396,700)</u>
Net Position	<u>\$28,785,581</u>

At December 31, 2016 the liabilities above include approximately 12.0 million of estimated incurred claims payable. The assets above also include approximately \$11.5 million of unpaid claims to be billed. The Pool's membership increased to 520 members in 2016. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2016, the Village's share of these unpaid claims collectible in future years is approximately \$5,000.

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.

<b><u>2016 Contributions to PEP</u></b>
\$ 8,651

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.

**Note 7 – Defined Benefit Pension Plans**

***Plan Description – Ohio Public Employees Retirement System (OPERS)***

**Village of Rawson, Ohio**  
*Hancock County*  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2016*

---

Plan Description – Village employees participate in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional pension plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan and the combined plan is a cost-sharing, multiple-employer defined benefit pension plan with defined contribution features. While members (e.g. Village employees) may elect the member-directed plan and the combined plan, substantially all employee members are in OPERS' traditional plan; therefore, the following disclosure focuses on the traditional pension plan.

OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of the traditional plan. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about OPERS' fiduciary net position that may be obtained by visiting <https://www.opers.org/financial/reports.shtml>, by writing to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 800-222-7377.

Senate Bill (SB) 343 was enacted into law with an effective date of January 7, 2013. In the legislation, members were categorized into three groups with varying provisions of the law applicable to each group. The following table provides age and service requirements for retirement and the retirement formula applied to final average salary (FAS) for the three member groups under the traditional plan as per the reduced benefits adopted by SB 343 (see OPERS CAFR referenced above for additional information, including requirements for reduced and unreduced benefits):

**Village of Rawson, Ohio**  
*Hancock County*  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2016*

<b>Group A</b>	<b>Group B</b>	<b>Group C</b>
Eligible to retire prior to January 7, 2013 or five years after January 7, 2013	20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013	Members not in other Groups and members hired on or after January 7, 2013
<b>State and Local</b>	<b>State and Local</b>	<b>State and Local</b>
<b>Age and Service Requirements:</b> Age 60 w ith 60 months of service credit or Age 55 w ith 25 years of service credit	<b>Age and Service Requirements:</b> Age 60 w ith 60 months of service credit or Age 55 w ith 25 years of service credit	<b>Age and Service Requirements:</b> Age 57 w ith 25 years of service credit or Age 62 w ith 5 years of service credit
<b>Formula:</b> 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	<b>Formula:</b> 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	<b>Formula:</b> 2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35
<b>Public Safety</b>	<b>Public Safety</b>	<b>Public Safety</b>
<b>Age and Service Requirements:</b> Age 48 w ith 25 years of service credit or Age 52 w ith 15 years of service credit	<b>Age and Service Requirements:</b> Age 48 w ith 25 years of service credit or Age 52 w ith 15 years of service credit	<b>Age and Service Requirements:</b> Age 52 w ith 25 years of service credit or Age 56 w ith 15 years of service credit
<b>Law Enforcement</b>	<b>Law Enforcement</b>	<b>Law Enforcement</b>
<b>Age and Service Requirements:</b> Age 52 w ith 15 years of service credit	<b>Age and Service Requirements:</b> Age 48 w ith 25 years of service credit or Age 52 w ith 15 years of service credit	<b>Age and Service Requirements:</b> Age 48 w ith 25 years of service credit or Age 56 w ith 15 years of service credit
<b>Public Safety and Law Enforcement</b>	<b>Public Safety and Law Enforcement</b>	<b>Public Safety and Law Enforcement</b>
<b>Formula:</b> 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25	<b>Formula:</b> 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25	<b>Formula:</b> 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25

Final average Salary (FAS) represents the average of the three highest years of earnings over a member's career for Groups A and B. Group C is based on the average of the five highest years of earnings over a member's career.

Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount.

When a benefit recipient has received benefits for 12 months, an annual cost of living adjustment (COLA) is provided. This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. For those retiring prior to January 7, 2013, the COLA will continue to be a 3 percent simple annual COLA. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, the COLA will be based on the average percentage increase in the Consumer Price Index, capped at 3 percent.

Funding Policy – The Ohio Revised Code (ORC) provides statutory authority for member and employer contributions as follows:

**Village of Rawson, Ohio**  
*Hancock County*  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2016*

	State and Local	Public Safety	Law Enforcement
<b>2016 Statutory Maximum Contribution Rates</b>			
Employer	14.0 %	18.1 %	18.1 %
Employee	10.0 %	*	**
<b>2016 Actual Contribution Rates</b>			
Employer:			
Pension	12.0 %	16.1 %	16.1 %
Post-employment Health Care Benefits	2.0	2.0	2.0
<b>Total Employer</b>	<b>14.0 %</b>	<b>18.1 %</b>	<b>18.1 %</b>
<b>Employee</b>	<b>10.0 %</b>	<b>12.0 %</b>	<b>13.0 %</b>
* This rate is determined by OPERS' Board and has no maximum rate established by ORC.			
** This rate is also determined by OPERS' Board, but is limited by ORC to not more than 2 percent greater than the Public Safety rate.			

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll.

The Village's contractually required contribution was \$5,671 for year 2016.

**Social Security**

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

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, 2016.

**Note 8 – Postemployment Benefits**

**Ohio Public Employees Retirement System**

Plan Description – The Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: the traditional pension plan, a cost-sharing, multiple-employer defined benefit pension plan; the member-directed plan, a defined contribution plan; and the combined plan, a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

In March 2016, OPERS received two favorable rulings from the Internal Revenue Service (IRS) allowing OPERS to consolidate all health care assets into the OPERS 115 Health Care Trust. Transition to the new health care trust structure was completed July 1, 2016. OPERS maintains a cost-sharing, multiple-employer defined benefit post-employment health care trust, which funds multiple health care plans including medical coverage, prescription drug coverage and deposits to a Health Reimbursement Arrangement to qualifying benefit recipients of both the Traditional Pension and the Combined plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including OPERS sponsored health care coverage. OPERS funds a Retiree Medical Account (RMA) for participants in the Member-

**Village of Rawson, Ohio**  
*Hancock County*  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2016*

---

Directed Plan. At retirement or refund, participants can be reimbursed for qualified medical expenses from their vested RMA balance.

In order to qualify for postemployment health care coverage, age and service retirees under the traditional pension and combined plans must have twenty or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 45. See OPERS' CAFR referenced below for additional information.

The Ohio Revised Code permits, but does not require OPERS to provide health care to its eligible benefit recipients. Authority to establish and amend health care coverage is provided to the Board in Chapter 145 of the Ohio Revised Code.

Disclosures for the health care plan are presented separately in the OPERS financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/financial/reports.shtml>, by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling (614) 222-5601 or 800-222-7377.

Funding Policy – The Ohio Revised Code provides the statutory authority requiring public employers to fund postemployment health care through their contributions to OPERS. A portion of each employer's contribution to OPERS is set aside to fund OPERS health care plans.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2017, state and local employers contributed at a rate of 14.0 percent of earnable salary and public safety and law enforcement employers contributed at 18.1 percent. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. The portion of employer contributions allocated to health care for members in the Traditional Pension Plan and Combined Plan was 2.0 percent during calendar year 2016. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the Member-Directed Plan for 2017 was 4.0 percent.

Substantially all of the Village's contribution allocated to fund postemployment health care benefits relates to the cost-sharing, multiple employer trusts. The corresponding contribution for the years ended December 31, 2016, 2015, and 2014 was \$6,802, \$6,168, and \$4,754, respectively. The full amount has been contributed for all three years.

**Note 9 – Debt**

***Long-Term Obligations***

The changes in the Village's long-term debt during 2016 were as follows:

**Village of Rawson, Ohio**  
*Hancock County*  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2016*

	Outstanding 12/31/15	Additions	Deletions	Outstanding 12/31/16	Due in One Year
<b>Business Type Activities</b>					
Ohio Water Development Authority Loan #2852	\$73,481		\$24,008	\$49,473	\$24,488
Ohio Water Development Authority Loan #2853	6,579		958	5,621	977
Ohio Water Development Authority Loan #6303	180,300		7,974	172,326	8,248
Ohio Public Works Commission Loan #CM02C	35,000		2,500	32,500	5,000
Ohio Public Works Commission Loan #CT31B	104,005		6,934	97,071	13,868
Ohio Public Works Commission Loan #CM04N	289,208		5,258	283,950	10,517
Mortgage Revenue Bonds 2004 (USDA)	1,125,000		20,000	1,105,000	21,000
Mortgage Revenue Bonds 2013 (USDA)	247,000		4,000	243,000	4,000
<b>Total Business-Type Activities</b>	<b>\$2,060,573</b>		<b>\$71,632</b>	<b>\$1,988,941</b>	<b>\$88,098</b>

The Ohio Water Development Authority (OWDA) loans 2852 and 2853 were issued to finance utility construction and improvements within the Village. Water receipts collateralize the loan. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

The Ohio Water Development Authority (OWDA) loan 6303 and Ohio Public Works Commission (OPWC) loan CM04N were issued to finance a new water tower and improvements to the Village's water lines. Water receipts collateralize the loan. The Village has agreed to set utility rates sufficient to cover OWDA and OPWC debt service requirements.

Ohio Public Works Commission Loan CM02C was approved for \$100,000 for improvements due to sewer line installation. Sewer receipts collateralize the loan. The Village has agreed to set utility rates sufficient to cover OPWC debt service requirements. Ohio Public Works Commission Loan CT31B was approved for \$277,350 for improvements due to sewer line installation. Sewer receipts collateralize the loan. The Village has agreed to set utility rates sufficient to cover OPWC debt service requirements. Ohio Public Works Commission Loan CM04N was approved for \$315,500 for waterline improvements and a new water tower. Water receipts collateralize the loan. The Village has agreed to set utility rates sufficient to cover OPWC debt service requirements.

Mortgage Revenue Bonds were issued in 2004 to finance construction of a wastewater treatment plant. An addendum to the bonds was issued in 2012 to finance the expansion of the sewer lagoon. Sewer receipts collateralize both loans. The Village has agreed to set utility rates sufficient to meet the debt covenant requirements of the bonds. The mortgage revenue bond covenant requires the Village to establish and fund a debt service reserve fund, included as a debt service fund.

Principal and interest requirements to retire long-term debt outstanding at December 31, 2016, were as follows:



**Village of Rawson, Ohio**  
**Hancock County**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2016*

Year	OWDA Loan #2852	OWDA Loan #2853	OWDA Loan #6303	OPWC Loan #CM02C	OPWC Loan #CT31B	OPWC Loan #CM04N	Mortgage Revenue Bond 2004	Mortgage Revenue Bond 2013
2017	\$25,478	\$1,090	\$14,083	\$5,000	\$13,868	\$10,517	\$70,725	\$10,683
2018	25,477	1,090	14,083	5,000	13,867	10,517	69,780	11,573
2019		1,090	14,083	5,000	13,868	10,516	69,835	10,435
2020		1,090	14,083	5,000	13,867	10,517	69,845	10,325
2021		1,090	14,083	5,000	13,867	10,517	70,810	10,215
2022-2026		545	70,415	7,500	27,734	52,583	351,275	54,150
2027-2031			70,415			52,583	350,940	53,630
2032-2036			14,083			52,584	350,145	53,560
2037-2041						52,583	350,955	53,885
2042-2046						21,033	210,595	53,522
2047-2051								53,417
2052								10,275
<b>Total</b>	<b>\$50,955</b>	<b>\$5,995</b>	<b>\$225,328</b>	<b>\$32,500</b>	<b>\$97,071</b>	<b>\$283,950</b>	<b>\$1,964,905</b>	<b>\$385,670</b>

**Note 10 – Fund Balances**

Fund balance is classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the Village is bound to observe constraints imposed upon the use of the resources in the government funds. The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented below:

Fund Balances	General Fund	Street Construction, Maintenance and Repair Fund	Other Governmental Funds	Total
<b>Restricted for</b>				
Community Development			\$69,200	\$69,200
Police Operations			1,141	1,141
Fire Operations			29,550	29,550
Road Maintenance and Improvements		\$49,589		49,589
<i>Total Restricted</i>		49,589	99,891	149,480
<b>Assigned to</b>				
Other Purposes	\$66,370			66,370
<i>Total Assigned</i>	66,370			66,370
<b>Unassigned (Deficits)</b>	270			270
<i>Total Fund Balances</i>	\$66,640	\$49,589	\$99,891	\$216,120

**Note 11 – Change in Basis of Accounting and Restatement of Net Position/Fund Equity**

Last year the Village reported fund financial statements by fund type using the regulatory basis of accounting as prescribed by the State Auditor’s Office. This year the Village has implemented the cash basis of accounting described in Note 2. The fund financial statements now present each major fund in a separate column with nonmajor funds aggregated and presented in a single column, rather than a column for each fund type.

**This page intentionally left blank.**



# Dave Yost • Auditor of State

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

Village of Rawson  
Hancock County  
111 South Main Street  
P.O. Box 525  
Rawson, Ohio 45881

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 cash-basis financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Rawson, Hancock County, Ohio (the Village) as of and for the years ended December 31, 2017 and 2016, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements and have issued our report thereon dated July 25, 2018, wherein we noted the Village uses a special purpose framework other than generally accepted accounting principles.

### ***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 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 a certain deficiency in internal control, described in the accompanying schedule of findings that we consider a material weakness. We consider finding 2017-001 to be 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, 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 no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

***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.

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

Columbus, Ohio

July 25, 2018

**VILLAGE OF RAWSON  
HANCOCK COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2017 AND 2016**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
--

**FINDING NUMBER 2017-001**

**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. In addition, GASB Statement No. 54 (codified as GASB Cod 1800.165-.179) requires fund balance be divided into one of five classifications based on the extent to which constraints are imposed upon the resources. Adjustments such as the following are included in the accompanying 2017 and 2016 financial statements:

- In 2017 and 2016, the Special Assessment Debt Service and Reserve Account Funds were classified as Debt Service Funds instead of Enterprise Funds.
- In 2017, the Sidewalks & Trees Special Assessment Fund should have been classified as a Major Fund.
- In 2017, principal and interest payments in the amounts of \$21,000 and \$49,726, respectively, were misclassified as capital outlay and supplies and materials in the Sewer Operating Fund. In 2016, principal payment in the amount of \$9,434 was misclassified as capital outlay in the Sewer Operating Fund.
- In 2016, fund balance was improperly classified as unassigned instead of assigned in the General Fund in the amount of \$66,370.

These errors were the result of inadequate policies and procedures in reviewing the financial statements. Failure to complete accurate financial statements could lead to Council making misinformed decisions. The accompanying financial statements, notes to the financial statements, and accounting records have been adjusted to correct these errors.

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 Clerk-Treasurer and Council, to identify and correct errors and omissions. The Clerk-Treasurer should also review the Village Handbook and Audit Bulletin 2011-004 for information on GASB Statement No. 54. The Village Council should also review the Village's statements to help ensure all transactions are being properly posted to the financial statements.

**Officials' Response:**

We did not receive a response from Officials to this finding.

**Village of Rawson  
Hancock County  
111 South Main Street  
P.O. Box 525  
Rawson, Ohio 45881**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2017 AND 2016**

<b>Finding Number</b>	<b>Finding Summary</b>	<b>Status</b>	<b>Additional Information</b>
2015-001	Material weakness for monitoring village financial activity due to inaccurate postings of revenue and expenditures.	Not corrected and repeated as Finding Number 2017-001 in this report.	The Clerk-Treasurer was unaware of the errors and will review the proper procedures and make corrections in the future.
2015-002	Noncompliance citation for expenditures exceeding appropriations.	Fully corrected.	
2015-003	Noncompliance and material weakness for an illegal transfer of funds.	Fully corrected.	



# Dave Yost • Auditor of State

VILLAGE OF RAWSON

HANCOCK 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 9, 2018