

***VILLAGE OF PAULDING***

**PAULDING COUNTY, OHIO**

**REGULAR AUDIT**

**For the Years Ended December 31, 2021 and 2020**





OHIO AUDITOR OF STATE  
KEITH FABER



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Village Council  
Village of Paulding  
116 S. Main Street  
Paulding, OH 45879-1408

We have reviewed the *Independent Auditor's Report* of the Village of Paulding, Paulding County, prepared by Charles E. Harris & Associates, Inc., for the audit period January 1, 2020 through December 31, 2021. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Village of Paulding is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Keith Faber".

Keith Faber  
Auditor of State  
Columbus, Ohio

February 01, 2023

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**VILLAGE OF PAULDING**  
**PAULDING COUNTY**  
**Regular Audit**  
**For the Years Ended December 31, 2021 and 2020**

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PAULDING COUNTY  
Regular Audit  
For the Years Ended December 31, 2021 and 2020**

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**Charles E. Harris & Associates, Inc.**

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**INDEPENDENT AUDITOR'S REPORT**

Village of Paulding  
Paulding County  
116 South Main Street  
Paulding, OH 45879

To the Village Council:

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

***Unmodified and Adverse Opinions***

We have audited the financial statements of the Village of Paulding, Paulding County, Ohio (the Village), which comprise the cash balances, receipts and disbursements for each governmental and proprietary fund type and the fiduciary fund type as of and for the year ended December 31, 2021, and the related notes to the financial statements.

***Unmodified Opinion on Regulatory Basis of Accounting***

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 and the fiduciary fund type as of and for the year ended December 31, 2021, 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***

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, 2021, or the changes in financial position or, where applicable cash flows, thereof for the year then ended.

***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***

As described in Note 2 of the financial statements, the financial statements are prepared by 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 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***

As discussed in Note 13 to the financial statements, the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Village. We did not modify our opinions regarding this matter.

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

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 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 15, 2022, 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.



***Charles E. Harris & Associates, Inc.***

December 15, 2022

**VILLAGE OF PAULDING  
PAULDING COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES - REGULATORY CASH BASIS  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2021**

	<u>Governmental Fund Types</u>				<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Permanent</u>	
<b>Cash Receipts</b>					
Property and Other Local Taxes	\$ 174,849	\$ 298,324	\$ -	\$ -	\$ 473,173
Municipal Income Tax	1,126,922	112,693	-	-	1,239,615
Intergovernmental	100,039	495,967	-	-	596,006
Special Assessments	1,438	-	-	-	1,438
Charges for Services	660	263,210	-	-	263,870
Fines, Licenses and Permits	32,852	1,165	-	-	34,017
Earnings on Investments	10,505	1,305	-	-	11,810
Miscellaneous	25,310	18,222	3,212	-	46,744
<i>Total Cash Receipts</i>	<u>1,472,575</u>	<u>1,190,886</u>	<u>3,212</u>	<u>-</u>	<u>2,666,673</u>
<b>Cash Disbursements</b>					
Current:					
Security of Persons and Property	-	747,149	-	-	747,149
Public Health Services	23,341	19,328	-	-	42,669
Leisure Time Activities	39,457	127,286	7,911	-	174,654
Community Environment	5,653	-	-	-	5,653
Basic Utility Services	10,733	-	-	-	10,733
Transportation	-	231,016	-	-	231,016
General Government	331,446	568	-	-	332,014
Capital Outlay	3,903	84,284	56,213	-	144,400
Debt Service:					
Principal Retirement	-	71,628	-	-	71,628
<i>Total Cash Disbursements</i>	<u>414,533</u>	<u>1,281,259</u>	<u>64,124</u>	<u>-</u>	<u>1,759,916</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>1,058,042</u>	<u>(90,373)</u>	<u>(60,912)</u>	<u>-</u>	<u>906,757</u>
<b>Other Financing Receipts (Disbursements)</b>					
Sale of Capital Assets	-	-	3,681	-	3,681
Transfers In	-	300,000	18,500	-	318,500
Transfers Out	(851,500)	-	-	-	(851,500)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(851,500)</u>	<u>300,000</u>	<u>22,181</u>	<u>-</u>	<u>(529,319)</u>
<i>Net Change in Fund Cash Balances</i>	206,542	209,627	(38,731)	-	377,438
<i>Fund Cash Balances, January 1</i>	<u>1,277,888</u>	<u>2,072,320</u>	<u>158,574</u>	<u>1,600</u>	<u>3,510,382</u>
<i>Fund Cash Balances, December 31</i>	<u>\$ 1,484,430</u>	<u>\$ 2,281,947</u>	<u>\$ 119,843</u>	<u>\$ 1,600</u>	<u>\$ 3,887,820</u>

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

**VILLAGE OF PAULDING  
PAULDING COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES - REGULATORY CASH BASIS  
ALL PROPRIETARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2021**

	<u>Proprietary Fund Types</u>
	<u>Enterprise</u>
<b>Operating Cash Receipts</b>	
Charges for Services	\$ 2,822,767
Miscellaneous	11,889
	<hr/>
<i>Total Operating Cash Receipts</i>	2,834,656
<b>Operating Cash Disbursements</b>	
Personal Services	430,777
Fringe Benefits	236,321
Contractual Services	370,378
Supplies and Materials	245,769
Other	29,212
	<hr/>
<i>Total Operating Cash Disbursements</i>	1,312,457
<i>Operating Income (Loss)</i>	1,522,199
<b>Non-Operating Receipts (Disbursements)</b>	
Intergovernmental Receipts	2,500
Special Assessments	9,911
Miscellaneous Receipts	2,686
Capital Outlay	(190,392)
Principal Retirement	(819,300)
Interest and Other Fiscal Charges	(130,967)
	<hr/>
<i>Total Non-Operating Receipts (Disbursements)</i>	(1,125,562)
<i>Income (Loss) before Transfers</i>	396,637
Transfers In	557,948
Transfers Out	(24,948)
	<hr/>
<i>Net Change in Fund Cash Balance</i>	929,637
<i>Fund Cash Balances, January 1</i>	2,783,673
	<hr/>
<i>Fund Cash Balances, December 31</i>	\$ 3,713,310
	<hr/> <hr/>

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

**VILLAGE OF PAULDING**  
**PAULDING COUNTY**  
**COMBINED STATEMENT OF ADDITIONS, DEDUCTIONS**  
**AND CHANGES IN FUND BALANCES - REGULATORY CASH BASIS**  
**ALL FIDUCIARY FUND TYPES**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**

	<b>Other Custodial</b>
<b>Additions</b>	
Charges For Services	\$ 66,071
Fines, Licenses and Permits	465
<i>Total Additions</i>	66,536
<b>Deductions</b>	
Distributions as Fiscal Agent	47,513
<i>Total Deductions</i>	47,513
<i>Net Change in Fund Cash Balance</i>	19,023
<i>Fund Cash Balances, January 1</i>	69,989
<i>Fund Cash Balances, December 31</i>	89,012

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

**Village of Paulding, Ohio**  
*Paulding County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*

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**Note 1 – Reporting Entity**

The Village of Paulding (the Village), Paulding County, Ohio, 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 water and sewer utilities, park operations, police services, and emergency medical services (EMS). The Village contracts with the Paulding Community Fire Association to receive fire protection services.

***Joint Ventures and Public Entity Risk Pools***

The Village participates in a joint venture, the Paulding Community Fire Association, and a public entity risk pool, the Ohio Plan Risk Management, Inc. (OPRM). Notes 11 and 7 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 and a combined statement of additions, deductions and changes in fund balances (regulatory cash basis) for all fiduciary 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:

***Police Fund*** The police fund receives real estate property tax monies, from several levies passed by the Village’s residents, in order to pay for police protective services.

***Capital Project Funds*** These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Village had the following significant capital project fund:

**Village of Paulding, Ohio**  
*Paulding County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*

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**Note 2 – Summary of Significant Accounting Policies (Continued)**

***Walnut Street Reconstruction Project Fund*** The Walnut Street Reconstruction project fund was used to account for grant monies from OPWC at 49% and the Village matching funds at 51% that were used to reconstruct Walnut Street. The project was finished in 2021. The final payments from both the grant and the Village were made in 2021.

***Permanent Funds*** These funds account for and report resources that are restricted to the extent that only earnings, and not principal, may be used for purposes that support the Village's programs (for the benefit of the Village or its citizenry). The Village had the following significant permanent fund:

***Cemetery Trust Fund*** The cemetery trust fund receives interest earned on the nonexpendable corpus from a trust agreement. These earnings are used for the general maintenance and upkeep of two graves within the Village's cemetery.

***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 Operating Fund*** The water fund accounts for the provision of water treatment and distribution to the residents and commercial users located within the Village. There is also some distribution to residential and commercial entities that reside outside of the Village limits.

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

***Fiduciary Funds*** Fiduciary funds include private purpose trust funds, investment trust funds, and custodial funds. Trust funds account for assets held under a trust agreement meeting certain criteria.

Custodial funds are purely custodial in nature and are used to report fiduciary activity that is not required to be reported in a trust fund. The Village's custodial funds account for:

***Paulding Community Fire Association Fund*** The Paulding Community Fire Association fund is used to account for the activities of the Paulding Community Fire Association for which the Village serves as the fiscal agent.

***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. Council 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.

**Village of Paulding, Ohio**  
*Paulding County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*

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**Note 2 – Summary of Significant Accounting Policies (Continued)**

***Budgetary Process***

The Ohio Revised Code requires that each fund (except certain custodial funds) be budgeted annually.

***Appropriations*** Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the 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 2021 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.

The Village values repurchase agreements at cost.

***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.

***Accumulated Leave***

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

***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 Paulding, Ohio**  
*Paulding County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*

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**Note 2 – Summary of Significant Accounting Policies (Continued)**

**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 (ordinance or resolution). The Village must adhere to these commitments unless the Council amends the ordinance or 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 12.

**Note 3 – Budgetary Activity**

Budgetary activity for the year ending December 31, 2021, follows:

Fund Type	2021 Budgeted vs. Actual Receipts		Variance
	Budgeted Receipts	Actual Receipts	
General	\$1,014,500	\$1,472,575	\$458,075
Special Revenue	1,324,359	1,490,886	166,527
Capital Projects	106,610	25,393	(81,217)
Enterprise	3,429,214	3,407,701	(21,513)
Permanent	50	0	(50)



**Village of Paulding, Ohio**  
*Paulding County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*

**Note 3 – Budgetary Activity (Continued)**

2021 Budgeted vs. Actual Budgetary Basis Disbursements			
Fund Type	Appropriation Authority	Budgetary Disbursements	Variance
General	\$1,410,757	\$1,279,109	\$131,648
Special Revenue	2,032,643	1,333,333	699,310
Capital Projects	254,983	71,624	183,359
Enterprise	4,097,983	2,478,064	1,619,919
Permanent	0	0	0

**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:

	2021
<b><i>Cash Management Pool:</i></b>	
Demand deposits	\$3,853,428
Certificates of deposit	3,835,918
Other time deposits (savings and NOW accounts)	296
Cash on Hand	500
Total Deposits and Investments	\$7,690,142

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, 2021, the Village is holding \$0 in 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.

**Village of Paulding, Ohio**  
*Paulding County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*

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**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.

***Income Taxes***

As of January 1, 2020, the Village levied a municipal income tax of 1.0 percent on substantially all earned income arising from employment, residency, or business activities within the Village as well as certain income of residents earned outside of the Village. A levy increasing the municipal income tax rate was passed in the Spring Election, and the municipal income tax rate was raised to 1.1 percent as of July 1, 2020.

Employers within the Village withhold income tax on employee compensation and remit the tax to the Village either monthly or quarterly, as required. Corporations and other individual taxpayers pay estimated taxes quarterly and file a declaration annually.

**Note 6 – Interfund Balances**

In the fall of 2019, the General Fund advanced \$15,000 to the Curbing Fund. The Curbing Fund was only able to return \$7,500 of that advance in 2020. Therefore, the outstanding advances on December 31, 2021, consisted of \$7,500 advanced to the Curbing Fund to provide a positive balance for the fund for the year. There has been no activity or transfers with these funds in 2021.

**Note 7 – Risk Management**

***Workers' Compensation***

Workers' Compensation coverage is provided by the State of Ohio. The Village pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

**Village of Paulding, Ohio**  
*Paulding County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*

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**Note 7 – Risk Management (Continued)**

***Risk Pool Membership***

The Village belongs to the Ohio Plan Risk Management, Inc. (OPRM) (the "Plan"), a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to Ohio governments ("Members"). The Plan is legally separate from its member governments.

Pursuant to Section 2744.081 of the Ohio Revised Code, the plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages to its members sold through fourteen appointed independent agents in the State of Ohio.

Effective November 1, 2010 (through October 31, 2017), the corridor is for losses paid is between 60% and 70% of casualty premiums earned in the first \$250,000. Effective November 1, 2016, the OPRM elected to participate in a property loss corridor deductible. The property corridor includes losses paid between 70% and 75%. In 2018, the casualty loss corridor was eliminated and the property corridor was adjusted to losses paid between 65% and 70%. Effective November 1, 2019, the property loss corridor was adjusted to losses between 60% and 67.5% and remain unchanged effective November 1, 2021 and November 1, 2020. OPRM had 769 members as of December 31, 2021.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2021.

Assets	\$ 21,777,439
Liabilities	<u>( 15,037,383)</u>
Members' Equity	<u>\$ 6,740,056</u>

You can read the complete audited financial statements for OPRM at the Plan's website, [www.ohioplan.org](http://www.ohioplan.org).

**Note 8 – Defined Benefit Pension Plans**

***Ohio Public Employees Retirement System***

Most 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, 2021.

***Ohio Police and Fire Retirement System***

The Village has six full-time Police Officers who belong to the Ohio Police and Fire Pension Fund (OP&F). OP&F 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.

**Village of Paulding, Ohio**  
*Paulding County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*

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**Note 8 – Defined Benefit Pension Plans (Continued)**

The Ohio Revised Code also prescribes contribution rates. OP&F participants contributed 12.25 percent of their wages. The Village contributed to OP&F an amount equal to 19.5 percent of full-time police members' wages. The Village has paid all contributions required through December 31, 2021.

***Social Security***

The other Village employees, who are only volunteer firefighters, 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, 2021.

**Note 9 – Postemployment Benefits**

Both OPERS and OP&F offer cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement, and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the Traditional Pension Plan and Combined Plan was 0 percent during calendar year 2021. The portion of employer contributions allocated to health care for OPERS members in the Member Directed Plan was 4.0 percent during calendar year 2021. OP&F contributes 0.5 percent to fund these benefits.

**Note 10 – Debt**

Debt outstanding on December 31, 2021, was as follows:

	Principal	Interest Rate
Ohio Water Development Authority Loan	\$12,793,508	Various
Mortgage Revenue Notes	\$4,236,889	2.75%
Ohio Water Development Authority Loan	693,985	0.00%
Total	\$17,724,382	

**Ohio Water Development Authority Loans:**

The Ohio Water Development Authority (OWDA) loans were entered into as cooperative agreements for the construction, maintenance, and operation of the following water and sewer development projects.

**Village of Paulding, Ohio**  
*Paulding County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*

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**Note 10 – Debt (Continued)**

The Village entered into a loan agreement dated January 26, 2012, with Ohio Water Development Authority Loan (Loan Number 6099) for the purpose of construction of a new Village Water Treatment Plant. The total amount of proceeds the Village may draw for this loan is \$2,798,194. This loan is to be repaid over a period of 30 years at 1.5% of interest starting on January 1, 2015.

The Village entered into a loan agreement dated January 31, 2013, with Ohio Water Development Authority Loan (Loan Number 6386) for the Village CSO Phase I Sewer Project. The total amount of proceeds the Village may draw for this loan is \$5,230,943. The loan is to be repaid over a period of 20 years starting on January 1, 2015 at 1.0% interest.

The Village entered into a loan agreement dated May 29, 2014, with Ohio Water Development Authority (Loan Number 6911) for the Village CSO Phase II Sewer Project. The total amount of proceeds the Village may draw for this loan is \$5,080,945. The loan is to be repaid over a period of 30 years with \$3,000,000 at 0.780% interest and the remaining \$2,080,945 to be repaid at 2.28% interest starting on July 1, 2017.

The Village entered into a loan agreement dated January 31, 2019, with the Water Pollution Control Loan Fund (Loan Number 8338) for the Village CSO Phase III Sewer Project. The total amount of proceeds the Village has drawn as of December 31, 2020 was \$3,146,181. The loan is to be repaid over a period of 20 years with at 0.0% interest starting on July 1, 2020.

The Village entered into a loan agreement dated December 12, 2019, with the Ohio Water Development Authority (Loan number 8711) for the replacement of a water main as part of the Village CSO Phase III Sewer Project. The total amount of the proceeds the Village may draw for this loan is \$279,977. The total amount of proceeds the Village has drawn as of December 31, 2020, was \$193,029. The loan was closed at the end of 2020, and no more proceeds will be drawn from that account. The loan is to be repaid over a period of 10 years with a 1.85% interest rate starting July 1, 2020.

**Mortgage Revenue Bonds:**

The Water System Mortgage Revenue Bonds Series 2012, dated April 13, 2012, was obtained through the United States Department of Agriculture (USDA) – Rural Development. The Village issued \$4,997,000 in mortgage revenue bonds for the construction of a new water treatment plant, pumping stations, and force mains. The bonds are for a period of 40 years and are to be paid in monthly installments of \$17,690 including interest at 2.75%, with a final maturity in 2052. These bonds will be paid through utility system user charges collected in the Water Fund.

**Ohio Public Works Commission Loans:**

The Village entered into a loan agreement dated October 20, 2015, with the Ohio Public Works Commission (Project Number CT73S) for the Water Meter Replacement Project. The total amount of the loan is \$300,000 with a 0% interest rate. The Village started making bi-annual payments of \$4,852.26 on July 1, 2018, for a period of thirty years.

**Village of Paulding, Ohio**  
*Paulding County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*

**Note 10 – Debt (Continued)**

The Village entered into a loan agreement dated July 1, 2018, with the Ohio Public Works Commission (Project Number CE44V) for the Sewer Separation Phase III Project. The total amount of the loan was \$500,000 with a 0% interest rate. The Village will start making bi-annual payments of \$8,333.33 on July 1, 2021, for a period of thirty years.

***Amortization***

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

Year Ending December 31:	Ohio Water Development Authority	Mortgage Revenue Bonds	Ohio Public Works Commission	Total
2022	\$730,691	\$212,280	\$26,371	\$969,342
2023	730,691	212,280	26,371	969,342
2024	730,691	212,280	26,371	969,342
2025	730,691	212,280	26,371	969,342
2026	730,691	212,280	26,371	969,342
2027-2031	3,214,131	1,061,400	131,856	4,407,387
2032-2036	2,990,388	1,061,400	131,856	4,183,644
2037-2041	1,791,371	1,061,400	131,856	2,984,627
2042-2046	1,711,378	1,061,400	83,333	2,856,110
2047-2051	683,073	1,061,400	83,229	1,827,702
2052-2056		60,047		60,047
Total	<u>\$14,043,795</u>	<u>\$6,428,447</u>	<u>\$693,985</u>	<u>\$21,166,226</u>

***Leases***

The Village entered into several leases for such items as a postage meter and copiers. These leases are repaid from the General, Police, Water and Sewer Funds.

Future minimum lease payments are as follows:

Year Ending December 31	Outstanding Lease Payments
<u>2022</u>	<u>\$ 1,936</u>

**Village of Paulding, Ohio**  
*Paulding County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*

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**Note 11 – Joint Ventures**

The Paulding County Fire Association (PCFA) is a jointly governed organization which provides firefighting services to three townships and three villages (member subdivisions) within Paulding County. The PCFA relies upon its member subdivisions for the funding of its operations. Each member subdivision has a vote on the operating budget of the PCFA. The member subdivision’s share of the PCFA budget is based on a ratio which incorporates the number of fire runs taking place within its subdivision plus current subdivision valuation in relation to overall fire runs and valuation. The Village serves as fiscal agent for the PCFA. The Village’s share of the budget was \$21,812.34 for 2021.

**Note 12 – Fund Balances**

Included in fund balance are amounts the Village cannot spend, including 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:

Fund Balances	General	Special Revenue	Capital Projects	Permanent	Total
Nonspendable:					
Corpus	\$ -	\$ -	\$ -	\$ 1,600	\$ 1,600
Outstanding Encumbrances	13,076	52,074	7,500	-	72,650
<i>Total</i>	<u>\$13,076</u>	<u>\$52,074</u>	<u>\$7,500</u>	<u>\$1,600</u>	<u>\$74,250</u>

The fund balance of special revenue funds is either restricted or committed. The fund balance of capital projects fund is restricted, committed or assigned. The fund balance of permanent funds that is not part of the nonspendable corpus is either restricted or committed. These restricted, committed and assigned amounts in the special revenue, capital projects and permanent funds include the outstanding encumbrances. In the general fund, outstanding encumbrances are considered assigned.

**Note 13 – COVID-19**

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

During 2021, the Village received ARPA funding in the amount of \$179,281.

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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 Paulding  
Paulding County  
116 South Main Street  
Paulding, OH 45879

To the Village Council:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued the Comptroller General of the United States, the financial statements of the cash balances, receipts, and disbursements for each governmental and proprietary fund type and the fiduciary fund type as of and for the year ended December 31, 2021 and the related notes to the financial statements of the Village of Paulding, Paulding County, (the Village) and have issued our report thereon dated December 15, 2022, wherein we noted the Village followed financial reporting provisions Ohio Rev. Code § 117.38 and Ohio Admin. Code 117-2-03(C) permit. We also noted the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Village.

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

In planning and performing our audit of the financial statements, we considered the Village's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purposes of expressing our opinions 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 internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings that we consider a material weakness. We consider finding 2021-001 to be a material weakness.

***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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We also noted certain matters not requiring inclusion in this report that we reported to the Village's management in a separate letter dated December 15, 2022.

***Village's Response to Finding***

*Government Auditing Standards* requires the auditor to perform limited procedures on the Village's response to the finding identified in our audit and described in the accompanying corrective action plan. The Village's response were not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

***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.



***Charles E. Harris & Associates, Inc.***

December 15, 2022

**INDEPENDENT AUDITORS' REPORT**

Village of Paulding  
Paulding County  
116 South Main Street  
Paulding, OH 45879

To the Village Council:

***Report on the Financial Statements***

We have audited the accompanying financial statements of the cash balances, receipts and disbursements for each governmental and proprietary fund type and the fiduciary fund type and related notes of the Village of Paulding, Paulding County, Ohio (the Village) as of and for the year ended December 31, 2020.

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

Management is responsible for preparing and fairly presenting these 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; 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.

***Auditor's Responsibility***

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Village's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Village's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

***Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles***

As described in Note 2 of the financial statements, the Village prepared these financial statements using 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), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements.

Although the effects on the financial statements of the variances between the regulatory accounting basis and GAAP are not reasonably determinable, we presume they are material.

Though the Village does not intend these statements to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit. Our opinion on this accounting basis is in the *Opinion on Regulatory Basis of Accounting* paragraph below.

***Adverse Opinion on U.S. Generally Accepted Accounting Principles***

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above 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, 2020, and changes in financial position or its cash flows thereof for the year then ended.

***Opinion on Regulatory Basis of Accounting***

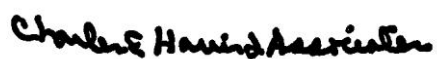
In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements for each governmental and proprietary fund type and the fiduciary fund type, and related notes of the Village of Paulding, Paulding County, Ohio, as of December 31, 2020, for the year then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit, described in Note 2.

***Emphasis of Matter***

As discussed in Note 15 to the financial statements, the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Village. As discussed in Note 14 to the financial statements, the Village made several changes to its reporting model. We did not modify our opinions regarding these matters.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 15, 2022, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.



*Charles E. Harris & Associates, Inc.*  
December 15, 2022

**VILLAGE OF PAULDING  
PAULDING COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES - REGULATORY CASH BASIS  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2020**

	<u>Governmental Fund Types</u>				<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Permanent</u>	
<b>Cash Receipts</b>					
Property and Other Local Taxes	\$ 174,167	\$ 323,237	\$ -	\$ -	\$ 497,404
Municipal Income Tax	1,016,179	39,461	-	-	1,055,640
Intergovernmental	94,776	627,129	197,577	-	919,482
Special Assessments	2,695	-	-	-	2,695
Charges for Services	6,570	271,891	-	-	278,461
Fines, Licenses and Permits	33,753	843	53	-	34,649
Earnings on Investments	78,460	82,386	-	-	160,846
Miscellaneous	21,862	51,918	1,000	-	74,780
<i>Total Cash Receipts</i>	<u>1,428,462</u>	<u>1,396,865</u>	<u>198,630</u>	<u>-</u>	<u>3,023,957</u>
<b>Cash Disbursements</b>					
Current:					
Security of Persons and Property	-	709,460	-	-	709,460
Public Health Services	27,755	2,800	-	-	30,555
Leisure Time Activities	31,397	7,169	-	-	38,566
Community Environment	4,248	-	-	-	4,248
Basic Utility Services	7,830	-	-	-	7,830
Transportation	1,032	143,453	5,390	-	149,875
General Government	360,218	11,537	-	-	371,755
Capital Outlay	31,126	489,438	2,904,963	-	3,425,527
Debt Service:					
Principal Retirement	-	44,124	-	-	44,124
<i>Total Cash Disbursements</i>	<u>463,606</u>	<u>1,407,981</u>	<u>2,910,353</u>	<u>-</u>	<u>4,781,940</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	964,856	(11,116)	(2,711,723)	-	(1,757,983)
<b>Other Financing Receipts (Disbursements)</b>					
Loans Issued	-	-	2,702,656	-	2,702,656
Sale Of Capital Assets	-	75	3,263	-	3,338
Transfers In	-	335,000	45,000	-	380,000
Transfers Out	(1,060,000)	-	-	-	(1,060,000)
Advances In	7,500	-	-	-	7,500
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(1,052,500)</u>	<u>335,075</u>	<u>2,750,919</u>	<u>-</u>	<u>2,033,494</u>
<i>Net Change in Fund Cash Balances</i>	(87,644)	323,959	39,196	-	275,511
<i>Fund Cash Balances, January 1, restated</i>	<u>1,365,532</u>	<u>1,748,361</u>	<u>119,378</u>	<u>1,600</u>	<u>3,234,871</u>
<i>Fund Cash Balances, December 31</i>	<u>\$ 1,277,888</u>	<u>\$ 2,072,320</u>	<u>\$ 158,574</u>	<u>\$ 1,600</u>	<u>\$ 3,510,382</u>

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

**VILLAGE OF PAULDING  
PAULDING COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES - REGULATORY CASH BASIS  
ALL PROPRIETARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2020**

	<u>Proprietary Fund Types</u>
	<u>Enterprise</u>
<b>Operating Cash Receipts</b>	
Charges for Services	\$ 2,279,062
Miscellaneous	17,788
	<hr/>
<i>Total Operating Cash Receipts</i>	2,296,850
<b>Operating Cash Disbursements</b>	
Personal Services	419,751
Fringe Benefits	272,244
Contractual Services	374,758
Supplies and Materials	174,296
Other	23,501
	<hr/>
<i>Total Operating Cash Disbursements</i>	1,264,550
<i>Operating Income (Loss)</i>	1,032,300
<b>Non-Operating Receipts (Disbursements)</b>	
Special Assessments	6,675
Miscellaneous Receipts	69,017
Capital Outlay	(203,469)
Principal Retirement	(975,786)
Interest and Other Fiscal Charges	(140,151)
	<hr/>
<i>Total Non-Operating Receipts (Disbursements)</i>	(1,243,714)
<i>Income (Loss) before Transfers and Advances</i>	(211,414)
Transfers In	779,948
Transfers Out	(99,948)
Advances Out	(7,500)
	<hr/>
<i>Net Change in Fund Cash Balance</i>	461,086
<i>Fund Cash Balances, January 1, restated</i>	<hr/> 2,322,587
<i>Fund Cash Balances, December 31</i>	<hr/> <u>\$ 2,783,673</u>

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

**VILLAGE OF PAULDING  
PAULDING COUNTY  
COMBINED STATEMENT OF ADDITIONS, DEDUCTIONS  
AND CHANGES IN FUND BALANCES - REGULATORY CASH BASIS  
ALL FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2020**

	<b>Other Custodial</b>
<b>Additions</b>	
Charges For Services	\$ 67,499
Fines, Licenses and Permits	183
Gifts and Donations	21,815
Intergovernmental	260,600
Other Amounts Collected for Distribution	1,640
<i>Total Additions</i>	351,737
<b>Deductions</b>	
Distributions as Fiscal Agent	329,138
Distributions to Other Governments	183
<i>Total Deductions</i>	329,321
<i>Net Change in Fund Cash Balance</i>	22,416
<i>Fund Cash Balances, January 1, restated</i>	47,573
<i>Fund Cash Balances, December 31</i>	\$ 69,989

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



**Village of Paulding, Ohio**  
*Paulding County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

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**Note 1 – Reporting Entity**

The Village of Paulding (the Village), Paulding County, Ohio, 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 water and sewer utilities, park operations, police services, and emergency medical services (EMS). The Village contracts with the Paulding Community Fire Association to receive fire protection services.

***Joint Ventures and Public Entity Risk Pools***

The Village participates in a joint venture, the Paulding Community Fire Association, and a public entity risk pool, the Ohio Plan Risk Management, Inc. (OPRM). Notes 12 and 7 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 and a combined statement of additions, deductions and changes in fund balances (regulatory cash basis) for all fiduciary 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:

***Police Fund*** The police fund receives real estate property tax monies, from several levies passed by the Village’s residents, in order to pay for police protective services.

***Capital Project Funds*** These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Village had the following significant capital project fund:

**Village of Paulding, Ohio**  
*Paulding County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

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**Note 2 – Summary of Significant Accounting Policies (Continued)**

***Sewer Separation Phase 3 Project Fund*** The sewer separation phase 3 project fund was used to track several grants and loans received for the necessary construction to separate the Village's waste water and storm water pipes. The project was completed in 2020, and the final grant and loan disbursements were made in 2020.

***Permanent Funds*** These funds account for and report resources that are restricted to the extent that only earnings, and not principal, may be used for purposes that support the Village's programs (for the benefit of the Village or its citizenry). The Village had the following significant permanent fund:

***Cemetery Trust Fund*** The cemetery trust fund receives interest earned on the nonexpendable corpus from a trust agreement. These earnings are used for the general maintenance and upkeep of two graves within the Village's cemetery.

***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 Operating Fund*** The water fund accounts for the provision of water treatment and distribution to the residents and commercial users located within the Village. There is also some distribution to residential and commercial entities that reside outside of the Village limits.

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

***Fiduciary Funds*** Fiduciary funds include private purpose trust funds, investment trust funds, and custodial funds. Trust funds account for assets held under a trust agreement meeting certain criteria.

Custodial funds are purely custodial in nature and are used to report fiduciary activity that is not required to be reported in a trust fund. The Village's custodial fund account for:

***Paulding Community Fire Association Fund*** The Paulding Community Fire Association fund is used to account for the activities of the Paulding Community Fire Association for which the Village serves as the fiscal agent.

***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. Council 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).

**Village of Paulding, Ohio**  
*Paulding County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

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**Note 2 – Summary of Significant Accounting Policies (Continued)**

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 (except certain custodial funds) be budgeted annually.

***Appropriations*** Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the 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 2020 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.

The Village values repurchase agreements at cost.

***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.

***Accumulated Leave***

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

***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:

**Village of Paulding, Ohio**  
*Paulding County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

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**Note 2 – Summary of Significant Accounting Policies (Continued)**

***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.

***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 (ordinance or resolution). The Village must adhere to these commitments unless the Council amends the ordinance or 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 13.

**Note 3 – Budgetary Activity**

Budgetary activity for the year ending December 31, 2020, follows:

**Village of Paulding, Ohio**  
*Paulding County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

**Note 3 – Budgetary Activity (Continued)**

2020 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,359,825	\$1,435,962	\$76,137
Special Revenue	1,604,456	1,731,940	127,484
Capital Projects	3,228,869	2,949,549	(279,320)
Enterprise	3,139,618	3,152,490	12,872
Permanent	50	0	(50)

2020 Budgeted vs. Actual Budgetary Basis Disbursements			
Fund Type	Appropriation Authority	Budgetary Disbursements	Variance
General	\$1,757,625	\$1,541,432	\$216,193
Special Revenue	1,913,030	1,466,348	446,682
Capital Projects	3,223,619	2,917,530	306,089
Enterprise	3,445,040	2,731,054	713,985
Permanent	20	0	20

**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:

<b><i>Cash Management Pool:</i></b>	2020
Demand deposits	\$2,536,897
Certificates of deposit	3,826,350
Other time deposits (savings and NOW accounts)	296
Cash on Hand	500
Total Deposits and Investments	\$6,364,044

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, 2020, the Village is holding \$6,970 in unremitted employee payroll withholdings.

**Village of Paulding, Ohio**  
*Paulding County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

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**Note 4 – Deposits and Investments (Continued)**

***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.

***Income Taxes***

As of January 1, 2020, the Village levied a municipal income tax of 1.0 percent on substantially all earned income arising from employment, residency, or business activities within the Village as well as certain income of residents earned outside of the Village. A levy increasing the municipal income tax rate was passed in the Spring Election, and the municipal income tax rate was raised to 1.1 percent as of July 1, 2020.

Employers within the Village withhold income tax on employee compensation and remit the tax to the Village either monthly or quarterly, as required. Corporations and other individual taxpayers pay estimated taxes quarterly and file a declaration annually.

**Note 6 – Interfund Balances**

In the fall of 2019, the General Fund advanced \$15,000 to the Curbing Fund. The Curbing Fund was only able to return \$7,500 of that advance in 2020. Therefore, the outstanding advances at December 31, 2020, consisted of \$7,500 advanced to the Curbing Fund to provide a positive balance for the fund for the year.

**Village of Paulding, Ohio**  
*Paulding County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

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**Note 7 – Risk Management**

***Workers' Compensation***

Workers' Compensation coverage is provided by the State of Ohio. The Village pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

***Risk Pool Membership***

The Village belongs to the Ohio Plan Risk Management, Inc. (OPRM) (the "Plan"), a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to Ohio governments ("Members"). The Plan is legally separate from its member governments.

Pursuant to Section 2744.081 of the Ohio Revised Code, the plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages to its members sold through fourteen appointed independent agents in the State of Ohio.

OPRM coverage programs are developed specific to each member's risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member's exposure to loss. Effective November 1, 2017, the OPRM retained 47% of the premium and losses on the first \$250,000 casualty treaty and 30% of the first \$1,000,000 property treaty. The OPRM is also participated in a property primary excess of loss treaty. This treaty reimbursed the OPRM 30% for losses between \$200,000 and \$1,000,000. The reimbursement is based on the amount of loss between \$200,000 and \$1,000,000. Effective November 1, 2018, the OPRM the property retention remained unchanged, however, the Plan assumed 100% of the first \$250,000 casualty treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. Effective November 1, 2019, the OPRM's property retention increased from 30% to 33%, while the casualty treaty remains unchanged and still assumes 100% of the first \$250,000 casualty treaty. Effective November 1, 2020, the OPRM's property retention increased from 33% to 55%, while the casualty treaty remains unchanged and still assumes 100% of the first \$250,000 casualty treaty. OPRM had 771 members as of December 31, 2020.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2020.

Assets	\$ 18,826,974
Liabilities	<u>(13,530,267)</u>
Members' Equity	<u>\$ 5,296,707</u>

You can read the complete audited financial statements for OPRM at the Plan's website, [www.ohioplan.org](http://www.ohioplan.org).

**Village of Paulding, Ohio**  
*Paulding County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

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**Note 8 – Defined Benefit Pension Plans**

***Ohio Public Employees Retirement System***

Most 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, 2020.

***Ohio Police and Fire Retirement System***

The Village has six full-time Police Officers who belong to the Ohio Police and Fire Pension Fund (OP&F). OP&F 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. OP&F participants contributed 12.25 percent of their wages. The Village contributed to OP&F an amount equal to 19.5 percent of full-time police members' wages. The Village has paid all contributions required through December 31, 2020.

***Social Security***

The other Village employees, who are only volunteer firefighters, 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, 2020.

**Note 9 – Postemployment Benefits**

Both OPERS and OP&F offer cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement, and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the Traditional Pension Plan and Combined Plan was 0 percent during calendar year 2020. The portion of employer contributions allocated to health care for OPERS members in the Member Directed Plan was 4.0 percent during calendar year 2020. OP&F contributes 0.5 percent to fund these benefits.

**Note 10 – Debt**

Debt outstanding at December 31, 2020, was as follows:



**Village of Paulding, Ohio**  
*Paulding County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

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**Note 10 – Debt (Continued)**

	Principal	Interest Rate
Ohio Water Development Authority Loan	\$13,382,490	Various
General Obligation Notes	\$4,449,169	2.75%
Ohio Public Works Commission Loans	783,651	0.00%
Total	\$18,615,310	

**Ohio Water Development Authority Loans:**

The Ohio Water Development Authority (OWDA) loans were entered into as cooperative agreements for the construction, maintenance, and operation of the following water and sewer development projects.

The Village entered into a loan agreement dated January 26, 2012, with Ohio Water Development Authority Loan (Loan Number 6099) for the purpose of construction of a new Village Water Treatment Plant. The total amount of proceeds the Village may draw for this loan is \$2,798,194. This loan is to be repaid over a period of 30 years at 1.5% of interest starting on January 1, 2015.

The Village entered into a loan agreement dated January 31, 2013, with Ohio Water Development Authority Loan (Loan Number 6386) for the Village CSO Phase 1 Sewer Project. The total amount of proceeds the Village may draw for this loan is \$5,230,943. The loan is to be repaid over a period of 20 years starting on January 1, 2015 at 1.0% interest.

The Village entered into a loan agreement dated May 29, 2014, with Ohio Water Development Authority (Loan Number 6911) for the Village CSO Phase II Sewer Project. The total amount of proceeds the Village may draw for this loan is \$5,080,945. The loan is to be repaid over a period of 30 years with \$3,000,000 at 0.780% interest and the remaining \$2,080,945 to be repaid at 2.28% interest starting on July 1, 2017.

The Village entered into a loan agreement dated January 31, 2019, with the Water Pollution Control Loan Fund (Loan Number 8338) for the Village CSO Phase III Sewer Project. The total amount of proceeds the Village has drawn as of December 31, 2020 was \$3,146,181. The loan is to be repaid over a period of 20 years with at 0.0% interest starting on July 1, 2020.

The Village entered into a loan agreement dated December 12, 2019, with the Ohio Water Development Authority (Loan number 8711) for the replacement of a water main as part of the Village CSO Phase III Sewer Project. The total amount of the proceeds the Village may draw for this loan is \$279,977. The total amount of proceeds the Village has drawn as of December 31, 2020, was \$193,029. The loan was closed at the end of 2020, and no more proceeds will be drawn from that account. The loan is to be repaid over a period of 10 years with a 1.85% interest rate starting July 1, 2020.

**Village of Paulding, Ohio**  
*Paulding County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

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**Note 10 – Debt (Continued)**

**Mortgage Revenue Bonds:**

The Water System Mortgage Revenue Bonds Series 2012, dated April 13, 2012, was obtained through the United States Department of Agriculture (USDA) – Rural Development. The Village issued \$4,997,000 in mortgage revenue bonds for the construction of a new water treatment plant, pumping stations, and force mains. The bonds are for a period of 40 years and are to be paid in monthly installments of \$17,690 including interest at 2.75%, with a final maturity in 2052. These bonds will be paid through utility system user charges collected in the Water Fund.

**Ohio Public Works Commission Loans:**

The Village entered into a loan agreement dated July 1, 2016, with the Ohio Public Works Commission (Project Number CT16T) for the Perry, Cherry, Emerald, & Various Streets Improvements. The total amount drawn on the loan was \$135,143, with a 0% interest rate. The Village started making bi-annual payments of \$2,252.39 on July 1, 2018, for a period of thirty years.

The Village entered into a loan agreement dated October 20, 2015, with the Ohio Public Works Commission (Project Number CT73S) for the Water Meter Replacement Project. The total amount of the loan is \$300,000 with a 0% interest rate. The Village started making bi-annual payments of \$4,852.26 on July 1, 2018, for a period of thirty years.

The Village entered into a loan agreement dated July 1, 2018, with the Ohio Public Works Commission (Project Number CE44V) for the Sewer Separation Phase III Project. The total amount of the loan was \$500,000 with a 0% interest rate. The Village will start making bi-annual payments of \$8,333.33 on July 1, 2021, for a period of thirty years.

***Amortization***

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

**Village of Paulding, Ohio**  
*Paulding County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

**Note 10 – Debt (Continued)**

Year Ending December 31:	Ohio Water Development Authority	Mortgage Revenue Bonds	Ohio Public Works Commission	Total
2021	\$711,616	\$212,280	\$30,876	\$954,772
2022	730,691	212,280	30,876	973,847
2023	730,691	212,280	30,876	973,847
2024	730,691	212,280	30,876	973,847
2025	730,691	212,280	30,876	973,847
2026-2030	3,642,893	1,061,400	154,380	4,858,673
2031-2035	3,128,959	1,061,400	154,380	4,344,739
2036-2040	2,151,589	1,061,400	135,913	3,348,902
2041-2045	1,979,440	1,061,400	101,265	3,142,104
2046-2050	630,170	1,061,400	83,333	1,774,903
2051-2052	-	341,004		341,004
Total	<u>\$15,167,431</u>	<u>\$6,709,404</u>	<u>\$783,651</u>	<u>\$22,660,485</u>

**Leases**

The Village entered into several leases for such items as a postage meter, copiers, and a Sentry Lite. These leases are repaid from the General, Police, Water, and Sewer Funds.

Future minimum lease payments are as follows:

Year Ending December 31	Outstanding Lease Payments
2021	\$3,070
2022	1,936
TOTAL	<u>\$5,006</u>

**Village of Paulding, Ohio**  
*Paulding County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

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**Note 11 – Construction and Contractual Commitments**

On July 1, 2020, the Village entered into a project grant agreement (#DEX14) with the Ohio Public Works Commission, in the amount not to exceed \$77,000, for the reconstruction of Walnut Street. The grant pays 49% of the costs, and the Village pays a matching 51%.

**Note 12 – Joint Ventures**

The Paulding County Fire Association (PCFA) is a jointly governed organization which provides firefighting services to three townships and three villages (member subdivisions) within Paulding County. The PCFA relies upon its member subdivisions for the funding of its operations. Each member subdivision has a vote on the operating budget of the PCFA. The member subdivision’s share of the PCFA budget is based on a ratio which incorporates the number of fire runs taking place within its subdivision plus current subdivision valuation in relation to overall fire runs and valuation. The Village serves as fiscal agent for the PCFA. The Village’s share of the budget was \$21,653 for 2020. The Village also paid its portion of the purchase of a new tanker truck in the amount of \$89,035 in 2020.

**Note 13 – Fund Balances**

Included in fund balance are amounts the Village cannot spend, including 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:

Fund Balances	General	Special Revenue	Capital Projects	Permanent	Total
Nonspendable:					
Corpus	\$ -	\$ -	\$ -	\$ 1,600	\$ 1,600
Outstanding Encumbrances	17,826	58,367	7,177	-	83,370
<i>Total</i>	<u>\$17,826</u>	<u>\$58,367</u>	<u>\$7,177</u>	<u>\$1,600</u>	<u>\$84,970</u>

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

**Note 14 – Change in Accounting Principles**

For 2020, the Village has made changes to their cash basis reporting model. These changes include modifications to the definition of fiduciary funds and removing the fund balance classifications from the combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) – all governmental fund types.

**Village of Paulding, Ohio**  
*Paulding County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

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**Note 14 – Change in Accounting Principles**

For 2020, the Village has made changes to their cash basis reporting model. These changes include modifications to the definition of fiduciary funds and removing the fund balance classifications from the combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) – all governmental fund types.

**Note 15 – COVID-19**

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the Village. The Village's investment portfolio fluctuates with market conditions, and due to market volatility, the amount of gains or losses that will be realized in subsequent periods, if any, cannot be determined. In addition, the impact on the Village's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

During 2020, the Village received CARES Act funding in the amount of \$250,636. Of the amounts received, \$206,632 were spent as of December 31, 2020. Additional payments on 2020 encumbrances, in the amount of \$20,758 were spent at the time of this report. Of the remaining balance of \$23,565, \$11,751 is unencumbered. The United States granted an extension on the use of these funds, and the Village plans on expending the funds in 2021. These amounts are reflected as security of persons and property expenditures in the Coronavirus Relief Special Revenue Fund on the accompanying financial statements.

**Note 16 – Prior Year Adjustments**

In 2020 the beginning fund balance of the Special Revenue was increased by \$643; Enterprise increased by \$178 and Custodial was increased by \$255 due to cancelled checks.

***Charles E. Harris & Associates, Inc.***

*Certified Public Accountants*

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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 Paulding  
Paulding County  
116 South Main Street  
Paulding, OH 45879

To the Village Council:

We have audited, in accordance with 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, the financial statements of the cash balances, receipts, and disbursements for each governmental and proprietary fund type and the fiduciary fund type as of and for the year ended December 31, 2020 and the related notes of the Village of Paulding, Paulding County (the Village), and have issued our report thereon dated December 15, 2022, wherein we noted that the Village followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit. We also noted the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Village and several changes to its reporting model.

***Internal Control Over Financial Reporting***

As part of our financial statement audit, we considered the Village's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the Village's internal control. Accordingly, we have not opined on it.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Village's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings that we consider to be a material weakness. We consider finding 2021-001 to be a material weakness.

***Compliance and Other Matters***

As part of reasonably assuring whether the Village's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

***Village's Response to Finding***

The Village's response to the finding identified in our audit are described in the accompanying corrective action plan. We did not subject the Village's response to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

***Purpose of this Report***

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Village's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Village's internal control and compliance. Accordingly, this report is not suitable for any other purpose.



*Charles E. Harris & Associates, Inc.*  
December 15, 2022

**VILLAGE OF PAULDING  
PAULDING COUNTY  
SCHEDULE OF FINDINGS  
December 31, 2021 and 2020**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**Finding Number 2021-001 - Material Weakness**

Audit Adjustments and Reclassifications:

The Village erroneously recorded numerous transactions during 2021 and 2020. The more significant adjustments are as follows:

- In 2020, the Enterprise Fund had disbursements in Principal Retirement of \$140,151 that were reclassified to Interest and Other Fiscal Charges.
- In 2021, the Enterprise Fund had disbursements in Principal Retirement of \$130,967 that were reclassified to Interest and Other Fiscal Charges.
- In 2020, the Enterprise Fund had receipts in Special Assessments of \$777,482 that were reclassified to Charges for Services.
- In 2021, the Enterprise Fund had receipts in Special Assessments of \$936,042 that were reclassified to Charges for Services.
- In 2020 and 2021, the Private Purpose Trust Fund was reclassified to a Permanent Fund.
- In 2020, Grants of \$257,000 were reclassified from Charges for Services to Intergovernmental receipts.

The accompanying financial statements and the Village's records have been adjusted to properly reflect these transactions. Various other immaterial posting errors were also noted and brought to the attention of management.

Failure to report transactions correctly results in the financial statements not being accurately presented. We recommend that the Fiscal Officer refer to the Village Officers' Handbook, UAN manual and other Auditor of State guidance to properly classify its transactions. In addition, we recommend the Fiscal Officer adopt policies and procedures on the reviewing all financial reports compiled by UAN to ensure their accuracy.

**Management Response:**

See Corrective Action Plan



**VILLAGE OF PAULDING  
PAULDING COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
For the Years Ended December 31, 2021 and 2020  
Prepared by Management**

<b>Finding Number</b>	<b>Finding Summary</b>	<b>Status</b>	<b>Additional Information</b>
2019-001	Financial Reporting – Material Weakness	Not Corrected	

**VILLAGE OF PAULDING  
PAULDING COUNTY**

**CORRECTIVE ACTION PLAN  
For the Years Ended December 31, 2021 and 2020  
Prepared by Management**

<b>Finding Number</b>	<b>Planned Corrective Action</b>	<b>Anticipated Completion Date</b>	<b>Responsible Contact Person</b>
2021-001	Aware of the issue. Will review Disbursements when received to post correctly.	ASAP	Cheryl Halter, Treasurer

# OHIO AUDITOR OF STATE KEITH FABER



**VILLAGE OF PAULDING**

**PAULDING COUNTY**

**AUDITOR OF STATE OF OHIO CERTIFICATION**

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



**Certified for Release 2/14/2023**

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

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