





**VILLAGE OF PAYNE  
PAULDING COUNTY**

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# OHIO AUDITOR OF STATE KEITH FABER



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## INDEPENDENT AUDITOR'S REPORT

Village of Payne  
Paulding County  
119 North Main Street  
P.O. Box 58  
Payne, Ohio 45880-0058

To the Village Council:

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

#### ***Unmodified and Adverse Opinions***

We have audited the financial statements of the Village of Payne, Paulding County, Ohio (the Village), which comprises the cash balances, receipts and disbursements for each governmental and proprietary fund type and the fiduciary fund type combined total as of and for the years ended December 31, 2023 and 2022, and the related notes to the financial statements.

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

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements for each governmental and proprietary fund type and the fiduciary fund type combined total as of and for the years ended December 31, 2023 and 2022, and the related notes to the financial statements, in accordance with the financial reporting provisions which Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit, described in Note 2.

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

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* section of our report, the accompanying financial statements do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Village, as of December 31, 2023 and 2022, or the changes in financial position or, where applicable, cash flows thereof for the years then ended.

***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the Village, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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

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

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Village's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Village's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated October 3, 2024, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Village's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.



Keith Faber  
Auditor of State  
Columbus, Ohio

October 3, 2024

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

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
<b>Cash Receipts</b>				
Property and Other Local Taxes	\$71,331	\$115,755		\$187,086
Municipal Income Tax	385,326			385,326
Intergovernmental	47,255	391,604		438,859
Charges for Services		160,700		160,700
Fines, Licenses and Permits	1,109	60		1,169
Earnings on Investments	48,334	8,369		56,703
Miscellaneous	17,274	36,422		53,696
<i>Total Cash Receipts</i>	<u>570,629</u>	<u>712,910</u>		<u>1,283,539</u>
<b>Cash Disbursements</b>				
Current:				
Security of Persons and Property	26,430	389,616		416,046
Public Health Services	3,000			3,000
Leisure Time Activities	33,312	19,999	\$48,960	102,271
Basic Utility Services		282,800	53,632	336,432
Transportation		77,997	13,600	91,597
General Government	132,493			132,493
Capital Outlay		93,745	33,001	126,746
<i>Total Cash Disbursements</i>	<u>195,235</u>	<u>864,157</u>	<u>149,193</u>	<u>1,208,585</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>375,394</u>	<u>(151,247)</u>	<u>(149,193)</u>	<u>74,954</u>
<b>Other Financing Receipts (Disbursements)</b>				
Transfers In		150,000	188,261	338,261
Transfers Out	(338,261)			(338,261)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(338,261)</u>	<u>150,000</u>	<u>188,261</u>	
<i>Net Change in Fund Cash Balances</i>	37,133	(1,247)	39,068	74,954
<i>Fund Cash Balances, January 1</i>	<u>236,450</u>	<u>673,186</u>	<u>465,414</u>	<u>1,375,050</u>
<i>Fund Cash Balances, December 31</i>	<u>\$273,583</u>	<u>\$671,939</u>	<u>\$504,482</u>	<u>\$1,450,004</u>

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

**Village of Payne**  
*Paulding County*  
**Combined Statement of Receipts, Disbursements**  
*and Changes in Fund Balances (Regulatory Cash Basis)*  
**Proprietary Fund Type**  
*For the Year Ended December 31, 2023*

	Proprietary Fund Type
	Enterprise
<b>Operating Cash Receipts</b>	
Charges for Services	\$442,737
Miscellaneous	129
<i>Total Operating Cash Receipts</i>	<i>442,866</i>
 <b>Operating Cash Disbursements</b>	
Personal Services	83,553
Fringe Benefits	22,793
Contractual Services	202,064
Supplies and Materials	138,770
Other	3,973
<i>Total Operating Cash Disbursements</i>	<i>451,153</i>
 <i>Operating Loss</i>	<i>(8,287)</i>
 <b>Non-Operating Receipts (Disbursements)</b>	
Intergovernmental Receipts	121,073
Loans Issued	114,452
Miscellaneous Receipts	1,639
Capital Outlay	(206,472)
Principal Retirement	(15,546)
<i>Total Non-Operating Receipts (Disbursements)</i>	<i>15,146</i>
 <i>Net Change in Fund Cash Balances</i>	<i>6,859</i>
 <i>Fund Cash Balances, January 1</i>	<i>337,090</i>
 <i>Fund Cash Balances, December 31</i>	<i>\$343,949</i>

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

**Village of Payne**  
*Paulding County*  
*Statement of Additions, Deductions*  
*and Change in Fund Balance (Regulatory Cash Basis)*  
*Fiduciary Fund Type*  
*For the Year Ended December 31, 2023*

	Fiduciary Fund Type
	Custodial
<b>Additions</b>	
Fines, Licenses and Permits for Distribution	\$540
<b>Deductions</b>	
Distributions to Other Governments	156
Distributions to Other Funds (Primary Government)	384
<i>Total Deductions</i>	<i>\$540</i>
<i>Net Change in Fund Cash Balance</i>	
<i>Fund Cash Balance, January 1</i>	
<i>Fund Cash Balance, December 31</i>	

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

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

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**Note 1 – Reporting Entity**

The Village of Payne, Paulding County, Ohio (the Village) is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. A publicly-elected six-member Council directs the Village. The Village provides general government services, water and sewer utilities, maintenance of Village roads, park operations, police services, emergency medical services, and fire services. The Village contracts with Real Waste Disposal to provide garbage and bulk waste removal services.

***Jointly Governed Organization and Public Entity Risk Pool***

The Village participates in a jointly governed organization, the Regional Income Tax Agency (RITA), and a public entity risk pool, the Ohio Plan Risk Management, Inc. (OPRM). Notes 7 and 14 to the financial statements provide additional information for these entities. The Village's management believes these financial statements present all activities for which the Village is financially accountable.

**Note 2 – Summary of Significant Accounting Policies**

***Basis of Presentation***

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

***Fund Accounting***

The Village uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Village are presented below:

***General Fund*** The General Fund accounts for and reports all financial resources not accounted for and reported in another fund. The General Fund balance is available to the Village for any purpose provided it is expended or transferred according to the general laws of Ohio.

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

***Coronavirus Relief – American Rescue Fund*** This fund accounts for and reports Local Fiscal Recovery and American Rescue Plan grant activity.

***Police Fund*** This fund receives revenue from property taxes to provide police protection to residents of the Village. The Police Fund is not self-supporting and is supplemented by transfers from the General Fund. The source of the monies for the transfers is the Village's income tax collections.

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

***Capital Improvements Fund*** This fund receives transfers from the General Fund to finance Village improvement projects and equipment purchases. The source of the monies for the transfers is the Village's income tax collections.

**Village of Payne**  
*Paulding County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2023*  
*(Continued)*

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

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

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

**Water Distribution Improvements Fund** This fund accounts for loan and grant proceeds used to fund waterline improvement projects.

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

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

**Basis of Accounting**

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

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

**Budgetary Process**

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

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

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

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

A summary of 2023 budgetary activity appears in Note 4.

**Village of Payne**  
Paulding County  
Notes to the Financial Statements  
For the Year Ended December 31, 2023  
(Continued)

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**Deposits and Investments**

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

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

**Capital Assets**

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

**Accumulated Leave**

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

**Fund Balance**

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

**Nonspendable** The Village classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

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

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

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

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

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

For regulatory purposes, limited disclosure related to fund balance is included in Note 15.

**Village of Payne**  
*Paulding County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2023*  
*(Continued)*

**Note 3 – Compliance**

Contrary to Ohio Rev. Code § 5705.10, the Village inappropriately recorded grant receipts and disbursements in the wrong fund.

**Note 4 – Budgetary Activity**

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

2023 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$590,863	\$570,629	(\$20,234)
Special Revenue	593,559	862,910	269,351
Capital Projects	725,413	188,261	(537,152)
Enterprise	723,665	680,030	(43,635)
Total	\$2,633,500	\$2,301,830	(\$331,670)

2023 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$606,779	\$534,413	\$72,366
Special Revenue	922,756	867,217	55,539
Capital Projects	447,076	153,536	293,540
Enterprise	776,953	674,543	102,410
Total	\$2,753,564	\$2,229,709	\$523,855

**Note 5 – Deposits and Investments**

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

	2023
Demand deposits	\$696,952
Other time deposits	1,307
Total deposits	698,259
STAR Ohio	1,095,694
Total deposits and investments	\$1,793,953

The Village has a payroll clearing account that is held outside of the deposit pool where gross payroll is held for distribution. The expenditures included in the accompanying financial statement reflect gross payroll. The balance in the Village's payroll clearing account represents a minimum \$450 balance plus any unremitted employee payroll withholdings.

**Deposits**

Deposits are insured by the Federal Deposit Insurance Corporation or collateralized by securities specifically pledged by the financial institution to the Village.

**Village of Payne**  
*Paulding County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2023*  
*(Continued)*

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***Investments***

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

**Note 6 – Taxes**

***Property Taxes***

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

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

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

***Income Taxes***

The Village levies a municipal income tax of one percent on substantially all earned income arising from employment, residency, or business activities within the Village as well as certain income of residents earned outside of the Village.

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

**Note 7 – Risk Management**

***Risk Pool Membership***

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

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

Effective November 1, 2016, the OPRM elected to participate in a property loss corridor deductible. The property corridor includes losses paid between 70 percent and 75 percent. In 2018, the casualty loss corridor was eliminated and the property corridor was adjusted to losses paid between 65 percent and 70 percent. Effective November 1, 2019, the property loss corridor was adjusted to losses between 60 percent and 67.5 percent and has remain unchanged. OPRM had 801 members as of December 31, 2023.



**Village of Payne**  
*Paulding County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2023*  
*(Continued)*

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The Pool's audited financial statements conform with accounting principles generally accepted in the United States of America, with the exception of a qualified opinion related to recording premiums and membership fees earned in full as of December 31, 2023. Those premiums and fees should be earned pro-rata over the individual coverage and membership periods of each policy. The financial statements reported the following assets, liabilities and equity at December 31, 2023.

Assets	\$ 23,113,696
Liabilities	( <u>16,078,587</u> )
Members' Equity	<u>\$ 7,035,109</u>

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

**Note 8 – Defined Benefit Pension Plans**

***Ohio Public Employees Retirement System***

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

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

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

The Village's full-time Police Officers belong to the Ohio Police and Fire Pension Fund (OP&F). OP&F is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement health care and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OP&F participants contributed 12.25 percent of their wages. The Village contributed to OP&F an amount equal to 19.5 percent of full-time police members' wages. The Village has paid all contributions required through December 31, 2023.

***Social Security***

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

Employees contributed 6.2 percent of their gross salaries. The Village contributed an amount equal to 6.2 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2023.

**Village of Payne**  
*Paulding County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2023*  
*(Continued)*

**Note 9 – Postemployment Benefits**

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

**Note 10 – Debt**

Debt outstanding at December 31, 2023 was as follows:

	Principal	Interest Rate
Ohio Water Development Authority #5299	\$108,825	0.00%
Ohio Water Development Authority #9945	54,534	3.16%
Ohio Public Works Commission #CE40Z	61,018	0.00%
	\$224,377	

Ohio Water Development Authority (OWDA) loan #5299 was used by the Village to construct a new sewer facility for a total cost of \$1,320,685 that was completed in 2011. The Village was awarded with American Recovery and Reinvestment Act Funds (ARRA) debt principal forgiveness funds in the amount of \$906,675. The remainder of the project was financed through a zero percent interest loan through Ohio Development Authority’s Water Pollution Control Loan Fund in the amount of \$312,270.

Ohio Water Development Authority (OWDA) loan #9945 was entered into in 2022, for the purpose of providing revenues for Plainfield Drive waterline improvements. The Village will begin making semi-annual installments including interest, in 2024 over 20 years.

Ohio Public Works Commission (OPWC) loan #CE40Z was entered into in 2023, for the purpose of providing revenues for Plainfield Drive waterline improvements. The Village will begin making semi-annual payments of \$1,525 in 2024 over 20 years.

**Amortization**

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

**Village of Payne**  
*Paulding County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2023*  
*(Continued)*

Year Ending December 31:	OWDA Loans	OWPC Loan
2024	\$9,624	\$3,051
2025	19,246	3,051
2026	19,245	3,051
2027	19,245	3,051
2028	19,245	3,051
2029-3033	57,363	15,255
2034-2038	18,496	15,255
2039-2043	18,496	15,253
2044	1,851	
Total	<u>\$182,811</u>	<u>\$61,018</u>

**Note 11 – Interfund Transfers**

During 2023, the following transfers were made:

Fund	Transfer In
Transfers From General Fund To:	
Special Revenue Fund:	
Emergency Medical Service Fund	\$40,000
Police Fund	110,000
Capital Projects Fund:	
Capital Improvements Fund	188,261
	<u>\$338,261</u>

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

**Note 12 – Interfund Advances**

Outstanding advances at December 31, 2023 consisted of \$33,025 advanced from the General Fund to the Enterprise Lead Service Line Grant Fund to provide working capital for projects.

**Note 13 – Contingent Liabilities**

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

**Note 14 – Jointly Governed Organization**

***Regional Income Tax Agency***

The Regional Income Tax Agency (RITA) is a regional council of governments formed to establish a central collection facility for the purpose of administering the income tax laws of the members and for the purpose of collecting income taxes on behalf of each member. RITA currently has approximately 350 members in the council of governments. Each member has one representative to the council of governments and is entitled to one vote on items under consideration.

**Village of Payne**  
*Paulding County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2023*  
*(Continued)*

RITA is administered by a nine-member board of trustees elected by the members of the council of governments. The board exercises total control over RITA's operation including budgeting, appropriating, contracting and designating management. Each participant's degree of control is limited to its representation on the council. For 2023, the Village paid RITA \$10,646 for income tax collection services.

**Note 15 – Fund Balances**

Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At year end the balances of these amounts were as follows:

Fund Balances	General	Special Revenue	Capital Projects	Total
Outstanding Encumbrances	\$917	\$3,060	\$4,343	\$8,320

The fund balance of Special Revenue and Capital Projects Funds are either restricted or committed. These restricted and committed amounts in the Special Revenue and Capital Projects Funds would include the outstanding encumbrances. In the General Fund, outstanding encumbrances are considered assigned.

**Village of Payne**  
*Paulding County*  
**Combined Statement of Receipts, Disbursements**  
*and Changes in Fund Balances (Regulatory Cash Basis)*  
**All Governmental Fund Types**  
*For the Year Ended December 31, 2022*

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
<b>Cash Receipts</b>				
Property and Other Local Taxes	\$64,567	\$118,410		\$182,977
Municipal Income Tax	419,750			419,750
Intergovernmental	45,824	185,207	\$47,354	278,385
Charges for Services		116,856		116,856
Fines, Licenses and Permits	1,099	480		1,579
Earnings on Investments	15,443	2,806		18,249
Miscellaneous	45,259	13,790	1,760	60,809
<i>Total Cash Receipts</i>	<u>591,942</u>	<u>437,549</u>	<u>49,114</u>	<u>1,078,605</u>
<b>Cash Disbursements</b>				
Current:				
Security of Persons and Property	25,435	360,237		385,672
Public Health Services	2,190			2,190
Leisure Time Activities	39,707		12,948	52,655
Basic Utility Services		28,903	3,250	32,153
Transportation		96,434	230,642	327,076
General Government	108,849			108,849
Capital Outlay	10,453	21,084	52,416	83,953
<i>Total Cash Disbursements</i>	<u>186,634</u>	<u>506,658</u>	<u>299,256</u>	<u>992,548</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>405,308</u>	<u>(69,109)</u>	<u>(250,142)</u>	<u>86,057</u>
<b>Other Financing Receipts (Disbursements)</b>				
Transfers In		100,000	255,800	355,800
Transfers Out	(355,800)			(355,800)
Advances In	20,500			20,500
Advances Out	(33,025)		(20,500)	(53,525)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(368,325)</u>	<u>100,000</u>	<u>235,300</u>	<u>(33,025)</u>
<i>Net Change in Fund Cash Balances</i>	36,983	30,891	(14,842)	53,032
<i>Fund Cash Balances, January 1</i>	<u>199,467</u>	<u>642,295</u>	<u>480,256</u>	<u>1,322,018</u>
<i>Fund Cash Balances, December 31</i>	<u>\$236,450</u>	<u>\$673,186</u>	<u>\$465,414</u>	<u>\$1,375,050</u>

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

**Village of Payne**  
*Paulding County*  
*Combined Statement of Receipts, Disbursements*  
*and Changes in Fund Balances (Regulatory Cash Basis)*  
*Proprietary Fund Type*  
*For the Year Ended December 31, 2022*

	Proprietary Fund Type
	Enterprise
<b>Operating Cash Receipts</b>	
Charges for Services	\$453,883
Miscellaneous	11,752
	465,635
<b>Operating Cash Disbursements</b>	
Personal Services	85,252
Fringe Benefits	22,757
Contractual Services	142,882
Supplies and Materials	244,121
Other	2,639
	497,651
<i>Total Operating Cash Receipts</i>	<i>465,635</i>
<i>Total Operating Cash Disbursements</i>	<i>497,651</i>
<i>Operating Loss</i>	<i>(32,016)</i>
<b>Non-Operating Receipts (Disbursements)</b>	
Loans Issued	1,100
Miscellaneous Receipts	6,751
Capital Outlay	(132)
Principal Retirement	(15,546)
	(7,827)
<i>Total Non-Operating Receipts (Disbursements)</i>	<i>(7,827)</i>
<i>Loss Before Advances</i>	<i>(39,843)</i>
Advances In	33,025
	(6,818)
<i>Net Change in Fund Cash Balances</i>	<i>(6,818)</i>
<i>Fund Cash Balances, January 1</i>	<i>343,908</i>
<i>Fund Cash Balances, December 31</i>	<i>\$337,090</i>

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

**Village of Payne**  
*Paulding County*  
*Combined Statement of Additions, Deductions*  
*and Changes in Fund Balances (Regulatory Cash Basis)*  
*Fiduciary Fund Type*  
*For the Year Ended December 31, 2022*

	Fiduciary Fund Type
	Custodial
<b>Additions</b>	
Fines, Licenses and Permits for Distribution	\$500
<b>Deductions</b>	
Distributions to Other Governments	195
Distributions to Other Funds (Primary Government)	809
<i>Total Deductions</i>	1,004
<i>Net Change in Fund Cash Balances</i>	(504)
<i>Fund Cash Balances, January 1</i>	\$504
<i>Fund Cash Balances, December 31</i>	

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

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

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**Note 1 – Reporting Entity**

The Village of Payne, Paulding County, Ohio (the Village) is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. A publicly-elected six-member Council directs the Village. The Village provides general government services, water and sewer utilities, maintenance of Village roads, park operations, police services, emergency medical services, and fire services. The Village contracts with Real Waste Disposal to provide garbage and bulk waste removal services.

***Jointly Governed Organization and Public Entity Risk Pool***

The Village participates in a jointly governed organization, the Regional Income Tax Agency (RITA), and a public entity risk pool, the Ohio Plan Risk Management, Inc. (OPRM). Notes 6 and 15 to the financial statements provide additional information for these entities. The Village's management believes these financial statements present all activities for which the Village is financially accountable.

**Note 2 – Summary of Significant Accounting Policies**

***Basis of Presentation***

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

***Fund Accounting***

The Village uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Village are presented below:

***General Fund*** The General Fund accounts for and reports all financial resources not accounted for and reported in another fund. The General Fund balance is available to the Village for any purpose provided it is expended or transferred according to the general laws of Ohio.

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

***Emergency Medical Service Fund*** This fund receives charges for services revenue from Benton and Harrison Townships through annual contracts to provide services to their residents. The Emergency Medical Service Fund is not self-supporting and is supplemented by transfers from the General Fund. The source of the monies for the transfers is the Village's income tax collections.

***Police Fund*** This fund receives revenue from property taxes to provide police protection to residents of the Village. The Police Fund is not self-supporting and is supplemented by transfers from the General Fund. The source of the monies for the transfers is the Village's income tax collections.

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



**Village of Payne**  
*Paulding County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2022*  
*(Continued)*

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**Capital Improvements Fund** This fund receives transfers from the General Fund to finance Village improvement projects and equipment purchases. The source of the monies for the transfers is the Village's income tax collections.

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

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

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

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

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

**Basis of Accounting**

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

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

**Budgetary Process**

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

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

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

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

A summary of 2022 budgetary activity appears in Note 3.

**Village of Payne**  
*Paulding County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2022*  
*(Continued)*

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***Deposits and Investments***

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

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

***Capital Assets***

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

***Accumulated Leave***

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

***Fund Balance***

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

***Nonspendable*** The Village classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

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

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

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

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

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

For regulatory purposes, limited disclosure related to fund balance is included in Note 16.

**Village of Payne**  
*Paulding County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2022*  
*(Continued)*

**Note 3 – Budgetary Activity**

Budgetary activity for the year ending December 31, 2022 follows:

2022 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$545,889	\$591,942	\$46,053
Special Revenue	566,628	537,549	(29,079)
Capital Projects	255,805	304,914	49,109
Enterprise	458,733	473,486	14,753
Total	\$1,827,055	\$1,907,891	\$80,836

2022 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$614,663	\$546,615	\$68,048
Special Revenue	885,309	722,770	162,539
Capital Projects	410,222	299,256	110,966
Enterprise	675,094	520,562	154,532
Total	\$2,585,288	\$2,089,203	\$496,085

The General Fund actual receipts and the Capital Projects Fund actual disbursements will be lower on the budgetary statement in the amount of \$20,500, and the General Fund actual disbursements and the Enterprise Fund actual receipts will be lower on the budgetary statement in the amount of \$33,025 due to advances not being budgeted by the Village.

**Note 4 – Deposits and Investments**

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

	2022
Demand deposits	\$670,826
Other time deposits	1,308
Total deposits	672,134
STAR Ohio	1,040,006
Total deposits and investments	\$1,712,140

The Village has a payroll clearing account that is held outside of the deposit pool where gross payroll is held for distribution. The expenditures included in the accompanying financial statement reflect gross payroll. The balance in the Village's payroll clearing account represents a minimum \$450 balance plus any unremitted employee payroll withholdings.

**Deposits**

Deposits are insured by the Federal Deposit Insurance Corporation or collateralized by securities specifically pledged by the financial institution to the Village.

**Village of Payne**  
*Paulding County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2022*  
*(Continued)*

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***Investments***

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

**Note 5 – Taxes**

***Property Taxes***

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

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

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

***Income Taxes***

The Village levies a municipal income tax of one percent on substantially all earned income arising from employment, residency, or business activities within the Village as well as certain income of residents earned outside of the Village.

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

**Note 6 – Risk Management**

***Risk Pool Membership***

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

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

Effective November 1, 2016, the OPRM elected to participate in a property loss corridor deductible. The property corridor includes losses paid between 70 percent and 75 percent. In 2018, the casualty loss corridor was eliminated and the property corridor was adjusted to losses paid between 65 percent and 70 percent. Effective November 1, 2019, the property loss corridor was adjusted to losses between 60 percent and 67.5 percent and has remain unchanged. OPRM had 773 members as of December 31, 2022.

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

**Village of Payne**  
*Paulding County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2022*  
*(Continued)*

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

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

**Note 7 – Defined Benefit Pension Plans**

***Ohio Public Employees Retirement System***

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

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent of their gross salaries, and the Village contributed an amount equaling 14 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2022.

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

The Village's full-time Police Officers belong to the Ohio Police and Fire Pension Fund (OP&F). OP&F is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement health care and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OP&F participants contributed 12.25 percent of their wages. The Village contributed to OP&F an amount equal to 19.5 percent of full-time police members' wages. The Village has paid all contributions required through December 31, 2022.

***Social Security***

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

Employees contributed 6.2 percent of their gross salaries. The Village contributed an amount equal to 6.2 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2022.

**Note 8 – Postemployment Benefits**

Both OPERS and OP&F offer cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement, and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the Traditional Pension Plan and Combined Plan was 0 percent during calendar year 2022. The portion of employer contributions allocated to health care for OPERS members in the Member Directed Plan was 4.0 percent during calendar year 2022. OP&F contributes 0.5 percent to fund these benefits.

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

**Village of Payne**  
*Paulding County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2022*  
*(Continued)*

**Note 9 – Debt**

Debt outstanding at December 31, 2022 was as follows:

	Principal	Interest Rate
Ohio Water Development Authority Loan #5299	\$124,371	0.00%
Ohio Water Development Authority Loan #9945	1,100	3.16%
Total	\$125,471	

Ohio Water Development Authority (OWDA) loan #5299 was used by the Village to construct a new sewer facility for a total cost of \$1,320,685 that was completed in 2011. The Village was awarded with American Recovery and Reinvestment Act Funds (ARRA) debt principal forgiveness funds in the amount of \$906,675. The remainder of the project was financed through a zero percent interest loan through Ohio Development Authority's Water Pollution Control Loan Fund in the amount of \$312,270.

Ohio Water Development Authority (OWDA) loan #9945 was entered into in 2022, for the purpose of providing revenues for Plainfield Drive waterline improvements. The Village will begin making semi-annual installments including interest, in 2024 over 20 years. This project was not completed at December 31, 2022, and no final amortization schedule has been provided by OWDA. Therefore, this loan is not included in the amortization table below.

**Amortization**

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

Year Ending December 31:	OWDA Loan
2023	\$7,774
2024	15,546
2025	15,546
2026	15,546
2027	15,546
2028-2032	54,413
Total	\$124,371

**Note 10 – Construction and Contractual Commitments**

The Village had contract commitments as of December 31, 2022 with Statewide Ford Lincoln and Evertt J. Prescott in the amounts of \$44,533 and \$156,000, respectively. These contracts are expected to be completed in 2023.

**Note 11 – Interfund Transfers**

During 2022, the following transfers were made:

**Village of Payne**  
*Paulding County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2022*  
*(Continued)*

Fund	Transfer In
Transfers From General Fund To:	
Special Revenue Fund:	
Emergency Medical Service Fund	\$40,000
Police Fund	60,000
Capital Projects Fund:	
Capital Improvements Fund	255,800
	\$355,800

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

**Note 12 – Interfund Advances**

During 2022, the Village advanced \$33,025 from the General Fund to the Enterprise Lead Service Line Grant Fund to provide working capital for projects. This advance was still outstanding as of December 31, 2022. Also, the Capital Improvement Community Park Fund returned a prior year outstanding advance of \$20,500 to the General Fund during 2022.

**Note 13 – Miscellaneous Revenues**

Miscellaneous receipts in the General Fund primarily consisted of easements, rent, and reimbursements.

**Note 14 – Contingent Liabilities**

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

**Note 15 – Jointly Governed Organization**

***Regional Income Tax Agency***

The Regional Income Tax Agency (RITA) is a regional council of governments formed to establish a central collection facility for the purpose of administering the income tax laws of the members and for the purpose of collecting income taxes on behalf of each member. RITA currently has approximately 350 members in the council of governments. Each member has one representative to the council of governments and is entitled to one vote on items under consideration. RITA is administered by a nine-member board of trustees elected by the members of the council of governments. The board exercises total control over RITA's operation including budgeting, appropriating, contracting and designating management. Each participant's degree of control is limited to its representation on the council. For 2022, the Village paid RITA \$11,664 for income tax collection services.

**Village of Payne**  
*Paulding County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2022*  
*(Continued)*

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**Note 16 – Fund Balances**

Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At year end the balances of these amounts were as follows:

<u>Fund Balances</u>	<u>General</u>	<u>Special Revenue</u>	<u>Total</u>
Outstanding Encumbrances	<u>\$4,181</u>	<u>\$216,112</u>	<u>\$220,293</u>

The fund balance of Special Revenue and Capital Projects Funds are either restricted or committed. These restricted and committed amounts in the Special Revenue and Capital Projects Funds would include the outstanding encumbrances. In the General Fund, outstanding encumbrances are considered assigned.



# OHIO AUDITOR OF STATE KEITH FABER



65 East State Street  
Columbus, Ohio 43215  
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800-282-0370

## INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY GOVERNMENT AUDITING STANDARDS

Village of Payne  
Paulding County  
119 North Main Street  
P.O. Box 58  
Payne, Ohio 45880-0058

To the Village Council:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the cash balances, receipts, and disbursements for each governmental and proprietary fund type and the fiduciary fund type combined total as of and for the years ended December 31, 2023 and 2022 and the related notes to the financial statements of the Village of Payne, Paulding County, Ohio (the Village) and have issued our report thereon dated October 3, 2024, wherein we noted the Village followed financial reporting provisions Ohio Rev. Code § 117.38 and Ohio Admin. Code 117-2-03(C) permit.

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

In planning and performing our audit of the financial statements, we considered the Village's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control. Accordingly, we do not express an opinion on the effectiveness of the Village's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings as items 2023-001 and 2023-002 that we consider to be material weaknesses.

***Report on Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the Village's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed 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 2023-002.

***Village's Response to Findings***

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

***Purpose of this Report***

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Village's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Keith Faber  
Auditor of State  
Columbus, Ohio

October 3, 2024

VILLAGE OF PAYNE  
PAULDING COUNTY

SCHEDULE OF FINDINGS  
DECEMBER 31, 2023 AND 2022

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

FINDING NUMBER 2023-001

**Material Weakness – Financial Reporting**

In our audit engagement letter, as required by AU-C Section 210, *Terms of Engagement*, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error as discussed in AU-C Section 210 paragraphs .A14 & .A16.

The following errors were identified in the accompanying financial statements and notes to the financial statements:

- Safe Routes to School on-behalf of grant monies were not posted to the accounting system by the Village in the proper year, which resulted in overstating intergovernmental receipts, capital outlay, and appropriations in the Safe Routes to School Capital Projects Fund in the amount of \$256,541 in 2023. Of this amount, \$26,854 should have been posted to the accounting system in 2022. The remaining \$229,687 was spent prior to 2022.
- In 2023 and 2022, fines, licenses and permits for distribution were incorrectly classified as other amounts collected for distribution in the Other Custodial – Mayor’s Court Fund in the amounts of \$540 and \$500, respectively.
- In 2023 and 2022, distributions to other funds (primary government) were incorrectly classified as distributions to other governments in the Custodial Funds in the amounts of \$384 and \$809, respectively.
- In 2023, loans issued were incorrectly classified as intergovernmental receipts in the Water Distribution Improvements Fund in the amount of \$85,399.
- In 2022, outstanding encumbrances in the fund balances note to the financial statements were understated in the Special Revenue Fund in the amount of \$216,112.
- In 2023, appropriation authority in the budgetary activity note to the financial statements did not agree to amounts approved by Village Council. Appropriation authority was understated in the Special Revenue Fund in the amount of \$64,510.
- In 2022, budgeted receipts in the budgetary activity note to the financial statements did not agree to amounts certified by the County Budget Commission. Budgeted receipts were understated in the Capital Projects Fund in the amount of \$32,615 and overstated in the Enterprise Fund in the amount of \$33,025.
- In 2022, budgetary expenditures in the budgetary activity note to the financial statements were understated in the Special Revenue Fund in the amount of \$60,112.

These errors were the result of inadequate policies and procedures in reviewing the financial statements and notes to the financial statements. Failure to complete accurate financial statements and notes to the financial statements could lead to Village Council making misinformed decisions. The accompanying financial statements and notes to the financial statements have been adjusted to correct these and other immaterial errors ranging from \$4 to \$29,053. In addition to the adjustments noted above, we also identified additional misstatements ranging from \$809 to \$2,650 which we have brought to the Village's attention.

The Village should adopt policies and procedures, including a final review of the financial statements and notes to the financial statements by the Fiscal Officer and the finance committee, to help identify and correct errors and omissions.

**FINDING NUMBER 2023-002**

**Noncompliance and Material Weakness**

**Ohio Rev. Code § 5705.10(D)** provides in part that all revenue derived from a source other than the general property tax and which the law prescribes shall be used for a particular purpose, shall be paid into a special fund for such purpose.

In 2023, the Village inappropriately recorded \$252,601 of State and Local Fiscal Recovery Fund receipts and disbursements in the Capital Improvements Fund. Given the source of the revenue and the purpose of the disbursement, this should have been recorded in the Coronavirus Relief – American Rescue Special Revenue Fund. Audit adjustments are reflected in the financial statements and in the accounting records correcting this misstatement.

The lack of controls over the posting of financial transactions decreases the reliability of financial data at year-end and can result in undetected errors and irregularities. The Village should implement controls to help ensure all transactions are reviewed to help ensure posting to the proper funds.

**Officials' Response:**

The Village attempted to follow the advice after the last audit to post receipts and fund balances correctly. The Village will use the current audit to get clarity on how to correctly post transactions and fund balances.

# Village of Payne

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## ***MAYOR LORA LYONS***

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### **SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS DECEMBER 31, 2023 AND 2022**

<b>Finding Number</b>	<b>Finding Summary</b>	<b>Status</b>	<b>Additional Information</b>
2021-001	This finding was first reported in 2012. Material weakness for lack of monitoring of financial transactions resulting in errors in the financial statements.	Not corrected and reissued as Finding 2023-001 in this report.	The Village attempted to follow the advice after the last audit to post receipts and fund balances correctly. The Village will use the current audit to get clarity on how to correctly post transactions and fund balances.

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# OHIO AUDITOR OF STATE KEITH FABER



**VILLAGE OF PAYNE**

**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 10/15/2024**

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

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