



**VILLAGE OF RAWSON
HANCOCK COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 1999-1998



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

TABLE OF CONTENTS

TITLE	PAGE
Report of Independent Accountants	1
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – All Governmental Fund Types – For the Year Ended December 31, 1999	3
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – Proprietary and Similar Fiduciary Fund Types – For the Year Ended December 31, 1999	4
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – All Governmental Fund Types – For the Year Ended December 31, 1998	5
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – Proprietary and Similar Fiduciary Fund Types – For the Year Ended December 31, 1998	6
Notes to the Financial Statements	7
Report of Independent Accountants on Compliance and on Internal Control Required by <i>Government Auditing Standards</i>	13

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STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

One Government Center
Room 1420
Toledo, Ohio 43604-2246
Telephone 419-245-2811
800-443-9276
Facsimile 419-245-2484
www.auditor.state.oh.us

REPORT OF INDEPENDENT ACCOUNTANTS

Village of Rawson
Hancock County
PO Box 525
Rawson, Ohio 45881-0525

To the Village Council:

We have audited the accompanying financial statements of the Village of Rawson, Hancock County, Ohio, (the Village) as of and for the years ended December 31, 1999 and 1998. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

As discussed in Note 1, the Village prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of the Village as of December 31, 1999 and 1998, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 21, 2000 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 grants.

This report is intended solely for the information and use of the finance committee, management, the Village Council, and other officials authorized to receive this report under § 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

Jim Petro
Auditor of State

March 21, 2000

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS
AND CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 1999**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
Cash Receipts:				
Property Tax and Other Local Taxes	\$ 6,912	\$ 7,290	\$ 2,910	\$ 17,112
Intergovernmental Receipts	45,318	18,787		64,105
Earnings on Investments	6,640	48	1,873	8,561
Miscellaneous	7,321			7,321
	<u>66,191</u>	<u>26,125</u>	<u>4,783</u>	<u>97,099</u>
Total Cash Receipts				
Cash Disbursements:				
Current:				
Security of Persons and Property	7,011	5,147		12,158
Public Health Services	757			757
Leisure Time Activities	5,027			5,027
Basic Utility Services	6,993			6,993
Transportation	2,000	15,765		17,765
General Government	26,099			26,099
Debt Service		5,869		5,869
Capital Outlay	12,082	6,125	51,102	69,309
	<u>59,969</u>	<u>32,906</u>	<u>51,102</u>	<u>143,977</u>
Total Cash Disbursements				
Total Receipts Over/(Under) Disbursements	<u>6,222</u>	<u>(6,781)</u>	<u>(46,319)</u>	<u>(46,878)</u>
Other Financing Receipts:				
Proceeds from Sale of Public Debt			129,384	129,384
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements	6,222	(6,781)	83,065	82,506
Fund Cash Balances, January 1	<u>19,048</u>	<u>18,116</u>	<u>181,807</u>	<u>218,971</u>
Fund Cash Balances, December 31	<u>\$ 25,270</u>	<u>\$ 11,335</u>	<u>\$ 264,872</u>	<u>\$ 301,477</u>
Reserves for Encumbrances, December 31	<u>\$ 13,283</u>	<u>\$ 575</u>	<u>\$ 109,771</u>	<u>\$ 123,629</u>

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

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS
AND CHANGES IN FUND CASH BALANCES
PROPRIETARY AND SIMILAR FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 1999**

	<u>Proprietary Fund Types</u>	<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Agency</u>	
Operating Cash Receipts:			
Charges for Services	\$ 60,662	\$ 0	\$ 60,662
Operating Cash Disbursements:			
Personal Services	10,794		10,794
Contractual Services	14,803		14,803
Supplies and Materials	9,872		9,872
Total Operating Cash Disbursements	35,469	0	35,469
Operating Income	25,193	0	25,193
Non-Operating Cash Receipts:			
Other Non-Operating Receipts	162	3,985	4,147
Non-Operating Cash Disbursements:			
Debt Service	26,567		26,567
Other Non-Operating Cash Disbursements	31	3,985	4,016
Total Non-Operating Cash Disbursements	26,598	3,985	30,583
Net Disbursements Over Receipts	(1,243)	0	(1,243)
Fund Cash Balances, January 1	24,064	0	24,064
Fund Cash Balances, December 31	\$ 22,821	\$ 0	\$ 22,821
Reserve for Encumbrances, December 31	\$ 1,382	\$ 0	\$ 1,382

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

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS
AND CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 1998**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
Cash Receipts:				
Property Tax and Other Local Taxes	\$ 5,441	\$ 5,981	\$ 2,478	\$ 13,900
Intergovernmental Receipts	45,417	13,622		59,039
Charges for Services			600	600
Earnings on Investments	1,629	99	7,631	9,359
Miscellaneous	8,246			8,246
	<u>60,733</u>	<u>19,702</u>	<u>10,709</u>	<u>91,144</u>
Cash Disbursements:				
Current:				
Security of Persons and Property	9,231	5,036		14,267
Public Health Services	785			785
Leisure Time Activities	9,234			9,234
Basic Utility Services	1,260			1,260
Transportation		9,475		9,475
General Government	36,886			36,886
Debt Service		5,869		5,869
Capital Outlay			12,875	12,875
	<u>57,396</u>	<u>20,380</u>	<u>12,875</u>	<u>90,651</u>
Total Receipts Over/(Under) Disbursements	<u>3,337</u>	<u>(678)</u>	<u>(2,166)</u>	<u>493</u>
Other Financing Disbursements:				
Transfers-Out	<u>(269)</u>			<u>(269)</u>
Excess of Cash Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	3,068	(678)	(2,166)	224
Fund Cash Balances, January 1	<u>15,980</u>	<u>18,794</u>	<u>183,973</u>	<u>218,747</u>
Fund Cash Balances, December 31	<u>\$ 19,048</u>	<u>\$ 18,116</u>	<u>\$ 181,807</u>	<u>\$ 218,971</u>
Reserves for Encumbrances, December 31	<u>\$ 4,340</u>	<u>\$ 1,705</u>	<u>\$ 270</u>	<u>\$ 6,315</u>

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

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS
AND CHANGES IN FUND CASH BALANCES
PROPRIETARY AND SIMILAR FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 1998**

	Proprietary Fund Types	Fiduciary Fund Types	Totals (Memorandum Only)
	Enterprise	Agency	
Operating Cash Receipts:			
Charges for Services	\$ 59,267	\$ 0	\$ 59,267
Operating Cash Disbursements:			
Personal Services	9,732		9,732
Contractual Services	12,743		12,743
Supplies and Materials	10,295		10,295
Capital Outlay	1,850		1,850
Other Cash Disbursements	1,000		1,000
 Total Operating Cash Disbursements	35,620	0	35,620
 Operating Income	23,647	0	23,647
Non-Operating Cash Receipts:			
Other Non-Operating Receipts	1,571	4,072	5,643
Non-Operating Cash Disbursements:			
Debt Service	26,567		26,567
Other Non-Operating Cash Disbursements	63	4,166	4,229
 Total Non-Operating Cash Disbursements	26,630	4,166	30,796
 Excess of Disbursements Over Receipts Before Interfund Transfers	(1,412)	(94)	(1,506)
 Transfers-In	269		269
 Net Disbursements Over Receipts	(1,143)	(94)	(1,237)
 Fund Cash Balances, January 1	25,207	94	25,301
Fund Cash Balances, December 31	\$ 24,064	\$ 0	\$ 24,064
 Reserve for Encumbrances, December 31	\$ 10,690	\$ 0	\$ 10,690

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

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Village of Rawson, Hancock County, (the Village) is a body corporate and politic 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 publicly-elected six-member Council. The Village provides general governmental services, including water utilities, and park operations (leisure time activities).

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

B. Basis of Accounting

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

C. Cash and Investments

Certificates of deposit are valued at cost.

D. Fund Accounting

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

1. General Fund

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

2. Special Revenue Fund

These funds are used to account for proceeds from specific sources (other than from trusts or for capital projects) that are restricted to expenditure for specific purposes. The Village had the following significant Special Revenue Funds:

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

Street Lighting Fund -This fund receives tax levy money to pay street lighting.

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

3. Capital Project Funds

These funds are used to account for receipts that are restricted for the acquisition or construction of major capital projects (except those financed through enterprise or trust funds). The Village had the following significant capital project fund:

Sanitary Sewer Construction Fund - This fund receives loan proceeds from the Ohio Water Development Authority to finance a sanitary sewer system.

4. Enterprise Funds

These funds account for operations that are similar to private business enterprises where management intends that the significant costs of providing certain goods or services will be recovered through user charges. The Village had the following significant Enterprise Fund:

Water Fund - This fund receives charges for services from residents to cover the cost of providing this utility.

5. Fiduciary Fund (Agency Fund)

Funds for which the Village is acting in an agency capacity are classified as agency funds. The Village had the following significant fiduciary funds:

Withholding Fund - This fund is used to account for withholding taxes from Village employees and officials.

E. Budgetary Process

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

1. Appropriations

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

2. Estimated Resources

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

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process (Continued)

3. Encumbrances

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

A summary of 1999 and 1998 budgetary activity appears in Note 3.

F. Property, Plant and Equipment

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

2. EQUITY IN POOLED CASH

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

	<u>1999</u>	<u>1998</u>
Demand deposits	\$ 324,298	\$ 77,252
Certificates of deposit		165,783
Total deposits	\$ 324,298	\$ 243,035

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

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 1999, and December 31, 1998 follows:

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 61,877	\$ 66,191	\$4,314
Special Revenue	24,652	26,125	1,473
Capital Projects	210,900	134,167	(76,733)
Enterprise	58,620	60,824	2,204
Total	\$ 356,049	\$ 287,307	\$ (68,742)

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)

3. BUDGETARY ACTIVITY (Continued)

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 78,524	\$ 73,252	\$ 5,272
Special Revenue	42,767	33,481	9,286
Capital Projects	226,361	160,873	65,488
Enterprise	70,835	63,449	7,386
Total	<u>\$ 418,487</u>	<u>\$ 331,055</u>	<u>\$ 87,432</u>

1998 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 57,816	\$ 60,733	\$ 2,917
Special Revenue	21,132	19,702	(1,430)
Capital Projects	10,900	10,709	(191)
Enterprise	61,223	61,107	(116)
Total	<u>\$ 151,071</u>	<u>\$ 152,251</u>	<u>\$ 1,180</u>

1998 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 73,796	\$ 62,005	\$ 11,791
Special Revenue	35,926	22,085	13,841
Capital Projects	21,166	13,145	8,021
Enterprise	82,542	72,940	9,602
Total	<u>\$ 213,430</u>	<u>\$ 170,175</u>	<u>\$ 43,255</u>

4. PROPERTY TAX

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

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

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)

4. PROPERTY TAX (Continued)

Tangible personal property tax is assessed by the property owners, who must file a list of such property to the County by each April 30.

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

5. DEBT

Debt outstanding at December 31, 1999 was as follows:

	Principal	Interest Rate
Fifth Third Bank Note	\$ 24,591	6.0%
Ohio Water Development Authority Loan	399,453	2.0%
Ohio Water Development Authority Loan	19,588	2.0%
Ohio Water Development Authority Loan	129,384	5.5%
Total	\$ 573,016	

The Fifth Third note was used to finance the construction of Village storm sewers. The Ohio Water Development Authority (OWDA) loans were issued to finance utility construction and improvements within the Village.

The Ohio Water Development Authority (OWDA) loan for \$129,384 is what has been received as of December 31, 1999 for the planning and installation of a sewer system that was mandated by the Ohio Environmental Protection Agency. The OWDA has approved up to \$200,000 for this loan to the Village. The loan will be repaid over 20 years. The scheduled payments will be calculated when the total amount borrowed is determined and as a result the schedule below does not include this loan.

In 1999, the County Engineer's office purchased signs and installed them for the Village. The Engineer's office billed the Village \$7,237.92 for materials and labor. As of December 31, 1999 \$5,237.92 is still due the County Engineer. The Village will make annual payments, with no interest, until it is paid off in 2002.

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

Year ending December 31:	Fifth Third Bank Note	OWDA Loan	OWDA Loan
2000	\$ 5,869	\$ 25,478	\$ 1,090
2001	20,683	25,478	1,090
2002	0	25,478	1,090
2003	0	25,478	1,090
2004	0	25,478	1,090
Subsequent	0	356,684	19,070
Total	\$ 26,552	\$ 484,074	\$ 24,520

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)

6. RETIREMENT SYSTEMS

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

Contribution rates are also prescribed by the Ohio Revised Code. PERS members contributed 8.5% of their gross salaries. The Village contributed an amount equal to 13.55% of participants' gross salaries. The Village has paid all contributions required through December 31, 1999.

7. RISK MANAGEMENT

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 may assess supplemental premiums. The following risks are covered by the Pool:

- Property, building and contents, and inland marine
- Legal liability - Third party claims
- Vehicle liability
- Wrongful acts coverage



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JIM PETRO, AUDITOR OF STATE

One Government Center
Room 1420
Toledo, Ohio 43604-2246
Telephone 419-245-2811
800-443-9276
Facsimile 419-245-2484
www.auditor.state.oh.us

**REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE AND ON
INTERNAL CONTROL REQUIRED BY GOVERNMENT AUDITING STANDARDS**

Village of Rawson
Hancock County
PO Box 525
Rawson, Ohio 45881-0525

To the Village Council:

We have audited the accompanying financial statements of the Village of Rawson, Hancock County, Ohio, (the Village) as of and for the years ended December 31, 1999 and 1998, and have issued our report thereon dated March 21, 2000. We conducted our audits in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Village's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audits and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to management of the Village in a separate letter dated March 21, 2000.

Internal Control Over Financial Reporting

In planning and performing our audits, we considered Village's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Village in a separate letter dated March 21, 2000.

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

Jim Petro
Auditor of State

March 21, 2000



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140
Telephone 614-466-4514
800-282-0370
Facsimile 614-466-4490

VILLAGE OF RAWSON

HANCOCK COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
APRIL 11, 2000**