PAULDING COUNTY

SINGLE AUDIT

FOR THE YEAR ENDED DECEMBER 31, 2022

OHIO AUDITOR OF STATE
KEITH FABER

PAULDING COUNTY
DECEMBER 31, 2022

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DECEMBER 31, 2022

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INDEPENDENT AUDITOR'S REPORT

Paulding County
451 McDonald Pike, Suite E
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To the Board of County Commissioners:

Report on the Audit of the Financial Statements

Adverse and Unmodified Opinions

We have audited the cash-basis financial statements of the governmental activities, business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of Paulding County, Ohio (the County), as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Summary of Opinions

Opinion Unit	Opinion
Governmental Activities	Unmodified
Business-Type Activities	Unmodified
Discretely Presented Component Units	Adverse
General Fund	Unmodified
Governmental Fund - Motor Vehicle Gasoline Tax	Unmodified
Governmental Fund - Paulding County Board of Developmental Disabilities	Unmodified
Governmental Fund - American Rescue Plan Act	Unmodified
Aggregate Remaining Fund Information	Unmodified

Adverse Opinion on the Discretely Presented Component Units – Paulding County Hospital and Paulding County Land Reutilization Corporation

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse and Unmodified Opinions* section of our report, the accompanying financial statements referred to above do not present fairly the cash financial position of the discretely presented component units – Paulding County Hospital and Paulding County Land Reutilization Corporation of Paulding County, Ohio, as of December 31, 2022, or the changes in cash financial position or cash flows thereof for the year then ended in accordance with the accounting basis described in Note 2.

Unmodified Opinions on Governmental Activities, Business-Type Activities, Each Major Fund, and Aggregate Remaining Fund Information

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective cash-basis financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the County, as of December 31, 2022, and the respective changes in cash-basis financial position thereof and the respective budgetary comparisons for the General, Motor Vehicle Gasoline Tax, Paulding County Board of Developmental Disabilities, and American Rescue Plan Act Funds for the year then ended in accordance with the cash-basis accounting basis described in Note 2.

Basis for Adverse and Unmodified 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 County 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 adverse and unmodified audit opinions.

Matter Giving Rise to Adverse Opinion on the Discretely Presented Component Units – Paulding County Hospital and Paulding County Land Reutilization Corporation

The financial statements do not include financial data for the County's legally separate component units – the Paulding County Hospital and Paulding County Land Reutilization Corporation. Accounting principles generally accepted in the United States of America require the financial data for the component units to be reported with the financial data of the County's primary government unless the County also issues financial statements for the financial reporting entity that include the financial data for its component units. The County has not issued such reporting entity financial statements. The effects of not including the County's discretely presented legally separate component units have not been determined.

Emphasis of Matter – Accounting Basis

Ohio Administrative Code § 117-2-03(B) requires the County to prepare its annual financial report in accordance with accounting principles generally accepted in the United States of America. We draw attention to Note 2 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the cash basis of accounting described in Note 2, and for determining that the cash basis of accounting is an acceptable basis for preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the County '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 *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 County'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 County'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.

Supplementary Information

Our audit was conducted to opine on the financial statements as a whole that collectively comprise the County's basic financial statements.

The Schedule of Expenditures of Federal Awards as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards is presented for purposes of additional analysis and is not a required part of the financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied to the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, this schedule is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Information

We applied no procedures to management's discussion and analysis as listed in the table of contents. Accordingly, we express no opinion or any other assurance on it.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 18, 2023, on our consideration of the County'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 County'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 County's internal control over financial reporting and compliance.

Keith Faber

Keith Faber
Auditor of State
Columbus, Ohio

September 18, 2023

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2022
UNAUDITED

The discussion and analysis of Paulding County's (the County) financial performance provides an overall review of the County's financial activities for the year ended December 31, 2022. The intent of this discussion and analysis is to look at the County's financial performance as a whole; readers should also review the basic financial statements and notes to enhance their understanding of the County's financial performance.

Financial Highlights

Key financial highlights for 2022 are as follows:

- Net position decreased $605,729 which represents a 2.81 percent decrease over 2021.
- The 2022 General Fund cash disbursements exceeded cash receipts by $80,838.
- The 2022 General Fund beginning cash balance was $3,792,787 whereas the ending cash balance was $3,711,949.
- The County's major funds included the General Fund, Motor Vehicle Gasoline Tax Fund, Paulding County Board of Developmental Disabilities (PCBDD) Fund, and American Rescue Plan Act (ARPA) Fund.

Using the Basic Financial Statements

This annual report is presented in a format consistent with the presentation requirements of the Governmental Accounting Standards Board (GASB) Statement No. 34, as applicable to the County's cash basis of accounting.

The annual report consists of a series of financial statements and notes to these statements. The statements are organized so the reader can understand the County as a financial whole or as an entire operating entity.

Report Components

The Statement of Net Position – Cash Basis and the Statement of Activities – Cash Basis provide information about the activities of the whole County, presenting both an aggregate view of the County's finances and a longer-term view of those finances.

Fund financial statements provide a greater level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the County's most significant funds, with all the other non-major funds presented in total in a single column. For the County, the General Fund is the most significant fund. The County's major funds are the General Fund, Motor Vehicle Gasoline Tax Fund, Paulding County Board of Developmental Disabilities (PCBDD) Fund, and American Rescue Plan Act (ARPA) Fund.

Reporting the County as a Whole

Statement of Net Position – Cash Basis and Statement of Activities – Cash Basis

The Statement of Net Position – Cash Basis and Statement of Activities – Cash Basis reflect how the County did financially during 2022. These statements include only net position using the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. This basis of accounting takes into account only the current year's receipts and disbursements if the cash is actually received or paid.

As a result of the use of the cash basis of accounting, certain assets and their related receipts (such as accounts receivable and receipts for billed or provided services not collected) and liabilities and their related disbursements (such as accounts payable and disbursements for goods or services received but not yet paid and accrued disbursements and liabilities) are not recorded in these financial statements; therefore, when reviewing the financial information and discussion within this annual report, the reader should keep in mind the limitations resulting from the use of the cash basis of accounting.

These statements report the County's net position and the changes in that net position. Keeping in mind the limitations of the cash basis of accounting, this change in net position is important because it is one way to measure the County's financial health. Over time, increases or decreases in the County's cash position is one indicator of whether the County's financial health is improving or deteriorating. When evaluating the County's financial condition, you should also consider other non-financial factors as well, such as the County's property tax base, the condition of the County's capital assets and infrastructure, the extent of the County's debt obligations, or reliance on non-local financial resources for operations.

In the Statement of Net Position – Cash Basis and the Statement of Activities – Cash Basis, the County discloses two distinct kinds of activities, governmental activities and business-type activities. Most of the County's programs and services are reported as governmental activities, which include legislative, executive, and judicial government, public safety, public works, health, and human services. State and federal grants and sales and property taxes finance most of these activities. Benefits provided through governmental activities are not necessarily paid for by the people receiving them. Business-type activities are provided on a charge for goods or services basis to recover all or a significant portion of the expenses of the goods or services provided.

Reporting the County's Most Significant Funds

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the County can be divided into governmental funds, proprietary funds, and fiduciary funds.

Fund financial statements provide detailed information about the County's major funds. While the County uses many funds to account for its financial transactions, the fund financial statements focus is on the County's most significant funds. The County's major funds are the General Fund, Motor Vehicle Gasoline Tax Fund, Paulding County Board of Developmental Disabilities (PCBDD) Fund, and American Rescue Plan Act (ARPA) Fund; all other governmental funds are considered non-major.

Governmental Funds

Most of the County's activities are reported in governmental funds which focus on how money flows into and out of these funds and the balances left at year-end available for spending in future periods. These funds are reported using the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. The governmental fund statements provide a detailed view of the County's general government operations and the basic services it provides. Governmental fund information helps you determine whether or not there are more or fewer cash basis financial resources that can be readily spent to finance various County programs.

The County's budgetary process accounts for certain transactions on a cash basis. The budgetary statements for the General Fund and all annually budgeted major Special Revenue Funds are presented to demonstrate the County's compliance with annually adopted budgets.

Proprietary Funds

Enterprise funds use the same basis of accounting (cash basis) as business-type activities; therefore, these statements will essentially match the information provided in statements for the County as a whole. The County uses Enterprise funds to account for its various Auglaize sanitary sewer district operations.

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the County. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to the County's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. Custodial funds are the County's only fiduciary fund type.

Notes to the Financial Statements

The notes provide additional information that is essential to understanding the data provided in the government-wide and fund financial statements.

Government-Wide Financial Analysis

Recall that the Statement of Net Position – Cash Basis provides the perspective of the County as a whole.

Table 1 provides a summary of the County's net position for 2022 compared to the prior year.

Table 1 - Net Position (Cash Basis)

	Governmental Activities 2022	Governmental Activities 2021	Business-Type Activities 2022	Business-Type Activities 2021	Total 2022	Total 2021
Assets						
Equity in Pooled Cash and Cash Equivalents	$ 20,361,866	$ 20,965,642	$ 559,220	$ 561,173	$ 20,921,086	$ 21,526,815
Net Position						
Restricted	15,898,063	16,172,782	-	-	15,898,063	16,172,782
Unrestricted	4,463,803	4,792,860	559,220	561,173	5,023,023	5,354,033
Total Net Position	$ 20,361,866	$ 20,965,642	$ 559,220	$ 561,173	$ 20,921,086	$ 21,526,815

The total net position of the County decreased $605,729. Net position of governmental activities decreased $603,776 which represents a decrease of 2.88 percent over 2021.

Table 2, on the following pages, reflects the changes in net position for 2022 from the prior year.

Table 2 - Change in Net Position (Cash Basis)

	Governmental Activities 2022	Governmental Activities 2021	Business-Type Activities 2022	Business-Type Activities 2021	Total 2022	Total 2021
Cash Receipts:						
Program Cash Receipts:						
Charges for Services	$ 3,314,760	$ 3,400,635	$ 273,344	$ 284,089	$ 3,588,104	$ 3,684,724
Operating Grants and Contributions	9,438,789	8,460,288	-	-	9,438,789	8,460,288
Total Program Cash Receipts	12,753,549	11,860,923	273,344	284,089	13,026,893	12,145,012
General Receipts:						
Property Taxes	3,149,803	3,773,488	-	-	3,149,803	3,773,488
Sales Taxes	2,639,474	2,697,244	-	-	2,639,474	2,697,244
Payments in Lieu of Taxes	1,374,835	885,341	-	-	1,374,835	885,341
Unrestricted Grants and Entitlements	1,173,953	1,025,892	-	-	1,173,953	1,025,892
Proceeds from Sale of Notes	72,000	74,000	-	-	72,000	74,000
Investment Income	268,998	154,807	-	-	268,998	154,807
Loan Repayments	8,358	12,496	-	-	8,358	12,496
Other	637,038	773,885	-	-	637,038	773,885
Proceeds from Sale of Capital Assets	7,500	741,764	-	-	7,500	741,764
Total General Receipts	9,331,959	10,138,917	-	-	9,331,959	10,138,917
Total Cash Receipts	22,085,508	21,999,840	273,344	284,089	22,358,852	22,283,929

(Continued on next page)

Table 2 - Change in Net Position (Cash Basis) (Continued)

	Governmental Activities 2022	Governmental Activities 2021	Business-Type Activities 2022	Business-Type Activities 2021	Total 2022	Total 2021
Cash Disbursements:						
General Government	6,673,530	4,714,065	-	-	6,673,530	4,714,065
Public Safety	4,185,564	3,805,508	-	-	4,185,564	3,805,508
Public Works	7,163,924	6,292,992	-	-	7,163,924	6,292,992
Health	552,338	478,257	-	-	552,338	478,257
Human Services	2,897,193	2,522,249	-	-	2,897,193	2,522,249
Economic Promotion	286,483	203,846	-	-	286,483	203,846
Conservation/Recreation	152,298	124,500	-	-	152,298	124,500
Sanitary Sewer	-	-	275,297	249,116	275,297	249,116
Miscellaneous	693	897,040	-	-	693	897,040
Capital Outlay	468,943	898,755	-	-	468,943	898,755
Debt Service:						
Principal Retirement	271,995	287,894	-	-	271,995	287,894
Interest and Fiscal Charges	36,323	42,424	-	-	36,323	42,424
Total Cash Disbursements	22,689,284	20,267,530	275,297	249,116	22,964,581	20,516,646
Change in Net Position	(603,776)	1,732,310	(1,953)	34,973	(605,729)	1,767,283
Net Position Beginning of Year	20,965,642	19,233,332	561,173	526,200	21,526,815	19,759,532
Net Position End of Year	$ 20,361,866	$ 20,965,642	$ 559,220	$ 561,173	$ 20,921,086	$ 21,526,815

Program cash receipts of governmental activities increased $892,626 or 7.53 percent from 2021. This was primarily attributed to the increase in operating grants and contributions.

General receipts decreased $806,958 or 7.96 percent from 2021. This was primarily attributed to a decrease in proceeds from sale of capital assets.

General government cash disbursements represent activities related to the governing body as well as activities that directly support County programs. In 2022, general government cash disbursements totaled $6,673,530, or 29.41 percent of total governmental cash disbursements. General government Legislative, Executive, and Judicial programs were supported by $4,932,500 in direct charges to users and operating grants and contributions.

The County program, Public Safety, accounted for $4,185,564 or 18.45 percent of total governmental cash disbursements. Public Safety programs relate to police protection, emergency management services, and 911 services for County residents. Public Safety programs were supported by $423,004 in direct charges to users and operating grants and contributions.

The County program, Public Works, accounted for $7,163,924, or 31.57 percent of total governmental cash disbursements. Public Works programs relate to the betterment of County roads and related infrastructure. Public Works programs were supported by $5,631,823 in direct charges to users and operating grants and contributions.

The County program, Human Services, accounted for $2,897,193, or 12.77 percent of total governmental cash disbursements. Human Services programs primarily include the Senior Center, Child Support Enforcement Agency (CSEA), and the Paulding County Board of Developmental Disabilities (PCBDD) related programs. Human Services programs were supported by $979,610 in direct charges to users and operating grants and contributions.

Capital outlay disbursements accounted for $468,943, or 2.07 percent of total governmental cash disbursements. Capital outlay disbursements were supported by $5,500 of direct charges to users and the County's general receipts.

Debt service disbursements accounted for $308,318, or 1.36 percent of total governmental cash disbursements. Debt service disbursements are supported entirely by general receipts for the County Jail and Paulding County Hospital debt.

Governmental Activities

The Statement of Activities – Cash Basis shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows, for governmental activities, the total cost of services and the net cost of services for 2022. It identifies the cost of these services supported by tax receipts and unrestricted state grants and entitlements.

Table 3 - Governmental Activities (Cash Basis)

	Total Cost of Services		Net Cost of Services	
	2022	2021	2022	2021
Cash Disbursements:				
General Government	$ 6,673,530	$ 4,714,065	$ 1,741,030	$ 2,074,770
Public Safety	4,185,564	3,805,508	3,762,560	3,399,921
Public Works	7,163,924	6,292,992	1,532,101	655,241
Health	552,338	478,257	(19,271)	(1,523,739)
Human Services	2,897,193	2,522,249	1,917,583	1,575,707
Economic Promotion	286,483	203,846	177,871	75,134
Conservation/Recreation	152,298	124,500	152,298	124,500
Miscellaneous	693	897,040	(100,198)	796,000
Capital Outlay	468,943	898,755	463,443	898,755
Debt Service:				
Principal Retirement	271,995	287,894	271,995	287,894
Interest and Fiscal Charges	36,323	42,424	36,323	42,424
Total Cash Disbursements	$ 22,689,284	$ 20,267,530	$ 9,935,735	$ 8,406,607

The dependence upon general receipts for governmental activities is apparent, with 43.79 percent of cash disbursements supported through taxes and other general receipts during 2022.

Financial Analysis of the County's Funds

As noted earlier, the County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The County's governmental funds and business-type funds are accounted for using the cash basis of accounting.

The County's governmental funds and business-type funds reported a combined fund cash balance of $20,921,086 which is $605,729 below last year's total of $21,526,815. The schedule below indicates the fund balance and the total change in fund balance as of December 31, 2022 and December 31, 2021 for all major and non-major governmental funds and business-type funds.

	Balance at 12/31/22	Balance at 12/31/21	Increase (Decrease)
Major Funds:			
General Fund	$ 3,711,949	$ 3,792,787	$ (80,838)
Motor Vehicle Gasoline Tax Fund	1,385,582	2,767,601	(1,382,019)
Paulding County Board of Developmental Disabilities Fund	4,205,292	5,099,252	(893,960)
American Rescue Plan Act Fund	3,299,618	1,625,961	1,673,657
	12,602,441	13,285,601	(683,160)
Other Nonmajor Governmental Funds	7,759,425	7,680,041	79,384
Business-Type Activities	559,220	561,173	(1,953)
Total	$ 20,921,086	$ 21,526,815	$ (605,729)

The General Fund is the main operating fund of the County. For 2022, receipts of $7,939,294 primarily consisted of property taxes, sales taxes, charges for services, and intergovernmental receipts. Disbursements of $8,020,132 were primarily expended for legislative and executive, judicial, and public safety. This resulted in a net decrease of $80,838 to the General Fund balance. Receipts increased by 6.54 percent and disbursements increased by 7.74 percent from 2021.

The Motor Vehicle Gasoline Tax Fund reported receipts of $5,204,657 primarily from gasoline tax, motor vehicle registration fees, and charges for services. Disbursements of $6,586,676 were expended for road and bridge repairs and maintenance payments. This resulted in a net decrease of $1,382,019 in the Motor Vehicle Gasoline Tax Fund balance. Receipts decreased by 2.99 percent and disbursements increased by 9.69 percent from 2021.

The Paulding County Board of Developmental Disabilities (PCBDD) Fund reported receipts of $745,435 primarily from payments in lieu of taxes and intergovernmental receipts. Disbursements of $1,639,395 were expended for services to provide assistance, care, and training to mentally challenged and developmentally disabled individuals in the County. This resulted in a net decrease of $893,960 to the PCBDD Fund balance. Receipts decreased by 50.84 percent and disbursements increased by 13.94 percent from 2021.

The American Rescue Plan Act (ARPA) Fund reported receipts of $2,284,059 entirely from intergovernmental receipts. Disbursements of $610,402 were expended for legislative and executive purposes to help address and respond to the ongoing COVID-19 public health emergency and support long-term economic recovery in the County. This resulted in a net increase of $1,673,657 in the ARPA Fund balance. Receipts increased by 25.95 percent and disbursements increased by 225.64 from 2021.

Budgetary Highlights

The County's appropriations are prepared according to Ohio law and are based on accounting for transactions on the basis of cash receipts, disbursements, and encumbrances. The General Fund is the most significant budgeted fund.

During each year, the General Fund budget is revised as needs arise. Records of revisions are found in the Commissioners' journals.

For the General Fund, estimated receipts increased by 0.10 percent from the original to final budget. There was an 8.20 percent increase in appropriations from the original to final budget. This was for expected increases in disbursements made to fund various expenses. Actual receipts exceeded final estimated receipts by 5.15 percent. Actual disbursements were 8.65 percent less than final appropriations.

For the Motor Vehicle Gasoline Tax Fund, there were no changes in estimated receipts from the original to final budget. There was a 32.59 percent increase in appropriations from the original to final budget. Actual receipts exceeded final estimated receipts by 0.57 percent. Actual disbursements were 1.72 percent less than final appropriations.

For the Paulding County Board of Developmental Disabilities Fund, there were no changes in estimated receipts from the original to final budget. There was a 3.21 percent increase in appropriations from the original to final budget. Actual receipts were less than final estimated receipts by 41.10 percent. Actual disbursements were 29.23 percent less than final appropriations. This was due to overestimating the amount of human service disbursements in 2022.

For the American Rescue Plan Act Fund, there were no changes in estimated receipts from the original to final budget. There was a 100 percent increase in appropriations from the original to final budget. Actual receipts were greater than final estimated receipts by 25.95 percent. Actual disbursements were 62.46 percent less than final appropriations. This was due to overestimating the amount of legislative and executive disbursements in 2022.

Capital Assets and Debt Administration

Capital Assets

The County does not record capital assets in the accompanying basic financial statements but records payments for capital assets as disbursements. The County had capital outlay disbursements of $468,943.

Debt Administration

The County had the following long-term debt obligations outstanding at December 31, 2022:

	Long-Term Obligations
Governmental Activities	
Various Purpose Refunding and Improvement Bonds, Series 2011 (Paulding Hospital and Jail Debt)	$ 425,000
JFS Building Loan	324,142
Eagle Creek Ditch Loan	64,578
Total Long-Term Obligations	813,720
Notes Payable - Financed Purchases	209,623
Total Governmental Activities Long-Term Obligations	1,023,343
Business-Type Activities	
United States Department of Agriculture (USDA) Sanitary Sewer Revenue Bonds	2,168,100
Ohio Water Development Authority (Auglaize River Area Sewers)	701,231
Total Business-Type Long-Term Obligations	2,869,331
Total	$ 3,892,674

In addition, the County had short-term general obligation notes outstanding in the amounts of $72,000.

Economic Factors to be Considered for the Future

The County's Administration considered the impact of various economic factors when establishing the 2022 budget. Despite the uncertainty surrounding the economy, the County continues to carefully monitor its primary sources of revenue – real estate taxes, local sales taxes, various intergovernmental revenue sources (e.g. local government funds) and payments in lieu of taxes (PILOT). In order to stabilize the impact of the fluctuations in these revenue sources, the County continues to closely watch the delinquency rate of property tax payments; pursue economic development and job creation; and adopt and monitor the annual budget designed to promote long-term fiscal stability for the County. In order to help meet the objectives of the 2022 budget, the County emphasized various efforts to continue to control costs while still pursuing new sources of revenue. The County continues to evaluate and respond to the challenges the COVID-19 pandemic has placed on the County's local economy. However, Coronavirus Relief Funds (CRF) and American Rescue Plan Act (ARPA) funding received during the COVID-19 pandemic have helped offset County expenses and have been used for various items, including capital related projects. The County's Administration is committed to promote economic growth and development as the County continues to recover from the pandemic.

Requests for Information

This financial report is designed to provide a general overview of Paulding County's finances for all those with an interest in county finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Claudia J. Fickel, Paulding County Auditor, at 115 North Williams Street, Paulding, Ohio 45879-1284.

PAULDING COUNTY

STATEMENT OF NET POSITION - CASH BASIS
DECEMBER 31, 2022

	Governmental Activities		Business-Type Activities		Total	
Assets						
Equity in Pooled Cash and Cash Equivalents	$	20,361,866	$	559,220	$	20,921,086
Net Position						
Restricted for:						
Debt Service		328,295		-		328,295
Capital Projects		489,008		-		489,008
Other Purposes		15,080,760		-		15,080,760
Unrestricted		4,463,803		559,220		5,023,023
Total Net Position	$	20,361,866	$	559,220	$	20,921,086

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

PAULDING COUNTY

STATEMENT OF ACTIVITIES - CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2022

		Program Cash Receipts		Net (Disbursements) Receipts and Changes in Net Position		
	Cash Disbursements	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-Type Activities	Totals
Governmental Activities						
General Government:						
Legislative and Executive	$ 5,037,773	$ 1,897,630	$ 2,296,731	$ (843,412)	$ -	$ (843,412)
Judicial	1,635,757	343,856	394,283	(897,618)	-	(897,618)
Public Safety	4,185,564	84,670	338,334	(3,762,560)	-	(3,762,560)
Public Works	7,163,924	682,976	4,948,847	(1,532,101)	-	(1,532,101)
Health	552,338	-	571,609	19,271	-	19,271
Human Services	2,897,193	199,237	780,373	(1,917,583)	-	(1,917,583)
Economic Promotion	286,483	-	108,612	(177,871)	-	(177,871)
Conservation/Recreation	152,298	-	-	(152,298)	-	(152,298)
Miscellaneous	693	100,891	-	100,198	-	100,198
Capital Outlay	468,943	5,500	-	(463,443)	-	(463,443)
Debt Service:						
Principal Retirement	271,995	-	-	(271,995)	-	(271,995)
Interest and Fiscal Charges	36,323	-	-	(36,323)	-	(36,323)
Total Governmental Activities	22,689,284	3,314,760	9,438,789	(9,935,735)	-	(9,935,735)
Business-Type Activities						
Sanitary Sewer	275,297	273,344	-	-	(1,953)	(1,953)
Totals	$ 22,964,581	$ 3,588,104	$ 9,438,789	(9,935,735)	(1,953)	(9,937,688)
		General Receipts				
		Property Taxes Levied For:				
		General Purposes		1,479,052	-	1,479,052
		Emergency 911 Service		541,152	-	541,152
		Debt Service		152,332	-	152,332
		Senior Center		296,935	-	296,935
		Jail Operations		680,332	-	680,332
		Sales Taxes		2,639,474	-	2,639,474
		Payments in Lieu of Taxes		1,374,835	-	1,374,835
		Grants and Entitlements not Restricted to Specific Programs		1,173,953	-	1,173,953
		Proceeds from Sale of Notes		72,000	-	72,000
		Investment Income		268,998	-	268,998
		Loan Repayments		8,358	-	8,358
		Other		637,038	-	637,038
		Sale of Capital Assets		7,500	-	7,500
		Total General Receipts		9,331,959	-	9,331,959
		Change in Net Position		(603,776)	(1,953)	(605,729)
		Net Position Beginning of Year		20,965,642	561,173	21,526,815
		Net Position End of Year		$ 20,361,866	$ 559,220	$ 20,921,086

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

PAULDING COUNTY

STATEMENT OF ASSETS AND FUND BALANCES - CASH BASIS
GOVERNMENTAL FUNDS
DECEMBER 31, 2022

	General Fund	Motor Vehicle Gasoline Tax Fund	Paulding County Board of Developmental Disabilities Fund	American Rescue Plan Act Fund	Other Governmental Funds	Total Governmental Funds
Assets						
Equity in Pooled Cash and Cash Equivalents	$ 3,711,949	$ 1,385,582	$ 4,205,292	$ 3,299,618	$ 7,759,425	$ 20,361,866
Fund Balances						
Nonspendable	$ 114,592	$ -	$ -	$ -	$ -	$ 114,592
Restricted	-	1,385,582	4,205,292	3,299,618	7,007,571	15,898,063
Committed	-	-	-	-	751,854	751,854
Assigned	605,004	-	-	-	-	605,004
Unassigned	2,992,353	-	-	-	-	2,992,353
Total Fund Balances	$ 3,711,949	$ 1,385,582	$ 4,205,292	$ 3,299,618	$ 7,759,425	$ 20,361,866

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

PAULDING COUNTY

STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH BASIS
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2022

	General Fund	Motor Vehicle Gasoline Tax Fund	Paulding County Board of Developmental Disabilities Fund	American Rescue Plan Act Fund	Other Governmental Funds	Total Governmental Funds
Receipts						
Property Taxes	$ 1,479,052	$ -	$ -	$ -	$ 1,670,751	$ 3,149,803
Sales Taxes	2,639,474	-	-	-	-	2,639,474
Payments in Lieu of Taxes	831,698	-	310,740	-	232,397	1,374,835
Charges for Services	1,266,625	193,971	109,672	-	786,894	2,357,162
Licenses and Permits	1,435	-	-	-	69,866	71,301
Fines and Forfeitures	83,087	36,114	-	-	313,233	432,434
Intergovernmental	1,173,954	4,930,586	325,023	2,284,059	1,899,120	10,612,742
Special Assessments	977	-	-	-	452,886	453,863
Investment Income	220,870	43,986	-	-	4,142	268,998
Loan Repayments	-	-	-	-	8,358	8,358
Other	242,122	-	-	-	394,916	637,038
Total Receipts	7,939,294	5,204,657	745,435	2,284,059	5,832,563	22,006,008
Disbursements						
Current:						
General Government:						
Legislative and Executive	3,824,583	-	-	610,402	602,788	5,037,773
Judicial	1,032,374	-	-	-	603,383	1,635,757
Public Safety	2,494,826	-	-	-	1,690,738	4,185,564
Public Works	52,395	6,586,676	-	-	524,853	7,163,924
Health	134,520	-	-	-	417,818	552,338
Human Services	247,127	-	1,639,395	-	1,010,671	2,897,193
Economic Promotion	81,316	-	-	-	205,167	286,483
Conservation-Recreation	152,298	-	-	-	-	152,298
Miscellaneous	693	-	-	-	-	693
Capital Outlay	-	-	-	-	468,943	468,943
Debt Service:						
Principal Retirement	-	-	-	-	271,995	271,995
Interest and Fiscal Charges	-	-	-	-	36,323	36,323
Total Disbursements	8,020,132	6,586,676	1,639,395	610,402	5,832,679	22,689,284
Excess of Receipts Over (Under) Disbursements	(80,838)	(1,382,019)	(893,960)	1,673,657	(116)	(683,276)
Other Financing Sources						
Proceeds from Sale of Capital Assets	-	-	-	-	7,500	7,500
Proceeds from Sale of Notes	-	-	-	-	72,000	72,000
Total Other Financing Sources	-	-	-	-	79,500	79,500
Net Change in Fund Balances	(80,838)	(1,382,019)	(893,960)	1,673,657	79,384	(603,776)
Fund Balances Beginning of Year	3,792,787	2,767,601	5,099,252	1,625,961	7,680,041	20,965,642
Fund Balances End of Year	$ 3,711,949	$ 1,385,582	$ 4,205,292	$ 3,299,618	$ 7,759,425	$ 20,361,866

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

PAULDING COUNTY

STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2022

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	Positive (Negative)
Receipts				
Property Taxes	$ 1,439,400	$ 1,439,400	$ 1,479,052	$ 39,652
Sales Taxes	2,781,775	2,781,775	2,639,474	(142,301)
Payments in Lieu of Taxes	833,930	833,930	831,698	(2,232)
Charges for Services	712,075	712,075	1,121,808	409,733
Licenses and Permits	10,250	17,250	1,435	(15,815)
Fines and Forfeitures	100,000	100,000	83,087	(16,913)
Intergovernmental	1,012,063	1,012,063	1,173,954	161,891
Special Assessments	-	-	977	977
Investment Income	320,030	320,030	220,870	(99,160)
Other	138,600	138,600	181,844	43,244
Total Receipts	7,348,123	7,355,123	7,734,199	379,076
Disbursements				
Current:				
General Government:				
Legislative and Executive	3,457,329	4,222,408	3,682,209	540,199
Judicial	1,045,483	1,071,709	1,032,374	39,335
Public Safety	2,367,989	2,578,039	2,494,826	83,213
Public Works	52,659	52,659	52,395	264
Health	40,000	40,000	38,470	1,530
Human Services	429,998	269,588	247,127	22,461
Economic Promotion	81,400	81,400	81,316	84
Conservation/Recreation	140,298	152,298	152,298	-
Miscellaneous	161,563	-	-	-
Capital Outlay	96,000	50,000	-	50,000
Total Disbursements	7,872,719	8,518,101	7,781,015	737,086
Net Change in Fund Balance	(524,596)	(1,162,978)	(46,816)	1,116,162
Fund Balance Beginning of Year	2,930,115	2,930,115	2,930,115	-
Fund Balance End of Year	$ 2,405,519	$ 1,767,137	$ 2,883,299	$ 1,116,162

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

PAULDING COUNTY

STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS
MOTOR VEHICLE GASOLINE TAX FUND
FOR THE YEAR ENDED DECEMBER 31, 2022

	Budgeted Amounts			Variance with Final Budget Positive
	Original	**Final**	**Actual**	**(Negative)**
Receipts				
Charges for Services	$ 225,000	$ 225,000	$ 193,971	$ (31,029)
Fines and Forfeitures	40,000	40,000	36,114	(3,886)
Intergovernmental	4,900,000	4,900,000	4,930,586	30,586
Investment Income	10,000	10,000	43,986	33,986
Total Receipts	5,175,000	5,175,000	5,204,657	29,657
Disbursements				
Current:				
Public Works	5,055,006	6,702,196	6,586,676	115,520
Net Change in Fund Balance	119,994	(1,527,196)	(1,382,019)	145,177
Fund Balance Beginning of Year	2,767,601	2,767,601	2,767,601	-
Fund Balance End of Year	$ 2,887,595	$ 1,240,405	$ 1,385,582	$ 145,177

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

PAULDING COUNTY

STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS PAULDING COUNTY BOARD OF DEVELOPMENTAL DISABILITIES FUND FOR THE YEAR ENDED DECEMBER 31, 2022

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
Receipts				
Property Taxes	$ 829,100	$ 829,100	$ -	$ (829,100)
Payments in Lieu of Taxes	308,591	308,591	310,740	2,149
Charges for Services	3,000	3,000	109,672	106,672
Intergovernmental	125,000	125,000	325,023	200,023
Total Receipts	1,265,691	1,265,691	745,435	(520,256)
Disbursements				
Current:				
Human Services	2,244,385	2,316,497	1,639,395	677,102
Net Change in Fund Balance	(978,694)	(1,050,806)	(893,960)	156,846
Fund Balance Beginning of Year	5,099,252	5,099,252	5,099,252	-
Fund Balance End of Year	$ 4,120,558	$ 4,048,446	$ 4,205,292	$ 156,846

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

PAULDING COUNTY

STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS AMERICAN RESCUE PLAN ACT FUND FOR THE YEAR ENDED DECEMBER 31, 2022

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	Positive (Negative)
Receipts				
Intergovernmental	$ 1,813,409	$ 1,813,409	$ 2,284,059	$ 470,650
Disbursements				
Current:				
Legislative and Executive	-	1,625,961	610,402	1,015,559
Net Change in Fund Balance	1,813,409	187,448	1,673,657	1,486,209
Fund Balance Beginning of Year	1,625,961	1,625,961	1,625,961	-
Fund Balance End of Year	$ 3,439,370	$ 1,813,409	$ 3,299,618	$ 1,486,209

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

PAULDING COUNTY

STATEMENT OF FUND NET POSITION - CASH BASIS
PROPRIETARY FUNDS
DECEMBER 31, 2022

	Business Type Activities - Enterprise Funds
Assets	
Equity in Pooled Cash and Cash Equivalents	$ 559,220
Net Position	
Unrestricted	$ 559,220

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

PAULDING COUNTY

STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND NET POSITION - CASH BASIS PROPRIETARY FUNDS FOR THE YEAR ENDED DECEMBER 31, 2022

	Business Type Activities - Enterprise Funds
Operating Receipts	
Charges for Services	$ 166,091
Special Assessments	107,198
Interest	55
Total Operating Receipts	273,344
Operating Disbursements	
Contractual Services	119,742
Operating Income	153,602
Non-Operating Disbursements	
Debt Service:	
Principal Retirement	(73,667)
Interest and Fiscal Charges	(81,888)
Total Non-Operating Disbursements	(155,555)
Change in Net Position	(1,953)
Net Position Beginning of Year	561,173
Net Position End of Year	$ 559,220

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

PAULDING COUNTY

STATEMENT OF FIDUCIARY NET POSITION - CASH BASIS
FIDUCIARY FUNDS
DECEMBER 31, 2022

	Custodial
Assets	
Equity in Pooled Cash and Cash Equivalents	$ 3,054,133
Equity in Cash and Investments in Segregated Accounts	282,423
Total Assets	3,336,556
Net Position	
Restricted for Individuals, Organizations, and Other Governments	$ 3,336,556

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

PAULDING COUNTY

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION - CASH BASIS
FIDUCIARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2022

	Custodial
Additions	
Property and Other Local Taxes Collected for Other Governments	$ 17,410,500
Fines and Forfeitures for Other Governments	1,126,587
Intergovernmental for Other Governments	3,324,036
Amounts Received as Fiscal Agent	3,332,474
Permissive Tax Collected for Other Governments	397,968
Payments in Lieu of Taxes Collected for Other Governments	3,329,967
Licenses, Permits, and Fees for Other Governments	2,704,554
Special Assessment Collections for Other Governments	53,892
Amounts Held for Employees	23,215
Other Custodial Fund Collections	1,364,902
Total Additions	33,068,095
Deductions	
Distributions to the State of Ohio	100,404
Distributions of State Funds to Other Governments	3,324,035
Distributions as Fiscal Agent	2,968,531
Estate Tax Distributions to Other Governments	1,755
Permissive Tax Distributions to Other Governments	382,935
Property Tax Distributions to Other Governments	17,551,055
Payments in Lieu of Taxes Distributions to Other Governments	3,272,728
Licenses, Permits, and Fees Distributions to Other Governments	3,049,038
Fines and Forfeitures Distributions to Other Governments	753,448
Special Assessment Distributions to Other Governments	53,959
Other Custodial Fund Distributions	1,338,712
Total Deductions	32,796,600
Net Change in Fiduciary Net Position	271,495
Net Position Beginning of Year	3,065,061
Net Position End of Year	$ 3,336,556

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

NOTE 1 – REPORTING ENTITY

Paulding County, Ohio (the County) is a body politic and corporate body established in 1820 to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The County is governed by a board of three Commissioners elected by the voters of the County and serving for four year terms. Other officials elected by the voters of the County that manage various segments of the County's operations are the Auditor, Treasurer, Recorder, Clerk of Courts, Coroner, Engineer, Prosecuting Attorney, Sheriff, Common Pleas Court Judge, Probate/Juvenile Court Judge, and the Municipal Court Judge.

Although the elected officials manage the internal operations of their respective departments, the County Commissioners authorize cash disbursements as well as serve as the budget and taxing authority, contracting body, and the chief administrators of public services for the entire County.

The reporting entity is comprised of the primary government, component units, and other organizations that are included to ensure the financial statements of the County are not misleading.

A. PRIMARY GOVERNMENT

The primary government consists of all funds, departments, boards, and agencies that are not legally separate from the County. For Paulding County, this includes the Paulding County Board of Developmental Disabilities and all departments and activities that are directly operated by the elected County officials.

As custodian of public funds, the County Treasurer invests all public monies on deposit in the County treasury. In the case of the separate organizations listed below, the County serves as fiscal agent, but the organizations are not considered part of Paulding County. Accordingly, the activity of the following organizations is presented as custodial funds within the County's financial statements:

Paulding County Health Department
Paulding County Soil and Water Conservation District

B. COMPONENT UNITS

Component units are legally separate organizations for which the County is financially accountable. The County is financially accountable for an organization if the County appoints a voting majority of the organization's governing board; and (1) the County is able to significantly influence the programs or services performed or provided by the organization; or (2) the County is legally entitled to or can otherwise access the organization's resources; the County is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the County is obligated for the debt of the organization. Component units may also include organizations for which the County authorizes the issuance of debt or the levying of taxes or determines the budget if there is also the potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the County. The County has two component units, the Paulding County Hospital and the Paulding County Land Reutilization Corporation.

Discretely Presented Component Units

The Paulding County Hospital (the Hospital) operates under the authority of Section 339 of the Ohio Revised Code. It is governed by a Board of Trustees appointed by the County Commissioners, the Probate Judge, and the Common Pleas Court Judge of Paulding County. The Hospital prepares its financial statements in accordance with a basis of accounting which is different from that used by the County to report, and consequently, has been excluded from these financial statements.

The Paulding County Land Reutilization Corporation (the Corporation) is a body corporate and politic authorized by the Board of County Commissioners of Paulding County on June 26, 2017, and incorporated on August 9, 2017, under Chapter 1724 of the Ohio Revised Code. The Corporation's governing body is a five member board of directors consisting of the County Treasurer, two County Commissioners, a representative from the Village of Paulding, and a representative from Paulding Township. The Corporation has been designated as the County's agent to further its mission to reclaim, rehabilitate, and reutilize vacant, abandoned, foreclosed, and other real property in the County by exercising the powers of the County under Chapter 5722 of the Ohio Revised Code.

The Corporation meets the requirements and qualifies as a discretely presented component unit of the County; however, the County has elected to exclude the financial activity of the Corporation from its financial statements or in note disclosure. Financial information can be obtained by writing to Paulding County Land Reutilization Corporation, 115 North Williams Street, Paulding, Ohio 45879-1284.

C. JOINTLY GOVERNED ORGANIZATIONS, JOINT VENTURE WITHOUT EQUITY INTEREST, PUBLIC ENTITY RISK POOLS, AND RELATED ORGANIZATIONS

A joint venture is a legal entity or other organization that results from a contractual arrangement and that is owned, operated, or governed by two or more participants as a separate and specific activity subject to joint control, in which the participants retain (a) an ongoing financial interest or (b) an ongoing financial responsibility.

The County participates in several public entity risk pools and is associated with several jointly governed organizations, a joint venture without equity interest, and a related organization. These organizations are presented in Notes 16, 17, and 18. These organizations are:

Maumee Valley Planning Organization
Tri-County Alcohol, Drug Addiction and Mental Health Board of Mercer, Paulding and Van Wert Counties
Northwest Ohio Waiver Administration Council
Antwerp Community Improvement Corporation
Community Improvement Corporation of Paulding
Four County Solid Waste District
Defiance/Paulding Consolidated Department of Job and Family Services
County Risk Sharing Authority, Inc.
County Commissioners Association of Ohio Service Corporation
County Employee Benefit Consortium of Ohio, Inc.
Paulding County Carnegie Library

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

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

As discussed further in the Basis of Accounting section of this Note, these financial statements are presented on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. The following are the more significant of the County's accounting policies.

A. BASIS OF PRESENTATION

The County's basic financial statements consist of government-wide financial statements, including a statement of net position and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

Government-Wide Financial Statements

The Statement of Net Position – Cash Basis and the Statement of Activities – Cash Basis display information about the County as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements distinguish between those activities of the County that are governmental in nature and those that are considered business-type activities. Governmental activities generally are financed through taxes, intergovernmental receipts or other nonexchange transactions. Business-type activities are financed in whole or part by fees charged to external parties for goods or services.

The Statement of Net Position – Cash Basis presents the cash balance of the governmental and business-type activities of the County at year end. The Statement of Activities – Cash Basis compares disbursements and program receipts for each program or function of the County's governmental and business-type activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the County is responsible. Program receipts include charges paid by the recipient of goods or services offered by the program, grants and contributions that are restricted to meeting the operational requirements of a particular program, and receipts of interest earned on grants that are required to be used to support a particular program.

Receipts which are not classified as program receipts are presented as general receipts of the County, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental program or business activity is self-financing on a cash basis or draws from the general receipts of the County.

Fund Financial Statements

During the year, the County segregates transactions related to certain County functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the County at this more detailed level. The focus of governmental and enterprise fund financial statements is on major funds. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column. Fiduciary funds are reported by type.

Proprietary fund statements distinguish operating transactions from nonoperating transactions. Operating receipts generally result from exchange transactions such as charges for services directly relating to the funds' principal services. Operating disbursements include costs of sales and services and administrative costs. The fund statements report all other receipts and disbursements as nonoperating.

B. FUND ACCOUNTING

The County 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 County are presented in three categories: governmental, proprietary, and fiduciary.

Governmental Funds – Governmental funds are those through which most governmental functions of the County are financed. The following are the County's major governmental funds:

> **General Fund** – The General Fund accounts for and reports all financial resources not accounted for in another fund. The General Fund is available to the County for any purpose provided it is expended or transferred according to Ohio law.
>
> **Motor Vehicle Gasoline Tax Fund** – This fund accounts for and reports State levied, shared monies derived from gasoline taxes and the sale of motor vehicle licenses. Disbursements are restricted by State statute to county road and bridge repair and improvement programs.

Paulding County Board of Developmental Disabilities Fund – This fund accounts for and reports the operation of a developmentally disabled facility, financed by a county-wide property tax levy and Federal and State grants. Disbursements are restricted by State statute and grant agreements to developmental disabilities programs.

American Rescue Plan Act Fund – This fund accounts for and reports the American Rescue Plan Act (ARPA) funds received to help address and respond to the ongoing COVID-19 public health emergency and support long-term economic recovery. As directed by the ARPA and U.S. Department of Treasury, counties can invest Recovery Funds into a broad range of programs, services and projects under four broad categories: replace public sector loss revenue; respond to public health and negative economic impacts; provide premium pay for essential workers; and invest in broadband, sewer and water infrastructure.

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

Proprietary Funds – The County classifies funds financed primarily from user charges for goods or services as proprietary. Proprietary funds are classified as enterprise funds.

Enterprise Funds – Enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services. The County has no major Enterprise Funds.

Fiduciary Funds – Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private purpose trust funds, and custodial funds. Trust funds are used to account for assets held by the County under a trust agreement or equivalent arrangement that has certain characteristics, for individuals, private organizations, or other governments and are not available to support the County's own programs. The County has no trust funds. Custodial funds are used to report fiduciary activities that are not required to be reported in a trust fund. The County's custodial funds account for amounts collected and distributed on behalf of another government or organization, including taxes, state-levied shared revenues, and fines and forfeitures.

C. BASIS OF ACCOUNTING

The County's financial statements are prepared using the cash basis of accounting. Receipts are recorded in the County's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred. Any such modifications made by the County are described in the appropriate section in this note.

As a result of using of this cash basis of accounting, certain assets and their related receipts (such as accounts receivable and revenue billed or provided services not yet collected) and certain liabilities and their related disbursements (such as accounts payable and expenses for goods and services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements.

D. BUDGETARY PROCESS

All funds, except custodial funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations resolution, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount the County Commissioners may appropriate.

The appropriations resolution is the County Commissioners' authorization to spend resources and set annual limits on cash disbursements plus encumbrances at the level of control selected by the County Commissioners. The legal level of control has been established by the County Commissioners at the fund, department, and object level for all funds.

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

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

E. CASH AND INVESTMENTS

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

Cash and cash equivalents that are held separately within departments of the County are recorded as "Equity in Cash and Investments in Segregated Accounts."

Investments of the cash management pool and investments with a maturity of three months or less at the time of purchase are presented on the financial statements as cash equivalents. Investments with an initial maturity of more than three months that were not purchased from the pool are reported as investments.

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or negative receipts (contra revenue), respectively.

During 2022, the County invested in a money market mutual fund, nonnegotiable and negotiable certificates of deposit, a repurchase agreement, U.S. government and federal agency obligations, municipal bonds, commercial paper, and STAR Ohio. Investments are reported at cost, except for the money market mutual fund and STAR Ohio. The County's money market mutual fund investment is recorded at the amount reported by U.S. Bank at December 31, 2022.

STAR Ohio (the State Treasury Asset Reserve of Ohio), is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but has adopted Governmental Accounting Standards Board (GASB), Statement No. 79, *Certain External Investment Pools and Pool Participants*. The County measures their investment in STAR Ohio 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 a NAV per share that approximates fair value.

For 2022, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, twenty-four hours advance notice is appreciated for deposits and withdrawals of $100 million or more. STAR Ohio reserves the right to limit the transaction to $250 million per day, requiring the excess amount to be transacted the following business day(s), but only to the $250 million limit. All accounts of the participant will be combined for these purposes.

Investment income is allocated to County funds according to State statutes, grant requirements, or debt related restrictions. Interest income credited to the General Fund during 2022 were $220,870, which includes $192,263 assigned from other County funds.

F. CAPITAL ASSETS

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

G. INTERFUND RECEIVABLES/PAYABLES

The County reports advances-in and advances-out for interfund loans. These items are not reflected as assets and liabilities in the accompanying financial statements.

H. ACCUMULATED LEAVE

In certain circumstances, such as upon leaving employment or retirement, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the County's cash basis of accounting.

I. EMPLOYER CONTRIBUTIONS TO COST-SHARING PENSION PLANS

The County recognizes the disbursement for employer contributions to cost-sharing pension plans when they are paid. As described in Notes 9 and 10, the employer contributions include portions for pension benefits and for other postemployment benefits (OPEB).

J. PENSIONS/OTHER POSTEMPLOYMENT BENEFITS (OPEB)

For purposes of measuring the net pension/OPEB liability, information about the fiduciary net position of the pension/OPEB plans and additions to/deductions from their fiduciary net position have been determined on the same basis as they are reported by the pension/OPEB plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The pension/OPEB plans report investments at fair value.

K. LONG TERM OBLIGATIONS

The County's cash basis financial statements do not report liabilities for bonds and other long-term obligations. Proceeds of debt are reported when cash is received and principal and interest payments are reported when paid. Since recording a capital asset (including the intangible right to use) when entering into a lease or financed purchase transaction is not the result of a cash transaction, neither an other financing source nor a capital outlay disbursement is reported at inception. Lease payments and financed purchase payments are reported when paid.

L. NET POSITION

Net position is reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net position restricted for other purposes include resources restricted for, among other things, the upkeep of the County's roads and bridges, various mental health services, child support and welfare services, services for the handicapped and developmentally disabled, and activities of the County's courts. At December 31, 2022, there were no amounts restricted by enabling legislation.

The County's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted resources are available.

M. FUND BALANCE

Fund balance is divided into five classifications based primarily on the extent to which the County is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

Nonspendable – The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or are legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of interfund loans.

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

Committed – The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by formal action (resolution) of the County Commissioners. Those committed amounts cannot be used for any other purpose unless the County Commissioners remove or change the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned – Amounts in the assigned fund balance classification are intended to be used by the County for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by the County Commissioners or a County official delegated that authority by resolution or by State Statute.

Unassigned – Unassigned fund balance is the residual classification for the General Fund and includes all spendable amounts not contained in other classifications. In other government funds, the unassigned classification is used only to report a deficit balance.

The County 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.

N. INTERFUND ACTIVITY

Transfers between governmental and business-type activities on the government-wide financial statements are reported in the same manner as general receipts.

Exchange transactions between funds are reported as receipts in the seller funds and as disbursements in the purchasing funds. Subsidies from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after nonoperating receipts/cash disbursements in proprietary funds. Repayments from funds responsible for particular cash disbursements to the funds that initially paid for them are not presented in the financial statements.

O. LEASES

For 2022, GASB Statement No. 87, Leases was effective. This GASB pronouncement had no effect on beginning net position/fund balance.

P. INVENTORY AND PREPAID ITEMS

The County reports as disbursements inventory and prepaid items when paid. These items are not reflected as assets in the accompanying financial statements.

NOTE 3 – ACCOUNTABILITY AND COMPLIANCE

A. CHANGE IN ACCOUNTING PRINCIPLES

For 2022, the County has implemented GASB Statement No. 87, "*Leases*", GASB Implementation Guide 2019-3, "*Leases*", GASB Implementation Guide 2020-1, "*Implementation Guide Update – 2020*", GASB Statement No. 91, "*Conduit Debt Obligations*", GASB Statement No. 92, "*Omnibus 2020*", GASB Statement No. 93, "*Replacement of Interbank Offered Rates*", GASB Statement No. 97, "*Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*" and certain paragraphs of GASB Statement No. 99, "*Omnibus 2022*".

GASB Statement No. 87 and GASB Implementation Guide 2019-3 enhance the relevance and consistency of information of the government's leasing activities. It establishes requirements for lease accounting based on the principle that leases are financing of the right to use an underlying asset. A lessee is required to recognize a lease liability and an intangible right to use asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. Since the County does not prepare financial statements using generally accepted accounting principles, the implementation of GASB Statement No. 87 did not have an effect on the financial statements of the County. The notes to the basic financial statements include the disclosure requirements under the Statement.

GASB Implementation Guide 2020-1 provides clarification on issues related to previously established GASB guidance. The implementation of GASB Implementation Guide 2020-1 did not have an effect on the financial statements of the County.

GASB Statement No. 91 provides a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. The notes to the basic financial statements include the disclosure requirements under the Statement.

GASB Statement No. 92 "*Omnibus 2020*" enhances comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. The implementation of GASB Statement No. 92 did not have an effect on the financial statements of the County.

GASB Standard No. 93 "*Replacement of Interbank Offered Rates*" establishes accounting and financial reporting requirements related to the replacement of interbank offered rates, most notably London Interbank Offered Rate, in hedging derivative instruments and leases. It also identifies appropriate benchmark interest rates for hedging derivative instruments. The implementation of GASB Statement No. 93 did not have an effect on the financial statements of the County.

GASB Statement No. 97 is to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. The implementation of GASB Statement No. 97 did not have an effect on the financial statements of the County.

GASB Statement No. 99 is to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The implementation of GASB Statement No. 99 did not have an effect on the financial statements of the County.

The following pronouncements will be effective for the 2023 fiscal year:

- GASB Statement No. 94, *Public-Private Partnerships and Availability Payment Arrangements*
- GASB Statement No. 96, *Subscription Based Information Technology Arrangements*

The County is still evaluating the impact of these upcoming pronouncements, but does not currently believe that they will significantly impact financial reporting.

B. COMPLIANCE

Ohio Administrative Code, Section 117-2-03 (B), requires the County to prepare its annual financial report in accordance with generally accepted accounting principles. However, the County prepared its basic financial statements on a cash basis, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The accompanying basic financial statements omit assets, liabilities, net position/fund balances, and disclosures that, while material, cannot be determined at this time. The County can be fined and various other administrative remedies may be taken against the County.

NOTE 4 – BUDGETARY BASIS OF ACCOUNTING

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements, and Changes in Fund Balance – Budget and Actual – Budget Basis presented for the General Fund and each major special revenue fund is prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference between the budgetary basis of accounting and the cash basis of accounting is that outstanding year end encumbrances are treated as cash disbursements (budgetary basis) rather than as restricted, committed or assigned fund balance (cash basis). There were no encumbrances outstanding at year end (budgetary basis).

In addition, as part of Governmental Accounting Standards Board Statement No. 54 “Fund Balance Reporting”, certain funds that are legally budgeted in separate funds (Unclaimed Monies, Recorder’s Supply Equipment, Certificate of Title, County Health Insurance, and Medicaid Sales Tax Transition Funds) are considered part of the General Fund on a cash basis.

The following table summarizes the adjustments necessary to reconcile the cash basis statement to the budgetary basis statement for the General, Motor Vehicle Gasoline Tax, Paulding County Board of Developmental Disabilities, and American Rescue Plan Act Funds:

	Net Change in Fund Balance General Fund	Net Change in Fund Balance Motor Vehicle Gasoline Tax Fund	Net Change in Fund Balance Paulding County Board of DD Fund	Net Change in Fund Balance American Rescue Plan Act Fund
Budgetary Basis	$ (46,816)	$ (1,382,019)	$ (893,960)	$ 1,673,657
Funds Budgeted Elsewhere	(34,022)	-	-	-
Cash Basis	$ (80,838)	$ (1,382,019)	$ (893,960)	$ 1,673,657

NOTE 5 – DEPOSITS AND INVESTMENTS

Monies held by the County are classified by State statute into two categories. Active monies are public monies determined to be necessary to meet current demands upon the County treasury. Active monies must be maintained either as cash in the County treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Monies held by the County which are not considered active are classified as inactive. Inactive monies may be deposited or invested with certain limitations in the following securities provided the County has filed a written investment policy with the Ohio Auditor of State:

A. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States, or any book entry, zero-coupon United States Treasury security that is a direct obligation of the United States;

B. Bonds, notes, debentures, or any other obligations or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, and Government National Mortgage Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;

C. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and the term of the agreement must not exceed thirty days;

D. Bonds and other obligations of this state or the political subdivisions of this state, provided the bonds or other obligations of political subdivisions mature within ten years from the date of settlement;

E. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts, in eligible institutions pursuant to Ohio Revised Code (ORC) sections 135.32;

F. No-load money market mutual funds rated in the highest category at the time of purchase by at least one nationally recognized standard rating service or consisting exclusively of obligations described in (A) or (B) above; commercial paper as described in ORC section 135.143 (6); and repurchase agreements secured by such obligations, provided these investments are made only through eligible institutions;

G. The State Treasurer's investment pool (STAR Ohio);

H. Securities lending agreements in which the County lends securities and the eligible institution agrees to simultaneously exchange either securities or cash, equal value for equal value, within certain limitations;

I. Up to forty percent of the County's average portfolio, if training requirements have been met in either of the following:

    1. Commercial paper notes in entities incorporated under the laws of Ohio, or any other state, that have assets exceeding five hundred million dollars, which are rated in the highest classification established by two nationally recognized standard rating services, which do not exceed ten percent of the value of the outstanding commercial paper of the issuing corporation, which mature within 270 days after purchase, and the investment in commercial paper notes of a single issuer shall not exceed the aggregate five percent of interim monies available for investment at the time of purchase.

    2. Bankers acceptances of banks that are insured by the Federal Deposit Insurance Corporation and that mature not later than 180 days after purchase.

J. Up to fifteen percent of the County's average portfolio in notes issued by U.S. corporations or by depository institutions doing business under authority granted by the U.S. or any state, provided the notes are rated in the three highest categories by at least two nationally recognized standard rating services at the time of purchase and the notes mature not later than three years after purchase;

K. A current unpaid or delinquent tax line of credit, provided certain conditions are met related to a County land reutilization corporation organized under ORC Chapter 1724; and,

L. Up to two percent of the County's average portfolio in debt interests rated at the time of purchase in the three highest categories by two nationally recognized standard rating services and issued by foreign nations diplomatically recognized by the United States government, subject to certain limitations. All interest and principal shall be denominated and payable in United States funds.

Reverse repurchase agreements, investments in derivatives, and investments in stripped principal or interest obligations that are not issued or guaranteed by the United States, are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. Except as noted above, an investment must mature within five years from the date of settlement, unless matched to a specific obligation or debt of the County, and must be purchased with the expectation that it will be held to maturity.

Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the County Treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

Protection of the County's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, or by the financial institution's participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

Cash On Hand

At December 31, 2022, the County had $1,820 of undeposited cash on hand, which is included on the statement of net position of the County as part of "Equity in Pooled Cash and Cash Equivalents".

Deposits

At December 31, 2022, the carrying amount of all County deposits were $12,851,978 and the bank balance was $13,545,738. Of the County's bank balance, $10,635,445 was covered by Federal Deposit Insurance Corporation (FDIC), $1,692,378 was covered by pooled collateral through the Ohio Pooled Collateral System (OPCS), and $1,217,915 was covered by pledged collateral. Although all statutory requirements for the deposit of money had been followed, noncompliance with Federal requirements could potentially subject the County to a successful claim by the FDIC.

Investments

At December 31, 2022, the County had the following investments:

		Investment Maturities (in Years)			
Investment Type	Cost Value	Less than 1	1-2	2-3	3-4
Federal Home Loan Bank	$ 1,530,000	$ -	$ 1,215,000	$ -	$ 315,000
Federal Home Loan Mortgage Corporation	523,881	298,881	-	225,000	-
Federal National Mortgage Association	300,000	-	-	300,000	-
Federal Farm Credit Bank	249,620	-	249,620	-	-
Negotiable/Brokered CDs	3,522,947	1,694,127	846,104	982,716	-
Money Market Mutual Fund	23,821	23,821	-	-	-
Municipal Bonds	805,000	80,000	500,000	225,000	-
U.S. Treasury Obligations	273,969	-	273,969		-
Commercial Paper	433,235	433,235	-	-	-
Repurchase Agreement	1,351,934	1,351,934	-	-	-
STAR Ohio	2,389,437	2,389,437	-	-	-
Total Investments	$ 11,403,844	$ 6,271,435	$ 3,084,693	$ 1,732,716	$ 315,000

Custodial Credit Risk – For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The negotiable CDs are covered by FDIC. The repurchase agreement, U.S. government and federal agency obligations, and commercial paper are exposed to custodial credit risk as they are uninsured, unregistered, and held by the counterparty's trust department or agent but not in the County's name.

The County has no investment policy dealing with investment custodial risk beyond the requirements in ORC 135.14(M)(2) which states, "Payment for investments shall be made only upon the delivery of securities representing such investments to the treasurer, governing board, or qualified trustee. If the securities transferred are not represented by a certificate, payment shall be made only upon receipt of confirmation of transfer from the custodian by the treasurer, governing board, or qualified trustee."

Interest Rate Risk – For an investment, interest rate risk arises because potential purchasers of debt securities will not agree to pay face value for those securities if interest rates subsequently increase. The County has no investment policy dealing with interest rate risks beyond the requirements of State statutes limiting investments by type and maturity. State statutes require that an investment mature within five years from the date of purchase, unless matched with a specific obligation or debt of the County and that an investment must be purchased with the expectation that it will be held to maturity. State statute limits investments in commercial paper to a maximum maturity of 270 days from the date of purchase. Repurchase agreements are limited to 30 days, and the market value of securities must exceed the principal value of the agreement by at least 2 percent and be marked to market daily.

Credit Risk – The securities underlying the repurchase agreement and U.S. government and federal agency obligations carry a rating of AA+ and Aaa by Standard and Poor's and Moody's Investor Services, respectively. STAR Ohio carry a rating of AAAm by Standard and Poor's. The money market mutual fund carries a rating of AAAm and Aaa by Standard and Poor's and Moody's, respectively. The County has no investment policy dealing with credit risk beyond the requirements in State statutes. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service and that the money market mutual funds be rated in the highest category at the time of purchase by at least one nationally recognized standard rating service. The County's investments in commercial paper were rated A-1+ or A-1 by Standard and Poor's and P-1 by Moody's.

Concentration of Risk – The County places no limit on the amount it may invest in any one issuer. The following table indicates the percentage of investments in the County's portfolio held with various issuers as of December 31, 2022:

Investment Type	Cost Value	% of Total
Federal Home Loan Bank	$ 1,530,000	13.42%
Federal Home Loan Mortgage Corporation	523,881	4.59%
Federal National Mortgage Association	300,000	2.63%
Federal Farm Credit Bank	249,620	2.19%
U.S. Treasury Obligations	273,969	2.40%
Negotiable/Brokered CDs	3,522,947	30.89%
Money Market Mutual Fund	23,821	0.21%
Municipal Bonds	805,000	7.06%
Commercial Paper	433,235	3.80%
Repurchase Agreement	1,351,934	11.86%
STAR Ohio	2,389,437	20.95%
Total Investments	$ 11,403,844	100.00%

NOTE 6 – PROPERTY TAX

Property taxes include amounts levied against all real and public utility property located in the County. Property tax revenue received during 2022 for real and public utility property taxes represents collections of 2021 taxes.

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

Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits later payment dates to be established.

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2022 public utility property taxes which became a lien on December 31, 2021, are levied after October 1, 2022, and are collected in 2023 with real property taxes.

The County Treasurer collects property tax on behalf of all taxing districts within the County, including the County. The County Auditor periodically remits to the County its portion of the taxes collected.

The full tax rate for all County operations for the year ended December 31, 2022 was $10.45 per $1,000 of assessed valuation. After adjustment of the rate for inflationary increase in property values, the effective tax rate was $9.36 per $1,000 of assessed valuation of real property classified as residential/agricultural and $10.22 per $1,000 of assessed valuation for all other property. The assessed values of real property and public utility tangible property upon which 2021 property tax receipts were based are as follows:

Real Property	
Residential/Agricultural	$ 385,349,240
Commercial/Industrial	39,440,890
Total Real Property	424,790,130
Pubic Utility Personal Property	84,768,720
Total	$ 509,558,850

The County Auditor reappraises all real property every six years with a triennial update. The last triennial update was completed for tax year 2022 and the reappraisal was completed for tax year 2022.

NOTE 7 – PERMISSIVE SALES AND USE TAX

The County Commissioners, by resolution, imposed a one percent tax on all retail sales made in the County, except sales of motor vehicles, and on the storage use, or consumption of tangible personal property in the County, including motor vehicles, not subject to the sales tax, and renewed a resolution to levy an additional one-half percent for permissive sales and use tax. The allocation of the sales tax is 100 percent to the County's General Fund. Vendor collections of the tax are paid to the State Treasurer by the twenty-third day of the month following collection. The State Tax Commissioner certifies to the Office of Budget and Management the amount of tax to be returned to the County. The Tax Commissioner's certification must be made within forty-five days after the end of each month. The Tax Commissioner shall then, on or before the twentieth day of the month in which certification is made, provide for payment to the County. Permissive sales and use tax receipts for 2022 were $2,639,474.

NOTE 8 – RISK MANAGEMENT

A. PROPERTY AND LIABILITY

The County is exposed to various risks of loss related to torts, theft or damage to, and destruction of assets, errors and omissions, injuries to employees, and natural disasters. During 2022, the County contracted with County Risk Sharing Authority (CORSA) for insurance coverage. The CORSA program has a $2,500 deductible. CORSA provided coverage as follows:

Property	
Building and Contents	Replacement Cost
Valuable Papers	$2,500,000 Each Occurrence
Extra Expense/Business Income	$2,500,000 Each Occurrence
Electronic Data Processing Equipment	$250,000 Each Occurrence
Contractors Equipment	Replacement Cost
Flood and Earthquake	$125,000,000 Annual Aggregate
Auto Physical Damage	Actual Cash Value or Cost of Repair
Sewer Lines	$3,845,000
Electronic Data Media	$250,000 Each Occurrence
Automatic Acquisition	$5,000,000
Boiler and Machinery	$100,000,000 Each Accident
Property in Transit	$100,000 Each Occurrence
Unintentional Omissions	$250,000 Each Occurrence
Pollutant Cleanup/Removal	$10,000 Coverage Period
Law Enforcement Canines	$150,000 Each Occurrence

Liability	
Automobile Liability	$1,000,000 Each Occurrence
Uninsured/Underinsured Motorists	$250,000 Each Occurrence
General Liability	$1,000,000 Each Occurrence
Excess Liability	$9,000,000 Each Occurrence
Law Enforcement Liability	$1,000,000 Each Occurrence
Errors and Omissions Liability	$1,000,000 Annual Aggregate
Attorney Disciplinary Proceedings	$25,000 Annual Aggregate
Cyber Liability and Expense	$5,000,000 Annual Aggregate

Crime	
Employee Dishonesty/Faithful Performance	$1,000,000 Each Occurrence
Loss Inside the Premises (money and securities)	$1,000,000 Each Occurrence
Loss Outside the Premises (money and securities)	$1,000,000 Each Occurrence
Money Orders and Counterfeit Paper Currency	$1,000,000 Each Occurrence
Depositors Forgery	$1,000,000 Each Occurrence
Fund Transfer Fraud	$500,000 Each Occurrence
Computer Fraud	$500,000 Each Occurrence
Individual Public Official Bond Excess	$250,000 Each Occurrence

With the exceptions of health insurance, life insurance, and workers' compensation, all insurance is held with CORSA. There has been no significant reduction in insurance coverage from the prior year. Settled claims have not exceeded this commercial coverage in any of the past three years. The County pays all elected officials' bonds by statute.

B. WORKERS' COMPENSATION GROUP RATING PROGRAM

For 2022, the County participated in the County Commissioners Association of Ohio Service Corporation, a worker's compensation group rating plan (the Plan), an insurance purchasing pool. The Plan is intended to achieve lower workers' compensation rates while establishing safer working conditions and environments for the participants. The workers' compensation experience of the participating counties is calculated as one experience and a common premium rate is applied to all counties in the Plan. Each county pays its workers' compensation premium to the State based on the rate for the Plan rather than the county's individual rate.

In order to allocate the savings derived by the formation of the Plan, and to maximize the number of participants in the Plan, the Plan's executive committee annually calculates the total savings which accrued to the Plan through its formation. This savings is then compared to the overall savings percentage of the Plan. The Plan's executive committee then collects rate contributions from or pays rate equalization rebates to the various participants. Participation in the Plan is limited to counties that can meet the plan's selection criteria. The firm of Comp Management, Inc. provides administrative, cost control and actuarial services to the Plan. Each year, the County pays an enrollment fee to the Plan to cover the costs of administering the program.

The County may withdraw from the Plan if written notice is provided sixty days prior to the prescribed application deadline of the Ohio Bureau of Workers' Compensation. However, the County is not relieved of the obligation to pay any amounts owed to the Plan prior to withdrawal, and any county leaving the Plan allows the representative of the Plan to access loss experience for three years following the last year of participation.

NOTE 9 – DEFINED BENEFIT PENSION PLANS

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

Net Pension Liability/Net OPEB Liability

Pensions and OPEB are a component of exchange transactions – between an employer and its employees – of salaries and benefits for employee services. Pensions and OPEB are provided to an employee – on a deferred-payment basis – as part of the total compensation package offered by an employer for employee services each financial period. The obligation to sacrifice resources for pensions is a present obligation because it was created as a result of employment exchanges that already have occurred.

The net pension/OPEB liability (asset) represents the County's proportionate share of each pension/OPEB plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension/OPEB plan's fiduciary net position. The net pension/OPEB liability calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost-of-living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting this estimate annually.

Ohio Revised Code limits the County's obligation for this liability to annually required payments. The County cannot control benefit terms or the manner in which pensions/OPEB are financed; however, the County does receive the benefit of employees' services in exchange for compensation including pension and OPEB.

GASB 68/75 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires all funding to come from these employers. All pension contributions to date have come solely from these employers (which also includes pension costs paid in the form of withholdings from employees). The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits. In addition, health care plan enrollees pay a portion of the health care costs in the form of a monthly premium. State statute requires the retirement systems to amortize unfunded pension liabilities within 30 years. If the pension amortization period exceeds 30 years, each retirement system's board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension/OPEB liability (asset). Resulting adjustments to the net pension/OPEB liability (asset) be effective when the changes are legally enforceable. The Ohio Revised Code permits, but does not require the retirement systems to provide healthcare to eligible recipients.

The net pension/net OPEB liability (asset) are not reported on the face of the financial statements, but rather are disclosed in the notes because of the use of the cash basis framework.

The remainder of this note includes the pension disclosures. See Note 10 for the OPEB disclosures.

Plan Description – Ohio Public Employees Retirement System (OPERS)

Plan Description – County employees participate in the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple employer public employee retirement system which administers three separate pension plans. The Traditional Pension Plan is a cost-sharing, multiple-employer defined benefit pension plan. The Member-Directed Plan is a defined contribution plan and the Combined Plan is a combination cost-sharing, multiple-employer defined benefit/defined contribution pension plan. Participating employers are divided into state, local, law enforcement and public safety divisions. While members in the state and local divisions may participate in all three plans, law enforcement and public safety divisions exist only within the Traditional Pension Plan. While members (e.g. County employees) may elect the Member-Directed Plan and the Combined Plan, substantially all employee members are in OPERS' Traditional Pension Plan.

OPERS provides retirement, disability, survivor and death benefits, and annual cost-of-living adjustments to members of the Traditional Pension Plan. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about OPERS' fiduciary net position that may be obtained by visiting https://www.opers.org/financial/reports.shtml, by writing to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 800-222-7377.

Senate Bill (SB) 343 was enacted into law with an effective date of January 7, 2013. In the legislation, members in the Traditional Pension Plan were categorized into three groups with varying provisions of the law applicable to each group. The following table provides age and service requirements for retirement and the retirement formula applied to final average salary (FAS) for the three member groups under the Traditional Pension Plan as per the reduced benefits adopted by SB 343 (see OPERS' Annual Comprehensive Financial Report referenced above for additional information, including requirements for reduced and unreduced benefits):

Group A Eligible to retire prior to January 7, 2013 or five years after January 7, 2013	Group B 20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013	Group C Members not in other Groups and members hired on or after January 7, 2013
State and Local	**State and Local**	**State and Local**
Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	**Age and Service Requirements:** Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	**Age and Service Requirements:** Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
Traditional Plan Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	**Traditional Plan Formula:** 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	**Traditional Plan Formula:** 2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35
Public Safety	**Public Safety**	**Public Safety**
Age and Service Requirements: Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	**Age and Service Requirements:** Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	**Age and Service Requirements:** Age 52 with 25 years of service credit or Age 56 with 15 years of service credit
Law Enforcement	**Law Enforcement**	**Law Enforcement**
Age and Service Requirements: Age 52 with 15 years of service credit	**Age and Service Requirements:** Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	**Age and Service Requirements:** Age 48 with 25 years of service credit or Age 56 with 15 years of service credit
Public Safety and Law Enforcement	**Public Safety and Law Enforcement**	**Public Safety and Law Enforcement**
Traditional Plan Formula: 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25	**Traditional Plan Formula:** 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25	**Traditional Plan Formula:** 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25

Final average salary (FAS) represents the average of the three highest years of earnings over a member's career for Groups A and B. Group C is based on the average of the five highest years of earnings over a member's career.

Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount. The amount of a member's pension benefit vests upon receipt of the initial benefit payment. The options for Public Safety and Law Enforcement permit early retirement under qualifying circumstances as early as age 48 with a reduced benefit.

When a Traditional Pension Plan benefit recipient has received benefits for 12 months, the member is eligible for an annual cost-of-living adjustment (COLA). This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. For those who retired prior to January 7, 2013, the cost-of-living adjustment is 3 percent. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, the COLA will be based on the average percentage increase in the Consumer Price Index, capped at 3 percent.

Funding Policy – The Ohio Revised Code (ORC) provides statutory authority for member and employer contributions as follows:

	State and Local	Public Safety	Law Enforcement
2022 Statutory Maximum Contribution Rates			
Employer	14.0 %	18.1 %	18.1 %
Employee *	10.0 %	**	***
2022 Actual Contribution Rates			
Employer:			
Pension ****	14.0 %	18.1 %	18.1 %
Post-employment Health Care Benefits ****	0.0	0.0	0.0
Total Employer	14.0 %	18.1 %	18.1 %
Employee	10.0 %	12.0 %	13.0 %

* Member contributions within the combined plan are not used to fund the defined benefit retirement allowance.

** This rate is determined by OPERS' Board and has no maximum rate established by ORC.

*** This rate is also determined by OPERS' Board but is limited by ORC to not more than 2 percent greater than the Public Safety rate.

**** These pension and employer health care rates are for the traditional and combined plans. The employer contributions rate for the member-directed plan is allocated 4 percent for health care with the remainder going to pension.

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

The County's contractually required contributions for the Traditional Pension Plan were $1,121,666 for year 2022.

Pension Liability

The net pension liability (asset) for OPERS was measured as of December 31, 2021. The total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of the measurement date. The County's proportion of the net pension liability (asset) was based on the County's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share:

	OPERS Traditional Plan
Proportion of the Net Pension Liability:	
Current Measurement Date	0.052080%
Prior Measurement Date	0.050564%
Change in proportionate share	0.001516%
Proportionate Share of the:	
Net Pension Liability	$4,531,171

Actuarial Assumptions – OPERS

Actuarial valuations of an ongoing plan involve estimates of the values of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and cost trends. Actuarially determined amounts are subject to continual review or modification as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. The total pension liability was determined by an actuarial valuation as of December 31, 2021, using the following actuarial assumptions, applied to all periods included in the measurement in accordance with the requirements of GASB 67. In 2021, the Board's actuarial consultants conducted an experience study for the period 2016 through 2020, comparing assumptions to actual results. The experience study incorporates both a historical review and forward-looking projections to determine the appropriate set of assumptions to keep the plan on a path forward to full funding. Information from this study led to changes in both demographic and economic assumptions, with the most notable being a reduction in the actuarially assumed rate of return from 7.2 percent down to 6.9 percent, for the defined benefit investments. Key actuarial assumptions and methods used in the latest actuarial valuation, prepared as of December 31, 2021, reflecting experience study results, are presented below.

	OPERS Traditional Plan
Wage Inflation	2.75 percent
Future Salary Increases, including inflation	2.75 to 10.75 percent including wage inflation
COLA or Ad Hoc COLA	
Pre-January 7, 2013 Retirees	3 percent, simple
Post-January 7, 2013 Retirees	3 percent, simple through 2022, then 2.05 percent, simple
Investment Rate of Return	6.9 percent
Actuarial Cost Method	Individual Entry Age

Key actuarial assumptions and methods used in the prior actuarial valuation, prepared as of December 31, 2020, are presented below.

	OPERS Traditional Plan
Wage Inflation	3.25 percent
Future Salary Increases, including inflation	3.25 to 10.75 percent including wage inflation
COLA or Ad Hoc COLA	
Pre-January 7, 2013 Retirees	3 percent, simple
Post-January 7, 2013 Retirees	0.5 percent, simple through 2021, then 2.15 percent, simple
Investment Rate of Return	7.2 percent
Actuarial Cost Method	Individual Entry Age

For 2021, pre-retirement mortality rates are based on the 130 percent of the Pub-2010 General Employee Mortality tables (males and females) for State and Local Government divisions and 170 percent of the Pub-2010 Safety Employee Mortality tables (males and females) for the Public Safety and Law Enforcement divisions. Post-retirement mortality rates are based on 115 percent of the PubG-2010 Retiree Mortality Tables (males and females) for all divisions. Post-retirement mortality rates for disabled retirees are based on the PubNS-2010 Disabled Retiree Mortality Tables (males and females) for all divisions. For all of the previously described tables, the base year is 2010 and mortality rates for a particular calendar year are determined by applying the MP-2020 mortality improvement scales (males and females) to all of these tables.

For 2020, pre-retirement mortality rates are based on the RP-2014 Employees mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates are based on the RP-2014 Healthy Annuitant mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates for disabled retirees are based on the RP-2014 Disabled mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Mortality rates for a particular calendar year are determined by applying the MP-2015 mortality improvement scale to all the above-described tables.

The most recent experience study was completed for the five year period ended December 31, 2020.

During 2021, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio, and the Defined Contribution portfolio. The Defined Benefit portfolio contains the investment assets for the Traditional Pension Plan, the defined benefit component of the Combined Plan and the annuitized accounts of the Member-Directed Plan. Within the Defined Benefit portfolio contributions into the plans are all recorded at the same time, and benefit payments all occur on the first of the month. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Defined Benefit portfolio was 15.3 percent for 2021.

The allocation of investment assets with the Defined Benefit portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The long-term expected rate of return on defined benefit investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected real rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation. Best estimates of geometric real rates of return were provided by the Board's investment consultant. For each major asset class that is included in the Defined Benefit portfolio's target asset allocation as of December 31, 2021, the best estimates are summarized in the following table:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Geometric)
Fixed Income	24.00 %	1.03 %
Domestic Equities	21.00	3.78
Real Estate	11.00	3.66
Private Equity	12.00	7.43
International Equities	23.00	4.88
Risk Parity	5.00	2.92
Other Investments	4.00	2.85
Total	100.00 %	4.21 %

Discount Rate The discount rate used to measure the total pension liability for the current year was 6.90 percent for the Traditional Pension Plan. The discount rate for the prior year was 7.2 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments for the Traditional Pension Plan was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the County's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate The following table presents the County's proportionate share of the net pension liability calculated using the current period discount rate assumption of 6.9 percent, as well as what the County's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (5.9 percent) or one-percentage-point higher (7.9 percent) than the current rate:

	1% Decrease (5.9%)	Current Discount Rate (6.9%)	1% Increase (7.9%)
County's proportionate share of the net pension liability			
OPERS Traditional Plan	$11,946,631	$4,531,171	$163,948

NOTE 10 – DEFINED BENEFIT OPEB PLANS

Net OPEB Liability/(Asset)

See Note 9 for a description of the net OPEB liability.

Plan Description – Ohio Public Employees Retirement System

Plan Description – The Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: the Traditional Pension Plan, a cost-sharing, multiple-employer defined benefit pension plan; the Member-Directed Plan, a defined contribution plan; and the Combined Plan, a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

OPERS maintains a cost-sharing, multiple-employer defined benefit postemployment health care trust, which funds multiple health care plans including medical coverage, prescription drug coverage and deposits to a Health Reimbursement Arrangement to qualifying benefit recipients of both the Traditional Pension and Combined Plans. Currently, Medicare-eligible retirees are able to select medical and prescription drug plans from a range of options and may elect optional vision and dental plans. Retirees and eligible dependents enrolled in Medicare Parts A and B have the option to enroll in a Medicare supplemental plan with the assistance of the OPERS Medicare Connector. The OPERS Medicare Connector is a relationship with a vendor selected by OPERS to assist retirees, spouses and dependents with selecting a medical and pharmacy plan. Monthly allowances, based on years of service and the age at which the retiree first enrolled in OPERS coverage, are deposited into an HRA. For non-Medicare retirees and eligible dependents, OPERS sponsors medical and prescription coverage through a professionally managed self-insured plan. An allowance to offset a portion of the monthly premium is offered to retirees and eligible dependents. The allowance is based on the retiree's years of service and age when they first enrolled in OPERS coverage.

OPERS provides a monthly allowance for health care coverage for eligible retirees and their eligible dependents. The base allowance is determined by OPERS. The base allowance is determined by OPERS. For those retiring on or after January 1, 2015, the allowance has been determined by applying a percentage to the base allowance. The percentage applied is based on years of qualifying service credit and age when the retiree first enrolled in OPERS health care. Monthly allowances range between 51 percent and 90 percent of the base allowance. Those who retired prior to January 1, 2015, will have an allowance of at least 75 percent of the base allowance.

The heath care trust is also used to fund health care for Member-Directed Plan participants, in the form of a Retiree Medical Account (RMA). At retirement or separation, Member-Directed Plan participants may be eligible for reimbursement of qualified medical expenses from their vested RMA balance.

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.

In order to qualify for postemployment health care coverage, age and service retirees under the Traditional Pension Plan must have twenty or more years of qualifying Ohio service credit with a minimum age of 60. Members in Group A are eligible for coverage at any age with 30 or more years of qualifying service. Members in Group B are eligible at any age with 32 years of qualifying service, or at age 52 with 31 years of qualifying service. Members in Group C are eligible for coverage with 32 years of qualifying service and a minimum age of 55. Current retirees eligible (or who become eligible prior to January 1, 2022) to participate in the OPERS health care program will continue to be eligible after January 1, 2022. Eligibility requirements will change for those retiring after January 1, 2022, with differing eligibility requirements for Medicare retirees and non-Medicare retirees. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 75. See OPERS' Annual Comprehensive Financial Report referenced below for additional information.

The Ohio Revised Code permits, but does not require, OPERS to provide health care to its eligible benefit recipients. Authority to establish and amend health care coverage is provided to the Board in Chapter 145 of the Ohio Revised Code.

Disclosures for the health care plan are presented separately in the OPERS financial report. Interested parties may obtain a copy by visiting https://www.opers.org/financial/reports.shtml, by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 614-222-5601 or 800-222-7377.

Funding Policy – The Ohio Revised Code provides the statutory authority requiring public employers to fund postemployment health care through their contributions to OPERS. When funding is approved by OPERS' Board of Trustees, a portion of each employer's contribution to OPERS is set aside to fund OPERS health care plans. Beginning in 2018, OPERS no longer allocated a portion of its contributions to health care for the Traditional Pension Plan.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2022, state and local employers contributed at a rate of 14.0 percent of earnable salary and public safety and law enforcement employers contributed at 18.1 percent. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. For 2022, OPERS did not allocate any employer contributions to health care for members in the Traditional Pension Plan. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected.

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

The County's contractually required contribution was $0 for 2022.

Net OPEB Liability/(Asset)

The net OPEB liability and total OPEB liability for OPERS were determined by an actuarial valuation as of December 31, 2020, rolled forward to the measurement date of December 31, 2021, by incorporating the expected value of health care cost accruals, the actual health care payment, and interest accruals during the year. The total OPEB liability used to calculate the net OPEB liability (asset) was determined by an actuarial valuation as of that date. The County's proportion of the net OPEB liability (asset) was based on the County's share of contributions to the retirement plan relative to the contributions of all participating entities. Following is information related to the proportionate share:

	OPERS Traditional Plan
Proportion of the Net OPEB Liability:	
Current Measurement Date	0.049777%
Prior Measurement Date	0.048557%
Change in proportionate share	0.001220%
Proportionate Share of the Net OPEB Liability (Asset)	($1,559,092)

Actuarial Assumptions – OPERS

Actuarial valuations of an ongoing plan involve estimates of the values of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and cost trends. Actuarially determined amounts are subject to continual review or modification as actual results are compared with past expectations and new estimates are made about the future.

Projections of health care costs for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of coverage provided at the time of each valuation and the historical pattern of sharing of costs between OPERS and plan members. In 2021, the Board's actuarial consultants conducted an experience study for the period 2016 through 2020, comparing historical assumptions to actual results. The experience study incorporates both a historical review and forward-looking projections to determine the appropriate set of assumptions to keep the plan on a path toward full funding. Information from this study led to changes in both demographic and economic assumptions. The actuarial valuation used for 2021 compared to those used for 2020 are as follows:

	December 31, 2021	December 31, 2020
Wage Inflation	2.75 percent	3.25 percent
Projected Salary Increases,	2.75 to 10.75 percent including wage inflation	3.25 to 10.75 percent including wage inflation
Single Discount Rate	6.00 percent	6.00 percent
Investment Rate of Return	6.00 percent	6.00 percent
Municipal Bond Rate	1.84 percent	2.00 percent
Health Care Cost Trend Rate	5.5 percent, initial 3.50 percent, ultimate in 2034	8.5 percent, initial 3.50 percent, ultimate in 2035
Actuarial Cost Method	Individual Entry Age	Individual Entry Age

For, 2021, pre-retirement mortality rates are based on the 130 percent of the Pub-2010 General Employee Mortality tables (males and females) for State and Local Government divisions and 170 percent of the Pub-2010 Safety Employee Mortality tables (males and females) for the Public Safety and Law Enforcement divisions. Post-retirement mortality rates are based on 115 percent of the PubG-2010 Retiree Mortality Tables (males and females) for all divisions. Post-retirement mortality rates for disabled retirees are based on the PubNS-2010 Disabled Retiree Mortality Tables (males and females) for all divisions. For all of the previously described tables, the base year is 2010 and mortality rates for a particular calendar year are determined by applying the MP-2020 mortality improvement scales (males and females) to all of these tables.

For 2020, pre-retirement mortality rates are based on the RP-2014 Employees mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates are based on the RP-2014 Healthy Annuitant mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates for disabled retirees are based on the RP-2014 Disabled mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Mortality rates for a particular calendar year are determined by applying the MP-2015 mortality improvement scale to all the above-described tables.

The most recent experience study was completed for the five year period ended December 31, 2020.

During 2021, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio and the Defined Contribution portfolio. The Health Care portfolio includes the assets for health care expenses for the Traditional Pension Plan, Combined Plan and Member-Directed Plan eligible members. Within the Health Care portfolio, if any contributions are made into the plans, the contributions are assumed to be received continuously throughout the year based on the actual payroll payable at the time contributions are made. Health care-related payments are assumed to occur mid-year. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Health Care portfolio was 14.3 percent for 2021.

The allocation of investment assets within the Health Care portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Assets are managed on a total return basis with a long-term objective of continuing to offer a sustainable health care program for current and future retirees. OPERS' primary goal is to achieve and maintain a fully funded status for the benefits provided through the defined pension plans. Health care is a discretionary benefit. The long-term expected rate of return on health care investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected real rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation. Best estimates of geometric rates of return were provided by Board's investment consultant. For each major asset class that is included in the Health Care's portfolio's target asset allocation as of December 31, 2021, these best estimates are summarized in the following table:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Geometric)
Fixed Income	34.00 %	0.91 %
Domestic Equity	25.00	3.78
Real Estate Investment Trust	7.00	3.71
International Equities	25.00	4.88
Risk Parity	2.00	2.92
Other Investments	7.00	1.93
Total	100.00 %	3.45 %

Discount Rate A single discount rate of 6.0 percent was used to measure the OPEB liability on the measurement date of December 31, 2021. Projected benefit payments are required to be discounted to their actuarial present value using a single discounted rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the health care fiduciary net position is projected to be sufficient to pay benefits), and (2) a tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate are not met). This single discount rate was based on the actuarial assumed rate of return on the health care investment portfolio of 6.0 percent and a municipal bond rate of 1.84 percent (Fidelity Index's "20-Year Municipal GO AA Index"). The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rate. Based on these assumptions, the health care fiduciary net position and future contributions were sufficient to finance health care costs through the year 2121. As a result, the actuarial assumed long-term expected rate of return on health care investments was applied to projected costs through year 2121, the duration of the projection period through which projected health care payments are fully funded.

Sensitivity of the County's Proportionate Share of the Net OPEB Liability/(Asset) to Changes in the Discount Rate The following table presents the County's proportionate share of the net OPEB liability (asset) calculated using the single discount rate of 6.00 percent, as well as what the County's proportionate share of the net OPEB liability (asset) would be if it were calculated using a discount rate that is one-percentage-point lower (5.00 percent) or one-percentage-point higher (7.00 percent) than the current rate:

	1% Decrease 5.00%	Current Discount Rate 6.00%	1% Increase 7.00%
County's proportionate share of the net OPEB liability/(asset)	($916,892)	($1,559,092)	($2,092,127)

Sensitivity of the County's Proportionate Share of the Net OPEB Liability/(Asset) to Changes in the Health Care Cost Trend Rate Changes in the health care cost trend rate may also have a significant impact on the net OPEB liability (asset). The following table presents the net OPEB liability (asset) calculated using the assumed trend rates and the expected net OPEB liability (asset) if it were calculated using a health care cost trend rate that is 1.0 percent lower or 1.0 percent higher than the current rate.

Retiree health care valuations use a health care cost-trend assumption that changes over several years built into the assumption. The near-term rates reflect increases in the current cost of health care; the trend starting in 2022 is 5.50 percent. If this trend continues for future years, the projection indicates that years from now virtually all expenditures will be for health care. A more reasonable alternative is that the health plan cost trend will decrease to a level at, or near, wage inflation. On this basis, the actuaries project premium rate increases will continue to exceed wage inflation for approximately the next decade, but by less each year, until leveling off at an ultimate rate, assumed to be 3.50 percent in the most recent valuation.

	1% Decrease	Current Health Care Cost Trend Rate Assumption	1% Increase
County's proportionate share of the net OPEB liability/(asset)	($1,575,940)	($1,559,092)	($1,539,105)

NOTE 11 – OTHER EMPLOYEE BENEFITS

A. INSURANCE BENEFITS

The County provides employee vision and dental coverage through County Employee Benefit Consortium of Ohio, Inc. (CEBCO). The County provides life insurance and accidental death and dismemberment insurance to most employees through Mutual of Omaha. The County provides employee medical Aetna insurance through Wellnet Health Care. The premium varies with employees depending on the insurance coverage selected. The County pays a set portion of participating employees' health and life insurance premiums, with the balance being the individual employee's responsibility.

B. SICK LEAVE AND VACATION LEAVE

The criteria for determining vacation and sick leave components are derived from negotiated agreements and State laws. Employees earn ten to twenty-five days of vacation per year, depending upon length of service. Accumulated, unused vacation time up to the accrual for three years, is paid to employees upon termination of employment.

Employees earn sick leave at the rate of .0575 hours for each hour worked. Unused sick leave accumulates without limit. Non-bargaining unit employees employed before April 30, 2001 with 10 years or more of service may elect upon retirement to receive payment for one half of all accrued, but unused sick credit at the employee's pay rate at the time of retirement. Non-bargaining unit employees employed after April 30, 2001 with 10 years or more of service may elect upon retirement to receive payment for one fourth of all accrued, but unused sick leave credit at the employee's pay rate at the time of retirement.

C. DEFERRED COMPENSATION

Employees of the County may elect to participate in the Ohio Public Employees Deferred Compensation program or the County Commissioners Association of Ohio program. Under these programs, employees authorize a voluntary payroll deduction, which is invested in a plan of their choice. The accumulated value of the account is not distributed to the employee until a future date, usually after retirement. The deferred pay and any income on it is not subject to income taxation until the distribution is made to the employee. These assets are placed in trust by the respective programs to comply with Internal Revenue Code provisions. Accordingly, these assets are not reflected in the accompanying financial statements. Employees of the County deferred $193,036 under these two plans during 2022.

NOTE 12 – LEASES

The County has entered into agreements to lease certain office equipment. The lease agreements qualify as other than short-term leases under GASB 87 and therefore involve right to use assets and related lease liabilities.

Future minimum payments are as follows:

Years Ended December 31	Payment Amount	Interest	Present Value of Net Minimum Lease Payments
2023	$ 10,355	$ -	$ 10,355
2024	10,355	-	10,355
2025	10,354	-	10,354
2026	1,074	-	1,074
Total	$ 32,138	$ -	$ 32,138

The County, as lessor, has entered into lease agreements involving farmland. The land is leased to various farmers. The total revenues received during the current year was $100,891.

NOTE 13 – DEBT

A. SHORT-TERM DEBT

The changes in the County's short-term debt obligations during the year consist of the following:

	Interest Rate	Outstanding 12/31/2021	Additions	Reductions	Outstanding 12/31/2022
Governmental Activities:					
CIC # 1 - Gasser Road:					
The Union Bank Company					
General Obligation Notes	2.49 percent	$ 48,000	$ -	$ 48,000	$ -
Premier Bank					
General Obligation Notes	4.95 percent	-	47,000	-	47,000
		48,000	47,000	48,000	47,000
CIC # 2 - Gasser Road:					
Premier Bank					
General Obligation Notes	1.25 percent	26,000	-	26,000	-
The Antwerp Exchange Bank					
General Obligation Notes	2.47 percent	-	25,000	-	25,000
		26,000	25,000	26,000	25,000
Total		$ 74,000	$ 72,000	$ 74,000	$ 72,000

Back in the early 2000's, the Community Improvement Corporation of Paulding (CIC) purchased two parcels of land within Paulding County to promote future economic development, specifically land for industrial parks. The notes were taken out to help with the purchase of the land until they were purchased by another company. Notes are rolled over on an annual basis.

B. LONG-TERM DEBT

The original issue date, interest rate, original issue amount, and balance at December 31, 2022 for the County's long-term debt issues are as follows:

	Original Issue Date	Interest Rate	Original Issue Amount
Various Purpose Refunding and Improvement Bonds Unlimited Tax: Series 2011	2011	1.00-3.8 percent	$ 2,230,000
United States Department of Agriculture: Sanitary Sewer Revenue Bonds, Series 2011	2011	3.38 percent	2,514,000
Ohio Water Development Authority: Auglaize River Area Sewers	2011	1.00 percent	959,608
JFS Building Loan	2014	3.10 percent	456,205
Eagle Creek Ditch Loan	2018	3.84 percent	120,000
Total			$ 6,279,813

The County's long-term debt activity for the year ended December 31, 2022, was as follows:

	Restated Principal Outstanding 12/31/2021	Additions	Reductions	Principal Outstanding 12/31/2022	Due Within One Year
Governmental Activities:					
Various Purpose Refunding and Improvements Bonds, Series 2011	$ 590,000	$ -	$ 165,000	$ 425,000	$ 170,000
JFS Building Loan	342,475	-	18,333	324,142	18,902
Eagle Creek Ditch Loan	79,240	-	14,662	64,578	15,233
Total Long-term Obligations	1,011,715	-	197,995	813,720	204,135
Notes Payable - Financed Purchases	309,246	-	99,623	209,623	103,043
Total Governmental Activities	$ 1,320,961	$ -	$ 297,618	$ 1,023,343	$ 307,178

	Principal Outstanding 12/31/2021	Additions	Reductions	Principal Outstanding 12/31/2022	Due Within One Year
Business-Type Activities:					
United States Department of Agriculture (USDA) Sanitary Sewer Revenue Bonds	$ 2,211,900	$ -	$ 43,800	$ 2,168,100	$ 45,200
Ohio Water Development Authority Auglaize River Area Sewers	731,098	-	29,867	701,231	30,167
Total Business-Type Activities	$ 2,942,998	$ -	$ 73,667	$ 2,869,331	$ 75,367

Various Purpose Refunding and Improvement Bonds, Series 2011
The Various Purpose Refunding and Improvement Bonds, Series 2011 were issued to refinance the Paulding County Hospital Bonds and the voted Jail Bond Anticipation Note. The bonds, which were issued September 6, 2011, are payable from voted property tax revenues. At December 31, 2018, the bonds consisted of $1,120,000 of term bonds. The term bonds, at various principal amounts and interest rates mature on December 1 annually starting December 1, 2018. These bonds are subject to mandatory sinking redemption at set amounts at a reduction price equal to 100 percent of the principal amount redeemed, plus accrued interest at the redemption date. Following is the schedule of the various bonds and their respective interest rates:

Bond Maturity Date	Principal Redemption Date	Original Issue Amount	Interest Rate
December 1, 2023	December 1, 2023	$ 170,000	3.4 percent
December 1, 2026	December 1, 2024	75,000	3.8 percent
	December 1, 2025	90,000	
	December 1, 2026	90,000	
		255,000	
Total Term Bonds		$ 425,000	

In 2014, the County obtained a 10 year, 3.1 percent loan in the amount of $456,205 to refinance the mortgage on the Job and Family Services (JFS) building. The mortgage is payable from the Capital Projects JFS Building Fund with annual installments of $28,950.

In 2018, initial proceeds from a General Obligation Note were used for the construction and reconstruction of the Eagle Creek Ditch. Property owners receiving the benefits of the construction or reconstruction of a ditch are assessed over an eight year period for their portion of the construction in an amount determined by the County Engineer. These special assessments collected are applied to the outstanding note in annual payments of $17,747, including interest at a fixed rate of 3.84 percent starting on October 2019.

United States Department of Agriculture Sanitary Sewer Revenue Bonds
The United States Department of Agriculture (USDA) Sanitary Sewer Revenue bonds were issued to fund construction of the Paulding-Defiance Joint Sewer District sanitary sewer system in Auglaize Township of Paulding County. The bonds will be repaid by sewer usage charges paid by service recipients. The bonds, which were issued July 28, 2011, are payable, starting in July 2014 and continuing through July 2051, at a fixed rate of 3.375 percent. The bond issue was for $2,514,000.

Ohio Water Development Authority Loan
In 2014, the County obtained a 30 year, 1 percent loan for the construction, maintenance, and operation of the Auglaize River Sanitary Sewer District from the Ohio Water Development Authority (OWDA). The loan is repaid from the Enterprise Sanitary Sewer Bond Payment Fund. The loan was payable starting in July 2015 and continuing through July 2043 with semi-annual installments of $18,552.

Notes Payable – Financed Purchases
See Note 13.C. for detail on the County's notes payable.

The following is a summary of the County's required future annual debt service payments for the long-term obligations:

Years Ended December 31	Various Purpose Refunding and Improvement Bonds Principal	Various Purpose Refunding and Improvement Bonds Interest	USDA Sanitary Sewer Revenue Bonds Principal	USDA Sanitary Sewer Revenue Bonds Interest	Ohio Water Development Authority Principal	Ohio Water Development Authority Interest
2023	$ 170,000	$ 15,470	$ 45,200	$ 73,173	$ 30,167	$ 6,937
2024	75,000	9,690	46,600	71,648	30,469	6,635
2025	90,000	6,840	48,300	70,075	30,775	6,329
2026	90,000	3,420	50,000	68,445	31,083	6,021
2027			51,700	66,758	31,395	5,709
2028-2032	-	-	285,300	306,447	161,758	23,761
2033-2037	-	-	337,100	254,918	170,031	15,488
2038-2042	-	-	397,900	194,070	178,726	6,793
2033-2047	-	-	469,700	122,239	36,827	276
2048-2051	-	-	436,300	37,425	-	-
Total	$ 425,000	$ 35,420	$ 2,168,100	$ 1,265,198	$ 701,231	$ 77,949

Years Ended December 31	JFS Building Loan Principal	JFS Building Loan Interest	Eagle Creek Ditch Loan Principal	Eagle Creek Ditch Loan Interest	Totals Principal	Totals Interest
2023	$ 18,902	$ 10,048	$ 15,233	$ 2,514	$ 279,502	$ 108,142
2024	305,240	9,488	15,821	1,927	473,130	99,388
2025	-	-	16,442	1,305	185,517	84,549
2026	-	-	17,082	665	188,165	78,551
2027	-	-	-	-	83,095	72,467
2028-2032	-	-	-	-	447,058	330,208
2033-2037	-	-	-	-	507,131	270,406
2038-2042	-	-	-	-	576,626	200,863
2043-2047	-	-	-	-	506,527	122,515
2048-2051	-	-	-	-	436,300	37,425
Total	$ 324,142	$ 19,536	$ 64,578	$ 6,411	$ 3,683,051	$ 1,404,514

C. NOTES PAYABLE – FINANCED PURCHASES

In fiscal year 2022, the County had a note payable related to the purchase of three 2020 Western Star dump trucks. The County disbursed $110,239 (including interest) to pay note costs for the year ended December 31, 2022. This note cost was reflected as public works disbursements in the Motor Vehicle Gasoline Tax Fund on the accompanying financial statements.

The following is a schedule of the future minimum note payments required under the notes payable and the present value of the future minimum payments as of December 31, 2022:

Notes Payable - Financed Purchases		
Year Ended December 31		Dump Trucks
2023	$	110,239
2024		110,239
Total Future Minimum Payments		220,478
Less: Amount Representing Interest		(10,855)
Present Value of Future Minimum Payments	$	209,623

NOTE 14 – CONTINGENT LIABILITIES

A. GRANTS

Amounts grantor agencies pay to the County are subject to audit and adjustment by the grantor, principally the federal government. Grantors may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

B. LITIGATION

The County is defendant in a lawsuit. Although management cannot presently determine the outcome of the suit, they believe the resolution of this matter will not materially adversely affect the County’s financial condition.

NOTE 15 – FUND BALANCES

Fund balance is classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the County is bound to observe constraints imposed upon the use of the resources in the government funds. The constraints placed on fund balance for the major governmental funds and all other nonmajor governmental funds are presented below:

Fund Balances	General Fund	Motor Vehicle Gasoline Tax Fund	PCBDD Fund	ARPA Fund	Other Governmental Funds	Total Governmental Funds
Restricted For:						
Legislative and Executive Programs	$ -	$ -	$ -	$ 3,299,618	$ 689,685	$ 3,989,303
Judicial Programs	-	-	-	-	1,989,397	1,989,397
Public Safety Programs	-	-	-	-	1,890,356	1,890,356
Public Works Programs	-	1,385,582	-	-	345,653	1,731,235
Human Service Programs	-	-	4,205,292	-	1,152,653	5,357,945
Economic Development	-	-	-	-	211,634	211,634
Health Programs	-	-	-	-	257,240	257,240
Debt Service	-	-	-	-	328,295	328,295
Capital Projects	-	-	-	-	142,658	142,658
Total Restricted	-	1,385,582	4,205,292	3,299,618	7,007,571	15,898,063
Committed For:						
Capital Improvements	-	-	-	-	751,854	751,854
Non-Spendable for:						
Unclaimed Monies	114,592	-	-	-	-	114,592
Assigned for:						
Subsequent Year Appropriations	605,004	-	-	-	-	605,004
Unassigned	2,992,353	-	-	-	-	2,992,353
Total Fund Balances	$ 3,711,949	$ 1,385,582	$ 4,205,292	$ 3,299,618	$ 7,759,425	$ 20,361,866

NOTE 16 – JOINTLY GOVERNED ORGANIZATIONS AND JOINT VENTURE WITHOUT EQUITY INTEREST

Maumee Valley Planning Organization (MVPO) is a jointly governed organization between Defiance, Fulton, Henry, Paulding, and Williams Counties and the respective townships and municipalities in each of those counties. Its purpose is to act as a joint regional planning commission to write and administer Community Development Block Grants and assist with housing rehabilitation in the area. MVPO is governed by a Board consisting of fifteen members. The Board is made up of one County Commissioner from each member County as well as one township representative and one municipal representative for each of the five member counties. The main sources of revenue are fees charged by MVPO to administer Community Development Block Grants and a per capita amount from each county. In 2022, the County paid administrative fees of $18,900 to MVPO.

Tri-County Alcohol, Drug Addiction and Mental Health Board of Mercer, Paulding and Van Wert Counties is a jointly governed organization that provides leadership in planning for and supporting community based alcohol, drug addiction and mental health services in each member county in cooperation with public and private resources with emphasis on the development of prevention and early intervention programming while respecting, protecting, and advocating for the rights of persons as consumers of alcohol, drug addiction, and mental health services. The ability to influence operations depends on the County's representation on the Board.

The Board of Trustees consists of eighteen members: four members are appointed by the Director of the Ohio Department of Mental Health, four members are appointed by the Director of the Ohio Department of Alcohol and Drug Addiction Services and the remaining ten members are appointed by the County Commissioners of Mercer, Paulding and Van Wert Counties in the same proportion as the county's population bears to the total population of the three counties combined. The majority of the Tri-County Alcohol, Drug Addiction and Mental Health Board's revenue comes from a property tax levied by the organization. During 2022, the tax levy produced $357,153 for the operations of the organization. These monies were collected and distributed by the County on behalf of the Board. In addition, $72,265 in payment in lieu of taxes from the windfarms and solar farms were allocated to the organization.

Northwest Ohio Waiver Administration Council (NOWAC) is a jointly governed organization created under the provisions of Chapter 167 of the Ohio Revised Code. NOWAC is organized as a council of governments as a voluntary organization of local County Boards of Developmental Disabilities in Allen, Defiance, Fulton, Henry, Paulding, Van Wert, and Williams Counties. NOWAC's Board of Council Members consists of the Superintendents of the member County Boards of Developmental Disabilities (County Boards of DD). The member County Boards of DD include: Allen, Defiance, Fulton, Henry, Paulding, Van Wert, and Williams Counties. Each of the participating counties has equal representation and no financial responsibility. NOWAC's purpose is to foster a cooperative effort in regional planning, programming, and the implementation of regional plans and programs. Its primary function is to oversee and obtain contracted services for its clientele in member counties. These services include various types of assistance provided by outside individuals or health care organizations for living maintenance of disabled clients so they can remain in their homes. Paulding County contributed $61,827 towards NOWAC operations in 2022. Complete financial statements can be obtained from the Northwest Ohio Waiver Administration Council, 815 East Second Street, Suite B, Defiance, Ohio 43512-2511.

Antwerp Community Improvement Corporation and Community Improvement Corporation of Paulding are jointly governed organizations representing the Village of Antwerp, Paulding County, its townships, and the Village of Paulding, respectively. Their purpose is to promote and encourage the establishment and growth of industrial, commercial and research facilities within member subdivisions. Their governing boards consist of approximately two-fifths public elected officials.

Four County Solid Waste District is a joint venture between Defiance, Fulton, Paulding, and Williams Counties for the purpose of making waste disposal in the four county area more comprehensive in terms of recycling, incinerating and land filling. The District was created in 1989. The District is governed and operated through a twelve member Board of Directors, consisting of three commissioners from each member county. Financial records are maintained by the Williams County Auditor in Bryan, Ohio. The District's sole revenue source is a waste disposal fee for in-district and out-of-district waste. The County has an ongoing interest in the District. The County Commissioners are able to influence the Board of Directors to use the District's surplus resources to undertake special projects of interest of the County's citizens. In the event that a county withdraws from the District, this access to the net resources has not been explicitly defined, nor currently measurable. The County has no ongoing financial responsibility to the District. The District received $100,000 from the County in 2022 to administer its local solid waste reduction program.

Defiance/Paulding Consolidated Department of Job and Family Services (DPCDJFS) On October 1, 2013, the Defiance/Paulding Consolidated Department of Job and Family Services (DPCDJFS) was established as a jointly governed organization among Defiance and Paulding Counties used to provide public assistance, children's services, and workforce innovation and opportunity act activities to individuals within the two counties. The Board of DPCDJFS consists of six members, with equal representation from both counties. The Board exercises total control over the operation of DPCDJFS including budgeting, contracting, and designating management. Defiance County acts as fiscal agent for DPCDJFS, but has no ongoing financial interest or responsibility for DPCDJFS. In 2022, Paulding County contributed $113,155 for DPCDJFS' operations. Information can be obtained from Jill Little, Defiance County Auditor, 500 Second Street, Suite 301, Defiance, Ohio 43512.

NOTE 17 – PUBLIC ENTITY RISK POOLS

A. COUNTY RISK SHARING AUTHORITY, INC.

The County Risk Sharing Authority, Inc. (CORSA) is a jointly governed organization among sixty-six counties and forty-two county-affiliated public entities in Ohio. CORSA was formed as an Ohio not-for-profit corporation for the purpose of establishing the CORSA Insurance/Self-Insurance Program, a group primary and excess insurance/self-insurance and risk management program. Members agree to jointly participate in coverage of losses and pay all contributions necessary for the specified insurance coverages provided by CORSA.

Each member county has one vote on all matters requiring a vote, to be cast by a designated representative. The affairs of CORSA are managed by an elected board of not more than nine trustees. Only county commissioners of member counties are eligible to serve on the Board of Trustees. No county may have more than one representative on the Board of Trustees at any time. Each member county's control over the budgeting and financing of CORSA is limited to its voting authority and any representation it may have on the Board of Trustees.

B. COUNTY COMMISSIONERS ASSOCIATION OF OHIO SERVICE CORPORATION

The County participates in a group rating plan for workers' compensation as established under Section 4123.29 of the Ohio Revised Code. The County Commissioners Association of Ohio Service Corporation (CCAOSC) was established through the County Commissioners Association of Ohio (CCAO) as an insurance purchasing pool.

A group executive committee is responsible for calculating annual rate contributions and rebates, approving the selection of a third party administrator, reviewing and approving proposed third party fees, fees for risk management services and general management fees, determining ongoing eligibility of each participant, and performing any other acts and functions which may be delegated to it by the participants. The group executive committee consists of seven members. Two members are the president and treasurer of CCAOSC; the remaining five members are representatives of the participants. These five members are elected for the ensuing year by the participants at a meeting held in December of each year. No participant can have more than one member on the group executive committee in any year, and each elected member shall be a county commissioner.

C. COUNTY EMPLOYEE BENEFIT CONSORTIUM OF OHIO, INC. (CEBCO)

The County participates in an insurance group purchasing pool for employee benefit plan costs which was established under the authority granted by Section 9.833 of the Ohio Revised Code. The County Employee Benefit Consortium of Ohio, Inc. (CEBCO) was established to assist political subdivisions of the State of Ohio in controlling employee benefit plan costs. The County pays, on a monthly basis, the annual actuarially determined funding rate. Components of the funding rate include the claims fund contribution, incurred but not reported claims, a claim contingency reserve fund, as well as the fixed costs of the consortium. In 2022, the County contributed a total of $160 to CEBCO.

The business and affairs of CEBCO are managed by a board of not more than nine or more than fifteen directors that exercise all powers of the consortium. Two-thirds of the directors are County Commissioners of member counties and one-third are employees of the member counties. At all times, one director is required to be a member of the Board of Directors of the CCAO and another is required to be a Board Member of the County Risk Sharing Authority, Inc. (CORSA).

NOTE 18 – RELATED ORGANIZATION

Paulding County Carnegie Library is a distinct political subdivision of the state of Ohio created under Chapter 3375 of the Ohio Revised Code. The Library is governed by a Board of Trustees appointed by the Paulding County Court of Common Pleas. The Board of Trustees possesses its own contracting and budgeting authority, hires and fires personnel, and does not depend on the County for operational subsidies. Although the County does serve as the taxing authority and may issue tax related debt on behalf of the Library, its role is limited to an administerial function. The determination to request approval of a tax, the rate, and the purpose are discretionary decisions made solely by the Board of Trustees. Financial information can be obtained from the Paulding County Carnegie Library, Bret Mack, Clerk/Treasurer, at 205 South Main Street, Paulding, Ohio 45879-1492.

NOTE 19 – TAX ABATEMENTS

The County is part of multiple Enterprise Zone tax abatement agreements with local businesses. Enterprise zones are designated areas of land in which businesses can receive tax incentives in the form of tax exemptions on eligible new investment. The Enterprise Zone Program provides tax exemptions for a portion of the value of new real property when the investment is made in conjunction with a project that includes job creation or job retention. These tax abatements reduced assessed value by a percentage agreed upon by all parties that authorize these types of agreements. Taxes can be abated up to 100 percent for up to fifteen years. A majority of the County's abatements are up to ten years or less and are 100 percent abated. The total value of real property subject to exemption for 2022 was $1,547,827. The total value of taxes abated for 2022 was $71,141.

The County is part of multiple Community Reinvestment Area (CRA) tax abatement agreements with local businesses. CRA areas are designated areas of land in which businesses can receive tax incentives in the form of tax exemptions on eligible new investment. The Community Reinvestment Area Program provides tax exemptions for a portion of the value of new real property when the investment is made in conjunction with a project that includes job creation or job retention. These tax abatements reduced assessed value by a percentage agreed upon by all parties that authorize these types of agreements. Taxes can be abated up to 100 percent for up to ten years. A majority of the County's abatements are up to ten years or less and are 100 percent abated. The total value of real property subject to exemption for 2022 was $609,945. The total value of taxes abated for 2022 was $33,101.

In addition, Haviland Village is a designated Community Reinvestment Area within the County with areas in which businesses and residences can receive tax incentives in the form of tax exemptions on eligible new investment. These tax abatements reduced assessed value by a percentage agreed upon by all parties that authorize these types of agreements. Businesses can be exempt up to 100 percent for ten years and residences 100 percent up to five years. The total value of real property subject to exemption for 2022 was $707,940. The total value of taxes abated for 2022 was $29,981.

NOTE 20 – OTHER REVENUE

Other revenue in the Other Governmental Funds primarily consisted of refunds and various types of reimbursements.

PAULDING COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2022

FEDERAL GRANTOR *Pass Through Grantor* Program / Cluster Title	Federal AL Number	Pass Through Entity Identifying Number	Provided to Subrecipients	Total Federal Expenditures
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				
Passed Through Ohio Development Services Agency				
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii				
COVID-19 Community Development Block Grants	14.228	B-D-20-1CF-4		$ 1,800
Community Development Block Grants	14.228	B-F-20-1CF-1		44,811
COVID-19 Community Development Block Grants	14.228	B-D-21-1CF-4		64,601
Total U.S. Department of Housing and Urban Development				111,212
U.S. DEPARTMENT OF JUSTICE				
Passed Through Ohio Office of Criminal Justice Services				
COVID-19 Coronavirus Emergency Supplemental Funding Program	16.034	2020-CE-LEF-2362		5,642
Passed Through Ohio Attorney General				
Crime Victim Assistance	16.575	2022-VOCA-134718958		14,242
Crime Victim Assistance	16.575	2023-VOCA-135109467		2,138
Total Crime Victim Assistance				16,380
Total U.S. Department of Justice				22,022
U.S. DEPARTMENT OF TRANSPORTATION				
Passed Through Ohio Department of Public Safety				
Highway Safety Cluster:				
State and Community Highway Safety	20.600	69A37521300004020OH0		4,398
Minimum Penalties for Repeat Offenders for Driving While Intoxicated	20.608	69A37521300001640OHA		2,145
Total U.S. Department of Transportation				6,543
U.S. DEPARTMENT OF TREASURY				
Direct Assistance				
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	2022	$ 34,250	610,402
Total U.S. Department of Treasury			34,250	610,402
U.S. DEPARTMENT OF EDUCATION				
Passed Through Ohio Department of Developmental Disabilities				
Special Education - Grants for Infants and Families				
Special Education - Grants for Infants and Families	84.181	2022		41,030
American Rescue Plan Special Education - Grants for Infants and Families	84.181X	2022		8,802
Total Special Education - Grants for Infants and Families				49,832
Total U.S. Department of Education				49,832
U.S. DEPARTMENT OF HOMELAND SECURITY				
Passed Through Ohio Emergency Management Agency				
Emergency Management Performance Grants	97.042	EMC-2021-EP-00002		24,061
Total U.S. Department of Homeland Security				24,061
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
Passed Through Area Office of Aging of Northwestern Ohio, Inc.				
Aging Cluster:				
Special Programs for the Aging, Title III, Part B, Grants for Supportive Services and Senior Centers	93.044	2022		22,159
COVID-19 Special Programs for the Aging, Title III, Part B, Grants for Supportive Services and Senior Centers	93.044	2022		8,313
Total Special Programs for the Aging, Title III, Part B, Grants for Supportive Services and Senior Centers				30,472
Special Programs for the Aging, Title III, Part C, Nutrition Services	93.045	2022		58,547
COVID-19 Special Programs for the Aging, Title III, Part C, Nutrition Services	93.045	2022		196
Total Special Programs for the Aging, Title III, Part C, Nutrition Services				58,743
Nutrition Services Incentive Program	93.053	2022		25,184
Total Aging Cluster				114,399
Passed Through Ohio Department of Job and Family Services				
Child Support Enforcement	93.563	G-2223-11-6974		204,797
Stephanie Tubbs Jones Child Welfare Services Program	93.645	2022		887
MaryLee Allen Promoting Safe and Stable Families Program	93.556	2022		7,173
Passed Through Ohio Department of Developmental Disabilities				
Social Services Block Grant	93.667	2201OHSOSR		12,554
Total U.S. Department of Health and Human Services				339,810
Total Expenditures of Federal Awards			**$ 34,250**	**$ 1,163,882**

The accompanying notes are an integral part of this schedule.

PAULDING COUNTY

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
2 CFR 200.510(b)(6)
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE A – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of Paulding County, Ohio (the County) under programs of the federal government for the year ended December 31, 2022. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the County, it is not intended to and does not present the financial position or changes in net position of the County.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the cash basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement.

NOTE C – INDIRECT COST RATE

The County has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE D – SUBRECIPIENTS

The County passes certain federal awards received from the U.S. Department of Treasury to other governments or not-for-profit agencies (subrecipients). As Note B describes, the County reports expenditures of Federal awards to subrecipients when paid in cash.

As a pass-through entity, the County has certain compliance responsibilities, such as monitoring its subrecipients to help assure they use these subawards as authorized by laws, regulations, and the provisions of contracts or grant agreements, and that subrecipients achieve the award's performance goals.

NOTE E – COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) PROGRAM WITH REVOLVING LOAN CASH BALANCE

The current cash balance on the County's local program income account as of December 31, 2022 is $335,193.

NOTE F – MATCHING REQUIREMENTS

Certain Federal programs require the County to contribute non-Federal funds (matching funds) to support the Federally-funded programs. The County has met its matching requirements. The Schedule does not include the expenditure of non-Federal matching funds.

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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*

Paulding County
451 McDonald Pike, Suite E
Paulding, Ohio 45879

To the Board of County Commissioners:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards)*, the cash-basis financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Paulding County, Ohio (the County) as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the County's basic financial statements and have issued our report thereon dated September 18, 2023, wherein we noted the County uses a special purpose framework other than generally accepted accounting principles. We issued an adverse opinion on the discretely presented component units due to the County's cash-basis financial statements omitting the amounts related to the Paulding County Hospital and the Paulding County Land Reutilization Corporation.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the County's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County'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 County's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a certain deficiency in internal control, described in the accompanying schedule of findings as item 2022-002 that we consider to be a material weakness.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County'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 an instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings as item 2022-001.

County's Responses to Findings

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

Purpose of This Report

This 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 County'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 County's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Keith Faber
Auditor of State
Columbus, Ohio

September 18, 2023

OHIO AUDITOR OF STATE
KEITH FABER

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO THE MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Paulding County
451 McDonald Pike, Suite E
Paulding, Ohio 45879

To the Board of County Commissioners:

Report on Compliance for the Major Federal Program

Qualified Opinion

We have audited Paulding County, Ohio's, (the County) compliance with the types of compliance requirements identified as subject to audit in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on Paulding County's major federal program for the year ended December 31, 2022. Paulding County's major federal program is identified in the *Summary of Auditor's Results* section of the accompanying schedule of findings.

Qualified Opinion on Coronavirus State and Local Fiscal Recovery Funds

In our opinion, except for the noncompliance described in the *Basis for Qualified Opinion* section of our report, Paulding County complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on Coronavirus State and Local Fiscal Recovery Funds for the year ended December 31, 2022.

Basis for Qualified Opinion

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the *Auditor's Responsibilities for the Audit of Compliance* section of our report.

We are required to be independent of the County and to meet our other ethical responsibilities, in accordance with 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 qualified opinion on compliance for the major federal program. Our audit does not provide a legal determination of the County's compliance with the compliance requirements referred to above.

Matter Giving Rise to Qualified Opinion on Coronavirus State and Local Fiscal Recovery Funds

As described in finding 2022-003 in the accompanying schedule of findings, the County did not comply with requirements regarding procurement and suspension and debarment applicable to its AL #21.027 Coronavirus State and Local Fiscal Recovery Funds, major federal program.

Compliance with such requirements is necessary, in our opinion, for the County to comply with requirements applicable to that program.

Responsibilities of Management for Compliance

The County's Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the County's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the County's compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the County's compliance with the requirements of the major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, 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 County's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of the County's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Other Matters

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

Report on Internal Control over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the *Auditor's Responsibilities for the Audit of Compliance* section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify a certain deficiency in internal control over compliance that we consider to be a material weakness.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings as item 2022-003, to be a material weakness.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Government Auditing Standards requires the auditor to perform limited procedures on the County's response to the internal control over compliance finding identified in our audit described in the accompanying corrective action plan. The County's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of this testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Keith Faber
Auditor of State
Columbus, Ohio

September 18, 2023

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PAULDING COUNTY

SCHEDULE OF FINDINGS
2 CFR § 200.515
DECEMBER 31, 2022

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	**Type of Financial Statement Opinion**	Adverse – Discretely Presented Component Units – Paulding County Hospital and the Paulding County Land Reutilization Corporation Unmodified – Governmental Activities, Business-Type Activities, Each Major Fund, and Aggregate Remaining Fund Information
(d)(1)(ii)	**Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?**	Yes
(d)(1)(ii)	**Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?**	No
(d)(1)(iii)	**Was there any reported material noncompliance at the financial statement level (GAGAS)?**	Yes
(d)(1)(iv)	**Were there any material weaknesses in internal control reported for major federal programs?**	Yes
(d)(1)(iv)	**Were there any significant deficiencies in internal control reported for major federal programs?**	No
(d)(1)(v)	**Type of Major Programs' Compliance Opinion**	Qualified
(d)(1)(vi)	**Are there any reportable findings under 2 CFR § 200.516(a)?**	Yes
(d)(1)(vii)	**Major Programs (list):**	Coronavirus State and Local Fiscal Recovery Funds – AL #21.027
(d)(1)(viii)	**Dollar Threshold: Type A\B Programs**	Type A: > $ 750,000 Type B: all others
(d)(1)(ix)	**Low Risk Auditee under 2 CFR § 200.520?**	No

2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS

FINDING NUMBER 2022-001

Noncompliance

Ohio Rev. Code § 117.38 provides that each public office shall file a financial report for each fiscal year. The Auditor of State may prescribe forms by rule or may issue guidelines, or both, for such reports. If the Auditor of State has not prescribed a rule regarding the form for the report, the public office shall submit its report on the form utilized by the public office.

Ohio Admin. Code 117-2-03(B), which further clarifies the requirements of Ohio Rev. Code § 117.38, requires the County to file annual financial reports which are prepared using generally accepted accounting principles (GAAP).

The County prepared financial statements that, although formatted similar to financial statements prescribed by the Governmental Accounting Standards Board, report on the cash basis of accounting rather than GAAP. The accompanying financial statements and notes omit certain assets, liabilities, deferred inflows/outflows of resources, fund equities/net position, and disclosures that, while presumed material, cannot be determined at this time.

Pursuant to Ohio Rev. Code § 117.38 the County may be fined and subject to various other administrative remedies for its failure to file the required financial report. Failure to report on a GAAP basis compromises the County's ability to evaluate and monitor the overall financial condition of the County. To help provide the users with more meaningful financial statements, the County should prepare its annual financial statements according to generally accepted accounting principles.

Officials' Response:

See Corrective Action Plan

FINDING NUMBER 2022-002

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.

The following errors were identified in the accompanying financial statements:

- The activity of both the Paulding County Hospital and the Paulding County Land Reutilization Corporation, which are Discretely Presented Component Units, were omitted from the financial statements, resulting in an Adverse Opinion.
- Operating grants and contributions – health was overstated and operating grants and contributions – legislative and executive were understated in the amount of $2,284,059 on the Statement of Activities – Cash Basis for Governmental Activities.
- Amounts held for employees and distributions on behalf of employees were overstated in the amount of $3,503,358 on the Statement of Changes in Fiduciary Net Position – Cash Basis – Fiduciary Funds.

- Original and final budgeted receipts on the Statement of Receipts, Disbursements, and Changes in Fund Balance – Budget and Actual – Budget Basis – Motor Vehicle Gasoline Tax Fund were overstated for charges for services and understated for intergovernmental receipts in the amount of $4,675,000.
- Original and final budgeted receipts on the Statement of Receipts, Disbursements, and Changes in Fund Balance – Budget and Actual – Budget Basis – American Rescue Plan Act Fund were overstated for other receipts and understated for intergovernmental receipts in the amount of $1,813,409. In addition, actual receipts were overstated for other receipts and understated for intergovernmental receipts in the amount of $2,284,059 on the same statement.

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 Board of Commissioners making misinformed decisions. The accompanying financial statements and notes to the financial statements have been adjusted to correct these and other errors ranging from $118,316 to $1,196,179 with exception to the Paulding County Hospital and Paulding County Land Reutilization Corporation activity. In addition to the adjustments noted above, we also identified additional misstatements ranging from $13,395 to $346,350 which we have brought to the County's attention.

The County should adopt policies and procedures, including a final review of the financial statements and notes to the financial statements by the County Auditor and the audit committee, to help identify and correct errors and omissions. In addition, the County should also include the activity of the Paulding County Hospital and the Paulding County Land Reutilization Corporation.

Officials' Response:

See Corrective Action Plan

3. FINDINGS FOR FEDERAL AWARDS

Procurement and Suspension and Debarment

Finding Number:	**2022-003**
Assistance Listing Number and Title:	**AL # 21.027 Coronavirus State and Local Fiscal Recovery Funds**
Federal Award Identification Number / Year:	**2022**
Federal Agency:	**U.S. Department of Treasury**
Compliance Requirement:	**Procurement and Suspension and Debarment**
Pass-Through Entity:	**Direct Award**
Repeat Finding from Prior Audit?	**No**

Noncompliance and Material Weakness

The U.S. Department of the Treasury Coronavirus State and Local Fiscal Recovery Funds Award Terms and Conditions signed by the County includes, in Section 9(b), that the award is subject to 2 CFR Part 180 and Treasury's implementing regulation at 31 CFR Part 19.

2 CFR § 180.305 states that Non-Federal entities are prohibited from entering into a covered transaction with parties that are suspended or debarred or whose principals are suspended or debarred, unless the Federal agency responsible for the transaction grants an exception under **2 CFR § 180.135**.

2 CFR § 180.200 identifies "covered transactions" as nonprocurement or procurement transactions at the primary tier, between a Federal agency and a person; or at the lower tier, between a participant in a covered transaction and another person. Procurement contracts for goods and services awarded under a nonprocurement transaction (e.g., grant or cooperative agreement) are covered transactions if the contracts are expected to equal or exceed $25,000 or meet certain other specified criteria outlined in 2 CFR § 180.220. All nonprocurement transactions (i.e., subawards to subrecipients), irrespective of award amount, are considered covered transactions, unless exempt by 2 CFR § 180.215.

When a non-Federal entity enters into a covered transaction, the non-Federal entity must verify that the entity is not suspended or debarred or otherwise excluded. This verification may be accomplished by checking SAM exclusions (https://sam.gov); collecting a certification from the entity, or adding a clause or condition to the covered transactions with that entity.

31 CFR Part 19 has analogous provisions to **2 CFR Part 180**. **31 CFR § 19.100** states that Part 19 adopts a governmentwide system of debarment and suspension for Department of Treasury nonprocurement activities. **31 CFR § 19.305** prohibits participants from entering into a covered transaction with an excluded person unless the Department of Treasury grants an exception and prohibits participants from entering into any transaction with a disqualified person unless the participant has obtained an exception under the disqualifying statute, Executive order, or regulation.

31 CFR § 19.200 identifies "covered transactions" as nonprocurement or procurement transactions at the primary tier, between a Federal agency and a person; or at a lower tier, between a participant in a covered transaction and another person. **31 CFR § 19.220(b)(1)** specifically provides that a contract for goods or services is a covered transaction if the contract is awarded by a participant in a nonprocurement transaction covered under § 19.210, and the amount of the contract is expected to equal or exceed $25,000. Under **31 CFR § 19.210**, all nonprocurement transactions, as defined in § 19.970, are covered transactions unless listed in § 19.215.

31 CFR § 19.300 provides that when entering into a covered transaction with another person at the next lower tier, the participant must verify that the person at the lower tier is not excluded or disqualified. This may be done by checking the EPLS (Excluded Parties List System), collecting a certification from that person if allowed by this rule, or adding a clause or condition to the covered transaction with that person.

The County did not have the proper internal controls in place to verify that all entities, with whom the County had entered into covered transactions, had not been suspended or debarred. During testing of procurement and suspension and debarment for the Coronavirus State and Local Fiscal Recovery Funds, we noted five instances in which the program had a payment to a vendor of more than $25,000 and there was no evidence the County checked the SAM exclusions (the EPLS was consolidated within the centralized SAM database), collected a certification from the entity, or added a clause or condition to the covered transaction with the vendor. Due to the deficient internal control structure, the required verification was not completed for five covered transactions in the Coronavirus State and Local Fiscal Recovery Funds during 2022.

Failing to have the appropriate controls in place may result in vendors receiving federal funds that are suspended or debarred.

Prior to contracting with vendors that will be paid with federal funds, the County should verify the vendor is not suspended or debarred by checking the SAM exclusions, collecting a certification from the vendor, or adding a clause or condition to the covered transaction with the vendor.

Officials' Response:

See Corrective Action Plan

PAULDING COUNTY COMMISSIONERS

451 McDonald Pike- Suite E · Paulding, Ohio 45879

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
2 CFR 200.511(b)
DECEMBER 31, 2022

Finding Number	Finding Summary	Status	Additional Information
2021-001	This finding was first reported in 1998. Ohio Rev. Code § 117.38 and Ohio Admin. Code § 117-2-03(B) for reporting on a basis other than generally accepted accounting principles.	Not corrected and reissued as Finding 2022-001 in this report.	This finding reoccurred since management believes reporting on a basis other than generally accepted accounting principles (GAAP) is more cost efficient and does not present a higher risk for the County's assets. The Paulding County Auditor and management annually review the decision to prepare the financial statements on the cash basis of accounting.
2021-002	This finding was first reported in 2016. Material weakness for lack of monitoring of financial transactions resulting in errors in the financial statements.	Not corrected and reissued as Finding 2022-002 in this report.	This finding reoccurred since management believes reporting on a basis other than generally accepted accounting principles (GAAP) is more cost efficient and does not present a higher risk for the County's assets, they have elected not to include the Paulding County Hospital on its financial statements since it is a separate entity which reports on GAAP and has its own set of financial statements. The Paulding County Auditor and management annually review the decision not to include the Paulding County Hospital. In addition, the County lacked a policy regarding financial review which contributed to material posting discrepancies. The County Auditor, compiler, and departmental/elected officials will continue to monitor the County's financial statements and make changes as necessary.

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PAULDING COUNTY
COMMISSIONERS
451 McDonald Pike- Suite E • Paulding, Ohio 45879

CORRECTIVE ACTION PLAN
2 CFR § 200.511(c)
DECEMBER 31, 2022

Finding Number:	2022-001
Planned Corrective Action:	Management believes reporting on a basis other than generally accepted accounting principles (GAAP) is more cost efficient and does not present a higher risk for the County's assets. The Paulding County Auditor and management annually review the decision to prepare the financial statements on the cash basis of accounting.
Anticipated Completion Date:	N/A
Responsible Contact Person:	Claudia Fickel, County Auditor

Finding Number:	2022-002
Planned Corrective Action:	Since management believes reporting on a basis other than generally accepted accounting principles (GAAP) is more cost efficient and does not present a higher risk for the County's assets, they have elected not to include the Paulding County Hospital on its financial statements since it is a separate entity which reports on GAAP and has its own set of financial statements. The Paulding County Auditor and management annually review the decision not to include the Paulding County Hospital. In addition, the County lacked a policy regarding financial review which contributed to material posting discrepancies. The County Auditor, compiler, and departmental/elected officials will continue to monitor the County's financial statements and make changes as necessary.
Anticipated Completion Date:	December 31, 2023
Responsible Contact Person:	Claudia Fickel, County Auditor

Finding Number:	2022-003
Planned Corrective Action:	The County will implement procedures to ensure that qualified vendors who receive over $25,000 of federal funds have not been suspended or debarred.
Anticipated Completion Date:	December 31, 2023
Responsible Contact Person:	Claudia Fickel, County Auditor

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OHIO AUDITOR OF STATE
KEITH FABER

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 9/28/2023

88 East Broad Street, Columbus, Ohio 43215
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