



**VILLAGE OF RAWSON  
HANCOCK COUNTY**

**REGULAR AUDIT**

**FOR THE YEARS ENDED DECEMBER 31, 2021-2020**



**VILLAGE OF RAWSON  
HANCOCK COUNTY  
DECEMBER 31, 2021 AND 2020**

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**VILLAGE OF RAWSON  
HANCOCK COUNTY  
DECEMBER 31, 2021 AND 2020**

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**INDEPENDENT AUDITOR'S REPORT**

Village of Rawson  
Hancock County  
111 South Main Street  
P.O. Box 525  
Rawson, Ohio 45881-0525

To the Village Council:

***Report on the Audit of the Financial Statements***

***Opinions***

We have audited the 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, 2021 and 2020, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective cash-basis financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Village, as of December 31, 2021 and 2020, and the respective changes in cash-basis financial position and where applicable cash flows thereof and the respective budgetary comparison for the General and Street Construction, Maintenance and Repair, Coronavirus Relief, and Sidewalks and Trees Special Assessment Funds for the years then ended, and the American Rescue Plan Fund for the year ended 2021, and the Permissive Motor Vehicle License Tax Fund for the year ended 2020 in accordance with the cash-basis of accounting described in Note 2.

***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the Village, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

***Emphasis of Matter - Accounting Basis***

We draw attention to Note 2 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

***Emphasis of Matter***

As discussed in Note 13 to the 2021 and 2020 financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Village. Our opinion is not modified with respect to these matters.

***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the cash basis of accounting described in Note 2, and for determining that the cash basis of accounting is an acceptable basis for preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Village's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Village's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated January 25, 2023, 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. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Village's 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.



Keith Faber  
Auditor of State  
Columbus, Ohio

January 25, 2023

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**Village of Rawson, Ohio**  
*Hancock County*  
**Statement of Net Position - Cash Basis**  
*December 31, 2021*

	Governmental Activities	Business - Type Activities	Total
<b>Assets</b>			
Equity in Pooled Cash and Cash Equivalents	\$316,286	\$420,917	\$737,203
<b>Net Position</b>			
Restricted for:			
Debt Service		103,501	103,501
Other Purposes	256,436	308,562	564,998
Unrestricted	59,850	8,854	68,704
<i>Total Net Position</i>	<u>\$316,286</u>	<u>\$420,917</u>	<u>\$737,203</u>

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, 2021*

	Program Cash Receipts		
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions
<b>Governmental Activities</b>			
Current:			
Security of Persons and Property	\$10,632	\$3,195	
Public Health Services	1,390		
Leisure Time Activities	26,751	675	\$5,000
Community Environment	325	12,809	
Transportation	27,248	12,763	37,059
General Government	51,225	7,409	30,475
<i>Total Governmental Activities</i>	<u>117,571</u>	<u>36,851</u>	<u>72,534</u>
<b>Business-Type Activities</b>			
Water Operating	80,522	88,953	
Sewer Operating	75,538	76,169	
Sewer/Lagoon Enterprise Improvement			
Enterprise Debt Service	81,025	63,903	
Enterprise Debt Service Reserve			
Water Enterprise Deposit Fund	554	974	
Sewer Deposit Fund	554	975	
<i>Total Business-Type Activities</i>	<u>238,193</u>	<u>230,974</u>	
<i>Total Primary Government</i>	<u><u>\$355,764</u></u>	<u><u>\$267,825</u></u>	<u><u>\$72,534</u></u>
		General Receipts: Property Taxes Levied for: General Purposes Grants and Entitlements not Restricted to Specific Programs Earnings on Investments Miscellaneous  <i>Total General Receipts</i>  Change in Net Position  <i>Net Position Beginning of Year</i>  <i>Net Position End of Year</i>	

See accompanying notes to the basic financial statements

<u>Net (Disbursements) Receipts and Changes in Net Position</u>		
<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
(\$7,437)		(\$7,437)
(1,390)		(1,390)
(21,076)		(21,076)
12,484		12,484
22,574		22,574
<u>(13,341)</u>		<u>(13,341)</u>
<u>(8,186)</u>		<u>(8,186)</u>
	\$8,431	8,431
	631	631
	(17,122)	(17,122)
	420	420
	<u>421</u>	<u>421</u>
	<u>(7,219)</u>	<u>(7,219)</u>
<u>(8,186)</u>	<u>(7,219)</u>	<u>(15,405)</u>
15,212		15,212
32,075		32,075
	46	46
<u>69</u>		<u>69</u>
<u>47,356</u>	<u>46</u>	<u>47,402</u>
39,170	(7,173)	31,997
<u>277,116</u>	<u>428,090</u>	<u>705,206</u>
<u>\$316,286</u>	<u>\$420,917</u>	<u>\$737,203</u>

**Village of Rawson, Ohio**  
*Hancock County*  
*Statement of Assets and Fund Balances - Cash Basis*  
*Governmental Funds*  
*December 31, 2021*

	General	Street Construction Maintenance and Repair
<b>Assets</b>		
Equity in Pooled Cash and Cash Equivalents	\$63,385	\$66,561
<b>Fund Balances</b>		
Nonspendable	\$58	
Restricted		\$66,561
Assigned	64,766	
Unassigned (Deficit)	(1,439)	
<i>Total Fund Balances</i>	<i>\$63,385</i>	<i>\$66,561</i>

See accompanying notes to the basic financial statements

ARPA Federal Grants	Coronavirus Relief	Sidewalks & Trees Special Assessment	Other Governmental Funds	Total Governmental Funds
\$29,173	\$37,181	\$42,441	\$77,545	\$316,286
\$29,173	\$37,181	\$42,441	\$81,022	\$58
			(3,477)	\$256,378
				64,766
				(4,916)
\$29,173	\$37,181	\$42,441	\$77,545	\$316,286

**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, 2021**

	General	Street Construction Maintenance and Repair	ARPA Federal Grants	Coronavirus Relief	Sidewalks & Trees Special Assessment
<b>Receipts</b>					
Property Taxes	\$14,141				
Intergovernmental	34,442	\$37,059	\$29,173		
Special Assessments	33				\$6,385
Charges for Services	7,712				
Earnings on Investments	372	37		\$29	
Miscellaneous	9				
	<u>56,709</u>	<u>37,096</u>	<u>29,173</u>	<u>29</u>	<u>6,385</u>
<i>Total Receipts</i>					
<b>Disbursements</b>					
Current:					
Security of Persons and Property					
Public Health Services	1,390				
Leisure Time Activities	12,140				
Community Environment					325
Transportation		19,121			
General Government	42,668	807		7,750	
	<u>56,198</u>	<u>19,928</u>		<u>7,750</u>	<u>325</u>
<i>Total Disbursements</i>					
<i>Net Change in Fund Balances</i>	511	17,168	29,173	(7,721)	6,060
<i>Fund Balances Beginning of Year</i>	<u>62,874</u>	<u>49,393</u>		<u>44,902</u>	<u>36,381</u>
<i>Fund Balances End of Year</i>	<u>\$63,385</u>	<u>\$66,561</u>	<u>\$29,173</u>	<u>\$37,181</u>	<u>\$42,441</u>

See accompanying notes to the basic financial statements

Other Governmental Funds	Total Governmental Funds
	\$14,141
\$5,000	105,674
22,349	28,767
	7,712
	438
	9
<u>27,349</u>	<u>156,741</u>

10,632	10,632
	1,390
14,611	26,751
	325
8,127	27,248
	<u>51,225</u>
<u>33,370</u>	<u>117,571</u>
(6,021)	39,170
<u>83,566</u>	<u>277,116</u>
<u>\$77,545</u>	<u>\$316,286</u>

**Village of Rawson**  
*Hancock County*  
*Statement of Receipts, Disbursements and Changes*  
*In Fund Balance - Budget and Actual - Budget Basis*  
*General Fund*  
*For the Year Ended December 31, 2021*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Receipts</b>				
Property Taxes	\$15,063	\$15,063	\$14,141	(\$922)
Intergovernmental	32,800	32,800	34,442	1,642
Special Assessments			33	33
Charges for Services	550	550	7,712	7,162
Earnings on Investments			372	372
Miscellaneous			9	9
<i>Total Receipts</i>	48,413	48,413	56,709	8,296
<b>Disbursements</b>				
Current:				
Public Health Services	1,390	1,390	1,390	
Leisure Time Activities	24,951	29,951	12,192	17,759
General Government	86,219	86,219	46,112	40,107
<i>Total Disbursements</i>	112,560	117,560	59,694	57,866
<i>Net Change in Fund Balance</i>	(64,147)	(69,147)	(2,985)	66,162
<i>Unencumbered Fund Balance Beginning of Year</i>	62,189	62,189	62,189	
Prior Year Encumbrances Appropriated	685	685	685	
<i>Unencumbered Fund Balance End of Year</i>	(\$1,273)	(\$6,273)	\$59,889	\$66,162

See accompanying notes to the basic financial statements



**Village of Rawson**  
*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, 2021*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Receipts</b>				
Intergovernmental	\$22,265	\$22,265	\$37,059	\$14,794
Earnings on Investments			37	37
<i>Total Receipts</i>	22,265	22,265	37,096	14,831
<b>Disbursements</b>				
Current:				
Transportation	66,221	66,221	19,156	47,065
General Government	2,012	2,012	807	1,205
<i>Total Disbursements</i>	68,233	68,233	19,963	48,270
<i>Net Change in Fund Balance</i>	(45,968)	(45,968)	17,133	63,101
<i>Unencumbered Fund Balance Beginning of Year</i>	49,339	49,339	49,339	
Prior Year Encumbrances Appropriated	54	54	54	
<i>Unencumbered Fund Balance End of Year</i>	\$3,425	\$3,425	\$66,526	\$63,101

See accompanying notes to the basic financial statements

**Village of Rawson**  
*Hancock County*  
*Statement of Receipts, Disbursements and Changes*  
*In Fund Balance - Budget and Actual - Budget Basis*  
*Coronavirus Relief Fund*  
*For the Year Ended December 31, 2021*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Receipts</b>				
Earnings on Investments			\$29	\$29
<b>Disbursements</b>				
Current:				
General Government	\$44,902	\$44,902	44,931	(29)
<i>Net Change in Fund Balance</i>	(44,902)	(44,902)	(44,902)	
<i>Unencumbered Fund Balance Beginning of Year</i>	5,902	5,902	5,902	
Prior Year Encumbrances Appropriated	\$39,000	\$39,000	\$39,000	
<i>Unencumbered Fund Balance End of Year</i>				

See accompanying notes to the basic financial statements

**Village of Rawson**  
*Hancock County*  
*Statement of Receipts, Disbursements and Changes*  
*In Fund Balance - Budget and Actual - Budget Basis*  
*American Rescue Plan Fund*  
*For the Year Ended December 31, 2021*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Receipts</b>				
Intergovernmental			\$29,173	\$29,173
<i>Net Change in Fund Balance</i>			29,173	29,173
<i>Unencumbered Fund Balance Beginning of Year</i>				
<i>Unencumbered Fund Balance End of Year</i>			\$29,173	\$29,173

See accompanying notes to the basic financial statements

**Village of Rawson**  
*Hancock County*  
**Statement of Receipts, Disbursements and Changes**  
*In Fund Balance - Budget and Actual - Budget Basis*  
**Special Assessment - Sidewalks, Trees & Flags**  
*For the Year Ended December 31, 2021*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Receipts</b>				
Special Assessments	\$6,100	\$6,100	\$6,385	\$285
<b>Disbursements</b>				
Current:				
Community Environment	42,481	42,481	325	42,156
<i>Net Change in Fund Balance</i>	(36,381)	(36,381)	6,060	42,441
<i>Unencumbered Fund Balance Beginning of Year</i>	\$36,381	\$36,381	36,381	
<i>Unencumbered Fund Balance End of Year</i>			\$42,441	\$42,441

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, 2021

	Business-Type Activities					Total Enterprise Funds
	Water Operating	Sewer Operating	Enterprise Debt Service	Enterprise Debt Service Reserve	Other Enterprise Funds	
<b>Assets</b>						
Equity in Pooled Cash and Cash Equivalents	\$49,367	\$216,219	\$16,743	\$86,758	\$51,830	\$420,917
<b>Net Position</b>						
Restricted for:						
Debt Service			\$16,743	\$86,758		\$103,501
Other Purposes	\$49,367	\$216,219			\$42,976	308,562
Unrestricted					8,854	8,854
<i>Total Net Position</i>	<u>\$49,367</u>	<u>\$216,219</u>	<u>\$16,743</u>	<u>\$86,758</u>	<u>\$51,830</u>	<u>\$420,917</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, 2021**

	Business-Type Activities					Total Enterprise Funds
	Water Operating	Sewer Operating	Enterprise Debt Service	Enterprise Debt Service Reserve	Other Enterprise Funds	
<b>Operating Receipts</b>						
Charges for Services	\$88,953	\$76,169			\$1,949	\$167,071
<b>Operating Disbursements</b>						
Personal Services	17,425	25,539				42,964
Employee Fringe Benefits	2,958	3,982				6,940
Contractual Services	16,407	807				17,214
Supplies and Materials	12,786	16,908				29,694
Other					1,108	1,108
<i>Total Operating Disbursements</i>	49,576	47,236			1,108	97,920
<i>Operating Income</i>	39,377	28,933			841	69,151
<b>Non-Operating Receipts (Disbursements)</b>						
Special Assessments			\$63,903			63,903
Earnings on Investments			13	\$33		46
Principal Retirement	(26,278)	(28,302)	(29,000)			(83,580)
Interest and Other Fiscal Charges	(4,668)		(52,025)			(56,693)
<i>Total Non-Operating Receipts (Disbursements)</i>	(30,946)	(28,302)	(17,109)	33		(76,324)
<i>Change in Net Position</i>	8,431	631	(17,109)	33	841	(7,173)
<i>Net Position Beginning of Year</i>	40,936	215,588	33,852	86,725	50,989	428,090
<i>Net Position End of Year</i>	\$49,367	\$216,219	\$16,743	\$86,758	\$51,830	\$420,917

See accompanying notes to the basic financial statements

**Village of Rawson**  
*Hancock County*  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2021*

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**Note 1 – Reporting Entity**

The Village of Rawson, Hancock County, Ohio (the Village) is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. 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 and votes only to break a tie.

The reporting entity is composed of the primary government 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: parks and recreation, street maintenance and repairs, and water and sewer utilities. The Village contracts with the Hancock County Sheriff to provide police services.

***Jointly Governed Organizations and Public Entity Risk Pool***

The Village participates in a jointly governed organization and a public entity risk pool. Notes 7 and 12 to the financial statements provide additional information for these entities.

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, except for fiduciary funds. The activity of the internal service fund is eliminated to avoid "doubling up" receipts and disbursements. 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.

**Village of Rawson**  
*Hancock County*  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2021*

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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 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. Fiduciary funds are reported by type.

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 three categories: governmental, proprietary, and fiduciary.

**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.

**American Rescue Plan Fund** The American rescue plan fund accounts for and reports Federal resources to be used to facilitate the United States' recovery from the devastating economic and health effects of the COVID-19 pandemic.

**Coronavirus Relief Fund** The Coronavirus Relief fund accounts for and reports Federal resources to be used to recover necessary expenditures incurred due to the public health emergency with respect to the Coronavirus disease.

**Sidewalks and Trees Special Assessment Fund** The sidewalks and 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.



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**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 operating 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 operating fund accounts for the provision of sanitary sewer services to the residents and commercial users within the Village.

**Enterprise Debt Service Fund** The enterprise debt service fund accounts for and reports resources restricted for the retirement of USDA debt.

**Enterprise Debt Service Reserve Fund** The enterprise debt service reserve fund accounts for and reports resources required to be reserved and restricted for the retirement of USDA debt.

**Fiduciary Funds** Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private purpose trust funds, and custodial funds. Trust funds are used to account for assets held by the Village under a trust agreement, or equivalent arrangement that has certain characteristics, for individuals, private organizations, or other governments and are not available to support the Village's own programs. The Village does not have any trust funds. Custodial funds are used to report fiduciary activities that are not required to be reported in a trust fund. The Village does not have any custodial funds.

### **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 custodial 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.

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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".

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 2021, the Village invested in nonnegotiable certificates of deposit and a money market account. Investments are reported at cost.

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 2021 was \$372, which includes \$192 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. Unclaimed monies that are required to be held for five years before they may be utilized by the Village are reported as restricted. Restricted Assets in the enterprise funds represent amounts set aside for current and future debt payments and the replacement and improvement of the Village's water and sewer systems.

***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.

Inventories resulting from cash transactions are presented at cost on a first-in, first-out basis and are reported as disbursements when used.

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**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 8 and 9, the employer contributions include portions for pension benefits and for other postemployment benefits (OPEB).

**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.

**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. It also includes the long-term amount of interfund loans.

***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.

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**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.

***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.

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**Note 3 – Compliance**

Contrary to Ohio Law, the Village’s appropriations exceeded the amount certified as available by the budget commission in the General fund in the amount of \$5,090, at December 31, 2021. Additionally, contrary to Ohio Law, the Permissive Motor Vehicle License Tax fund had a deficit fund balance in the amount of \$3,477 at December 31, 2021. Also, contrary to Ohio Law, an Ohio Public Works Commission loan payment in the amount of \$14,692 was posted as principal in to the Sewer Operating fund; of this amount, \$5,258 should have been posted as principal in the Water Operating fund. Lastly, the Village inappropriately recorded \$4,245 of motor vehicle registration fees from Hancock County in the Permissive Motor Vehicle License Tax fund instead of the Street Construction, Maintenance and Repair fund.

**Note 4 – 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 street construction, maintenance and repair, American Rescue Plan, Coronavirus Relief, and sidewalks and trees special assessment special revenue funds 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	American Rescue Plan	Coronavirus Relief	Sidewalks and Trees Special Assessment
Cash Basis	\$63,327	\$66,561	\$29,173	\$37,181	\$42,441
Encumbrances	3,496	35		37,181	
Budget Basis	\$59,831	\$66,526	\$29,173		\$42,441

**Note 5 – 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 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.

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Protection of the Village's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, or by the financial institutions 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.

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 including a requirement for maturity within ten years from the date of settlement, bonds and other obligations of political subdivisions of the State of Ohio, if training requirements have been met;
6. The State Treasurer's investment pool (STAR Ohio);
7. Certain bankers' acceptances (for a period not to exceed one hundred eighty days) and commercial paper notes (for a period not to exceed two hundred seventy 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.

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**Note 6 – Taxes**

***Property Taxes***

Property taxes include amounts levied against all real and public utility property located in the Village. Property tax revenue received during 2021 for real and public utility property taxes represents collections of 2020 taxes.

2020 real property taxes are levied after October 1, 2021, on the assessed value as of January 1, 2021, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2021 real property taxes are collected in and intended to finance 2022.

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. 2021 public utility property taxes which became a lien December 31, 2020, are levied after October 1, 2021, and are collected in 2022 with real property taxes.

The full tax rate for all Village operations for the year ended December 31, 2021, was \$2.50 per \$1,000 of assessed value. The assessed values of real property and public utility tangible property upon which 2021 property tax receipts were based are as follows:

Real Property	\$5,786,990
Public Utility Personal Property	<u>269,340</u>
Total	<u><u>\$6,056,330</u></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 7 – Public Entity Risk Pool**

The Village is a member of the Public Entities Pool of Ohio (The Pool). The Pool assumes the risk of loss up to the limits of the Village's policy. The Pool covers the following risks:

- General liability and casualty
- Public official's liability
- Cyber
- Law enforcement liability
- Automobile liability
- Vehicles
- Property
- Equipment breakdown

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

	<u>2021</u>
Cash and investments	\$ 41,996,850
Actuarial liabilities	\$ 14,974,099

**Note 8 – Defined Benefit Pension Plans**

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

Plan Description – Village employees, other than full-time police and firefighters, 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 combination cost-sharing, multiple-employer defined benefit/defined contribution pension plan. Participating employers are divided into state, local, law enforcement and public safety divisions. While members in the state and local divisions may participate in all three plans, law enforcement and public safety divisions exist only within the traditional plan.

OPERS provides retirement, disability, survivor and death benefits, and annual cost-of-living adjustments to members of the traditional and combined plans. 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 in the traditional and combined plans 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 and combined plans as per the reduced benefits adopted by SB 343 (see OPERS Annual Comprehensive Financial Report referenced above for additional information, including requirements for reduced and unreduced benefits):



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<b>Group A</b> Eligible to retire prior to January 7, 2013, or five years after January 7, 2013	<b>Group B</b> 20 years of service credit prior to January 7, 2013, or eligible to retire ten years after January 7, 2013	<b>Group C</b> 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 with 60 months of service credit or Age 55 with 25 years of service credit	<b>Age and Service Requirements:</b> Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	<b>Age and Service Requirements:</b> Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
<b>Traditional Plan 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>Traditional Plan 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>Traditional Plan 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>Combined Plan Formula:</b> 1% of FAS multiplied by years of service for the first 30 years and 1.25% for service years in excess of 30	<b>Combined Plan Formula:</b> 1% of FAS multiplied by years of service for the first 30 years and 1.25% for service years in excess of 30	<b>Combined Plan Formula:</b> 1% of FAS multiplied by years of service for the first 35 years and 1.25% 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 with 25 years of service credit or Age 52 with 15 years of service credit	<b>Age and Service Requirements:</b> Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	<b>Age and Service Requirements:</b> Age 52 with 25 years of service credit or Age 56 with 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 with 15 years of service credit	<b>Age and Service Requirements:</b> Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	<b>Age and Service Requirements:</b> Age 48 with 25 years of service credit or Age 56 with 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>Traditional Plan 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>Traditional Plan 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>Traditional Plan 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. The initial amount of a member's pension benefit is vested upon receipt of the initial benefit payment for calculation of an annual cost-of-living adjustment.

When a traditional plan benefit recipient has received benefits for 12 months, current law provides for an annual cost of living adjustment (COLA). This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. Members retiring under the combined plan receive a cost-of-living adjustment on the defined benefit portion of their pension benefit. For those who retired prior to January 7, 2013, the cost of living adjustment is 3 percent. For those retiring on or after January 7, 2013, beginning in calendar year 2019, the adjustment is based on the average percentage increase in the Consumer Price Index, capped at 3 percent.

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Defined contribution plan benefits are established in the plan documents, which may be amended by the Board. Member-directed plan and combined plan members who have met the retirement eligibility requirements may apply for retirement benefits. The amount available for defined contribution benefits in the combined plan consists of the member's contributions plus or minus the investment gains or losses resulting from the member's investment selections. The amount available for defined contribution benefits in the combined plan consists of the member's contributions plus or minus the investment gains or losses resulting from the member's investment selections. Combined plan members wishing to receive benefits must meet the requirements for both the defined benefit and defined contribution plans. Member-directed participants must have attained the age of 55, have money on deposit in the defined contribution plan and have terminated public service to apply for retirement benefits. The amount available for defined contribution benefits in the member-directed plan consists of the members' contributions, vested employer contributions and investment gains or losses resulting from the members' investment selections. Employer contributions and associated investment earnings vest over a five-year period, at a rate of 20 percent each year. At retirement, members may select one of several distribution options for payment of the vested balance in their individual OPERS accounts. Options include the annuitization of their benefit (which includes joint and survivor options), partial lump-sum payments (subject to limitations), a rollover of the vested account balance to another financial institution, receipt of entire account balance, net of taxes withheld, or a combination of these options. When members choose to annuitize their defined contribution benefit, the annuitized portion of the benefit is reclassified to a defined benefit.

Beginning in 2022, the Combined Plan will be consolidated under the Traditional Pension Plan (defined benefit plan) and the Combined Plan option will no longer be available for new hires beginning in 2022.

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

	State and Local	Public Safety	Law Enforcement
<b>2021 Statutory Maximum Contribution Rates</b>			
Employer	14.0 %	18.1 %	18.1 %
Employee *	10.0 %	**	***
<b>2021 Actual Contribution Rates</b>			
Employer:			
Pension ****	14.0 %	18.1 %	18.1 %
Post-employment Health Care Benefits ****	0.0	0.0	0.0
Total Employer	14.0 %	18.1 %	18.1 %
Employee	10.0 %	12.0 %	13.0 %

\* Member contributions within the combined plan are not used to fund the defined benefit retirement allowance.

\*\* 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.

\*\*\*\* These pension and employer health care rates are for the traditional and combined plans. The employer contributions rate for the member-directed plan is allocated 4 percent for health care with the remainder going to pension.

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

For 2021, the Village's contractually required contribution was \$7,776 for the traditional plan.

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**Social Security**

Several Village 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, 2021.

**Note 9 – 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.

OPERS maintains a cost-sharing, multiple-employer defined benefit postemployment 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. Currently, Medicare-eligible retirees are able to select medical and prescription drug plans from a range of options and may elect optional vision and dental plans. Retirees and eligible dependents enrolled in Medicare Parts A and B have the option to enroll in a Medicare supplemental plan with the assistance of the OPERS Medicare Connector. The OPERS Medicare Connector is a relationship with a vendor selected by OPERS to assist retirees, spouses and dependents with selecting a medical and pharmacy plan.

Monthly allowances, based on years of service and the age at which the retiree first enrolled in OPERS coverage, are deposited into an HRA. For non-Medicare retirees and eligible dependents, OPERS sponsors medical and prescription coverage through a professionally managed self-insured plan. An allowance to offset a portion of the monthly premium is offered to retirees and eligible dependents. The allowance is based on the retiree's years of service and age when they first enrolled in OPERS coverage.

Medicare-eligible retirees who choose to become re-employed or survivors who become employed in an OPERS-covered position are prohibited from participating in an HRA. For this group of retirees, OPERS sponsors secondary coverage through a professionally managed self-insured program. Retirees who enroll in this plan are provided with a monthly allowance to offset a portion of the monthly premium. Medicare-eligible spouses and dependents can also enroll in this plan as long as the retiree is enrolled.

OPERS provides a monthly allowance for health care coverage for eligible retirees and their eligible dependents. The base allowance is determined by OPERS.

The health care trust is also used to fund health care for member-directed plan participants, in the form of a Retiree Medical Account (RMA). At retirement or separation, member directed plan participants may be eligible for reimbursement of qualified medical expenses from their vested RMA balance.

Effective January 1, 2022, OPERS will discontinue the group plans currently offered to non-Medicare retirees and re-employed retirees. Instead, eligible non-Medicare retirees will select an individual medical plan. OPERS will provide a subsidy or allowance via an HRA allowance to those retirees who meet health care eligibility requirements. Retirees will be able to seek reimbursement for plan premiums and other qualified medical expenses.

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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 with a minimum age of 60, or generally 30 years of qualifying service at any age. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. Current retirees eligible (or who become eligible prior to January 1, 2022) to participate in the OPERS health care program will continue to be eligible after January 1, 2022. Eligibility requirements will change for those retiring after January 1, 2022, with differing eligibility requirements for Medicare retirees and non-Medicare retirees. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 75. See OPERS' Annual Comprehensive Financial Report 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. When funding is approved by OPERS Board of Trustees, a portion of each employer's contribution to OPERS is set aside to fund OPERS health care plans. Beginning in 2018, OPERS no longer allocated a portion of its employer contributions to health care for the traditional plan and the combined plan.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2021, 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. For 2021, OPERS did not allocate any employer contribution to health care for members in the Traditional Pension Plan and Combined Plan. 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 2021 was 4.0 percent.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The Village's contractually required contribution was \$0 for 2021.

**Village of Rawson**  
*Hancock County*  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2021*

**Note 10 – Debt**

***Long-Term Obligations***

The changes in the Village’s long-term debt during 2021 were as follows:

	Amount Outstanding 12/31/20	Additions	Deletions	Amount Outstanding 12/31/21	Amount Due in One Year
<b>BusinessType Activities</b>					
Ohio Water Development Authority Loan 2853	\$1,593		\$1,057	\$536	\$536
Ohio Water Development Authority Loan 6303	137,586		\$9,447	128,139	9,773
Ohio Public Works Commission Loan CM02C	15,000		7,500	7,500	5,000
Ohio Public Works Commission Loan CT31B	48,535		20,802	27,733	13,867
Ohio Public Works Commission Loan CM04N	247,142		15,774	231,368	10,517
Mortgage Revenue Bonds 2004 (USDA)	1,018,000		25,000	993,000	26,000
Mortgage Revenue Bonds 2013 (USDA)	226,000		4,000	222,000	5,000
Total Business Type Activities	<u>\$1,693,856</u>		<u>\$83,580</u>	<u>\$1,610,276</u>	<u>\$70,693</u>

***Loans***

The Ohio Water Development Authority (OWDA) Loan 2853 was 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 (OPWC) 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 (OPWC) 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. 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 an enterprise debt service reserve fund.

The Village improperly paid for other debt in the amount of \$29,384 out of the reserve account instead of the proper funds--the Water Operating Fund (\$10,516) and Sewer Operating Fund (\$18,868).

**Village of Rawson**  
*Hancock County*  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2021*

Principal and interest requirements to retire long-term debt outstanding at December 31, 2021, were as follows:

Year	OWDA Loan #2853	OWDA Loan #6303	OPWC Loan #CM02C	OPWC Loan #CT31B	OPWC Loan #CM04N	Mortgage Revenue Bond 2004	Mortgage Revenue Bond 2013
2022	\$546	\$14,083	\$5,000	\$13,867	\$10,517	\$70,685	\$11,105
2023		14,083	2,500	13,866	10,517	70,515	10,968
2024		14,083			10,517	70,300	10,830
2025		14,083			10,517	70,040	10,693
2026		14,083			10,517	69,735	10,555
2027-2031		70,413			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	53,523
2047-2051							53,418
2052-2055							10,275
<b>Total</b>	<b>\$546</b>	<b>\$154,911</b>	<b>\$7,500</b>	<b>\$27,733</b>	<b>\$231,368</b>	<b>\$1,613,910</b>	<b>\$332,442</b>

**Note 11 – 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	Street Construction Maintenance and Repair	Coronavirus Relief	American Rescue Plan	Sidewalks and Trees Special Assessment	Other Governmental Funds	Total
<b>Nonspendable</b>							
Unclaimed	\$58						\$58
<b>Restricted for</b>							
Road Improvements		\$66,561				\$1,299	\$67,860
Police Operations						2,899	2,899
Fire Operations						20,849	20,849
Community Development					\$42,441	55,975	98,416
Disaster Relief			\$37,181	\$29,173			66,354
<b>Total Restricted</b>		<b>66,561</b>	<b>37,181</b>	<b>29,173</b>	<b>42,441</b>	<b>81,022</b>	<b>256,378</b>
<b>Assigned to</b>							
Other Purposes	64,766						64,766
<b>Total Assigned</b>	<b>64,766</b>						<b>64,766</b>
<b>Unassigned (Deficits)</b>	<b>(1,439)</b>					<b>(3,477)</b>	<b>(4,916)</b>
<b>Total Fund Balances</b>	<b>\$63,385</b>	<b>\$66,561</b>	<b>\$37,181</b>	<b>\$29,173</b>	<b>\$42,441</b>	<b>\$77,545</b>	<b>\$316,286</b>

**Note 12 – Jointly Governed Organizations**

The Village participates in a jointly governed organization along with Union Township, Van Buren Township, the Village of Jenera, and the Village of Mount Cory, making up the Southwestern Hancock Joint Fire District. Each entity appoints one representative from their governing authority as a member on the Southwestern Hancock Joint Fire District Board.

**Village of Rawson**  
*Hancock County*  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2021*

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**Note 13 – COVID-19**

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June, 2021 while the national state of emergency continues. During 2021, the Village received COVID-19 funding. The financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Village. The impact on the Village's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated

**Note 14 – Contingent Liabilities**

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

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**Village of Rawson, Ohio**  
*Hancock County*  
**Statement of Net Position - Cash Basis**  
*December 31, 2020*

	Governmental Activities	Business - Type Activities	Total
<b>Assets</b>			
Equity in Pooled Cash and Cash Equivalents	\$277,116	\$428,090	\$705,206
<b>Net Position</b>			
Restricted for:			
Debt Service		120,577	120,577
Other Purposes	214,300	298,659	512,959
Unrestricted	62,816	8,854	71,670
<i>Total Net Position</i>	<u>\$277,116</u>	<u>\$428,090</u>	<u>\$705,206</u>

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, 2020*

	Program Cash Receipts		
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions
<b>Governmental Activities</b>			
Current:			
Security of Persons and Property	\$11,238	\$3,014	
Public Health Services	1,346		
Leisure Time Activities	16,469	400	\$9,345
Community Environment	5,175	11,899	
Transportation	46,192	11,892	67,686
General Government	73,620	7,318	70,434
<i>Total Governmental Activities</i>	<u>154,040</u>	<u>34,523</u>	<u>147,465</u>
<b>Business-Type Activities</b>			
Water Operating	62,411	86,960	
Sewer Operating	56,990	75,413	19,121
Enterprise Debt Service	80,170	34,289	
Water Enterprise Deposit	381	1,726	
Sewer Deposit	380	1,724	
<i>Total Business-Type Activities</i>	<u>200,332</u>	<u>200,112</u>	
<i>Total Primary Government</i>	<u>\$354,372</u>	<u>\$234,635</u>	<u>\$166,586</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 (restated)*

*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
(\$8,224)		(\$8,224)
(1,346)		(1,346)
(6,724)		(6,724)
6,724		6,724
33,386		33,386
4,132		4,132
<u>27,948</u>		<u>27,948</u>
	\$24,549	24,549
	37,544	37,544
	(45,881)	(45,881)
	1,345	1,345
	1,344	1,344
	<u>18,901</u>	<u>18,901</u>
<u>27,948</u>	<u>18,901</u>	<u>46,849</u>
14,121		14,121
28,927		28,927
	1,766	1,766
3,634	479	4,113
<u>46,682</u>	<u>2,245</u>	<u>48,927</u>
74,630	21,146	95,776
<u>202,486</u>	<u>406,944</u>	<u>609,430</u>
<u>\$277,116</u>	<u>\$428,090</u>	<u>\$705,206</u>

**Village of Rawson, Ohio**  
 Hancock County  
 Statement of Assets and Fund Balances - Cash Basis  
 Governmental Funds  
 December 31, 2020

	General	Street Construction, Maintenance and Repair	Permissive Motor Vehicle License Tax
<b>Assets</b>			
Equity in Pooled Cash and Cash Equivalents	\$62,874	\$49,393	\$4,450
<b>Fund Balances</b>			
Nonspendable	\$58		
Restricted		\$49,393	\$4,450
Assigned	64,146		
Unassigned (Deficit)	(1,330)		
<i>Total Fund Balances</i>	\$62,874	\$49,393	\$4,450

See accompanying notes to the basic financial statements

Coronavirus Relief	Sidewalks & Trees Special Assessment	Other Governmental Funds	Total Governmental Funds
\$44,902	\$36,381	\$79,116	\$277,116
\$44,902	\$36,381	\$79,116	\$58 214,242 64,146 (1,330)
\$44,902	\$36,381	\$79,116	\$277,116

**Village of Rawson, Ohio**  
*Hancock County*  
**Statement of Receipts, Disbursements and Changes Fund Balances - Cash Basis**  
*Governmental Funds*  
**For the Year Ended December 31, 2020**

	General	Street Construction, Maintenance and Repair	Permissive Motor Vehicle License Tax	Coronavirus Relief
<b>Receipts</b>				
Property Taxes	\$13,163			
Intergovernmental	32,162	\$34,486	\$33,200	\$69,987
Special Assessments				
Charges for Services	400			
Earnings on Investments	5,041	447		
Miscellaneous	2,873	761		
<b>Total Receipts</b>	<b>53,639</b>	<b>35,694</b>	<b>33,200</b>	<b>69,987</b>
<b>Disbursements</b>				
Current:				
Public Health Services	1,346			
Leisure Time Activities	6,469			
Community Environment				
Transportation		7,987	33,200	
General Government	46,195	2,340		25,085
<b>Total Disbursements</b>	<b>54,010</b>	<b>10,327</b>	<b>33,200</b>	<b>25,085</b>
<b>Net Change in Fund Balances</b>	<b>(371)</b>	<b>25,367</b>		<b>44,902</b>
<b>Fund Balances Beginning of Year (restated)</b>	<b>63,245</b>	<b>24,026</b>	<b>4,450</b>	
<b>Fund Balances End of Year</b>	<b>\$62,874</b>	<b>\$49,393</b>	<b>\$4,450</b>	<b>\$44,902</b>

See accompanying notes to the basic financial statements

Sidewalks & Trees Special Assessment	Other Governmental Funds	Total Governmental Funds
		\$13,163
	\$9,345	179,180
\$5,946	20,859	26,805
		400
		5,488
		3,634
5,946	30,204	228,670
	11,238	11,238
		1,346
	10,000	16,469
5,175		5,175
	5,005	46,192
		73,620
5,175	26,243	154,040
771	3,961	74,630
35,610	75,155	202,486
\$36,381	\$79,116	\$277,116

**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, 2020*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Receipts</b>				
Property Taxes	\$29,793	\$29,793	\$13,163	(\$16,630)
Intergovernmental	11,120	11,120	32,162	21,042
Charges for Services	211	211	400	189
Earnings on Investments			5,041	5,041
Miscellaneous			2,873	2,873
<i>Total Receipts</i>	41,124	41,124	53,639	12,515
<b>Disbursements</b>				
Current:				
Public Health Services	1,346	1,346	1,346	
Leisure Time Activities	19,188	19,188	6,572	12,616
General Government	83,117	83,117	46,777	36,340
<i>Total Disbursements</i>	103,651	103,651	54,695	48,956
<i>Net Change in Fund Balance</i>	(62,527)	(62,527)	(1,056)	61,471
<i>Unencumbered Fund Balance Beginning of Year (restated)</i>	62,838	62,838	62,838	
Prior Year Encumbrances Appropriated	407	407	407	
<i>Unencumbered Fund Balance End of Year</i>	\$718	\$718	\$62,189	\$61,471

See accompanying notes to the basic financial statements



**Village of Rawson**  
*Hancock County*  
*Statement of Receipts, Disbursements and Changes*  
*In Fund Balance - Budget and Actual - Budget Basis*  
*Street Construction Maintenance & Repair*  
*For the Year Ended December 31, 2020*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Receipts</b>				
Intergovernmental	\$20,486	\$20,486	\$34,486	\$14,000
Earnings on Investments			447	447
Miscellaneous			761	761
<i>Total Receipts</i>	<u>20,486</u>	<u>20,486</u>	<u>35,694</u>	<u>15,208</u>
<b>Disbursements</b>				
Current:				
Transportation	37,863	71,063	8,041	63,022
General Government	5,762	5,762	2,340	3,422
<i>Total Disbursements</i>	<u>43,625</u>	<u>76,825</u>	<u>10,381</u>	<u>66,444</u>
<i>Net Change in Fund Balance</i>	(23,139)	(56,339)	25,313	81,652
<i>Unencumbered Fund Balance Beginning of Year</i>	23,990	23,990	23,990	
Prior Year Encumbrances Appropriated	36	36	36	
<i>Unencumbered Fund Balance End of Year</i>	<u>\$887</u>	<u>(\$32,313)</u>	<u>\$49,339</u>	<u>\$81,652</u>

See accompanying notes to the basic financial statements

**Village of Rawson**  
*Hancock County*  
**Statement of Receipts, Disbursements and Changes**  
**In Fund Balance - Budget and Actual - Budget Basis**  
**Coronavirus Relief**  
*For the Year Ended December 31, 2020*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Receipts</b>				
Intergovernmental	\$64,085	\$64,085	\$69,987	\$5,902
<b>Disbursements</b>				
Current:				
General Government	\$64,085	\$64,085	64,085	
<i>Net Change in Fund Balance</i>			5,902	5,902
<i>Unencumbered Fund Balance Beginning of Year</i>				
<i>Unencumbered Fund Balance End of Year</i>			\$5,902	\$5,902

See accompanying notes to the basic financial statements

**Village of Rawson**  
*Hancock County*  
*Statement of Receipts, Disbursements and Changes*  
*In Fund Balance - Budget and Actual - Budget Basis*  
*Permissive Motor Vehicle License Tax Fund*  
*For the Year Ended December 31, 2020*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Receipts</b>				
Intergovernmental			\$33,200	\$33,200
<b>Disbursements</b>				
Current:				
Transportation	\$8,000	\$8,000	33,200	(25,200)
<i>Net Change in Fund Balance</i>	(8,000)	(8,000)		8,000
<i>Unencumbered Fund Balance Beginning of Year</i>	4,450	4,450	4,450	
<i>Unencumbered Fund Balance End of Year</i>	<u>(\$3,550)</u>	<u>(\$3,550)</u>	<u>\$4,450</u>	<u>\$8,000</u>

See accompanying notes to the basic financial statements

**Village of Rawson**  
*Hancock County*  
*Statement of Receipts, Disbursements and Changes*  
*In Fund Balance - Budget and Actual - Budget Basis*  
*Special Assessment - Sidewalks, Trees & Flags*  
*For the Year Ended December 31, 2020*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Receipts</b>				
Special Assessments	\$6,191	\$6,191	\$5,946	(\$245)
<b>Disbursements</b>				
Current:				
Community Environment	41,801	41,801	5,175	36,626
<i>Net Change in Fund Balance</i>	(35,610)	(35,610)	771	36,381
<i>Unencumbered Fund Balance Beginning of Year</i>	\$35,610	\$35,610	35,610	
<i>Unencumbered Fund Balance End of Year</i>			<u>\$36,381</u>	<u>\$36,381</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, 2020

	Business-Type Activities					Total Enterprise Funds
	Water Operating	Sewer Operating	Enterprise Debt Service	Enterprise Debt Service Reserve	Other Enterprise Funds	
<b>Assets</b>						
Equity in Pooled Cash and Cash Equivalents	\$40,936	\$215,588	\$33,852	\$86,725	\$50,989	\$428,090
<b>Net Position</b>						
Restricted for:						
Debt Service			33,852	86,725		120,577
Other Purposes	40,936	215,588			42,135	298,659
Unrestricted					8,854	8,854
<b>Total Net Position</b>	<u>\$40,936</u>	<u>\$215,588</u>	<u>\$33,852</u>	<u>\$86,725</u>	<u>\$50,989</u>	<u>\$428,090</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, 2020

	Business-Type Activities					Total Enterprise Funds
	Water Operating	Sewer Operating	Enterprise Debt Service	Enterprise Debt Service Reserve	Other Enterprise Funds	
<b>Operating Receipts</b>						
Charges for Services	\$86,960	\$75,413			\$3,450	\$165,823
Miscellaneous	296	183				479
<i>Total Operating Receipts</i>	<u>87,256</u>	<u>75,596</u>			<u>3,450</u>	<u>166,302</u>
<b>Operating Disbursements</b>						
Personal Services	18,330	23,756				42,086
Employee Fringe Benefits	2,462	3,100				5,562
Contractual Services	12,395	4,370				16,765
Supplies and Materials	8,794	16,329				25,123
Other					761	761
<i>Total Operating Disbursements</i>	<u>41,981</u>	<u>47,555</u>			<u>761</u>	<u>90,297</u>
<i>Operating Income</i>	<u>45,275</u>	<u>28,041</u>			<u>2,689</u>	<u>76,005</u>
<b>Non-Operating Receipts (Disbursements)</b>						
Intergovernmental Receipts		19,121				19,121
Special Assessments			\$34,289			34,289
Earnings on Investments			1,044	\$722		1,766
Principal Retirement	(15,428)	(9,435)	(27,000)			(51,863)
Interest and Other Fiscal Charges	(5,002)		(53,170)			(58,172)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(20,430)</u>	<u>9,686</u>	<u>(44,837)</u>	<u>722</u>		<u>(54,859)</u>
<i>Change in Net Position</i>	24,845	37,727	(44,837)	722	2,689	21,146
<i>Net Position Beginning of Year</i>	<u>16,091</u>	<u>177,861</u>	<u>78,689</u>	<u>86,003</u>	<u>48,300</u>	<u>406,944</u>
<i>Net Position End of Year</i>	<u>\$40,936</u>	<u>\$215,588</u>	<u>\$33,852</u>	<u>\$86,725</u>	<u>\$50,989</u>	<u>\$428,090</u>

See accompanying notes to the basic financial statements

**Village of Rawson**  
*Hancock County*  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2020*

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**Note 1 – Reporting Entity**

The Village of Rawson, Hancock County, Ohio (the Village) is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. 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 and votes only to break a tie.

The reporting entity is composed of the primary government 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: parks and recreation, street maintenance and repairs, and water and sewer utilities. The Village contracts with the Hancock County Sheriff to provide police services.

***Jointly Governed Organizations and Public Entity Risk Pool***

The Village participates in a jointly governed organization and a public entity risk pool. Notes 7 and 11 to the financial statements provide additional information for these entities.

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, except for fiduciary funds. The activity of the internal service fund is eliminated to avoid "doubling up" receipts and disbursements. 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.

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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 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. Fiduciary funds are reported by type.

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 three categories: governmental, proprietary, and fiduciary.

**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.

**Permissive Motor Vehicle License Tax Fund** The permissive motor vehicle license tax fund accounts for and reports resources restricted for the maintenance and repair of streets in the Village. These funds were levied by the County and distributed to the municipality as a one-time payment.

**Coronavirus Relief Fund** The coronavirus relief fund accounts for and reports Federal resources to be used to cover necessary expenditures incurred due to the public health emergency with respect to the Coronavirus disease.

**Sidewalks and Trees Special Assessment Fund** The sidewalks and 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.



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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 operating 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 operating fund accounts for the provision of sanitary sewer services to the residents and commercial users within the Village.

**Enterprise Debt Service Fund** The enterprise debt service fund accounts for and reports resources restricted for the retirement of USDA debt.

**Enterprise Debt Service Reserve Fund** The enterprise debt service reserve fund accounts for and reports resources required to be reserved and restricted for the retirement of USDA debt.

**Fiduciary Funds** Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private purpose trust funds, and custodial funds. Trust funds are used to account for assets held by the Village under a trust agreement, or equivalent arrangement that has certain characteristics, for individuals, private organizations, or other governments and are not available to support the Village's own programs. The Village does not have any trust funds. Custodial funds are used to report fiduciary activities that are not required to be reported in a trust fund. The Village does not have any custodial funds.

### ***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 custodial 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.

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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".

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 2020, the Village invested in nonnegotiable certificates of deposit and a money market account. Investments are reported at cost.

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 2020 was \$5,041, which includes \$3,377 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. Unclaimed monies that are required to be held for five years before they may be utilized by the Village are reported as restricted. Restricted Assets in the enterprise funds represent amounts set aside for current and future debt payments and the replacement and improvement of the Village's water and sewer systems.

***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.

Inventories resulting from cash transactions are presented at cost on a first-in, first-out basis and are reported as disbursements when used. Prepaid items are reported as disbursements when consumed.

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**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 8 and 9, the employer contributions include portions for pension benefits and for other postemployment benefits (OPEB).

**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.

**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. It also includes the long-term amount of interfund loans.

***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.

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**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.

**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.

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**Note 3 – Compliance**

Contrary to Ohio Law, the Village had expenditures in excess of appropriations in the Permissive Motor Vehicle License Tax fund in the amount of \$25,200 at December 31, 2020. Additionally, contrary to Ohio Law, the Village's appropriations exceeded the amount certified as available by the budget commission in the Street Construction Maintenance and Repair and Permissive Motor Vehicle License Tax funds in the amounts of \$31,013 and \$3,550, respectively, at December 31, 2020. Also, contrary to Ohio Law, the Village misclassified Ohio Public Works Commission loan payments in the amount of \$14,693 as interest and other fiscal charges in the Enterprise Debt Service fund instead of \$5,258 principal in the Water Operating fund and \$9,435 principal in the Sewer Operating fund. Lastly, contrary to Ohio Law, the Village inappropriately recorded \$1,240 of Bureau of Workers Compensation refunds/premiums in the General fund as miscellaneous receipts instead of the Street Construction Maintenance & Repair fund (\$761), Water Operating fund (\$296), and Sewer Operating fund (\$183), and the Village inappropriately recorded \$3,964 of motor vehicle registration fees from Hancock County in the Permissive Motor Vehicle License Tax fund instead of the Street Construction, Maintenance and Repair fund.

**Note 4 – 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 street construction maintenance and repair, permissive motor vehicle license tax, coronavirus relief, and sidewalks and trees special assessment 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	Permissive Motor Vehicle License Tax	Coronavirus Relief	Sidewalks and Trees Special Assessment
Cash Basis	\$62,816	\$49,393	\$4,450	\$44,902	\$36,381
Encumbrances	685	54		39,000	
Budget Basis	\$62,131	\$49,339	\$4,450	\$5,902	\$36,381

**Note 5 – 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 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.

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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.

Protection of the Village's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, or by the financial institutions 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.

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 including a requirement for maturity within ten years from the date of settlement, bonds and other obligations of political subdivisions of the State of Ohio, if training requirements have been met;
6. The State Treasurer's investment pool (STAR Ohio);
7. Certain bankers' acceptances (for a period not to exceed one hundred eighty days) and commercial paper notes (for a period not to exceed two hundred seventy 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.

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**Note 6 – Taxes**

***Property Taxes***

Property taxes include amounts levied against all real and public utility property located in the Village. Property tax revenue received during 2020 for real and public utility property taxes represents collections of 2019 taxes.

2019 real property taxes are levied after October 1, 2020, on the assessed value as of January 1, 2020, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2020 real property taxes are collected in and intended to finance 2021.

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. 2020 public utility property taxes which became a lien December 31, 2019, are levied after October 1, 2020, and are collected in 2021 with real property taxes.

The full tax rate for all Village operations for the year ended December 31, 2020, was \$2.50 per \$1,000 of assessed value. The assessed values of real property and public utility tangible property upon which 2020 property tax receipts were based are as follows:

Real Property	\$5,773,800
Public Utility Personal Property	<u>251,490</u>
Total	<u><u>\$6,025,290</u></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 7 – Public Entity Risk Pool**

The Village is a member of the Public Entities Pool of Ohio (The Pool). The Pool assumes the risk of loss up to the limits of the Village's policy. The Pool covers the following risks:

- General liability and casualty
- Public official's liability
- Cyber
- Law enforcement liability
- Automobile liability
- Vehicles
- Property
- Equipment breakdown

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

	<u>2020</u>
Cash and investments	\$ 40,318,971
Actuarial liabilities	\$ 14,111,510

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**Note 8 – Defined Benefit Pension Plans**

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

Plan Description – Village employees, other than full-time police and firefighters, 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 combination cost-sharing, multiple-employer defined benefit/defined contribution pension plan. Participating employers are divided into state, local, law enforcement and public safety divisions. While members in the state and local divisions may participate in all three plans, law enforcement and public safety divisions exist only within the traditional plan.

OPERS provides retirement, disability, survivor and death benefits, and annual cost-of-living adjustments to members of the traditional and combined plans. 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 in the traditional and combined plans 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 and combined plans as per the reduced benefits adopted by SB 343 (see OPERS CAFR referenced above for additional information, including requirements for reduced and unreduced benefits):



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<b>Group A</b> Eligible to retire prior to January 7, 2013, or five years after January 7, 2013	<b>Group B</b> 20 years of service credit prior to January 7, 2013, or eligible to retire ten years after January 7, 2013	<b>Group C</b> 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 with 60 months of service credit or Age 55 with 25 years of service credit	<b>Age and Service Requirements:</b> Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	<b>Age and Service Requirements:</b> Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
<b>Traditional Plan 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>Traditional Plan 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>Traditional Plan 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>Combined Plan Formula:</b> 1% of FAS multiplied by years of service for the first 30 years and 1.25% for service years in excess of 30	<b>Combined Plan Formula:</b> 1% of FAS multiplied by years of service for the first 30 years and 1.25% for service years in excess of 30	<b>Combined Plan Formula:</b> 1% of FAS multiplied by years of service for the first 35 years and 1.25% 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 with 25 years of service credit or Age 52 with 15 years of service credit	<b>Age and Service Requirements:</b> Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	<b>Age and Service Requirements:</b> Age 52 with 25 years of service credit or Age 56 with 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 with 15 years of service credit	<b>Age and Service Requirements:</b> Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	<b>Age and Service Requirements:</b> Age 48 with 25 years of service credit or Age 56 with 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>Traditional Plan 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>Traditional Plan 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>Traditional Plan 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. The initial amount of a member's pension benefit is vested upon receipt of the initial benefit payment for calculation of an annual cost-of-living adjustment.

When a traditional plan benefit recipient has received benefits for 12 months, current law provides for an annual cost of living adjustment (COLA). This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. Members retiring under the combined plan receive a cost-of-living adjustment of the defined benefit portion of their pension benefit. For those retiring prior to January 7, 2013, current law provides for a 3 percent COLA. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, current law provides that the COLA will be based on the average percentage increase in the Consumer Price Index, capped at 3 percent.

Defined contribution plan benefits are established in the plan documents, which may be amended by the Board. Member-directed plan and combined plan members who have met the retirement eligibility requirements may apply for retirement benefits. The amount available for defined contribution benefits in the combined plan consists of the member's contributions plus or minus the investment gains or losses resulting from the member's investment selections.

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Combined plan members wishing to receive benefits must meet the requirements for both the defined benefit and defined contribution plans. Member-directed participants must have attained the age of 55, have money on deposit in the defined contribution plan and have terminated public service to apply for retirement benefits. The amount available for defined contribution benefits in the member-directed plan consists of the members' contributions, vested employer contributions and investment gains or losses resulting from the members' investment selections. Employer contributions and associated investment earnings vest over a five-year period, at a rate of 20 percent each year. At retirement, members may select one of several distribution options for payment of the vested balance in their individual OPERS accounts. Options include the annuitization of their benefit (which includes joint and survivor options), partial lump-sum payments (subject to limitations), a rollover of the vested account balance to another financial institution, receipt of entire account balance, net of taxes withheld, or a combination of these options.

Beginning in 2022, the Combined Plan will be consolidated under the Traditional Pension Plan (defined benefit plan) and the Combined Plan option will no longer be available for new hires beginning in 2022.

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

	<u>State and Local</u>	<u>Public Safety</u>	<u>Law Enforcement</u>
<b>2020 Statutory Maximum Contribution Rates</b>			
Employer	14.0 %	18.1 %	18.1 %
Employee ***	10.0 %	*	**
<b>2020 Actual Contribution Rates</b>			
Employer:			
Pension	14.0 %	18.1 %	18.1 %
Post-employment Health Care Benefits ****	0.0	0.0	0.0
Total Employer	<u>14.0 %</u>	<u>18.1 %</u>	<u>18.1 %</u>
Employee	<u>10.0 %</u>	<u>12.0 %</u>	<u>13.0 %</u>

\* 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.

\*\*\* Member contributions within the combined plan are not used to fund the defined benefit retirement allowance.

\*\*\*\* This employer health care rate is for the traditional and combined plans. The employer contribution for the member-directed plan is 4 percent.

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

The Village's contractually required contribution was \$7,951 for the year 2020.

**Social Security**

Several Village 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, 2020.

**Village of Rawson**  
*Hancock County*  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2020*

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**Note 9 – 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.

OPERS maintains a cost-sharing, multiple-employer defined benefit postemployment 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. This trust is also used to fund health care for member-directed plan participants, in the form of a Retiree Medical Account (RMA). At retirement or separation, member-directed plan participants may be eligible for reimbursement of 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 with a minimum age of 60, or generally 30 years of qualifying service at any age. 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 75. 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. When funding is approved by OPERS Board of Trustees, 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 2020, 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. For 2020, OPERS did not allocate any employer contribution to health care for members in the Traditional Pension Plan and Combined Plan. 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 2020 was 4.0 percent.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The Village’s contractually required contribution was \$0 for 2020.

**Village of Rawson**  
*Hancock County*  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2020*

**Note 10 – Debt**

***Long-Term Obligations***

The changes in the Village’s long-term debt during 2020 were as follows:

	Amount Outstanding 12/31/19	Additions	Deletions	Amount Outstanding 12/31/20	Amount Due in One Year
<b>Business Type Activities</b>					
Ohio Water Development Authority Loan 2853	\$2,631		\$1,038	\$1,593	\$1,057
Ohio Water Development Authority Loan 6303	146,718		9,132	137,586	9,447
Ohio Public Works Commission Loan CM02C	17,500		2,500	15,000	7,500
Ohio Public Works Commission Loan CT31B	55,470		6,935	48,535	20,802
Ohio Public Works Commission Loan CM04N	252,400		5,258	247,142	15,774
Mortgage Revenue Bonds 2004 (USDA)	1,041,000		23,000	1,018,000	25,000
Mortgage Revenue Bonds 2013 (USDA)	230,000		4,000	226,000	4,000
Total Business Type Activities	<u>\$1,745,719</u>	<u>\$0</u>	<u>\$51,863</u>	<u>\$1,693,856</u>	<u>\$83,580</u>

***Loans***

The Ohio Water Development Authority (OWDA) Loan 2853 was 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 (OPWC) 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 (OPWC) 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. 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 an enterprise debt service reserve fund.

Due to deficiencies in monitoring the reserve account the Village improperly paid for other debt in the amount of \$14,693 out of the reserve account instead of the proper funds -- the Water Operating Fund (\$5,258) and Sewer Operating Fund (\$9,435).

**Village of Rawson**  
*Hancock County*  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2020*

Principal and interest requirements to retire long-term debt outstanding at December 31, 2020, were as follows:

Year	OWDA Loan #2853	OWDA Loan #6303	OPWC Loan #CM02C	OPWC Loan #CT31B	OPWC Loan #CM04N	Mortgage Revenue Bond 2004	Mortgage Revenue Bond 2013
2021	\$1,090	\$14,082	\$7,500	\$20,802	\$15,774	\$70,810	\$10,215
2022	546	14,083	5,000	13,867	10,517	70,685	11,105
2023		14,083	2,500	13,866	10,517	70,515	10,968
2024		14,083			10,517	70,300	10,830
2025		14,083			10,517	70,040	10,693
2026-2030		70,413			52,584	350,410	53,373
2031-2035		28,165			52,583	350,460	53,413
2036-2040					52,583	350,565	53,875
2041-2045					31,550	280,935	53,650
2046-2050							53,710
2051-2055							20,825
<b>Total</b>	<b>\$1,636</b>	<b>\$168,992</b>	<b>\$15,000</b>	<b>\$48,535</b>	<b>\$247,142</b>	<b>\$1,684,720</b>	<b>\$342,657</b>

**Note 11 – Jointly Governed Organization**

The Village participates in a jointly governed organization along with Union Township, Van Buren Township, the Village of Jenera, and the Village of Mount Cory, making up the Southwestern Hancock Joint Fire District. Each entity appoints one representative from their governing authority as a member on the Southwestern Hancock Joint Fire District Board.

**Note 12 – 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:

**Village of Rawson**  
*Hancock County*  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2020*

Fund Balances	General Fund	Street Construction Maintenance and Repair	Coronavirus Relief	Permissive Motor Vehicle License Tax
<b>Nonspendable</b>				
Unclaimed	\$58			
<b>Restricted for</b>				
Road Improvements		\$49,393		\$4,450
Police Operations				
Fire Operations				
Community Development				
Disaster Relief			\$44,902	
<i>Total Restricted</i>		49,393	44,902	4,450
<b>Assigned to</b>				
Other Purposes	64,146			
<i>Total Assigned</i>	64,146			
<b>Unassigned (Deficits)</b>				
	(1,330)			
<i>Total Fund Balances</i>	\$62,874	\$49,393	\$44,902	\$4,450

(continued) Fund Balances	Sidewalks and Trees Special Assessments	Other Governmental Funds	Total
<b>Nonspendable</b>			
Unclaimed			\$58
<b>Restricted for</b>			
Road Improvements			53,843
Police Operations		\$2,908	2,908
Fire Operations		17,654	17,654
Community Development	\$36,381	58,554	94,935
Disaster Relief			44,902
<i>Total Restricted</i>	36,381	79,116	214,242
<b>Assigned to</b>			
Other Purposes			64,146
<i>Total Assigned</i>			64,146
<b>Unassigned (Deficits)</b>			
			(1,330)
<i>Total Fund Balances</i>	\$36,381	\$79,116	\$277,116

**Village of Rawson**  
*Hancock County*  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2020*

**Note 13 – COVID-19**

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

During 2020, the Village received CARES Act funding. Of the amounts received, \$25,085 was sub-granted to other governments and organizations. These amounts are reflected as general government expenditures in the Coronavirus Relief Special Revenue Fund on the accompanying financial statements.

**Note 14 – Miscellaneous Revenues**

During 2020, the Village received significant General Fund miscellaneous revenues, primarily consisting of refunds from the Ohio Bureau of Workers’ Compensation.

**Note 15 – Contingent Liabilities**

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

**Note 16 – Restatement of Fund Balance**

Beginning in 2020 the Unclaimed Money Fund previously classified as a Custodial Fund was reclassified to the General Fund as the Village deemed this classification more appropriate based on the purpose of the fund according to Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. These changes in fund classifications had the following effect on fund balances previously reported for the year ended December 31, 2019:

	General Fund	Custodial Fund
Fund balance December 31, 2019 Fund	\$63,187	\$58
Reclassification	58	(58)
Restated fund balance December 31, 2019	\$63,245	

The governmental activities at December 30, 2019 have been restated as follows:

	<u>Governmental Activities</u>
Net cash position	
as previously reported	\$ 202,428
Fund Reclassification	58
Restated net cash position	
at December 31, 2019	\$ 202,486

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# OHIO AUDITOR OF STATE KEITH FABER



88 East Broad Street  
Columbus, Ohio 43215  
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(800) 282-0370

## 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 45881-0525

To the Village Council:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by 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, 2021 and 2020, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements and have issued our report thereon dated January 25, 2023, wherein we noted the Village uses a special purpose framework other than generally accepted accounting principles. We also noted the financial impact of COVID-19 and the continuing emergency measures, which may impact subsequent periods of the Village.

### ***Report on Internal Control Over Financial Reporting***

In planning and performing our audit of the financial statements, we considered the Village's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control. Accordingly, we do not express an opinion on the effectiveness of the Village's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Village's financial statements will not be prevented, or detected and corrected, on a timely basis. 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 deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings as items 2021-001 through 2021-003, and 2021-005, that we consider to be material weaknesses.

***Report on Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the Village's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings as items 2021-002 through 2021-006.

***Purpose of this Report***

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Village's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Keith Faber  
Auditor of State  
Columbus, Ohio

January 25, 2023

**VILLAGE OF RAWSON  
HANCOCK COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2021 AND 2020**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 2021-001**

**Material Weakness – Financial Monitoring**

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, Governmental Accounting Standards Board (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.

The following errors were identified in the accompanying financial statements:

- In 2021, net position for governmental activities was understated for restricted for other purposes in the amount of \$761 and overstated for unrestricted in the amount of \$1,240. The balance resulted in an understatement in business-type activities restricted for other purposes, in the amount of \$479.
- In 2021, receipts from Union Township and the Southwestern Hancock Joint Fire District for utilities and maintenance/repairs in the amount of \$7,037 were incorrectly recorded as intergovernmental receipts instead of charges for services in the General Fund.
- In 2021 and 2020, fund balance was improperly classified as unassigned instead of assigned in the General Fund in the amounts of \$64,766 and \$64,146, respectively.
- In 2021 and 2020, restricted net position for business-type activities was improperly classified as restricted for other purposes, instead of restricted for debt service for business-type activities in the amounts of \$43,598 and \$14,693, respectively.
- In 2020, the Village incorrectly reported the Permissive Motor Vehicle License Tax Fund and the Sidewalks and Trees Special Assessment Fund as part of Other Governmental Funds rather than as major funds. In 2021, the Village incorrectly reported the Street Construction Maintenance & Repair Fund and the Coronavirus Relief Fund as part of Other Governmental Funds rather than as major funds. Additionally, because of this, these funds did not present a Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budget Basis Statements in the respective year's filed report.
- In 2021, the Village erroneously included the balance of the unclaimed funds as a Custodial Fund; this balance should have been presented as part of the General Fund.
- In 2020, USDA loan payments in the amount of \$46,845 was incorrectly recorded as principal instead of interest in the Enterprise Debt Service Fund.
- In 2020, net position for governmental activities was understated for restricted for other purposes in the amount of \$761 and overstated for unrestricted in the amount of \$1,298. The balance, totaling \$537, resulted in an understatement in business-type activities restricted for other purposes in the amount of \$479, and an understatement in custodial fund balance in the amount of \$58.

These errors were the result of inadequate policies and procedures in reviewing the financial statements. Failure to complete accurate financial statements could lead to the Village Council making misinformed decisions. The accompanying financial statements, notes to the financial statements, and Village records have been adjusted to correct these errors. In addition to the adjustments noted above, we also identified additional misstatements ranging from \$58 to \$2,277, some of which were also adjusted on the financial statements, that we have brought to the Village's attention.

To help ensure the Village's financial statements and notes to the financial statements are complete and accurate, the Council should adopt policies and procedures, including a final review of the financial statements and notes to the financial statements by the Clerk/Treasurer and Council, to identify and correct errors and omissions. In addition, the Clerk/Treasurer should review Ohio Auditor of State Audit Bulletin 2011-004 for guidance on GASB Statement No. 54.

### **FINDING NUMBER 2021-002**

#### **Noncompliance and Material Weakness**

**Village Ordinance No. 2004-05** requires that a reserve account be established and that each month the amount of 1/120 of the reserve amount be accumulated in the fund until a sum equal to one annual payment of principal and interest on the revenue bonds, after which no further deposits need to be made except to replace withdrawals. The reserve account shall be used and disbursed only for the purpose of paying the cost of repairing or replacing any damage to the utility which may be caused by an unforeseen catastrophe, for making extensions or improvements to the utility, and, when necessary, for the purpose of making payments of principal and interest on the bonds if the amount in the bond account is not sufficient to meet such payments.

Due to deficiencies in monitoring the reserve account, in 2021, the Village paid for other debt in the amount of \$29,384 out of the Enterprise Debt Service Reserve Fund instead of the proper funds—the Water Operating Fund (\$10,516) and Sewer Operating Fund (\$18,868). In 2020, the Village improperly paid for other debt in the amount of \$14,693 out of the Enterprise Debt Service Reserve Fund instead of the proper funds—the Water Operating Fund (\$5,258) and Sewer Operating Fund (\$9,435). This could result in the Village not having the proper amount reserved in the account. The accompanying financial statements, notes to the financial statements, and Village records have been adjusted to correct this error.

To help ensure that funds are only expended for allowable purposes out of the reserve account, the Village Council should monitor all expenditures out of the Enterprise Debt Service Reserve Fund.

### **FINDING NUMBER 2021-003**

#### **Noncompliance and Material Weakness**

**Ohio Rev. Code § 5705.10(I)** requires that money paid into any fund shall be used only for the purposes for which such fund is established.

Therefore, a negative fund cash balance in any fund indicates that money from another fund or funds has been used to pay the obligations of the fund carrying the deficit balance.

The Permissive Motor Vehicle License Tax Fund had a deficit balance of \$3,477 at December 31, 2021. Negative fund balances could result in the use of restricted receipts for unallowable purposes. A procedure and control, such as the Management and/or Council's periodic review of reports that show cash fund balances, and budgeted versus actual receipts and disbursements, should be implemented to identify those funds that may potentially develop a negative balance.

Advances or transfers should be made for these funds or appropriations modified to prevent a negative cash balance. The Village should refer to Ohio Compliance Supplement (OCS) Chapter 1 and/or Auditor of State Bulletin 97-003 for information regarding the accounting treatment and approval process for advances.

#### **FINDING NUMBER 2021-004**

##### **Noncompliance**

**Ohio Rev. Code § 5705.41(B)** prohibits a subdivision or taxing authority unit from making any expenditure of money unless it has been appropriated in accordance with the Ohio Revised Code.

Due to inadequate policies and procedures in approving and reviewing budget versus actual information, the Village's Permissive Motor Vehicle License Tax Fund had expenditures in excess of appropriations of \$25,200 as of December 31, 2020.

Failure to have adequate appropriations in place at the time expenditures are made could cause expenditures to exceed available resources, further resulting in deficit spending practices.

The Village Council should closely monitor expenditures and appropriations and make the necessary appropriation amendments, if possible, to reduce the likelihood of expenditures exceeding appropriations. Additionally, the Clerk/Treasurer should deny payment requests exceeding appropriations when appropriations are inadequate to cover the expenditures.

#### **FINDING NUMBER 2021-005**

##### **Noncompliance and Material Weakness**

**Ohio Rev. Code § 5705.10(D)** provides in part that all revenue derived from a source other than the general property tax and which the law prescribes shall be used for a particular purpose, shall be paid into a special fund for such purpose.

The following errors were identified in the accompanying financial statements:

- In 2021, an OPWC loan payment in the amount of \$14,692 was posted as principal in its entirety to the Sewer Operating Fund. Of this amount, \$5,258 should have been posted as principal in the Water Operating Fund.
- In 2020, the Village inappropriately recorded \$1,240 of Bureau of Workers Compensation refunds/premiums in the General Fund as miscellaneous receipts. Given the source of the original expenditures, these receipts should have been recorded in the Street Construction Maintenance & Repair Fund (\$761), Water Operating Fund (\$296), and Sewer Operating Fund (\$183).
- In 2021 and 2020, the Village inappropriately recorded \$4,245 and \$3,964, respectively, of motor vehicle registration fees from Hancock County in the Permissive Motor Vehicle License Tax Fund. Given the source of the revenue, this should have been recorded in the Street Construction, Maintenance and Repair Fund.

These errors were due to a lack of understanding of Audit Bulletins 2013-007 and 2020-007, as well as inadequate policies and procedures in reviewing the financial statements.

Audit adjustments are reflected in the financial statements and in the accounting records correcting these misstatements. The lack of controls over the posting of financial transactions decreases the reliability of financial data at year-end and can result in undetected errors and irregularities.

The Village should implement controls to help ensure all transactions are reviewed to help ensure posting to the proper funds.

#### **FINDING NUMBER 2021-006**

##### **Noncompliance**

**Ohio Rev. Code § 5705.39** provides that total appropriations from each fund shall not exceed the total of the estimated revenue available for expenditure there-from, as certified by the county budget commission, or in case of appeal, by the board of tax appeals. No appropriation measure shall become effective until the county auditor files with the appropriating authority a certificate that the total appropriations from each fund, taken together with all other outstanding appropriations, do not exceed such official estimate or amended official estimate. For purposes of this section of the Ohio Revised Code, estimated revenue is commonly referred to as “estimated resources” because it includes unencumbered fund balances.

At December 31, 2021 the Village's appropriations exceeded the amount certified as available by the budget commission in the General fund by \$5,090. At December 31, 2020 the Village's appropriations exceeded the amount certified as available by the budget commission in the Street Construction Maintenance and Repair and Permissive Motor Vehicle License Tax Funds by \$31,013 and \$3,550, respectively.

Failure to limit appropriations to the amount certified by the budget commission due to deficiencies in the Village's compliance monitoring policies and procedures could result in overspending and negative cash fund balances.

The Village should draft, approve, and implement procedures to compare appropriations to estimated resources and, if adequate resources are available for additional appropriations, the Village should submit an amended certificate of estimated resources to the budget commission for certification. If the resources are not available to cover the appropriations, an amendment to the appropriation resolution should be passed by the Village Council to reduce the appropriations.

##### **Officials' Response:**

We did not receive a response from Officials to the findings reported above.

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

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2021 AND 2020**

<b>Finding Number</b>	<b>Finding Summary</b>	<b>Status</b>	<b>Additional Information</b>
2019-001	Finding was first issued in the 2011-2010 audit. Material weakness for financial reporting due to material audit adjustments.	Not corrected and repeated as Finding 2021-001 in this report.	The Clerk-Treasurer will continue to work to implement controls to address deficiencies and make corrections in the future.
2019-002	Finding was first issued in the 2019-2018 audit. Noncompliance and material weakness over Village Ordinance No. 2004-05 due to improperly making debt payments out of reserve funds instead of the proper funds.	Not corrected and repeated as Finding 2021-002 in this report.	The Clerk-Treasurer will continue to work to implement controls to address deficiencies and make corrections in the future.
2019-003	Finding was first issued in the 2019-2018 audit. Noncompliance and material weakness over Ohio Rev. Code § 5705.10(I) due to payments made from improper funds resulting in audit adjustments and a deficit fund balance.	Not corrected and repeated as Finding 2021-003 in this report.	The Clerk-Treasurer will continue to work to implement controls to address deficiencies and make corrections in the future.

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# OHIO AUDITOR OF STATE KEITH FABER



**VILLAGE OF RAWSON**

**HANCOCK COUNTY**

## **AUDITOR OF STATE OF OHIO CERTIFICATION**

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



**Certified for Release 2/16/2023**

88 East Broad Street, Columbus, Ohio 43215  
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at  
[www.ohioauditor.gov](http://www.ohioauditor.gov)