



**VILLAGE OF RAWSON
HANCOCK COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2023-2022

**VILLAGE OF RAWSON
HANCOCK COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Independent Auditor's Report	1
Prepared by Management:	
Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Regulatory Cash Basis) All Governmental Fund Types For the Year Ended December 31, 2023.....	5
Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Regulatory Cash Basis) All Proprietary Fund Types For the Year Ended December 31, 2023.....	6
Notes to the Financial Statements For the Year Ended December 31, 2023.....	7
Basic Financial Statements:	
Government-wide Financial Statements Statement of Net Position – Cash Basis December 31, 2022.....	14
Statement of Activities – Cash Basis For the Year Ended December 31, 2022	16
Fund Financial Statements:	
Statement of Assets and Fund Balances – Cash Basis Governmental Funds December 31, 2022	18
Statement of Receipts, Disbursements and Changes in Fund Balances – Cash Basis Governmental Funds For the Year Ended December 31, 2022	20
Statement of Receipts, Disbursements and Changes In Fund Balance – Budget and Actual – Budget Basis For the Year Ended December 31, 2022	
General Fund.....	22
Street Construction, Maintenance & Repair Fund.....	23
Coronavirus Relief Fund.....	24
American Rescue Plan Fund.....	25
Special Assessment – Sidewalks, Trees & Flags Fund	26
Special Assessment – Storm Sewers, Drains, & Curbing Fund	27
Statement of Fund Net Position – Cash Basis Proprietary Funds December 31, 2022	28
Statement of Receipts, Disbursements and Changes in Fund Net Position – Cash Basis Proprietary Funds For the Year Ended December 31, 2022	29

VILLAGE OF RAWSON
HANCOCK COUNTY

TABLE OF CONTENTS
(Continued)

TITLE	PAGE
Notes to the Basic Financial Statements For the Year Ended December 31, 2022	30
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	47
Schedule of Findings.....	49
Prepared by Management:	
Summary Schedule of Prior Audit Findings	51



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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

Unmodified and Adverse Opinions for the Year Ended December 31, 2023

We have audited the financial statements of the Village of Rawson, Hancock County, Ohio (the Village), which comprises the cash balances, receipts and disbursements for each governmental and proprietary fund type as of and for the year ended December 31, 2023, and the related notes to the financial statements.

Unmodified Opinion on Regulatory Basis of Accounting for the Year Ended December 31, 2023

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements for each governmental and proprietary fund type as of and for the year ended December 31, 2023, and the related notes to the financial statements, in accordance with the financial reporting provisions which Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit, described in Note 2.

Adverse Opinion on U.S. Generally Accepted Accounting Principles for the Year Ended December 31, 2023

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* section of our report, the accompanying financial statements do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Village, as of December 31, 2023, or the changes in financial position or, where applicable, cash flows thereof for the year then ended.

Opinion for the Year Ended December 31, 2022

We have also 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 year ended December 31, 2022, 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, 2022, and the respective changes in cash-basis financial position and where applicable cash flows thereof and the respective budgetary comparison for the General, Street Construction Maintenance and Repair, American Rescue Plan, Coronavirus Relief, Special Assessment - Sidewalks, Trees and Flags, and Special Assessment - Storm Sewers, Drains and Curbing funds for the year then ended 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.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles for the Year Ended December 31, 2023

As described in Note 2 of the 2023 financial statements, the financial statements are prepared by the Village on the basis of the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 2 of the 2023 financial statements and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.

Emphasis of Matter - Accounting Basis for the Year Ended December 31, 2022

We draw attention to Note 2 of the 2022 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 financial statements, during 2023, the Village has elected to change its financial presentation to an accounting basis permitted by the financial reporting provisions of the Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C), which is an accounting basis other than accounting principles generally accepted in the United State of America (GAAP). Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

For the year ended December 31, 2023, management is responsible for the preparation and fair presentation of the financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit. 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 addition, for the year ended December 31, 2022, 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 the financial audit standards in the Comptroller General of the United States' *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 December 23, 2024, 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

December 23, 2024

Village of Rawson, Ohio
Hancock County
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
All Governmental Fund Types
For the Year Ended December 31, 2023

	General	Special Revenue	Combined Total
Cash Receipts			
Property and Other Local Taxes	\$18,540		\$18,540
Intergovernmental	36,028	\$67,340	103,368
Special Assessments		34,228	34,228
Charges for Services	17,185		17,185
Earnings on Investments	13,844	3,130	16,974
Miscellaneous	18,895		18,895
<i>Total Cash Receipts</i>	<u>104,492</u>	<u>104,698</u>	<u>209,190</u>
Cash Disbursements			
Current:			
Security of Persons and Property		18,560	18,560
Public Health Services	1,433		1,433
Leisure Time Activities	21,027	10,000	31,027
Community Environment		8,718	8,718
Basic Utility Services		140	140
Transportation	47,781	35,787	83,568
General Government		830	830
<i>Total Cash Disbursements</i>	<u>70,241</u>	<u>74,035</u>	<u>144,276</u>
<i>Net Change in Fund Cash Balances</i>	34,251	30,663	64,914
<i>Fund Cash Balances, January 1</i>	<u>32,631</u>	<u>236,055</u>	<u>268,686</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$66,882</u></u>	<u><u>\$266,718</u></u>	<u><u>\$333,600</u></u>

See accompanying notes to the basic financial statements

Village of Rawson, Ohio
Hancock County
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
All Proprietary Fund Types
For the Year Ended December 31, 2023

	<u>Enterprise</u>
Operating Cash Receipts	
Charges for Services	<u>\$176,480</u>
Operating Cash Disbursements	
Personal Services	45,886
Employee Fringe Benefits	7,488
Contractual Services	38,321
Supplies and Materials	26,976
Other	<u>410</u>
<i>Total Operating Cash Disbursements</i>	<u>119,081</u>
<i>Operating Income</i>	<u>57,399</u>
Non-Operating Receipts (Disbursements)	
Intergovernmental Receipts	20,716
Special Assessments	35,082
Earnings on Investments (proprietary funds only)	4,105
Miscellaneous Receipts	549
Principal Retirement	(74,364)
Interest and Other Fiscal Charges	<u>(53,344)</u>
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(67,256)</u>
<i>Income (Loss) before Transfers</i>	(9,857)
Transfers In	81,483
Transfers Out	<u>(81,483)</u>
<i>Net Change in Fund Cash Balances</i>	(9,857)
<i>Fund Cash Balances, January 1</i>	<u>446,683</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$436,826</u></u>

See accompanying notes to the basic financial statements

Village of Rawson
Hancock County
Notes to the Financial Statements
For the Year Ended December 31, 2023

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. A publicly-elected six-member Council directs the Village. The Village provides parks and recreation, street maintenance and repairs, and water and sewer utilities.

Jointly Governed Organizations and Public Entity Risk Pool

The Village participates in a jointly governed organization and a public entity risk pool. Notes 6 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

Basis of Presentation

The Village's financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types and a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all proprietary fund types which are all organized on a fund type basis.

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 below:

General Fund 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.

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

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 construction, maintenance, and repair of streets within the Village.

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

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

Sewer Fund The sewer 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.

Village of Rawson
Hancock County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Basis of Accounting

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (C). This basis is similar to the cash receipts and disbursements accounting basis. The Village recognizes receipts when received in cash rather than when earned and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (C) permit.

Budgetary Process

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

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

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

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

A summary of 2023 budgetary activity appears in Note 3.

Deposits and Investments

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

Capital Assets

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

Fund Balance

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

Nonspendable The Village classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact. For regulatory purposes nonspendable fund balance includes unclaimed monies that are required to be held for five years before they may be utilized by the Village and the nonexpendable portion of the corpus in permanent funds.

Village of Rawson
Hancock County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Restricted Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

Committed Council can *commit* amounts via formal action (resolution). The Village must adhere to these commitments unless the Council amends the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

Assigned Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. For regulatory purposes, assigned fund balance in the general fund is limited to encumbrances outstanding at year end.

Unassigned Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The Village applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

For regulatory purposes, limited disclosure related to fund balance is included in Note 11.

Note 3 – Budgetary Activity

Budgetary activity for the year ending December 31, 2023 follows:

2023 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$113,475	\$104,492	(\$8,983)
Special Revenue	248,793	104,698	(144,095)
Enterprise	645,637	318,415	(327,222)
Total	<u>\$1,007,905</u>	<u>\$527,605</u>	<u>(\$480,300)</u>

2023 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$106,726	\$73,628	\$33,098
Special Revenue	246,200	74,036	172,164
Enterprise	483,311	329,974	153,337
Total	<u>\$836,237</u>	<u>\$477,638</u>	<u>\$358,599</u>

Note 4 – Deposits and Investments

To improve cash management, cash received by the Village is pooled. Monies for all funds are maintained in this pool. The Ohio Revised Code prescribes allowable deposits and investments. A summary of the Village's deposit and investment accounts are as follows:

Village of Rawson
Hancock County
Notes to the Financial Statements
For the Year Ended December 31, 2023

	2023
<i>Cash Management Pool:</i>	
Demand deposits	\$147,690
Certificates of deposit	490,352
CDARS	132,384
Total deposits	<u>\$770,426</u>

The Village does not use a separate payroll clearing account. The expenditures included in the accompanying financial statement reflect net payroll plus all remitted payroll withholdings. At December 31, 2023, the village is holding no unremitted employee payroll withholdings.

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation or collateralized through 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.

Note 5 – Taxes

Property Taxes

Real property taxes become a lien on January 1 preceding the October 1 date for which the Council adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable non-business, owner occupancy, and homestead exemption credits and/or homestead and rollback deductions. The financial statements include these credits and/or deduction amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

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

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

Note 6 – Public Entity Risk Pool

Risk Pool Membership

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

Village of Rawson
Hancock County
Notes to the Financial Statements
For the Year Ended December 31, 2023

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

	<u>2023</u>
Cash and investments	\$ 43,996,442
Actuarial liabilities	\$ 19,743,401

Note 7 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

Some Village employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement health care and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent of their gross salaries, and the Village contributed an amount equaling 14 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2023.

Social Security

Several Village employees contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

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, 2023.

Note 8 – Postemployment Benefits

OPERS offers a cost-sharing, multiple-employer defined benefit postemployment plan. OPERS offers a health reimbursement arrangement (HRA) allowance to benefit recipients meeting certain age and service credit requirements. The HRA is an account funded by OPERS that provides tax-free reimbursement for qualified medical expenses such as monthly post-tax insurance premiums, deductibles, co-insurance, and co-pays incurred by eligible benefit recipients and their dependents. For calendar year 2023, the portion of OPERS employer contributions allocated to health care was 0 percent for members in the traditional pension plan and 2 percent for members in the combined plan. For 2023, the portion of employer contributions OPERS allocated to health care for members in the member-directed plan was 4.0 percent; however, a portion of the health care rate was funded with reserves.

Village of Rawson
Hancock County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 9 – Debt

Debt outstanding at December 31, 2023, was as follows:

	Principal	Interest Rate
Ohio Water Development Authority Loan 6303	\$108,256	3.595%
Ohio Public Works Commission Loan CM04N	205,076	
Mortgage Revenue Bonds 2004 (USDA)	940,000	4.50%
Mortgage Revenue Bonds 2013 (USDA)	212,000	2.75%
Total	<u>\$1,465,332</u>	

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.

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 revenue bond covenant requires the Village to establish and fund a debt service reserve fund, included as an enterprise debt service reserve fund.

Amortization

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

Year	OWDA Loan #6303	OPWC Loan #CM04N	Mortgage Revenue Bond 2004	Mortgage Revenue Bond 2013
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	14,083	10,517	70,385	10,418
2028	14,083	10,516	69,945	10,280
2029-2033	56,330	52,584	350,920	54,063
2034-2038		52,583	350,300	53,773
2039-2043		47,325	351,070	53,823
2044-2048			70,015	53,185
2049-2053				42,750
Total	<u>\$126,745</u>	<u>\$205,076</u>	<u>\$1,472,710</u>	<u>\$310,370</u>

Note 10 – 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.

Village of Rawson
Hancock County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 11 – Fund Balances

Included in fund balance are amounts the Village cannot spend, including the balance of unclaimed monies which cannot be spent for five years and the unexpendable corpus of the permanent funds. Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At year end the balances of these amounts were as follows:

<u>Fund Balances</u>	<u>General</u>	<u>Special Revenue</u>	<u>Total</u>
Nonspendable:			
Unclaimed Monies	\$58		\$58
Outstanding Encumbrances	3,387	\$1	3,388
<i>Total</i>	<u>\$3,445</u>	<u>\$1</u>	<u>\$3,446</u>

The fund balance of special revenue funds is either restricted or committed. These restricted, committed and assigned amounts in the special revenue funds would include the outstanding encumbrances. In the general fund, outstanding encumbrances are considered assigned.

Note 12 – 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 13 – Change in Basis of Accounting

In 2022, the Village reported their financial statements on the cash basis comparable to the requirements of *Governmental Accounting Standards*. For 2023, the Village has elected to follow the financial statement presentation following the regulatory basis of accounting described in Note 2. The fund financial statements now present a column for each fund type, rather than each major fund in a separate column with nonmajor funds aggregated and presented in a single column. The Village also no longer presents entity wide financial statements.

Note 14 – Compliance

Contrary to Ohio Law, a portion of an Ohio Public Works Commission loan payment in the amount of \$5,258 was posted as principal in the Sewer Operating fund instead of as principal in the Water Operating fund. In addition, special assessment receipts of \$15,437 was posted as intergovernmental receipts in the Sewer Operating fund instead of special assessment receipts in the Enterprise Debt Service fund. Lastly, the Village inappropriately recorded \$11,509 of permissive motor vehicle license tax receipts in the Street Construction, Maintenance and Repair fund instead of the Permissive Motor Vehicle License Tax fund.

Village of Rawson, Ohio
Hancock County
Statement of Net Position - Cash Basis
December 31, 2022

	Governmental Activities	Business - Type Activities	Total
Assets			
Equity in Pooled Cash and Cash Equivalents	\$268,686	\$446,683	\$715,369
Net Position			
Restricted for:			
Debt Service		57,341	57,341
Other Purposes	236,055	389,307	625,362
Unrestricted	32,631	35	32,666
<i>Total Net Position</i>	<u>\$268,686</u>	<u>\$446,683</u>	<u>\$715,369</u>

See accompanying notes to the basic financial statements

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Village of Rawson, Ohio
Hancock County
Statement of Activities - Cash Basis
For the Year Ended December 31, 2022

		Program Cash Receipts	
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions
Governmental Activities			
Current:			
Security of Persons and Property	\$13,607	\$3,267	
Public Health Services	1,370		
Leisure Time Activities	25,931	1,240	\$10,000
Community Environment	6,925	13,102	
Transportation	8,829	13,065	36,666
General Government	131,555	2,064	11,615
<i>Total Governmental Activities</i>	<u>188,217</u>	<u>32,738</u>	<u>58,281</u>
Business-Type Activities			
Water Operating	89,569	111,725	
Sewer Operating	69,026	112,602	
Enterprise Debt Service	81,790	39,170	
Water Enterprise Deposit Fund	200	1,425	
Sewer Deposit Fund	200	1,425	
<i>Total Business-Type Activities</i>	<u>240,785</u>	<u>266,347</u>	
<i>Total Primary Government</i>	<u>\$429,002</u>	<u>\$299,085</u>	<u>\$58,281</u>
General Receipts:			
Property Taxes Levied for:			
General Purposes			
Grants and Entitlements not Restricted to Spe			
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

Net (Disbursements) Receipts and Changes in Net Position		
Governmental Activities	Business-Type Activities	Total
(\$10,340)		(\$10,340)
(1,370)		(1,370)
(14,691)		(14,691)
6,177		6,177
40,902		40,902
(117,876)		(117,876)
(97,198)		(97,198)
	\$22,156	22,156
	43,576	43,576
	(42,620)	(42,620)
	1,225	1,225
	1,225	1,225
	25,562	25,562
(97,198)	25,562	(71,636)
15,492		15,492
34,071		34,071
	204	204
35		35
49,598	204	49,802
(47,600)	25,766	(21,834)
316,286	420,917	737,203
\$268,686	\$446,683	\$715,369

Village of Rawson
Hancock County
Statement of Assets and Fund Balances - Cash Basis
Governmental Funds
December 31, 2022

	General	Street Construction Maintenance and Repair
Assets		
Equity in Pooled Cash and Cash Equivalents	\$32,631	\$93,008
Fund Balances		
Nonspendable	\$58	
Restricted		\$93,008
Unassigned	32,573	
<i>Total Fund Balances</i>	\$32,631	\$93,008

See accompanying notes to the basic financial statements

ARPA Federal Grants	Coronavirus Relief	Sidewalks & Trees Special Assessment	Storm Sewers, Drains & Curbing Special Assessment	Other Governmental Funds	Total Governmental Funds
\$9,882	\$117	\$42,049	\$27,014	\$63,985	\$268,686
\$9,882	\$117	\$42,049	\$27,014	\$63,985	\$58 236,055 32,573
\$9,882	\$117	\$42,049	\$27,014	\$63,985	\$268,686

Village of Rawson, Ohio
Hancock County
Statement of Receipts, Disbursements and Changes Fund Balances - Cash Basis
Governmental Funds
For the Year Ended December 31, 2022

	General	Street Construction Maintenance and Repair	ARPA Federal Grants	Coronavirus Relief	Sidewalks & Trees Special Assessment
Receipts					
Property Taxes	\$15,492				
Intergovernmental	35,378	\$36,666	\$9,882	\$116	
Special Assessments					\$6,533
Charges for Services	1,240				
Earnings on Investments	2,064	310			
Miscellaneous	35				
<i>Total Receipts</i>	<u>54,209</u>	<u>36,976</u>	<u>9,882</u>	<u>116</u>	<u>6,533</u>
Disbursements					
Current:					
Security of Persons and Property					
Public Health Services	1,370				
Leisure Time Activities	20,931				
Community Environment					6,925
Transportation		7,989			
General Government	62,662	2,540	29,173	37,180	
<i>Total Disbursements</i>	<u>84,963</u>	<u>10,529</u>	<u>29,173</u>	<u>37,180</u>	<u>6,925</u>
<i>Net Change in Fund Balances</i>	<u>(30,754)</u>	<u>26,447</u>	<u>(19,291)</u>	<u>(37,064)</u>	<u>(392)</u>
<i>Fund Balances Beginning of Year</i>	<u>63,385</u>	<u>66,561</u>	<u>29,173</u>	<u>37,181</u>	<u>42,441</u>
<i>Fund Balances End of Year</i>	<u>\$32,631</u>	<u>\$93,008</u>	<u>\$9,882</u>	<u>\$117</u>	<u>\$42,049</u>

See accompanying notes to the basic financial statements

Storm Sewers, Drains & Curbing Special Assessment	Other Governmental Funds	Total Governmental Funds
		15,492
	\$10,000	92,042
\$3,267	19,634	29,434
		1,240
		2,374
		35
3,267	29,634	140,617
	13,607	13,607
		1,370
	5,000	25,931
		6,925
840		8,829
		131,555
840	18,607	188,217
2,427	11,027	(47,600)
24,587	52,958	316,286
\$27,014	\$63,985	\$268,686

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, 2022*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Receipts				
Property Taxes	\$15,141	\$15,141	\$15,492	\$351
Intergovernmental	26,102	26,102	35,378	9,276
Charges for Services	750	750	1,240	490
Earnings on Investments			2,064	2,064
Miscellaneous			35	35
<i>Total Receipts</i>	<u>41,993</u>	<u>41,993</u>	<u>54,209</u>	<u>12,216</u>
Disbursements				
Current:				
Public Health Services	1,376	1,376	1,370	6
Leisure Time Activities	25,011	25,011	20,946	4,065
General Government	80,173	80,173	66,046	14,127
<i>Total Disbursements</i>	<u>106,560</u>	<u>106,560</u>	<u>88,362</u>	<u>18,198</u>
<i>Net Change in Fund Balance</i>	<u>(64,567)</u>	<u>(64,567)</u>	<u>(34,153)</u>	<u>30,414</u>
<i>Unencumbered Fund Balance Beginning of Year</i>	59,889	59,889	59,889	
Prior Year Encumbrances Appropriated	<u>3,496</u>	<u>3,496</u>	<u>3,496</u>	
<i>Unencumbered Fund Balance End of Year</i>	<u>(\$1,182)</u>	<u>(\$1,182)</u>	<u>\$29,232</u>	<u>\$30,414</u>

See accompanying notes to the basic financial statements

Village of Rawson, Ohio
Hancock County
*Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
Street Construction Maintenance & Repair Fund
For the Year Ended December 31, 2022*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Receipts				
Intergovernmental	\$31,400	\$31,400	\$36,666	\$5,266
Earnings on Investments			310	310
<i>Total Receipts</i>	<u>31,400</u>	<u>31,400</u>	<u>36,976</u>	<u>5,576</u>
Disbursements				
Current:				
Transportation	85,991	85,991	7,989	78,002
General Government	<u>3,000</u>	<u>3,000</u>	<u>2,540</u>	<u>460</u>
<i>Total Disbursements</i>	<u>88,991</u>	<u>88,991</u>	<u>10,529</u>	<u>78,462</u>
<i>Net Change in Fund Balance</i>	(57,591)	(57,591)	26,447	84,038
<i>Unencumbered Fund Balance Beginning of Year</i>	66,526	66,526	66,526	
Prior Year Encumbrances Appropriated	<u>35</u>	<u>35</u>	<u>35</u>	
<i>Unencumbered Fund Balance End of Year</i>	<u>\$8,970</u>	<u>\$8,970</u>	<u>\$93,008</u>	<u>\$84,038</u>

See accompanying notes to the basic financial statements

Village of Rawson, Ohio
Hancock County
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
Coronavirus Relief Fund
For the Year Ended December 31, 2022

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Receipts				
Intergovernmental			\$116	\$116
Disbursements				
Current:				
General Government	\$37,181	\$37,181	37,180	1
<i>Net Change in Fund Balance</i>	(37,181)	(37,181)	(37,064)	117
<i>Unencumbered Fund Balance Beginning of Year</i>				
Prior Year Encumbrances Appropriated	\$37,181	\$37,181	37,181	
<i>Unencumbered Fund Balance End of Year</i>			\$117	\$117

See accompanying notes to the basic financial statements

Village of Rawson, Ohio
Hancock County
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
American Rescue Plan Fund
For the Year Ended December 31, 2022

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Receipts				
Intergovernmental			\$9,882	\$9,882
Disbursements				
Current:				
General Government	\$29,173	\$29,173	29,173	
<i>Net Change in Fund Balance</i>	(29,173)	(29,173)	(19,291)	9,882
<i>Unencumbered Fund Balance Beginning of Year</i>	\$29,173	\$29,173	29,173	
<i>Unencumbered Fund Balance End of Year</i>			\$9,882	\$9,882

See accompanying notes to the basic financial statements

Village of Rawson, Ohio
Hancock County
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
Special Assessment - Sidewalks, Trees & Flags
For the Year Ended December 31, 2022

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Receipts				
Special Assessments	<u>\$6,100</u>	<u>\$6,100</u>	<u>\$6,533</u>	<u>\$433</u>
Disbursements				
Current:				
Community Environment	<u>48,541</u>	<u>48,541</u>	<u>6,925</u>	<u>41,616</u>
<i>Net Change in Fund Balance</i>	<u>(42,441)</u>	<u>(42,441)</u>	<u>(392)</u>	<u>42,049</u>
<i>Unencumbered Fund Balance Beginning of Year</i>	<u>\$42,441</u>	<u>\$42,441</u>	<u>42,441</u>	
<i>Unencumbered Fund Balance End of Year</i>	<u><u> </u></u>	<u><u> </u></u>	<u><u>\$42,049</u></u>	<u><u>\$42,049</u></u>

See accompanying notes to the basic financial statements

Village of Rawson, Ohio
Hancock County
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
Special Assessment - Storm Sewers, Drains & Curbing
For the Year Ended December 31, 2022

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Receipts				
Special Assessments	<u>\$3,100</u>	<u>\$3,100</u>	<u>\$3,267</u>	<u>\$167</u>
Disbursements				
Current:				
Transportation	<u>27,687</u>	<u>27,687</u>	<u>840</u>	<u>26,847</u>
<i>Net Change in Fund Balance</i>	<u>(24,587)</u>	<u>(24,587)</u>	<u>2,427</u>	<u>27,014</u>
<i>Unencumbered Fund Balance Beginning of Year</i>	<u>\$24,587</u>	<u>\$24,587</u>	<u>24,587</u>	
<i>Unencumbered Fund Balance End of Year</i>	<u><u> </u></u>	<u><u> </u></u>	<u><u>\$27,014</u></u>	<u><u>\$27,014</u></u>

See accompanying notes to the basic financial statements

Village of Rawson, Ohio
 Hancock County
Statement of Fund Net Position - Cash Basis
Proprietary Funds
 December 31, 2022

	Business-Type Activities					
	Water Operating	Sewer Operating	Enterprise Debt Service	Enterprise Debt Service Reserve	Other Enterprise Funds	Total Enterprise Funds
Assets						
Equity in Pooled Cash and						
Cash Equivalents	\$71,523	\$263,539	(\$29,589)	\$86,930	\$54,280	\$446,683
Net Position						
Restricted for:						
Debt Service			(29,589)	86,930		57,341
Other Purposes	71,523	263,539			54,245	389,307
Unrestricted					35	35
<i>Total Net Position</i>	<u>\$71,523</u>	<u>\$263,539</u>	<u>(\$29,589)</u>	<u>\$86,930</u>	<u>\$54,280</u>	<u>\$446,683</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, 2022

	Business-Type Activities					
	Water Operating	Sewer Operating	Enterprise Debt Service	Enterprise Debt Service Reserve	Other Enterprise Funds	Total Enterprise Funds
Operating Receipts						
Charges for Services	\$111,725	\$79,171			\$2,850	\$193,746
Operating Disbursements						
Personal Services	17,973	25,352				43,325
Employee Fringe Benefits	3,151	4,198				7,349
Contractual Services	31,552	6,269				37,821
Supplies and Materials	11,748	14,339				26,087
Other					400	400
<i>Total Operating Disbursements</i>	<u>64,424</u>	<u>50,158</u>			<u>400</u>	<u>114,982</u>
<i>Operating Income</i>	<u>47,301</u>	<u>29,013</u>			<u>2,450</u>	<u>78,764</u>
Non-Operating Receipts (Disbursements)						
Intergovernmental Receipts		37,175				37,175
Special Assessments			\$35,426			35,426
Earnings on Investments			32	\$172		204
Principal Retirement	(20,825)	(18,868)	(31,000)			(70,693)
Interest and Other Fiscal Charges	(4,320)		(50,790)			(55,110)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(25,145)</u>	<u>18,307</u>	<u>(46,332)</u>	<u>172</u>		<u>(52,998)</u>
<i>Change in Net Position</i>	<u>22,156</u>	<u>47,320</u>	<u>(46,332)</u>	<u>172</u>	<u>2,450</u>	<u>25,766</u>
<i>Net Position Beginning of Year</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>
<i>Net Position End of Year</i>	<u>\$71,523</u>	<u>\$263,539</u>	<u>(\$29,589)</u>	<u>\$86,930</u>	<u>\$54,280</u>	<u>\$446,683</u>

See accompanying notes to the basic financial statements

Village of Rawson
Hancock County
Notes to the Financial Statements
For the Year Ended December 31, 2022

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, 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 Financial Statements
For the Year Ended December 31, 2022

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.

Village of Rawson
Hancock County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Storm Sewers, Drains, and Curbing Fund The storm sewers, drains, and curbing fund accounts for and reports resources restricted Storm Sewers, Drains, and Curbing Fund for the maintenance of storm sewers, drains, and curbing in the Village deemed to benefit the properties against which special assessments are levied.

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

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

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

Water 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 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 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.

Village of Rawson
Hancock County
Notes to the Financial Statements
For the Year Ended December 31, 2022

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

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

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

Cash and Investments

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

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 2022, 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 2022 was \$2,064, which includes \$1,906 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.

Village of Rawson
Hancock County
Notes to the Financial Statements
For the Year Ended December 31, 2022

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

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.

Village of Rawson
Hancock County
Notes to the Financial Statements
For the Year Ended December 31, 2022

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.

Village of Rawson
Hancock County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 3 – Compliance

Contrary to Ohio Law, at December 31, 2022, the Permissive Motor Vehicle License Tax and Enterprise Debt Service funds had a deficit fund balance, in the amounts of \$3,477 and \$29,589, respectively. Also, contrary to Ohio Law, an Ohio Public Works Commission loan payment in the amount of \$10,517 was posted as operating supplies and material in the Sewer Operating fund instead of as principal in the Water Operating fund. In addition, a USDA loan payment of \$34,089 was posted as operating supplies and material in the Sewer Operating fund; of this amount, \$26,000 should have been posted as principal and \$8,089 should have been posted as interest in the Enterprise Debt Service fund. Also, Ohio Public Works Commission installment payments received from the Village of Benton Ridge and the Village of Mount Cory in the amount of \$3,744 were posted as special assessments in the Enterprise Debt Service fund instead of as intergovernmental receipts in the Sewer Operating fund. Lastly, the Village inappropriately recorded \$3,819 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 – Budget Basis presented for the General Fund and Street Construction, Maintenance and Repair, American Rescue Plan, Coronavirus Relief, Sidewalks and Trees Special Assessment, and Storm Sewers, Drains, and Curbing 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 are 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 Repair	American Rescue Plan	Coronavirus Relief	Sidewalks and Trees Special Assessment	Storm Sewers, Drains and Curbing Special Assessment
Cash Basis	\$32,631	\$93,008	\$9,882	\$117	\$42,049	\$27,014
Encumbrances	3,399					
Budget Basis	<u>\$29,232</u>	<u>\$93,008</u>	<u>\$9,882</u>	<u>\$117</u>	<u>\$42,049</u>	<u>\$27,014</u>

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.

Village of Rawson
Hancock County
Notes to the Financial Statements
For the Year Ended December 31, 2022

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.

Village of Rawson
Hancock County
Notes to the Financial Statements
For the Year Ended December 31, 2022

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 2022 for real and public utility property taxes represents collections of 2021 taxes.

2022 real property taxes are levied after October 1, 2022, on the assessed value as of January 1, 2022, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2022 real property taxes are collected in and intended to finance 2023.

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. 2022 public utility property taxes which became a lien December 31, 2021, are levied after October 1, 2022, and are collected in 2023 with real property taxes.

The full tax rate for all Village operations for the year ended December 31, 2022, was \$2.50 per \$1,000 of assessed value. The assessed values of real property and public utility tangible property upon which 2022 property tax receipts were based are as follows:

Real Property	\$5,793,550
Public Utility Personal Property	<u>262,780</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

Village of Rawson
Hancock County
Notes to the Financial Statements
For the Year Ended December 31, 2022

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

	<u>2022</u>
Cash and investments	\$ 42,310,794
Actuarial liabilities	\$15,724,479

Note 8 – Defined Benefit Pension Plans

The Statewide retirement systems provide both pension benefits and other postemployment benefits (OPEB).

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 is a cost-sharing, multiple employer public employee retirement system which 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. Effective January 1, 2022, new members may no longer select the Combined Plan, and current members may no longer make a plan change to this 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):

Village of Rawson
Hancock County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Group A Eligible to retire prior to January 7, 2013 or five years after January 7, 2013	Group B 20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013	Group C Members not in other Groups and members hired on or after January 7, 2013
State and Local	State and Local	State and Local
Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
Traditional Plan Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	Traditional Plan Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	Traditional Plan Formula: 2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35
Combined Plan Formula: 1% of FAS multiplied by years of service for the first 30 years and 1.25% for service years in excess of 30	Combined Plan Formula: 1% of FAS multiplied by years of service for the first 30 years and 1.25% for service years in excess of 30	Combined Plan Formula: 1% of FAS multiplied by years of service for the first 35 years and 1.25% for service years in excess of 35
Public Safety	Public Safety	Public Safety
Age and Service Requirements: Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	Age and Service Requirements: Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	Age and Service Requirements: Age 52 with 25 years of service credit or Age 56 with 15 years of service credit
Law Enforcement	Law Enforcement	Law Enforcement
Age and Service Requirements: Age 52 with 15 years of service credit	Age and Service Requirements: Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	Age and Service Requirements: Age 48 with 25 years of service credit or Age 56 with 15 years of service credit
Public Safety and Law Enforcement	Public Safety and Law Enforcement	Public Safety and Law Enforcement
Traditional Plan Formula: 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25	Traditional Plan Formula: 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25	Traditional Plan Formula: 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 amount of a member's pension benefit vests upon receipt of the initial benefit payment. The options for Public Safety and Law Enforcement permit early retirement under qualifying circumstances as early as age 48 with a reduced benefit.

When a traditional plan benefit recipient has received benefits for 12 months, the member is eligible 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.

Village of Rawson
Hancock County
Notes to the Financial Statements
For the Year Ended December 31, 2022

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. 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 the benefit (which includes joint and survivor options and will continue to be administered by OPERS), 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.

Effective January 1, 2022, the Combined Plan is no longer available for member selection.

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>
2022 Statutory Maximum Contribution Rates			
Employer	14.0 %	18.1 %	18.1 %
Employee *	10.0 %	**	***
2022 Actual Contribution Rates			
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>

- * 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; however, effective July 1, 2022, a portion of the health care rate is funded with reserves.

Village of Rawson
Hancock County
Notes to the Financial Statements
For the Year Ended December 31, 2022

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

For 2022, the Village's contractually required contribution was \$7,827 for the traditional plan.

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, 2022.

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 post-employment health care trust. The 115 Health Care Trust (115 Trust or Health Care Trust) was established in 2014, under Section 115 of the Internal Revenue Code (IRC). The purpose of the 115 Trust is to fund health care for the Traditional Pension, Combined and Member-Directed plans. Medicare-enrolled retirees in the Traditional Pension and Combined plans may have an allowance deposited into a health reimbursement arrangement (HRA) account to be used toward the health care program of their choice selected with the assistance of an OPERS vendor. Non-Medicare retirees have converted to an arrangement similar to the Medicare-enrolled retirees, and are no longer participating in OPERS provided self-insured group plans.

With one exception, OPERS-provided health care coverage is neither guaranteed nor statutorily required. Ohio law currently requires Medicare Part A equivalent coverage or Medicare Part A premium reimbursement for eligible retirees and their eligible dependents.

OPERS offers a health reimbursement arrangement (HRA) allowance to traditional pension plan and combined plan benefit recipients meeting certain age and service credit requirements. The HRA is an account funded by OPERS that provides tax free reimbursement for qualified medical expenses such as monthly post-tax insurance premiums, deductibles, co-insurance, and co-pays incurred by eligible benefit recipients and their dependents.

OPERS members enrolled in the Traditional Pension Plan or Combined Plan retiring with an effective date of January 1, 2022, or after must meet the following health care eligibility requirements to receive an HRA allowance:

Medicare Retirees Medicare-eligible with a minimum of 20 years of qualifying service credit

Non-Medicare Retirees Non-Medicare retirees qualify based on the following age-and-service criteria:

Group A 30 years of qualifying service credit at any age;

Village of Rawson
Hancock County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Group B 32 years of qualifying service credit at any age or 31 years of qualifying service credit and minimum age 52;

Group C 32 years of qualifying service credit and minimum age 55; or,

A retiree from groups A, B or C who qualifies for an unreduced pension, but a portion of their service credit is not health care qualifying service, can still qualify for health care at age 60 if they have at least 20 years of qualifying health care service credit.

Retirees who don't meet the requirement for coverage as a non-Medicare participant can become eligible for coverage at age 65 if they have at least 20 years of qualifying service.

Members with a retirement date prior to January 1, 2022 who were eligible to participate in the OPERS health care program will continue to be eligible after January 1, 2022.

Eligible retirees may receive a monthly HRA allowance for reimbursement of health care coverage premiums and other qualified medical expenses. Monthly allowances, based on years of service and the age at which the retiree first enrolled in OPERS coverage, are provided to eligible retirees, and are deposited into their HRA account.

Retirees will have access to the OPERS Connector, which is a relationship with a vendor selected by OPERS to assist retirees participating in the health care program. The OPERS Connector may assist retirees in selecting and enrolling in the appropriate health care plan.

When members become Medicare-eligible, recipients enrolled in OPERS health care programs must enroll in Medicare Part A (hospitalization) and Medicare Part B (medical).

OPERS reimburses retirees who are not eligible for premium-free Medicare Part A (hospitalization) for their Part A premiums as well as any applicable surcharges (late-enrollment fees). Retirees within this group must enroll in Medicare Part A and select medical coverage, and may select prescription coverage, through the OPERS Connector. OPERS also will reimburse 50 percent of the Medicare Part A premium and any applicable surcharges for eligible spouses. Proof of enrollment in Medicare Part A and confirmation that the retiree is not receiving reimbursement or payment from another source must be submitted. The premium reimbursement is added to the monthly pension benefit.

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.

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 allowing 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.

Village of Rawson
Hancock County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2023, 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 2022, OPERS did not allocate any employer contribution to health care for members in the Traditional Pension Plan and beginning July 1, 2022, there was a two percent allocation to health care for the 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 2022 was 4.0 percent; however, effective July 1, 2022, a portion of the health care rate was funded with reserves.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The Village's contractually required contribution was \$0 for 2022.

Note 10 – Debt

Long-Term Obligations

The changes in the Village's long-term debt during 2022 were as follows:

	Amount Outstanding 12/31/21	Additions	Deletions	Amount Outstanding 12/31/22	Amount Due in One Year
Business Type Activities					
Ohio Water Development Authority Loan 2853	\$536		\$536		
Ohio Water Development Authority Loan 6303	128,139		9,773	\$118,366	\$10,110
Ohio Public Works Commission Loan CM02C	7,500		5,000	2,500	2,500
Ohio Public Works Commission Loan CT31B	27,733		13,867	13,866	13,866
Ohio Public Works Commission Loan CM04N	231,368		10,517	220,851	15,775
Mortgage Revenue Bonds 2004 (USDA)	993,000		26,000	967,000	27,000
Mortgage Revenue Bonds 2013 (USDA)	222,000		5,000	217,000	5,000
Total Business Type Activities	<u>\$1,610,276</u>		<u>\$70,693</u>	<u>\$1,539,583</u>	<u>\$74,251</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.

Village of Rawson
Hancock County
Notes to the Financial Statements
For the Year Ended December 31, 2022

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 revenue bond covenant requires the Village to establish and fund a debt service reserve fund, included as an enterprise debt service reserve fund.

Principal and interest requirements to retire long-term debt outstanding at December 31, 2022, were as follows:

Year	OWDA Loan #6303	OPWC Loan #CM02C	OPWC Loan #CT31B	OPWC Loan #CM04N	Mortgage Revenue Bond 2004	Mortgage Revenue Bond 2013
2023	\$14,083	\$2,500	\$13,866	\$15,775	\$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	14,083			10,517	70,385	10,418
2028-2032	70,413			52,583	351,110	53,860
2033-2037				52,583	349,425	53,680
2038-2042				52,584	351,805	53,868
2043-2047				5,258	139,910	53,368
2048-2052						53,098
Total	<u>\$140,828</u>	<u>\$2,500</u>	<u>\$13,866</u>	<u>\$220,851</u>	<u>\$1,543,225</u>	<u>\$321,338</u>

Note 11 – 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 12 – 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 13 – 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 Financial Statements
For the Year Ended December 31, 2022

Fund Balances	General	Street Construction Maintenance and Repair	Coronavirus Relief	American Rescue Plan	Sidewalks and Trees Special Assessment	Storm Sewers, Drains and Curbing Special Assessment	Other Governmental Funds	Total
Nonspendable								
Unclaimed	\$58							\$58
Restricted for								
Road Improvements		\$93,008					\$1,299	94,307
Police Operations							3,107	3,107
Fire Operations							23,321	23,321
Community Development					\$42,049	\$27,014	39,735	108,798
Disaster Relief			\$117	\$9,882				9,999
<i>Total Restricted</i>		93,008	117	9,882	42,049	27,014	67,462	239,532
Unassigned (Deficits)	32,573						(3,477)	29,096
<i>Total Fund Balances</i>	<u>\$32,631</u>	<u>\$93,008</u>	<u>\$117</u>	<u>\$9,882</u>	<u>\$42,049</u>	<u>\$27,014</u>	<u>\$63,985</u>	<u>\$268,686</u>



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**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 financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the cash balances, receipts and disbursements for each governmental and proprietary fund type as of and for the year ended December 31, 2023 and the related notes to the financial statements of the Village of Rawson, Hancock County, Ohio, (the Village) and have issued our report thereon dated December 23, 2024, wherein we noted the Village followed financial reporting provisions Ohio Rev. Code § 117.38 and Ohio Admin. Code 117-2-03(C) permit.

We have also audited, in accordance with 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 year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements and have issued our report thereon dated December 23, 2024, wherein we noted the Village uses a special purpose framework other than generally accepted accounting principles.

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 finding as items 2023-001 through 2023-003 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 2023-002 and 2023-003.

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

December 23, 2024

**VILLAGE OF RAWSON
HANCOCK COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2023 AND 2022**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2023-001

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.

The following errors were identified in the accompanying financial statements

- In 2023, receipts from the Village of Benton Ridge and the Village of Mount Cory for their share of the USDA loan in the total amount of \$15,377 were incorrectly recorded as special assessments instead of intergovernmental receipts in the Enterprise Debt Service Fund.
- In 2023, a receipt from Southwestern Hancock Joint Fire District for utilities and maintenance/repairs in the amount of \$5,295 was incorrectly recorded as miscellaneous receipts instead of charges for services in the General Fund.
- In 2023 and 2022, 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 2022, the Village incorrectly reported the Enterprise Debt Service Reserve Fund as part of Other Enterprise Funds rather than as a major fund.

These errors were the result of inadequate policies and procedures in reviewing the financial statements and notes to the financial statements. Failure to complete accurate financial statements and notes to the financial statements could lead to the Village Council making misinformed decisions. The accompanying financial statements have been adjusted to correct these errors. In addition to the adjustments noted above, we also identified additional misstatements ranging from \$58 to \$3,399, some of which were also adjusted on the financial statements, that we have brought to the Village's attention.

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.

FINDING NUMBER 2023-002

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 2022, the Village inappropriately recorded \$3,819 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.

- In 2022, a portion of an OPWC loan payment in the amount of \$10,517 was posted as operating supplies and materials in the Sewer Operating Fund. This amount should have been posted as principal in the Water Operating Fund.
- In 2022, a USDA loan payment of \$34,089 was posted as operating supplies and materials in the Sewer Operating Fund instead of \$26,000 as principal and \$8,089 as interest in the Enterprise Debt Service Fund.
- In 2022, OPWC installment payments received from the Village of Benton Ridge and the Village of Mount Cory totaling \$3,744 were posted as special assessments in the Enterprise Debt Service Fund. Given the source of the revenue, this should have been recorded as intergovernmental receipts in the Sewer Operating Fund.
- In 2023, the Village inappropriately recorded \$11,509 of permissive motor vehicle license tax receipts to the Street Construction, Maintenance and Repair Fund. Given the source of the revenue, this should have been recorded in the Permissive Motor Vehicle License Tax Fund.
- In 2023, a portion of an OPWC loan payment in the amount of \$5,258 was posted as principal in the Sewer Operating Fund. This amount should have been posted in the Water Operating Fund.
- In 2023, special assessment receipts in the amount of \$15,437 was posted as intergovernmental receipts in the Sewer Operating Fund. Given the source of the revenue, this should have been recorded in the Enterprise Debt Service Fund as special assessment receipts .

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 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.

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, 2023 AND 2022**

Finding Number	Finding Summary	Status	Additional Information
2021-001	Finding was first issued in the 2011-2010 audit. Material weakness for financial reporting due to material audit adjustments.	Not correct and repeated as Finding 2023-001 in this report.	The Clerk-Treasurer will continue to work to implement controls to address deficiencies and make corrections in the future.
2021-002	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.	Fully corrected.	
2021-003	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 deficient fund balance.	Not corrected and repeated as Finding 2023-002.	The Clerk-Treasurer will continue to work to implement controls to address deficiencies and make corrections in the future.
2021-004	Finding was first issued in the 2021-2020 audit. Noncompliance over Ohio Rev. Code § 5705.41(B) due to expenditures in excess of appropriations.	Fully corrected.	
2021-005	Finding was first issued in the 2021-2020 audit. Noncompliance and material weakness over Ohio Rev. Code § 5705.10(D) due to posting of activity to the wrong fund.	Not corrected and repeated as Finding 2023-003.	The Clerk-Treasurer will continue to work to implement controls to address deficiencies and make corrections in the future.
2021-006	Finding was first issued in the 2021-2020 audit. Noncompliance over Ohio Rev. Code § 5705.39 due to appropriations exceeding the amount certified as available.	Fully corrected.	

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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 1/9/2025

65 East State Street, Columbus, Ohio 43215
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This report is a matter of public record and is available online at
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