



OHIO AUDITOR OF STATE
KEITH FABER



VILLAGE OF PAULDING
PAULDING COUNTY
DECEMBER 31, 2019 AND 2018

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OHIO AUDITOR OF STATE KEITH FABER



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INDEPENDENT AUDITOR'S REPORT

Village of Paulding
Paulding County
116 South Main Street
Paulding, Ohio 45879-1408

To the Village Council:

Report on the Financial Statements

We have audited the accompanying financial statements of the cash balances, receipts and disbursements by fund type, and related notes of the Village of Paulding, Paulding County, Ohio (the Village) as of and for the years ended December 31, 2019 and 2018.

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(D) 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(D), 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(D) 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, 2019 and 2018, and the respective changes in financial position or cash flows thereof for the years 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 by fund type, and related notes of the Village of Paulding, Paulding County, Ohio as of December 31, 2019 and 2018, for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 2.

Emphasis of Matter

As discussed in Note 15 to the financial statements, the financial impact of the COVID-19 and the ensuing emergency measures will impact subsequent periods of the Village. We did not modify our opinion regarding this matter.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 4, 2020, 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.



Keith Faber
Auditor of State

Columbus, Ohio

June 4, 2020

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**VILLAGE OF PAULDING
PAULDING COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2019**

	General	Special Revenue	Capital Projects	Permanent Trust	Totals (Memorandum Only)
Cash Receipts					
Property and Other Local Taxes	\$185,109	\$345,134			\$530,243
Municipal Income Tax	1,079,059				1,079,059
Intergovernmental	89,518	243,393	\$1,199,812		1,532,723
Special Assessments	2,366				2,366
Charges for Services	11,345	207,272			218,617
Fines, Licenses and Permits	32,783	3,057	1,114		36,954
Earnings on Investments	55,611	596		\$48	56,255
Miscellaneous	22,737	68,856			91,593
Total Cash Receipts	1,478,528	868,308	1,200,926	48	3,547,810
Cash Disbursements					
Current:					
Security of Persons and Property	64,826	622,116			686,942
Public Health Services	30,269	2,489			32,758
Leisure Time Activities	37,435	40,486	36,442		114,363
Community Environment	8,797				8,797
Basic Utility Services	12,612				12,612
Transportation	4,472	140,117			144,589
General Government	295,885				295,885
Capital Outlay	26,306	330,979	2,055,262		2,412,547
Debt Service:					
Principal Retirement		108,789			108,789
Total Cash Disbursements	480,602	1,244,976	2,091,704		3,817,282
Excess of Receipts Over (Under) Disbursements	997,926	(376,668)	(890,778)	48	(269,472)
Other Financing Receipts (Disbursements)					
Other Debt Proceeds			835,577		835,577
Transfer In		318,789	51,682		370,471
Transfers Out	(940,685)				(940,685)
Advance In	20,000				20,000
Advance Out	(15,000)				(15,000)
Total Other Financing Receipts (Disbursements)	(935,685)	318,789	887,259		270,363
Net Change in Fund Cash Balances	62,241	(57,879)	(3,519)	48	891
Fund Cash Balances, January 1	1,303,291	1,805,597	122,897	1,552	3,233,337
Fund Cash Balances, December 31					
Nonspendable				1,500	1,500
Restricted		977,774		100	977,874
Committed		769,944	119,378		889,322
Unassigned	1,365,532				1,365,532
Fund Cash Balances, December 31	\$1,365,532	\$1,747,718	\$119,378	\$1,600	\$3,234,228

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 (CASH BASIS)
ALL PROPRIETARY AND FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2019**

	Proprietary Fund Type	Fiduciary Fund Type	Totals
	Enterprise	Agency	(Memorandum Only)
Operating Cash Receipts			
Charges for Services	\$2,110,828	\$67,500	\$2,178,328
Fines, Licenses and Permits	7,429		7,429
Miscellaneous	37,772	37,500	75,272
<i>Total Operating Cash Receipts</i>	<u>2,156,029</u>	<u>105,000</u>	<u>2,261,029</u>
Operating Cash Disbursements			
Personal Services	413,502	17,637	431,139
Employee Fringe Benefits	265,754	2,113	267,867
Contractual Services	505,138	42,409	547,547
Supplies and Materials	70,471	6,401	76,872
Other	4,449		4,449
<i>Total Operating Cash Disbursements</i>	<u>1,259,314</u>	<u>68,560</u>	<u>1,327,874</u>
<i>Operating Income</i>	<u>896,715</u>	<u>36,440</u>	<u>933,155</u>
Non-Operating Receipts (Disbursements)			
Intergovernmental		18,600	18,600
Special Assessments	24,381		24,381
Sale of Notes	150,000		150,000
Capital Outlay	(214,509)	(72,532)	(287,041)
Principal Retirement	(835,884)		(835,884)
Interest and Other Fiscal Charges	(278,023)		(278,023)
Other Financing Sources		4,264	4,264
Other Financing Uses		(4,264)	(4,264)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(1,154,035)</u>	<u>(53,932)</u>	<u>(1,207,967)</u>
<i>Loss before Transfers and Advances</i>	<u>(257,320)</u>	<u>(17,492)</u>	<u>(274,812)</u>
Transfers In	563,930	6,284	570,214
Advances In	15,000		15,000
Advances Out	(20,000)		(20,000)
<i>Net Change in Fund Cash Balances</i>	<u>301,610</u>	<u>(11,208)</u>	<u>290,402</u>
<i>Fund Cash Balances, January 1</i>	<u>2,020,799</u>	<u>58,526</u>	<u>2,079,325</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$2,322,409</u></u>	<u><u>\$47,318</u></u>	<u><u>\$2,369,727</u></u>

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

**VILLAGE OF PAULDING
PAULDING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019**

Note 1 – Reporting Entity

The Village of Paulding, Paulding County, Ohio (the Village) is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. A publicly-elected six-member Council directs the Village. The Village provides water and sewer utilities, park operations, mayor's court, police services, and emergency medical services (EMS). The Village contracts with the Paulding Community Fire Association to receive fire protection services.

Joint Venture and Public Entity Risk Pool

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 6 and 11 to the financial statements provide additional information for these entities. The Village's management believes these financial statements present all activities for which the Village is financially accountable.

Note 2 – Summary of Significant Accounting Policies

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 and fiduciary fund types which are 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 it is expended or transferred 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:

Street Construction Maintenance and Repair Fund The Street Construction Maintenance and Repair Fund accounts for and reports that portion of the State gasoline tax and motor vehicle license registration fees restricted for construction, maintenance, and repair of streets with the Village.

Police Fund The Police Fund receives property tax money paid by Village residents and Mayor's Court costs to operate the police department.

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:

Wastewater Sewer Separation Project Fund The Wastewater Sewer Separation Project Fund is used to track several grants and loans received to fund the construction of the wastewater sewer separation project.

**VILLAGE OF PAULDING
PAULDING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019
(Continued)**

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

Sewer Fund The Sewer Fund accounts for the provision of sanitary sewer services to the residents and commercial users within the Village.

Fiduciary Funds Fiduciary funds include private purpose trust funds and agency funds. Trust funds account for assets held under a trust agreement for individuals, private organizations, or other governments which are not available to support the Village's own programs.

Agency funds are purely custodial in nature and are used to hold resources for individuals, organizations or other governments. The Village disburses these funds as directed by the individual, organization or other government. The Village's Agency Funds account for:

Mayor's Court Fund The Mayor's Court Fund receives fine money generated by the Village Mayor's Court. Fine money is disbursed to the Village Police Fund and Mayor's Court Computer Fund as well as the State Treasurer and other appropriate agencies.

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(D). 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(D) permit.

Budgetary Process

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

**VILLAGE OF PAULDING
PAULDING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019
(Continued)**

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

Estimated Resources Estimated resources include estimates of cash to be received (budgeted receipts) plus 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 canceled, and reappropriated in the subsequent year.

A summary of 2019 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.

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

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

**VILLAGE OF PAULDING
PAULDING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019
(Continued)**

Assigned Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the General Fund report all fund balances as *assigned* unless they are restricted or committed. In the General Fund, *assigned* amounts represent intended uses established by Village Council or a Village official delegated that authority by resolution, or by State Statute.

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.

Note 3 – Budgetary Activity

Budgetary activity for the year ended December 31, 2019 follows:

2019 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,903,625	\$1,498,528	(\$405,097)
Special Revenue	1,255,200	1,187,097	(68,103)
Capital Projects	2,638,340	2,088,185	(550,155)
Enterprise	3,511,628	2,909,340	(602,288)
Permanent	50	48	(2)
Agency	136,000	134,148	(1,852)
Total	<u>\$9,444,843</u>	<u>\$7,817,346</u>	<u>(\$1,627,497)</u>

2019 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,931,700	\$1,436,287	\$495,413
Special Revenue	1,643,125	1,244,976	398,149
Capital Projects	2,639,890	2,091,704	548,186
Enterprise	3,240,700	2,607,730	632,970
Permanent	10	10	10
Agency	165,150	145,356	19,794
Total	<u>\$9,620,575</u>	<u>\$7,526,053</u>	<u>\$2,094,522</u>

Note 4 – Deposits and Investments

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

**VILLAGE OF PAULDING
PAULDING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019
(Continued)**

	2019
Demand deposits	<u>\$1,257,780</u>
Certificates of deposit	3,664,265
Other time deposits (savings accounts)	2,945
Cash on hand	<u>500</u>
Total deposits	4,925,490
Repurchase agreement	<u>678,465</u>
Total deposits and investments	<u><u>\$5,603,955</u></u>

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

The Village's financial institution transfers securities to the Village's agent to collateralize repurchase agreements. The securities are not in the Village's name.

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

The Village levies a municipal income tax of 1 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.

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

**VILLAGE OF PAULDING
PAULDING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019
(Continued)**

Note 6 – Risk Management

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, 2016, the OPRM retained 50% of the premium and losses on the first \$250,000 casualty treaty and 30% of the first \$1,000,000 property treaty. 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. Effective November 1, 2018, the OPRM's 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. OPRM had 774 members as of December 31, 2018.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2018 (the latest information available).

Assets	\$15,065,412
Liabilities	<u>(10,734,623)</u>
Members' Equity	<u>\$4,330,789</u>

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

Note 7 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

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 postemployment health care 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 equalizing 14 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2019.

Ohio Police and Fire Retirement System

The Village's full-time Police Officers 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, 2019.

**VILLAGE OF PAULDING
PAULDING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019
(Continued)**

Note 8 – 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 2019. The portion of employer contributions allocated to OPERS members in the Member Directed Plan was 4 percent during calendar year 2019. OP&F contributes 0.5 percent to fund these benefits.

Beginning January 1, 2019, OP&F changed its retiree health care model to a stipend-based health care model. A stipend funded by OP&F was placed in individual Health Reimbursement Accounts that retirees use to be reimbursed for health care expenses.

Note 9 – Debt

Debt outstanding at December 31, 2019 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Ohio Water Development Authority Loans	\$11,907,309	Various
Mortgage Revenue Bonds	4,537,775	2.75%
Bond Anticipation Note	150,000	3.15%
Ohio Public Works Commission Loans	337,480	0%
Total	<u>\$16,932,564</u>	

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 OWDA (Loan Number 6099) for the purpose of construction of a new Village Water Treatment Plant. The total amount of proceeds the Village may draw on this loan is \$2,798,194. This loan is to be repaid over a period of 30 years at 1.5 percent interest beginning January 1, 2015. As of December 31, 2019, the Village received a total of \$2,764,341 in loan proceeds. In 2019, the Village made bi-annual loan payments on this loan and remitted a total of \$78,694 in principal payments and \$36,072 in interest payments. As of December 31, 2019, the balance of this loan was \$2,345,721.

The Village entered into a loan agreement dated January 26, 2013, with OWDA (Loan Number 6386) for the Village Sewer Separation Phase I project. The total amount of proceeds the Village may draw for this loan is \$5,230,943. This loan is to be repaid over a period of 20 years starting on January 1, 2015 at 1.0 percent interest. As of December 31, 2019, the Village received a total of \$5,050,519 in loan proceeds. In 2019, the Village made bi-annual loan payments on this loan and remitted a total of \$239,843 in principal payments and \$39,405 in interest payments. As of December 31, 2019, the balance for this loan was \$3,760,502.

The Village entered into a loan agreement dated May 29, 2014, with OWDA (Loan Number 6911) for the Village Sewer Separation Phase II 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 0.78 percent interest and the remaining \$2,080,945 to be repaid at 2.28 percent interest starting on July 1, 2017. In 2019, the Village made bi-annual loan payments on this loan and remitted a total of \$140,398 in principal payments and \$70,281 in interest payments. As of December 31, 2019, the balance for this loan was \$4,665,509.

**VILLAGE OF PAULDING
PAULDING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019
(Continued)**

The Village entered into a loan agreement dated September 28, 2017, with OWDA (Loan Number 7842) for the Village Sewer Separation Phase III Design project. The total amount of proceeds the Village could draw for this loan is \$300,000. The loan was to be paid over a period of 5 years at 0 percent interest starting on January 1, 2019. As of December 31, 2018, the Village received a total of \$300,000 in loan proceeds. On February 27, 2019, the Village used \$300,000 in loan proceeds from OWDA Loan Number 8338 to pay off the balance of the loan.

The Village entered into a loan agreement dated January 31, 2019, with OWDA (Loan Number 8338) for the Village Sewer Separation Phase III project. The total amount of proceeds the Village may draw for this loan is \$3,572,314. As of December 31, 2019, the Village received a total of \$835,577 in loan proceeds. The loan is to be repaid over a period of 30 years at 0.0 percent interest starting July 1, 2020. As of December 31, 2019, the balance for this loan was \$1,135,577. There is no amortization schedule at this time; however the outstanding principal balance is included in the total outstanding noted above.

The Village entered into a loan agreement dated December 12, 2019, with ODWA (Loan Number 8711) for the Village Sewer Separation Phase III – Water Main Replacement project. The total amount of proceeds the Village may draw for this loan is \$279,977. The Village will start making estimated bi-annual payments of \$15,398 on January 1, 2021 over a period of 10 years at a 1.85 percent interest rate. As of December 31, 2019, there were no funds drawn on this loan.

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 percent, with a final maturity in 2052. These bonds will be paid through utility system user charges collected in the Water Fund. In 2019, the Village made monthly loan payments on this loan and remitted a total of \$86,205 in principal payments and \$126,075 in interest payments. As of December 31, 2019, the loan balance of this loan was \$4,537,775.

Bond Anticipation Note:

The Village issued a bond anticipation note totaling \$150,000 for such projects as water improvements. The bond anticipation note is for a one-year renewal with a maturity date on September 23, 2020 with an interest rate of 3.15 percent.

Ohio Public Works Commission Loans:

The Village entered into a loan agreement dated June 5, 2014, with the Ohio Public Works Commission (OPWC) (Project Number CE15Q) for the Dooley Drive Pavement Improvement project. The total amount of the loan is \$38,188 with a 0 percent interest rate to be repaid over a period of 20 years. On July 1, 2014, the Village started remitting bi-annual payments of \$945. In 2019, the Village remitted a total principal payment of \$18,683 and paid off the balance of this loan.

The Village entered into a loan agreement dated June 24, 2015, with OPWC (Project Number CE35R) for the Wayne Street Waterline Replacement project. The total amount of the loan is \$31,800 with a 0 percent interest rate to be repaid over a period of 20 years. On July 1, 2015, the Village started making bi-annual payments of \$795. In 2019, the Village made an additional principal payment of \$13,850 and paid off the balance of this loan.

**VILLAGE OF PAULDING
PAULDING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019
(Continued)**

The Village entered into a loan agreement dated July 1, 2015, with OPWC (Project Number CE16S) for the Gasser Road and North Walnut Street Pavement Improvement project. The total amount of the loan is \$112,024 with a 0 percent interest rate to be repaid over a period of 20 years. On May 16, 2016, the Village started making bi-annual payments of \$2,801. In 2019, the Village made an additional principal payment of \$40,000. As of December 31, 2019, the balance of this loan was \$39,620.

The Village entered into a loan agreement dated July 1, 2016, with OPWC (Project Number CT16T) for the Perry, Cherry, Emerald, and Various Streets Improvement project. The total amount of the loan is \$505,000 with a 0 percent interest rate to be repaid over a period of 30 years. On May 24, 2018, the Village started making bi-annual payments of \$2,252. In 2019, the Village made an additional principal payment of \$40,000. As of December 31, 2019, the balance of this loan was \$76,134.

The Village entered into a loan agreement dated October 20, 2015, with OPWC (Project Number CT73S) for the Water Meter Replacement project. The total amount of the loan is \$300,000 with a 0 percent interest rate to be repaid over a period of 30 years. On May 24, 2018, the Village started making bi-annual payments of \$4,852. In 2019, the Village made an additional principal payment of \$40,000. As of December 31, 2019, the balance of this loan was \$221,726.

The Village entered into a loan agreement dated July 1, 2016, with OPWC (Project Number CE14T) for the Grant Road Water Tower Improvement project. The total amount of the loan is \$52,500 with a 0 percent interest rate to be repaid over a period of 15 years. The Village started making bi-annual payments of \$1,319 on December 5, 2017. In 2019, the Village made an additional principal payment of \$22,963 and paid off the balance of this loan.

The Village entered into a loan agreement dated July 1, 2018, with OPWC (Project Number CE44V) for the Sewer Separation Phase III project. The total amount of the loan is \$500,000 with a 0 percent interest rate. As of December 31, 2019, there were no funds drawn on this loan.

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

Year Ended December 31	Ohio Water Development Authority	Mortgage Revenue Bonds	Bond Anticipation Note	Ohio Public Works Commission	Total
2020	\$604,694	\$212,280	\$154,804	\$19,811	\$991,589
2021	604,693	212,280		19,811	836,784
2022	604,694	212,280		19,810	836,784
2023	604,693	212,280		19,811	836,784
2024	604,694	212,280		19,810	836,784
2025 - 2029	3,033,368	1,061,400		82,660	4,177,428
2030 - 2034	2,863,143	1,061,400		71,046	3,995,589
2035 - 2039	1,627,226	1,061,400		57,085	2,745,711
2040 - 2044	1,569,842	1,061,400		27,636	2,658,878
2045 - 2049	421,357	1,061,400			1,482,757
2050 - 2054		465,367			465,367
Total	<u>\$12,538,404</u>	<u>\$6,833,767</u>	<u>\$154,804</u>	<u>\$337,480</u>	<u>\$19,864,455</u>

Note 10 – Leases

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

**VILLAGE OF PAULDING
PAULDING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019
(Continued)**

Future minimum lease payments are as follows:

Year Ending December 31	Outstanding Lease Payments
2020	\$3,941
2021	3,194
2022	1,400
Total	<u>\$8,535</u>

Note 11 – Joint Venture

The Paulding Community Fire Association (PCFA) is a joint venture 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 \$20,840 for 2019.

Note 12 – Interfund Advances

The Village advanced \$15,000 from the General Fund to the Enterprise Curbing Improvements Fund to cover curbing project costs instead of issuing a bond anticipation note. The advance will be paid back in 2020.

There was an advance from the Enterprise Curbing Improvements Fund to the General Fund in the amount of \$20,000 as repayment of a prior year advance. This advance was repaid once receipts were received in this fund.

Note 13 – Interfund Transfers

During 2019, the following transfers were made:

Fund	Transfer In
Transfer From General Income Tax Fund To:	
Special Revenue Funds:	
Street Construction Maintenance and Repair Fund	\$108,789
Police Fund	210,000
Capital Projects Fund:	
Parks Capital Improvements Fund	51,682
Enterprise Funds:	
Water Capital Improvement Fund	293,930
Sewer Separation Improvement Fund	270,000
Agency Fund:	
Paulding Community Fire Association (PCFA) Fund	<u>6,284</u>
Total Transfers	<u>\$940,685</u>

Transfers are used to move receipts from the fund that statute or budget required to collect them to the fund that statute or budget requires to expend them and to use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

**VILLAGE OF PAULDING
PAULDING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019
(Continued)**

Note 14 – Miscellaneous Receipts

Miscellaneous receipts in the Special Revenue Fund primarily consisted of reimbursements for a school compliance officer at Paulding Exempted Village School District. Miscellaneous receipts in the Agency Fund primarily consisted of donations.

Note 15 – Subsequent Events

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Village. The investment portfolio in which the Village participates have incurred a significant decline in fair value, consistent with the general decline in financial markets. However, because the values of individual investments fluctuate with market conditions, and due to market volatility, the amount of losses that will be recognized in subsequent periods, if any, cannot be determined. In addition, the impact on the Village's future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated.

**VILLAGE OF PAULDING
PAULDING COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2018**

	General	Special Revenue	Capital Projects	Permanent Trust	Totals (Memorandum Only)
Cash Receipts					
Property and Other Local Taxes	\$160,321	\$304,408			\$464,729
Municipal Income Tax	981,909				981,909
Intergovernmental	83,390	291,246	\$419,227		793,863
Special Assessments	848				848
Charges for Services	7,440	200,954			208,394
Fines, Licenses and Permits	30,914	3,807	1,154		35,875
Earnings on Investments	37,225	505		\$6	37,736
Miscellaneous	43,139	29,670	4,020		76,829
<i>Total Cash Receipts</i>	<u>1,345,186</u>	<u>830,590</u>	<u>424,401</u>	<u>6</u>	<u>2,600,183</u>
Cash Disbursements					
Current:					
Security of Persons and Property	66,953	575,953			642,906
Public Health Services	28,749	3,406			32,155
Leisure Time Activities	43,179	49,990	22,397		115,566
Community Environment	5,358				5,358
Basic Utility Services	6,270				6,270
Transportation	5,966	139,863			145,829
General Government	326,031				326,031
Capital Outlay	90,078	155,203	396,017		641,298
Debt Service:					
Principal Retirement		42,018			42,018
<i>Total Cash Disbursements</i>	<u>572,584</u>	<u>966,433</u>	<u>418,414</u>	<u>6</u>	<u>1,957,431</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>772,602</u>	<u>(135,843)</u>	<u>5,987</u>	<u>6</u>	<u>642,752</u>
Other Financing Receipts (Disbursements)					
Other Debt Proceeds			107,107		107,107
Transfer In		195,009	94,902		289,911
Transfers Out	(654,781)				(654,781)
Advance In	213,606				213,606
Advance Out	(20,000)		(188,606)		(208,606)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(461,175)</u>	<u>195,009</u>	<u>13,403</u>		<u>(252,763)</u>
<i>Net Change in Fund Cash Balances</i>	311,427	59,166	19,390	6	389,989
<i>Fund Cash Balances, January 1</i>	<u>991,864</u>	<u>1,746,431</u>	<u>103,507</u>	<u>1,546</u>	<u>2,843,348</u>
Fund Cash Balances, December 31					
Nonspendable				1,500	1,500
Restricted		878,734			878,734
Committed		926,863	122,897		1,049,760
Unassigned	1,303,291			52	1,303,343
<i>Fund Cash Balances, December 31</i>	<u>\$1,303,291</u>	<u>\$1,805,597</u>	<u>\$122,897</u>	<u>\$1,552</u>	<u>\$3,233,337</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 (CASH BASIS)
ALL PROPRIETARY AND FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2018**

	Proprietary Fund Type	Fiduciary Fund Type	Totals
	Enterprise	Agency	(Memorandum Only)
Operating Cash Receipts			
Charges for Services	\$2,074,266	\$67,500	\$2,141,766
Fines, Licenses and Permits	6,445		6,445
Miscellaneous	34,631	5,125	39,756
<i>Total Operating Cash Receipts</i>	<u>2,115,342</u>	<u>72,625</u>	<u>2,187,967</u>
Operating Cash Disbursements			
Personal Services	378,415	17,246	395,661
Employee Fringe Benefits	240,627	1,721	242,348
Contractual Services	503,624	74,141	577,765
Supplies and Materials	133,805	15,436	149,241
Other	9,766		9,766
<i>Total Operating Cash Disbursements</i>	<u>1,266,237</u>	<u>108,544</u>	<u>1,374,781</u>
<i>Operating Income (Loss)</i>	<u>849,105</u>	<u>(35,919)</u>	<u>813,186</u>
Non-Operating Receipts (Disbursements)			
Intergovernmental		49,970	49,970
Special Assessments	8,945		8,945
Sale of Notes	200,000		200,000
Capital Outlay	(247,400)	(52,136)	(299,536)
Principal Retirement	(566,406)		(566,406)
Interest and Other Fiscal Charges	(270,538)		(270,538)
Other Financing Sources		5,258	5,258
Other Financing Uses		(5,258)	(5,258)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(875,399)</u>	<u>(2,166)</u>	<u>(877,565)</u>
<i>Loss before Transfers and Advances</i>	<u>(26,294)</u>	<u>(38,085)</u>	<u>(64,379)</u>
Transfers In	316,252	48,618	364,870
Advances In	20,000		20,000
Advances Out	(25,000)		(25,000)
<i>Net Change in Fund Cash Balances</i>	<u>284,958</u>	<u>10,533</u>	<u>295,491</u>
<i>Fund Cash Balances, January 1</i>	<u>1,735,841</u>	<u>47,993</u>	<u>1,783,834</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$2,020,799</u></u>	<u><u>\$58,526</u></u>	<u><u>\$2,079,325</u></u>

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

**VILLAGE OF PAULDING
PAULDING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

Note 1 – Reporting Entity

The Village of Paulding, Paulding County, Ohio (the Village) is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. A publicly-elected six-member Council directs the Village. The Village provides water and sewer utilities, park operations, mayor's court, police services, and emergency medical services (EMS). The Village contracts with the Paulding Community Fire Association to receive fire protection services.

Joint Venture and Public Entity Risk Pool

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 6 and 11 to the financial statements provide additional information for these entities. The Village's management believes these financial statements present all activities for which the Village is financially accountable.

Note 2 – Summary of Significant Accounting Policies

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 and fiduciary fund types which are 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 it is expended or transferred 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:

Street Construction Maintenance and Repair Fund The Street Construction Maintenance and Repair Fund accounts for and reports that portion of the State gasoline tax and motor vehicle license registration fees restricted for construction, maintenance, and repair of streets with the Village.

Police Fund The Police Fund receives property tax money paid by Village residents and Mayor's Court costs to operate the police department.

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 Funds:

North Williams/Gasser Road Intersection Improvement Project Fund The North Williams/Gasser Road Intersection Improvement Project Fund is used to track several grants received to fund the construction of a new turn lane on Williams Street.

**VILLAGE OF PAULDING
PAULDING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018
(Continued)**

Wastewater Sewer Separation Project Fund The Wastewater Sewer Separation Project Fund is used to track several grants and loans received to fund the construction of the wastewater sewer separation project.

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

Sewer Fund The Sewer Fund accounts for the provision of sanitary sewer services to the residents and commercial users within the Village.

Fiduciary Funds Fiduciary funds include private purpose trust funds and agency funds. Trust funds account for assets held under a trust agreement for individuals, private organizations, or other governments which are not available to support the Village's own programs.

Agency funds are purely custodial in nature and are used to hold resources for individuals, organizations or other governments. The Village disburses these funds as directed by the individual, organization or other government. The Village's Agency Funds account for:

Mayor's Court Fund The Mayor's Court Fund receives fine money generated by the Village Mayor's Court. Fine money is disbursed to the Village Police Fund and Mayor's Court Computer Fund as well as the State Treasurer and other appropriate agencies.

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(D). 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(D) permit.

**VILLAGE OF PAULDING
PAULDING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018
(Continued)**

Budgetary Process

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

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

Estimated Resources Estimated resources include estimates of cash to be received (budgeted receipts) plus 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 canceled, and reappropriated in the subsequent year.

A summary of 2018 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.

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

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

**VILLAGE OF PAULDING
PAULDING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018
(Continued)**

Assigned Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the General Fund report all fund balances as *assigned* unless they are restricted or committed. In the General Fund, *assigned* amounts represent intended uses established by Village Council or a Village official delegated that authority by resolution, or by State Statute.

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.

Note 3 – Budgetary Activity

Budgetary activity for the year ended December 31, 2018 follows:

2018 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$2,091,775	\$1,558,792	(\$532,983)
Special Revenue	1,244,800	1,025,599	(219,201)
Capital Projects	803,700	626,410	(177,290)
Enterprise	3,337,200	2,660,539	(676,661)
Permanent	5	6	1
Agency	185,900	176,471	(9,429)
Total	\$7,663,380	\$6,047,817	(\$1,615,563)

2018 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,726,775	\$1,247,365	\$479,410
Special Revenue	1,307,805	966,433	341,372
Capital Projects	782,650	607,020	175,630
Enterprise	3,355,875	2,375,581	980,294
Permanent	4	4	4
Agency	187,450	165,938	21,512
Total	\$7,360,559	\$5,362,337	\$1,998,222

Note 4 –Deposits and Investments

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

**VILLAGE OF PAULDING
PAULDING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018
(Continued)**

	<u>2018</u>
Demand deposits	\$1,064,365
Certificates of deposit	3,264,081
Other time deposits (savings accounts)	32,280
Cash on hand	<u>500</u>
Total deposits	4,361,226
Repurchase agreement	<u>951,436</u>
Total deposits and investments	<u><u>\$5,312,662</u></u>

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

The Village's financial institution transfers securities to the Village's agent to collateralize repurchase agreements. The securities are not in the Village's name.

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

The Village levies a municipal income tax of 1 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.

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

**VILLAGE OF PAULDING
PAULDING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018
(Continued)**

Note 6 – Risk Management

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, 2016, the OPRM retains 50 % of the premium and losses on the first \$250,000 casualty treaty and 30 % of the first \$1,000,000 property treaty. Effective November 1, 2017, the OPRM retained 47 percent of the premium and losses on the first \$250,000 casualty treaty and 30 % of the first \$1,000,000 property treaty. Effective November 1, 2018, the OPRM 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. OPRM had 774 members as of December 31, 2018.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2018.

Assets	\$15,065,412
Liabilities	<u>(10,734,623)</u>
Members' Equity	<u>\$4,330,789</u>

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

Note 7 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

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 postemployment 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 equalizing 14 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2018.

Ohio Police and Fire Retirement System

The Village's full-time Police Officers 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, 2018.

**VILLAGE OF PAULDING
PAULDING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018
(Continued)**

Note 8 – 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 2018. The portion of employer contributions allocated to OPERS members in the Member Directed Plan was 4 percent during calendar year 2018. OP&F contributes 0.5 percent to fund these benefits.

Beginning January 1, 2019, OP&F is changing its retiree health care model and the current self-insured health care plan will no longer be offered. In its place is a stipend-based health care model. A stipend funded by OP&F will be placed in individual Health Reimbursement Accounts that retirees will use to be reimbursed for health care expenses.

Note 9 – Debt

Debt outstanding at December 31, 2018 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Ohio Water Development Authority Loans	\$11,530,666	Various
Mortgage Revenue Bonds	4,623,980	2.75%
Bond Anticipation Note	200,000	3.15%
Ohio Public Works Commission Loans	537,012	0%
Total	<u>\$16,891,658</u>	

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 OWDA (Loan Number 6099) for the purpose of construction of a new Village Water Treatment Plant. The total amount of proceeds the Village may draw on this loan is \$2,798,194. This loan is to be repaid over a period of 30 years at 1.5 percent interest beginning January 1, 2015. As of December 31, 2018, the Village received a total of \$2,764,341 in loan proceeds. In 2018, the Village made bi-annual loan payments on this loan and remitted a total of \$77,527 in principal payments and \$37,240 in interest payments. As of December 31, 2018, the balance of this loan was \$2,424,415.

The Village entered into a loan agreement dated January 26, 2013, with OWDA (Loan Number 6386) for the Village Sewer Separation Phase I project. The total amount of proceeds the Village may draw for this loan is \$5,230,943. This loan is to be repaid over a period of 20 years starting on January 1, 2015 at 1.0 percent interest. As of December 31, 2018, the Village received a total of \$5,050,519 in loan proceeds. In 2018, the Village made bi-annual loan payments on this loan and remitted a total of \$237,463 in principal payments and \$41,787 in interest payments. As of December 31, 2018, the balance for this loan was \$4,000,345.

**VILLAGE OF PAULDING
PAULDING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018
(Continued)**

The Village entered into a loan agreement dated May 29, 2014, with OWDA (Loan Number 6911) for the Village Sewer Separation Phase II 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 0.78 percent interest and the remaining \$2,080,945 to be repaid at 2.28 percent interest starting on July 1, 2017. In 2018, the Village made bi-annual loan payments on this loan and remitted a total of \$123,614 in principal payments and \$63,100 in interest payments. As of December 31, 2018, the balance for this loan was \$4,805,906.

The Village entered into a loan agreement dated September 28, 2017, with OWDA (Loan Number 7842) for the Village Sewer Separation Phase III Design project. The total amount of proceeds the Village could draw for this loan is \$300,000. The loan was to be paid over a period of 5 years at 0 percent interest starting on January 1, 2019. As of December 31, 2018, the Village received a total of \$300,000 in loan proceeds. There is no amortization schedule at this time; however, the outstanding principal balance is included in the total outstanding noted above.

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 percent with a final maturity in 2052. These bonds will be paid through utility system user charges collected in the Water Fund. In 2018, the Village made monthly loan payments on this loan and remitted a total of \$83,870 in principal payments and \$128,411 in interest payments. As of December 31, 2018, the loan balance of this loan was \$4,623,980.

Bond Anticipation Note:

The Village issued a bond anticipation note totaling \$200,000 for such projects as water improvements. The bond anticipation note is for a one-year renewal with a maturity date on September 21, 2019 with an interest rate of 3.02 percent.

Ohio Public Works Commission Loans:

The Village entered into a loan agreement dated June 5, 2014, with the Ohio Public Works Commission (OPWC) (Project Number CE15Q) for the Dooley Drive Pavement Improvement project. The total amount of the loan is \$38,188 with a 0 percent interest rate to be repaid over a period of 20 years. On July 1, 2014, the Village started remitting bi-annual payments of \$956. In 2018, the Village made an additional principal payment of \$10,000. As of December 31, 2018, the balance of this loan was \$18,683.

The Village entered into a loan agreement dated June 24, 2015, with OPWC (Project Number CE35R) for the Wayne Street Waterline Replacement project. The total amount of the loan is \$31,800 with a 0 percent interest rate to be repaid over a period of 20 years. On July 1, 2015, the Village started making bi-annual payments of \$795. In 2018, the Village made an additional principal payment of \$10,000. As of December 31, 2018, the balance for this loan was \$15,440.

The Village entered into a loan agreement dated July 1, 2015, with OPWC (Project Number CE16S) for the Gasser Road and North Walnut Street Pavement Improvement project. The total amount of the loan is \$112,024 with a 0 percent interest rate to be repaid over a period of 20 years. On May 16, 2016, the Village started making bi-annual payments of \$2,801. In 2018, the Village made an additional principal payment of \$10,000. As of December 31, 2018, the balance of this loan was \$85,220.

**VILLAGE OF PAULDING
PAULDING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018
(Continued)**

The Village entered into a loan agreement dated July 1, 2016, with OPWC (Project Number CT16T) for the Perry, Cherry, Emerald, and Various Streets Improvement project. The total amount of the loan is \$505,000 with a 0 percent interest rate to be repaid over a period of 30 years. On May 28, 2018, the Village started making bi-annual payments of \$2,252. In 2018, the Village made an additional principal payment of \$10,000. As of December 31, 2018, the balance of this loan was \$120,639.

The Village entered into a loan agreement dated October 20, 2015, with OPWC (Project Number CT73S) for the Water Meter Replacement project. The total amount of the loan is \$300,000 with a 0 percent interest rate to be repaid over a period of 30 years. On May 24, 2018, the Village will start making bi-annual payments of \$4,852. In 2018, the Village made an additional principal payment of \$10,000. As of December 31, 2018, the balance of this loan was \$271,431.

The Village entered into a loan agreement dated July 1, 2016, with OPWC (Project Number CE14T) for the Grant Road Water Tower Improvement project. The total amount of the loan is \$52,500 with a 0 percent interest rate to be repaid over a period of 15 years. The Village started making bi-annual payments of \$1,319 on December 5, 2017. In 2018, the Village made an additional principal payment of \$10,000. As of December 31, 2018, the balance of this loan was \$25,599.

The Village entered into a loan agreement dated July 1, 2018, with OPWC (Project Number CE44V) for the Sewer Separation Phase III project. The total amount of the loan is \$500,000 with a 0 percent interest rate. As of December 31, 2018, there was not any funds drawn on the loan.

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

Year Ended December 31	Water Development Authority	Mortgage Revenue Bonds	Bond Anticipation Note	Public Works Commission	Total
2019	\$604,694	\$212,280	\$206,090	\$25,950	\$1,049,014
2020	604,693	212,280		25,950	842,923
2021	604,694	212,280		25,950	842,924
2022	604,693	212,280		25,950	842,923
2023	604,694	212,280		25,950	842,924
2024 - 2028	3,033,368	1,061,400		128,079	4,222,847
2029 - 2033	3,002,767	1,061,400		99,052	4,163,219
2034 - 2038	1,766,850	1,061,400		72,249	2,900,499
2039 - 2043	1,627,225	1,061,400		71,046	2,759,671
2044 - 2048	689,419	1,061,400		36,836	1,787,655
2049 - 2053		677,342			677,342
Total	<u>\$13,143,097</u>	<u>\$7,045,742</u>	<u>\$206,090</u>	<u>\$537,012</u>	<u>\$20,931,941</u>

Note 10 – Leases

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

Future minimum lease payments are as follows:

**VILLAGE OF PAULDING
PAULDING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018
(Continued)**

Year Ending December 31	Outstanding Lease Payments
2019	\$4,113
2020	3,864
2021	3,117
2022	1,381
Total	\$12,475

Note 11 – Joint Venture

The Paulding Community Fire Association (PCFA) is a joint venture 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 \$21,039 for 2018.

Note 12 – Interfund Advances

The Village advanced \$20,000 from the General Fund to the Enterprise Curbing Improvements Fund to cover curbing project costs instead of issuing a bond anticipation note. The advance will be paid back in 2019.

There were two advances in the General Fund in the amounts of \$188,606 and \$25,000 as repayment of prior year advances from the Capital Projects North Williams/Gasser Intersection Project Fund and the Enterprise Curbing Improvements Fund, respectively. These advances were repaid once receipts were received in these respective funds.

Note 13 – Interfund Transfers

During 2018, the following transfers were made:

**VILLAGE OF PAULDING
PAULDING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018
(Continued)**

Fund	Transfer In
Transfer From General Fund To:	
Enterprise:	
Water Fund	\$30,000
 Transfer From General Income Tax Fund To:	
Special Revenue Funds:	
Street Construction and Maintenance Fund	36,009
Police Fund	157,500
EMS Village Levy Fund	1,500
Capital Projects Funds:	
Parks Capital Improvements Fund	46,508
Wastewater Sewer Separation Fund	48,394
Enterprise Funds:	
Water Capital Improvement Fund	43,932
Sewer Separation Capital Improvement Fund	242,320
Agency Fund:	
Paulding Community Fire Association (PCFA) Fund	48,618
Total Transfers	\$654,781

Transfers are used to move receipts from the fund that statute or budget required to collect them to the fund that statute or budget requires to expend them and to use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.



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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, Ohio 45879-1408

To the Village Council:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the cash balances, receipts, and disbursements by fund type of the Village of Paulding, Paulding County, Ohio (the Village) as of and for the years ended December 31, 2019 and 2018, and the related notes to the financial statements and have issued our report thereon dated June 4, 2020, wherein we noted the Village followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. We also noted the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Village.

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 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 2019-001 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 or other matters we must report under *Government Auditing Standards*.

Village's Response to Finding

The Village's response to the finding identified in our audit is described in the accompanying schedule of findings. 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.



Keith Faber
Auditor of State

Columbus, Ohio

June 4, 2020

**VILLAGE OF PAULDING
PAULDING COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2019 AND 2018**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2019-001

Material Weakness – Financial Reporting

In our audit engagement letter, as required by AU-C Section 210, *Terms of Engagement*, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error as discussed in AU-C Section 210 paragraphs .A14 & .A16. In addition, Governmental Accounting Standards Board (GASB) Statement No. 54 (codified as GASB Cod 1800.165-.179) requires fund balance be divided into one of five classifications based on the extent to which constraints are imposed upon the resources.

The following errors were identified in the accompanying financial statements:

- Permissive tax receipts from the County Engineer in the amount of \$81,250 were incorrectly classified as property and other local taxes instead of intergovernmental revenue in the County Permissive Tax Fund in 2018.
- In 2019 and 2018, Budgeted Receipts in the Budgetary Activity note to the financial statements did not agree to amounts certified by the County Budget Commission in the General Fund in the amount of \$250,000.
- In 2019 and 2018, Budgeted Receipts in the Budgetary Activity note to the financial statements did not agree to amounts certified by the County Budget Commission in the Enterprise Fund in the amounts of \$299,928 and \$251,000, respectively.
- In 2019 and 2018, Appropriation Authority in the Budgetary Activity note to the financial statements did not agree to amounts approved by Village Council in the General Fund in the amounts of \$135,000 and \$250,000, respectively.
- In 2018, Appropriation Authority in the Budgetary Activity note to the financial statements did not agree to amounts approved by Village Council in the Enterprise Fund in the amount of \$251,000.
- In 2019, Budgetary Expenditures in the Budgetary Activity note to the financial statements were overstated in the General Fund in the amount of \$140,043.
- Committed fund balance within the Emergency Medical Services Fund in the amounts of \$497,482 and \$499,144 were incorrectly classified as restricted in 2019 and 2018, respectively.
- Committed fund balance within the Emergency Medical Services Contract Fund in the amounts of \$268,836 and \$423,152 were incorrectly classified as restricted in 2019 and 2018, respectively.
- Committed fund balance within the Parks Capital Improvements Fund in the amounts of \$119,377 and \$122,897 were incorrectly classified as assigned in 2019 and 2018, respectively.
- Restricted fund balance within the Cemetery Trust Fund in the amount of \$100 was incorrectly classified as unassigned in 2019.

These errors were the result of inadequate policies and procedures in reviewing the financial statements. Failure to complete accurate financial statements could lead to the Village Council making misinformed decisions. The accompanying financial statements and notes to the financial statements have been adjusted to correct these and other errors. Additional errors were noted in smaller relative amounts.

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

Officials' Response:

The new Finance Director has read and understands the previous Finance Director's errors and will monitor pertinent financial and budgetary postings to the financial statements and the notes to the financial statements.

VILLAGE OF PAULDING

Finance Director 419-399-4011
Utilities Office 419-399-4011
Administrator 419-399-2806
Fax # 419-399-5368

116 SOUTH MAIN ST
PAULDING, OH 45879

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS DECEMBER 31, 2019 AND 2018

Finding Number	Finding Summary	Status	Additional Information
2017-001	This finding was first reported in 2014. Material weakness for lack of monitoring of financial transactions resulting in errors in the financial statements.	Not corrected and reissued as Finding 2019-001 in this report.	The new Finance Director has read and understands the previous Finance Director's errors and will monitor pertinent financial and budgetary postings to the financial statements and the notes to the financial statements.

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OHIO AUDITOR OF STATE KEITH FABER



VILLAGE OF PAULDING

PAULDING COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
JUNE 18, 2020**