

VILLAGE OF PAULDING

PAULDING COUNTY, OHIO

REGULAR AUDIT

For the Years Ended December 31, 2023 and 2022





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Columbus, Ohio 43215
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Village Council
Village of Paulding
116 South Main Street
Paulding, Ohio 45879

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, 2022 through December 31, 2023. 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.

Keith Faber
Auditor of State
Columbus, Ohio

July 31, 2024

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VILLAGE OF PAULDING
PAULDING COUNTY
Regular Audit
For the Years Ended December 31, 2023 and 2022

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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 years ended December 31, 2023 and 2022, 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 years ended December 31, 2023 and 2022, 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, 2023 and 2022, or the changes in financial position or, where applicable cash flows, thereof for the years 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.

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 June 26, 2024, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Village's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.



Charles E. Harris & Associates, Inc.
June 26, 2024

**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, 2023**

	<u>Governmental Fund Types</u>				Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Permanent</u>	
Cash Receipts					
Property and Other Local Taxes	\$ 198,457	\$ 607,154	\$ -	\$ -	\$ 805,611
Municipal Income Tax	1,346,604	125,959	-	-	1,472,563
Intergovernmental	105,407	361,492	474,711	-	941,610
Charges for Services	10,855	370,053	-	-	380,908
Fines, Licenses and Permits	29,732	2,006	-	-	31,738
Earnings on Investments	441,091	31,789	-	-	472,880
Miscellaneous	21,104	4,950	62,602	-	88,656
<i>Total Cash Receipts</i>	<u>2,153,250</u>	<u>1,503,403</u>	<u>537,313</u>	<u>-</u>	<u>4,193,966</u>
Cash Disbursements					
Current:					
Security of Persons and Property	-	828,278	-	-	828,278
Public Health Services	31,587	12,143	-	-	43,730
Leisure Time Activities	30,098	75,068	10,752	-	115,918
Community Environment	5,727	-	-	-	5,727
Basic Utility Services	9,860	-	-	-	9,860
Transportation	-	202,620	-	-	202,620
General Government	339,416	-	-	-	339,416
Capital Outlay	401	148,218	937,490	-	1,086,109
<i>Total Cash Disbursements</i>	<u>417,089</u>	<u>1,266,327</u>	<u>948,242</u>	<u>-</u>	<u>2,631,658</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	1,736,161	237,076	(410,929)	-	1,562,308
Other Financing Receipts (Disbursements)					
Loans Issued	-	-	396,671	-	369,671
Transfers Out	(550,000)	-	-	-	(550,000)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(550,000)</u>	<u>-</u>	<u>396,671</u>	<u>-</u>	<u>(180,329)</u>
<i>Net Change in Fund Cash Balances</i>	1,186,161	237,076	(14,258)	-	1,408,979
<i>Fund Cash Balances, January 1</i>	<u>1,997,385</u>	<u>2,306,180</u>	<u>152,442</u>	<u>1,600</u>	<u>4,457,607</u>
<i>Fund Cash Balances, December 31</i>	<u>\$ 3,183,546</u>	<u>\$ 2,543,256</u>	<u>\$ 138,184</u>	<u>\$ 1,600</u>	<u>\$ 5,866,586</u>

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

**VILLAGE OF PAULDING
PAULDING COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES - REGULATORY CASH BASIS
PROPRIETARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2023**

	Enterprise
Operating Cash Receipts	
Charges for Services	\$ 3,091,936
Miscellaneous	2,502
	3,094,438
<i>Total Operating Cash Receipts</i>	<i>3,094,438</i>
Operating Cash Disbursements	
Personal Services	517,262
Fringe Benefits	304,130
Contractual Services	399,934
Supplies and Materials	393,002
Other	11,640
	1,625,968
<i>Total Operating Cash Disbursements</i>	<i>1,625,968</i>
<i>Operating Income (Loss)</i>	<i>1,468,470</i>
Non-Operating Receipts (Disbursements)	
Special Assessments	6,019
Capital Outlay	(183,257)
Principal Retirement	(727,558)
Interest and Other Fiscal Charges	(241,784)
	(1,146,580)
<i>Total Non-Operating Receipts (Disbursements)</i>	<i>(1,146,580)</i>
<i>Income (Loss) before Transfers</i>	<i>321,890</i>
Transfers In	550,000
	871,890
<i>Net Change in Fund Cash Balance</i>	<i>871,890</i>
<i>Fund Cash Balances, January 1</i>	<i>4,377,533</i>
	5,249,423
<i>Fund Cash Balances, December 31</i>	<i>\$ 5,249,423</i>

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

VILLAGE OF PAULDING
PAULDING COUNTY
STATEMENT OF ADDITIONS, DEDUCTIONS
AND CHANGES IN FUND BALANCES - REGULATORY CASH BASIS
FIDUCIARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2023

	Other Custodial
Additions	
Charges For Services	\$ 68,570
Gifts and Donations	500
Intergovernmental	12,996
<i>Total Additions</i>	82,066
Deductions	
Distributions as Fiscal Agent	91,943
<i>Total Deductions</i>	91,943
<i>Net Change in Fund Cash Balance</i>	(9,847)
<i>Fund Cash Balances, January 1</i>	126,165
<i>Fund Cash Balances, December 31</i>	\$ 116,318

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, 2023

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, a statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for the proprietary fund type and a statement of additions, deductions and changes in fund balances (regulatory cash basis) for the fiduciary fund type 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, 2023

Note 2 – Summary of Significant Accounting Policies (Continued)

OPWC Various Street Project the OPWC Various Street Reconstruction Project receives funds from a grant and loan from OPWC. These earnings are used for the approved street projects from the OPWC grant and loan application.

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 reporting government's programs (for the benefit of the government 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 accounts 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.

For regulatory purposes, certain own source revenues are permitted to flow through clearing funds presented as custodial funds. The amounts distributed to the other funds of the entity are identified on the statement of additions, deductions and changes in fund balances (regulatory cash basis) the fiduciary fund types. Also, for regulatory purposes, certain deposits and clearing funds are permitted to be presented as custodial funds.

Village of Paulding, Ohio
Paulding County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 2 – Summary of Significant Accounting Policies (Continued)

Basis of Accounting

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

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

Budgetary Process

The Ohio Revised Code requires that each fund (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 2023 budgetary activity appears in Note 3.

Deposits and Investments

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

Investment in STAR Ohio is measured at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

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.

Village of Paulding, Ohio
Paulding County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 2 – Summary of Significant Accounting Policies (Continued)

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.

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

Committed Council can *commit* amounts via formal action (resolution or ordinance). The Village must adhere to these commitments unless the Council amends the resolution or ordinance. 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, 2023, follows:

Village of Paulding, Ohio
Paulding County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 3 – Budgetary Activity (Continued)

2023 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 1,250,075	\$ 2,153,250	\$ 903,175
Special Revenue	1,399,982	1,503,403	103,421
Capital Projects	988,500	933,984	(54,516)
Permanent	-	-	-
Enterprise	3,274,000	3,650,457	376,457

2023 Budgeted vs. Actual Budgetary Basis Disbursements			
Fund Type	Appropriation Authority	Budgetary Disbursements	Variance
General	\$ 1,457,140	\$ 981,372	\$ 475,768
Special Revenue	2,164,243	1,309,545	854,698
Capital Projects	965,400	955,620	9,780
Permanent	-	-	-
Enterprise	4,160,825	3,105,891	1,054,934

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:

	2023
Demand deposits	\$ 10,981,349
Savings Account	392
Petty Cash	500
Certificates of deposit	42,531
Total deposits	\$ 11,024,772
STAR OHIO	207,555
Total deposits and investments	\$ 11,232,327

The Village does not use a separate payroll clearing account. The expenditures included in the accompanying financial statement reflect net payroll plus all remitted payroll withholdings. At December 31, 2023, the Village is holding \$0 in unremitted employee payroll withholdings.

Village of Paulding, Ohio
Paulding County
Notes to the Financial Statements
For the Year Ended December 31, 2023

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.

Investments

Investments in STAR Ohio and mutual funds are not evidenced by securities that exist in physical or book-entry form.

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.

Village of Paulding, Ohio
Paulding County
Notes to the Financial Statements
For the Year Ended December 31, 2023

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, 2023, 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 2023.

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.

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 has remain unchanged. OPRM had 773 members as of December 31, 2022.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2022 (latest information available).

Assets	\$ 21,662,291
Liabilities	<u>(18,158,351)</u>
Members' Equity	<u>\$ 3,503,940</u>

You can read the complete audited financial statements for OPRM at the Plan's website, www.ohioplan.org.

Village of Paulding, Ohio
Paulding County
Notes to the Financial Statements
For the Year Ended December 31, 2023

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, 2023.

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, 2023.

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, 2023.

Note 9 – Postemployment Benefits

Both OPERS and OP&F offer cost-sharing, multiple-employer defined benefit postemployment plans. OPERS offers a health reimbursement arrangement (HRA) allowance to benefit recipients meeting certain age and service credit requirements. The HRA is an account funded by OPERS that provides tax-free reimbursement for qualified medical expenses such as monthly post-tax insurance premiums, deductibles, co-insurance, and co-pays incurred by eligible benefit recipients and their dependents. OP&F uses a stipend-based health care model. A stipend funded by OP&F is placed in individual Health Reimbursement Accounts that retirees use to be reimbursed for health care expenses. For calendar year 2023, the portion of OPERS employer contributions allocated to health care was 0 percent for members in the traditional pension plan and 2 percent for members in the combined plan. For 2023, the portion of employer contributions OPERS allocated to health care for members in the member-directed plan was 4.0 percent; however, a portion of the health care rate was funded with reserves. OP&F contributes 0.5 percent to fund these benefits.

Village of Paulding, Ohio
Paulding County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 10 – Debt

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

	Principal	Interest Rate
OWDA Loans	\$11,589,682	Various
General Obligation Bonds	4,047,068	2.75%
OPWC Loans	1,037,914	0.00%
Total	\$16,674,664	

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. As of December 31, 2017, the Village received a total of \$2,764,341 in loan proceeds. In 2023 the Village made bi-annual loan payments on this loan and remitted a total of \$82,919.70 in principal payments and \$31,846.66 in interest payments.

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. As of December 31, 2017, the Village received a total of \$5,050,519 in loan proceeds. On January 1, 2015, the Village started making bi-annual loan payments on this loan to Ohio Water Development Authority. In 2023, the Village made bi-annual loan payments on this loan and remitted a total of \$248,364.56 in principal payments and \$30,883.86 in interest payments.

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. In 2022, the Village made bi-annual loan payments on this loan and remitted a total of \$147,429.63 in principal payments and \$63,249.11 in interest payments.

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. In 2023, the Village made bi-annual loan payments on this loan and remitted a total of \$104,872.70 in principal payments.

Village of Paulding, Ohio
Paulding County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 10 – Debt (Continued)

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. In 2020, the Village paid the \$977 OWDA fee. In 2023, the village made bi-annual loan payments on this loan, and remitted a total of \$18,315.50 in principal payments, and \$2,809.40 in interest payments.

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. In 2023, the Village made monthly loan payments on this loan and remitted a total of \$96,211.06 in principal payments and \$116,068.94 in interest payments.

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. In 2023, the Village remitted a total of \$9704.52 in principal payments.

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. In 2023, the village made bi-annual loan payments on this loan, and remitted a total of \$16,666.66 in principal payments,

The Village entered into a loan agreement dated July 1, 2022, with the Ohio Public Works Commission (Project Number CE51Z) for the 2021 Street Reconstruction Project. The total amount of the loan was \$500,000 with a 0% interest rate. In 2023, \$396,671 of the loan was disbursed. The Village will start making bi-annual payments of \$6,611.18 on July 1, 2024, 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, 2023

Note 10 – Debt (Continued)

Year Ending December 31:	OWDA Loans	Mortgage Revenue Bonds	OPWC Loans
2024	\$ 733,652	\$ 212,280	\$ 39,595
2025	733,652	212,280	39,595
2026	733,652	212,280	39,595
2027	733,652	212,280	39,595
2028	733,652	212,280	39,595
2029 - 2033	3,616,080	1,061,400	197,966
2034 - 2038	2,724,891	1,061,400	197,966
2039 - 2043	2,166,394	1,061,400	197,966
2044 - 2048	1,396,665	1,641,400	173,278
2049 - 2053	-	424,901	66,111
2054 - 2058	-	-	6,652
Total	<u>\$ 13,572,290</u>	<u>\$ 6,311,901</u>	<u>\$ 1,037,914</u>

Note 11 – Construction and Contractual Commitments

In 2023, the Village engaged the services of Access Engineering to engineer the Emerald Acres Sanitary Sewer Project. The project will be funded with OPWC & CDBG grant funding.

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 \$25,841 for 2023.

Note 13 – Fund Balances

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

Village of Paulding, Ohio
Paulding County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 13 – Fund Balances (Continued)

<u>Fund Balances</u>	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Permanent</u>	<u>Total</u>
Nonspendable:					
Corpus	\$ -	\$ -	\$ -	\$ 1,600	\$ 1,600
Outstanding Encumbrances	<u>14,283</u>	<u>43,218</u>	<u>7,378</u>	<u>-</u>	<u>64,879</u>
Total	<u>\$ 14,283</u>	<u>\$ 43,218</u>	<u>\$ 7,378</u>	<u>\$ 1,600</u>	<u>\$ 66,479</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 14 – 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 ended in April 2023. The Village will continue to spend available COVID-19 funding consistent with the applicable program guidelines.

**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, 2022**

	Governmental Fund Types				Totals (Memorandum Only)
	General	Special Revenue	Capital Projects	Permanent	
Cash Receipts					
Property and Other Local Taxes	\$ 197,001	\$ 607,331	\$ -	\$ -	\$ 804,332
Municipal Income Tax	1,277,913	129,458	-	-	1,407,371
Intergovernmental	102,311	509,559	99,789	-	711,659
Special Assessments	508	-	-	-	508
Charges for Services	6,005	242,461	-	-	248,466
Fines, Licenses and Permits	30,572	2,204	-	-	32,776
Earnings on Investments	10,200	834	-	-	11,034
Miscellaneous	22,273	2,103	2,663	-	27,039
<i>Total Cash Receipts</i>	<u>1,646,783</u>	<u>1,493,950</u>	<u>102,452</u>	<u>-</u>	<u>3,243,185</u>
Cash Disbursements					
Current:					
Security of Persons and Property	-	741,303	-	-	741,303
Public Health Services	29,169	98,704	-	-	127,873
Leisure Time Activities	32,802	63,123	61,758	-	157,683
Community Environment	5,905	-	-	-	5,905
Basic Utility Services	18,000	-	-	-	18,000
Transportation	-	217,658	-	-	217,658
General Government	356,402	-	-	-	356,402
Capital Outlay	-	448,929	49,645	-	498,574
<i>Total Cash Disbursements</i>	<u>442,278</u>	<u>1,569,717</u>	<u>111,403</u>	<u>-</u>	<u>2,123,398</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	1,204,505	(75,767)	(8,951)	-	1,119,787
Other Financing Receipts (Disbursements)					
Transfers In	-	100,000	41,550	-	141,550
Transfers Out	(691,550)	-	-	-	(691,550)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(691,550)</u>	<u>100,000</u>	<u>41,550</u>	<u>-</u>	<u>(550,000)</u>
<i>Net Change in Fund Cash Balances</i>	512,955	24,233	32,599	-	569,787
<i>Fund Cash Balances, January 1</i>	<u>1,484,430</u>	<u>2,281,947</u>	<u>119,843</u>	<u>1,600</u>	<u>3,887,820</u>
<i>Fund Cash Balances, December 31</i>	<u>\$ 1,997,385</u>	<u>\$ 2,306,180</u>	<u>\$ 152,442</u>	<u>\$ 1,600</u>	<u>\$ 4,457,607</u>

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

**VILLAGE OF PAULDING
PAULDING COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES - REGULATORY CASH BASIS
PROPRIETARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2022**

	Enterprise
Operating Cash Receipts	
Charges for Services	\$ 2,878,371
Miscellaneous	10,235
	2,888,606
<i>Total Operating Cash Receipts</i>	2,888,606
Operating Cash Disbursements	
Personal Services	489,505
Fringe Benefits	288,663
Contractual Services	383,882
Supplies and Materials	247,992
Other	27,574
	1,437,616
<i>Total Operating Cash Disbursements</i>	1,437,616
<i>Operating Income (Loss)</i>	1,450,990
Non-Operating Receipts (Disbursements)	
Special Assessments	11,705
Miscellaneous Receipts	856
Capital Outlay	(379,986)
Principal Retirement	(718,831)
Interest and Other Fiscal Charges	(250,511)
	(1,336,767)
<i>Total Non-Operating Receipts (Disbursements)</i>	(1,336,767)
<i>Income (Loss) before Transfers</i>	114,223
Transfers In	550,000
	664,223
<i>Net Change in Fund Cash Balance</i>	664,223
<i>Fund Cash Balances, January 1</i>	3,713,310
	4,377,533
<i>Fund Cash Balances, December 31</i>	\$ 4,377,533

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

VILLAGE OF PAULDING
PAULDING COUNTY
STATEMENT OF ADDITIONS, DEDUCTIONS
AND CHANGES IN FUND BALANCES - REGULATORY CASH BASIS
FIDUCIARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2022

	Other Custodial
Additions	
Charges For Services	\$ 68,571
Other Amounts Collected for Distribution	40,681
<i>Total Additions</i>	109,252
Deductions	
Distributions as Fiscal Agent	72,099
<i>Total Deductions</i>	72,099
<i>Net Change in Fund Cash Balance</i>	37,153
<i>Fund Cash Balances, January 1</i>	89,012
<i>Fund Cash Balances, December 31</i>	\$ 126,165

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, 2022

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, a statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for the proprietary fund type and a statement of additions, deductions and changes in fund balances (regulatory cash basis) for the fiduciary fund type 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 Funds:

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.

American Rescue Plan Act The Village received disbursements from the State Government to pay for various items in order to mitigate the impact of Covid-19 on the Village's employees and or residents. Note 14 to the financial statements provides additional information for the receipts and expenditures of this fund.

Village of Paulding, Ohio
Paulding County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 2 – Summary of Significant Accounting Policies (Continued)

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:

Park Capital Improvement Fund The Park Capital Improvement Fund receives money from grants in order to pay for improvements to their parks.

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 reporting government's programs (for the benefit of the government 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 accounts 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.

For regulatory purposes, certain own source revenues are permitted to flow through clearing funds presented as custodial funds. The amounts distributed to the other funds of the entity are identified on the statement of additions, deductions and changes in fund balances (regulatory cash basis) the fiduciary fund types. Also, for regulatory purposes, certain deposits and clearing funds are permitted to be presented as custodial funds.

Village of Paulding, Ohio
Paulding County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 2 – Summary of Significant Accounting Policies (Continued)

Basis of Accounting

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

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

Budgetary Process

The Ohio Revised Code requires that each fund (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 2022 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.

Village of Paulding, Ohio
Paulding County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 2 – Summary of Significant Accounting Policies (Continued)

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.

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

Committed Council can *commit* amounts via formal action (resolution or ordinance). The Village must adhere to these commitments unless the Council amends the resolution or ordinance. 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, 2022, follows:

Village of Paulding, Ohio
Paulding County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 3 – Budgetary Activity (Continued)

2022 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 1,015,075	\$ 1,646,783	\$ 631,708
Special Revenue	1,604,248	1,593,950	(10,298)
Capital Projects	121,250	144,002	22,752
Permanent	-	-	-
Enterprise	3,354,100	3,451,167	97,067

2022 Budgeted vs. Actual Budgetary Basis Disbursements			
Fund Type	Appropriation Authority	Budgetary Disbursements	Variance
General	\$ 1,476,556	\$ 1,138,105	\$ 338,451
Special Revenue	2,421,039	1,601,017	820,022
Capital Projects	239,650	182,096	57,554
Permanent	-	-	-
Enterprise	4,388,540	2,964,796	1,423,744

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:

	2022
Demand deposits	\$ 5,619,339
Savings Account	296
Petty Cash	500
Certificates of deposit	3,341,170
Total deposits	\$ 8,961,305

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, 2022, 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, 2022

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, 2022, 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 2022.

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, 2022

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, 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 has remain unchanged. OPRM had 773 members as of December 31, 2022.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2022.

Assets	\$ 21,662,291
Liabilities	<u>(18,158,351)</u>
Members' Equity	<u>\$ 3,503,940</u>

You can read the complete audited financial statements for OPRM at the Plan's website, 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, 2022.

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, 2022

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, 2022.

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, 2022.

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% during calendar year 2022. The portion of employer contributions allocated to health care for OPERS members in the Member Directed Plan was 4% during calendar year 2022. OP&F contributed 0.5% to fund these benefits.

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

Note 10 – Debt

Debt outstanding at December 31, 2022, was as follows:

	<u>Principal</u>
OWDA Loans	\$12,194,658
General Obligation Bonds	4,143,279
OPWC Loans	<u>667,614</u>
Total	<u>\$17,005,551</u>

Village of Paulding, Ohio
Paulding County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 10 – Debt (Continued)

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. As of December 31, 2017, the Village received a total of \$2,764,341 in loan proceeds. In 2022 the Village made bi-annual loan payments on this loan and remitted a total of \$80,836.38 in principal payments and \$33,930 in interest payments.

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. As of December 31, 2017, the Village received a total of \$5,050,519 in loan proceeds. On January 1, 2015, the Village started making bi-annual loan payments on this loan to Ohio Water Development Authority. In 2022, the Village made bi-annual loan payments on this loan and remitted a total of \$245,899 in principal payments and \$33,349 in interest payments.

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. In 2022, the Village made bi-annual loan payments on this loan and remitted a total of \$145,376 in principal payments and \$65,303 in interest payments.

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. In 2022, the Village made bi-annual loan payments on this loan and remitted a total of \$104,873 in principal payments.

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. In 2020, the Village paid the \$977 OWDA fee. In 2022, the village made bi-annual loan payments on this loan, and remitted a total of \$17,981 in principal payments, and \$3,144 in interest payments.

Village of Paulding, Ohio
Paulding County
Notes to the Financial Statements
For the Year Ended December 31, 2022

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. In 2021, the Village made monthly loan payments on this loan and remitted a total of \$101,351 in principal payments and \$128,619 in interest payments

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. In 2022, the Village remitted a total of \$9,705 in principal payments.

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. In 2022, the village made bi-annual loan payments on this loan, and remitted a total of \$16,667 in principal payments,

The Village entered into a loan agreement dated July 1, 2022, with the Ohio Public Works Commission (Project Number CE51Z) for the 2021 Street Reconstruction Project. The total amount of the loan was \$500,000 with a 0% interest rate. As of December 31, 2022, \$0 of the loan has been disbursed.

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, 2022

Note 10 – Debt (Continued)

Year Ending December 31:	OWDA Loans	Mortgage Revenue Bonds	OPWC Loans
2023	\$ 733,652	\$ 212,280	\$ 26,371
2024	733,652	212,280	26,371
2025	733,652	212,280	26,371
2026	733,652	212,280	26,371
2027	733,652	212,280	131,855
2028 - 2032	3,616,080	1,061,400	131,855
2033 - 2037	2,724,891	1,061,400	131,855
2038 - 2042	2,166,394	1,061,400	131,855
2043 - 2047	1,396,665	1,641,400	34,710
2048 - 2052	630,170	637,181	-
Total	<u>\$ 14,202,460</u>	<u>\$ 6,524,181</u>	<u>\$ 667,614</u>

Note 11 – Construction and Contractual Commitments

In 2022, the Village engaged the services of Access Engineering to engineer the various roads construction project. The project estimated cost is \$1,146,000.00. The Village has been awarded a \$500,000.00 OPWC grant and a \$500,000.00 OPWC loan. The remaining \$146,000.00 will be paid from the Village's permissive fund.

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 \$21,625 for 2022.

Note 13 – Fund Balances

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

Village of Paulding, Ohio
Paulding County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 13 – Fund Balances (Continued)

<u>Fund Balances</u>	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Permanent</u>	<u>Total</u>
Nonspendable:					
Corpus	\$ -	\$ -	\$ -	\$ 1,600	\$ 1,600
Outstanding Encumbrances	<u>4,277</u>	<u>31,300</u>	<u>70,693</u>	<u>-</u>	<u>106,270</u>
Total	<u>\$ 4,277</u>	<u>\$ 31,300</u>	<u>\$ 70,693</u>	<u>\$ 1,600</u>	<u>\$ 107,870</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 14 – 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 ended in April 2023. During 2022, the Village received ARPA funding in the amount of \$180,713. Accumulated interest on these funds was \$1. This amount is added to the amount of principal and interest for the amount received of principal and interest of \$179,348 the total amount accumulated is \$360,063. The amount of \$358,613 was used to pay for a portion of the Gasser Road water and sewer extension project. The amount of \$1,450 remains at the end of the year and will be used to finish out the Gasser Road project in the year 2023.

**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 years ended December 31, 2023 and 2022 and the related notes to the financial statements of the Village of Paulding, Paulding County, (the Village) and have issued our report thereon dated June 26, 2024, wherein we noted the Village followed financial reporting provisions Ohio Rev. Code § 117.38 and Ohio Admin. Code 117-2-03(C) permit.

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 2023-001 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*.

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 was 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.

June 26, 2024

**VILLAGE OF PAULDING
PAULDING COUNTY
SCHEDULE OF FINDINGS
December 31, 2023 and 2022**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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Finding Number 2023-001 - Material Weakness

Audit Adjustments and Reclassifications:

The Village erroneously recorded numerous transactions during 2023 and 2022. The more significant adjustments are as follows:

- In 2022, the Enterprise Fund had disbursements in Principal Retirement of \$131,841 that were reclassified to Interest and Other Fiscal Charges.
- In 2022, the Enterprise Fund had receipts in Special Assessments of \$922,103 that were reclassified to Charges for Services.
- In 2023, the Enterprise Fund had receipts in Special Assessments of \$922,635 that were reclassified to Charges for Services.
- In 2022 and 2023, the Private Purpose Trust Fund was reclassified to a Permanent Fund.
- In 2022, the Special Revenue Fund had receipts in Intergovernmental receipts of \$23,440 that were reclassified to Property and Other Local Taxes.
- In 2023, the Capital Project Fund had receipts in Intergovernmental receipts of \$40,750 and disbursements in Capital Outlay of \$40,750 that were adjusted to 2022 activity.

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, Uniform Accounting Network (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, 2023 and 2022
Prepared by Management**

Finding Number	Finding Summary	Status	Additional Information
2021-001	Financial Reporting – Material Weakness	Not Corrected	

**VILLAGE OF PAULDING
PAULDING COUNTY**

**CORRECTIVE ACTION PLAN
For the Years Ended December 31, 2023 and 2022
Prepared by Management**

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2023-001	Management is aware of the issue and will review disbursements and receipts better when received and paid 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 8/13/2024

65 East State 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