



**VILLAGE OF PAULDING  
PAULDING COUNTY**

**REGULAR AUDIT**

**FOR THE YEARS ENDED DECEMBER 31, 1999-1998**



**JIM PETRO**  
**AUDITOR OF STATE**  

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**STATE OF OHIO**



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## REPORT OF INDEPENDENT ACCOUNTANTS

Village of Paulding  
Paulding County  
208 North Williams Street  
Paulding, Ohio 45879-1297

To the Village Council:

We have audited the accompanying financial statements of the Village of Paulding, Paulding County, Ohio, (the Village) as of and for the years ended December 31, 1999 and 1998. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As discussed in Note 1, the Village prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of the Village as of December 31, 1999 and 1998, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

As described in Note 2 to the accompanying financial statements, the Village reclassified the Paulding County Fire Association Fund in 1998.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 15, 2000 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 grants.

This report is intended solely for the information and use of the finance committee, management, Village Council, and other officials authorized to receive this report under § 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, appearing to read "Jim Petro", with a large, stylized flourish at the end.

**Jim Petro**  
Auditor of State

August 15, 2000

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**VILLAGE OF PAULDING**  
**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN**  
**FUND CASH BALANCES - ALL GOVERNMENTAL AND SIMILAR FIDUCIARY FUND TYPES**  
**FOR THE YEAR ENDED DECEMBER 31, 1999**

	<b>Governmental Fund Types</b>		
	<b>General</b>	<b>Special Revenue</b>	<b>Capital Projects</b>
<b>Cash Receipts:</b>			
Property Tax and Other Local Taxes	\$69,548	\$275,871	
Special Assessments	388		
Intergovernmental Receipts	104,534	256,804	\$22,681
Charges for Services	8,025	79,182	
Fines, Licenses, and Permits	15,664	49,555	
Miscellaneous	47,777	28,826	
	<u>245,936</u>	<u>690,238</u>	<u>22,681</u>
<b>Total Cash Receipts</b>	<u>245,936</u>	<u>690,238</u>	<u>22,681</u>
<b>Cash Disbursements:</b>			
Current:			
Security of Persons and Property	1,489	374,104	
Public Health Services	10,601	55,562	
Leisure Time Activities	13,144		
Community Environment	1,591		
Basic Utility Services	17,204		
Transportation	3,942	56,382	
General Government	131,650	96	
Capital Outlay	22,201	142,304	22,681
	<u>201,822</u>	<u>628,448</u>	<u>22,681</u>
<b>Total Cash Disbursements</b>	<u>201,822</u>	<u>628,448</u>	<u>22,681</u>
<b>Total Receipts Over/(Under) Disbursements</b>	<u>44,114</u>	<u>61,790</u>	
<b>Other Financing Receipts/(Disbursements):</b>			
Advances-In		115,000	
Advances-Out		(115,000)	
Other Sources		2,356	
		<u>2,356</u>	
<b>Total Other Financing Receipts/(Disbursements)</b>		<u>2,356</u>	
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	44,114	64,146	
Fund Cash Balances, January 1	<u>48,241</u>	<u>415,075</u>	<u>20,000</u>
<b>Fund Cash Balances, December 31</b>	<u><b>\$92,355</b></u>	<u><b>\$479,221</b></u>	<u><b>\$20,000</b></u>
Reserves for Encumbrances, December 31	<u>\$11,857</u>	<u>\$12,770</u>	

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



<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
<u>Expendable Trust</u>	
\$9,936	\$355,355
	388
1,217	385,236
	87,207
	65,219
	76,603
<u>11,153</u>	<u>970,008</u>
11,154	386,747
	66,163
	13,144
	1,591
	17,204
	60,324
	131,746
	187,186
<u>11,154</u>	<u>864,105</u>
<u>(1)</u>	<u>105,903</u>
	115,000
	(115,000)
	2,356
	<u>2,356</u>
(1)	108,259
<u>1</u>	<u>483,317</u>
	<b><u>\$591,576</u></b>
<u>\$26</u>	<u>\$24,653</u>

**VILLAGE OF PAULDING**  
**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN**  
**FUND CASH BALANCES - PROPRIETARY AND SIMILAR FIDUCIARY FUND TYPES**  
**FOR THE YEAR ENDED DECEMBER 31, 1999**

	<b>Proprietary Fund Types</b>	<b>Fiduciary Fund Types</b>
	<b>Enterprise</b>	<b>Nonexpendable Trust</b>
<b>Operating Cash Receipts:</b>		
Charges for Services	\$760,251	
Miscellaneous	10,957	\$556
	771,208	556
<b>Total Operating Cash Receipts</b>	<b>771,208</b>	<b>556</b>
<b>Operating Cash Disbursements:</b>		
Personal Services	245,948	
Travel Transportation	82,394	
Contractual Services	144,443	
Supplies and Materials	36,507	
Capital Outlay	74,852	
Other		
	584,144	
<b>Total Operating Cash Disbursements</b>	<b>584,144</b>	
Operating Income (Loss)	187,064	556
<b>Non-Operating Cash Receipts:</b>		
Proceeds from Notes	785,000	
Other Non-Operating Revenue	25,272	
	810,272	
<b>Total Non-Operating Cash Receipts</b>	<b>810,272</b>	
<b>Non-Operating Cash Disbursements:</b>		
Debt Service	982,079	
Other Non-Operating Cash Disbursements	7,340	
	989,419	
<b>Total Non-Operating Cash Disbursements</b>	<b>989,419</b>	
Excess of Receipts Over Disbursements Before Interfund Transfers	7,917	556
Transfers-In	101,474	
Transfers-Out	(101,474)	
	7,917	556
<b>Net Receipts Over Disbursements</b>	<b>7,917</b>	<b>556</b>
Fund Cash Balances, January 1	223,430	3,923
<b>Fund Cash Balances, December 31</b>	<b>\$231,347</b>	<b>\$4,479</b>
Reserve for Encumbrances, December 31	\$57,207	

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

<u>Fiduciary Fund Types</u>	<u>Totals (Memorandum Only)</u>
<u>Agency</u>	
\$45,000	\$805,251
75,895	87,408
<u>120,895</u>	<u>892,659</u>
	245,948
	82,394
49,405	193,848
	36,507
119,066	193,918
48,987	48,987
<u>217,458</u>	<u>801,602</u>
<u>(96,563)</u>	<u>91,057</u>
102,600	887,600
	25,272
<u>102,600</u>	<u>912,872</u>
	982,079
	7,340
	<u>989,419</u>
6,037	14,510
	101,474
	<u>(101,474)</u>
6,037	14,510
9,203	236,556
<u><b>\$15,240</b></u>	<u><b>\$251,066</b></u>
<u><u>\$962</u></u>	<u><u>\$58,169</u></u>

**VILLAGE OF PAULDING**  
**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN**  
**FUND CASH BALANCES - ALL GOVERNMENTAL AND SIMILAR FIDUCIARY FUND TYPES**  
**FOR THE YEAR ENDED DECEMBER 31, 1998**

	<b>Governmental Fund Types</b>		
	<b>General</b>	<b>Special Revenue</b>	<b>Capital Projects</b>
<b>Cash Receipts:</b>			
Property Tax and Other Local Taxes	\$44,892	\$234,331	
Intergovernmental Receipts	116,272	190,711	\$44,933
Charges for Services	9,515	68,824	
Fines, Licenses, and Permits	17,282	51,553	
Miscellaneous	24,008	12,109	
Total Cash Receipts	211,969	557,528	44,933
<b>Cash Disbursements:</b>			
Current:			
Security of Persons and Property	662	339,552	
Public Health Services	11,062	50,648	
Leisure Time Activities	16,593		
Community Environment	919		
Basic Utility Services	18,486		
Transportation	4,321	47,736	
General Government	125,819		
Debt Service:			
Principal Payments		6,100	
Interest Payments		880	
Capital Outlay	53,939	31,520	44,933
Total Cash Disbursements	231,801	476,436	44,933
Total Receipts Over/(Under) Disbursements	(19,832)	81,092	
<b>Other Financing Receipts/(Disbursements):</b>			
Advances-In		83,000	
Advances-Out		(63,000)	
Other Sources	34,531	16,223	
Total Other Financing Receipts/(Disbursements)	34,531	36,223	
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	14,699	117,315	
Fund Cash Balances, January 1	33,542	297,760	20,000
<b>Fund Cash Balances, December 31</b>	<b>\$48,241</b>	<b>\$415,075</b>	<b>\$20,000</b>
Reserves for Encumbrances, December 31	\$4,746	\$14,100	

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

<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
<u>Expendable Trust</u>	
\$6,413	\$285,636
738	352,654
	78,339
	68,835
	36,117
<u>7,151</u>	<u>821,581</u>
7,263	347,477
	61,710
	16,593
	919
	18,486
	52,057
	125,819
	6,100
	880
	<u>130,392</u>
<u>7,263</u>	<u>760,433</u>
<u>(112)</u>	<u>61,148</u>
	83,000
	(63,000)
	<u>50,754</u>
	<u>70,754</u>
(112)	131,902
<u>113</u>	<u>351,415</u>
<u><b>\$1</b></u>	<u><b>\$483,317</b></u>
<u><b>\$7</b></u>	<u><b>\$18,853</b></u>

**VILLAGE OF PAULDING**  
**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN**  
**FUND CASH BALANCES - PROPRIETARY AND SIMILAR FIDUCIARY FUND TYPES**  
**FOR THE YEAR ENDED DECEMBER 31, 1999**

	<u>Proprietary Fund Types</u>	<u>Fiduciary Fund Types</u>
	<u>Enterprise</u>	<u>Nonexpendable Trust</u>
<b>Operating Cash Receipts:</b>		
Charges for Services	\$674,776	\$105
Miscellaneous	16,503	103
Total Operating Cash Receipts	<u>691,279</u>	<u>208</u>
<b>Operating Cash Disbursements:</b>		
Personal Services	224,228	
Travel Transportation	66,701	
Contractual Services	135,851	
Supplies and Materials	38,387	
Capital Outlay	188,894	
Other		
Total Operating Cash Disbursements	<u>654,061</u>	
Operating Income	<u>37,218</u>	<u>208</u>
<b>Non-Operating Cash Receipts:</b>		
Proceeds from Notes and Bonds	895,000	
Other Non-Operating Receipts	29,580	
Total Non-Operating Cash Receipts	<u>924,580</u>	
<b>Non-Operating Cash Disbursements:</b>		
Debt Service	825,540	
Other Non-Operating Cash Disbursements	6,587	
Total Non-Operating Cash Disbursements	<u>832,127</u>	
Excess of Receipts Over Disbursements Before Interfund Transfers and Advances	129,671	208
Transfers-In	35,327	
Transfers-Out	(35,327)	
Advances-Out	(20,000)	
Net Receipts Over Disbursements	109,671	208
Fund Cash Balances, January 1	<u>113,759</u>	<u>3,715</u>
<b>Fund Cash Balances, December 31</b>	<u><b>\$223,430</b></u>	<u><b>\$3,923</b></u>
Reserve for Encumbrances, December 31	<u>\$29,088</u>	

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

<u>Fiduciary Fund Types</u>	<u>Totals (Memorandum Only)</u>
<u>Agency</u>	
\$35,000	\$709,881
86,238	102,844
<u>121,238</u>	<u>812,725</u>
	224,228
27	66,728
38,419	174,270
15,618	54,005
	188,894
50,922	50,922
<u>104,986</u>	<u>759,047</u>
<u>16,252</u>	<u>53,678</u>
	895,000
	29,580
	<u>924,580</u>
13,908	839,448
	6,587
<u>13,908</u>	<u>846,035</u>
2,344	132,223
	35,327
	(35,327)
	(20,000)
<u>2,344</u>	<u>112,223</u>
<u>6,859</u>	<u>124,333</u>
<b><u>\$9,203</u></b>	<b><u>\$236,556</u></b>
	<u>\$29,088</u>

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**VILLAGE OF PAULDING  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 1999 AND 1998**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The Village of Paulding, Paulding County, (the Village) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Village is directed by a publicly-elected six-member Council. The Village provides general governmental services, including water and sewer utilities, park operations (leisure time activities), mayor's court and police services.

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

**B. Basis of Accounting**

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized 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 prescribed or permitted by the Auditor of State.

**C. Cash and Investments**

The repurchase agreement and certificates of deposit are valued at cost.

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 disbursements, respectively.

**D. Fund Accounting**

The Village uses fund accounting to segregate cash and investments that are restricted as to use. The Village classifies its funds into the following types:

**1. General Fund**

The General Fund is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

**2. Special Revenue Fund**

These funds are used to account for proceeds from specific sources (other than from trusts or for capital projects) that are restricted to expenditure for specific purposes. The Village had the following significant Special Revenue Funds:

**VILLAGE OF PAULDING**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 1999 AND 1998**  
**(Continued)**

Street Construction, Maintenance and Repair Fund - This fund receives gasoline taxes and motor vehicle license taxes for the repair and maintenance of Village streets.

Police Fund - This fund receives property tax money paid by Village residents, and Mayor's Court fines to operate the police department.

**3. Capital Project Funds**

These funds are used to account for receipts that are restricted for the acquisition or construction of major capital projects (except those financed through enterprise or trust funds). The Village had the following significant capital project funds:

CR 144 Waterline Fund - This fund accounted for the receipt and expenditure of Issue II monies spent on the Village's behalf for a waterline project.

CDBG Storm Sewer Fund - This fund accounted for the receipt and expenditure of County Development Block Grant monies spent on the Village's behalf for a storm sewer project.

**4. Enterprise Funds**

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

Water Fund - This fund receives charges for services from residents to cover the cost of providing this utility.

Sewer Fund - This fund receives charges for services from residents to cover the cost of providing this utility.

Sewer Note Fund - This fund accounts for the activity associated with the repayment and refinancing of debt related to Village sewer projects.

**5. Fiduciary Funds (Trust and Agency Funds)**

Trust funds are used to account for resources restricted by legally binding trust agreements. If the agreement requires the Village to maintain the corpus of the trust, the fund is classified as a nonexpendable trust fund. Other trust funds are classified as expendable. Funds for which the Village is acting in an agency capacity are classified as agency funds. The Village had the following significant fiduciary fund:

**Agency Funds**

Mayor's Court Fund - This fund receives fine money generated by the Village Mayor's Court. The money is disbursed to the Village Police Fund, the State Treasurer, or other appropriate agencies.

**VILLAGE OF PAULDING**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 1999 AND 1998**  
**(Continued)**

Paulding County Fire Association Fund - The Village serves as fiscal agent for the Paulding County Fire Association. This fund receives charges for services from its member villages and townships, and debt proceeds (if needed) to cover the costs of providing this service.

**E. Budgetary Process**

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

**1. Appropriations**

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level, and appropriations may not exceed estimated resources. The Council must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Unencumbered appropriations lapse at year end.

**2. 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 also approve estimated resources.

**3. Encumbrances**

The Ohio Revised Code requires the Village to reserve (encumber) appropriations when commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated. The Village did not encumber all commitments required by Ohio law.

A summary of 1999 and 1998 budgetary activity appears in Note 4.

**F. Property, Plant and Equipment**

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

**G. Unpaid Vacation and Sick Leave**

Employees are entitled to cash payments for unused vacation and sick leave in certain circumstances, such as upon leaving employment. Unpaid vacation and sick leave are not reflected as liabilities under the cash basis of accounting used by the Village.

**2. PRIOR PERIOD RESTATEMENT**

In prior years the Village classified the Paulding County Fire Association Fund as a Special Revenue Fund, the Village is the fiscal agent for the Fire Association and the funds are not Village funds. For fiscal year 1998, the Paulding County Fire Association Fund has been appropriately reclassified as an Agency Fund.

**VILLAGE OF PAULDING  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 1999 AND 1998  
(Continued)**

This change had the following effect on the fund balances, as previously reported:

	<u>Special Revenue Funds</u>	<u>Agency Funds</u>
Funds balance as previously reported at December 31, 1997	\$298,959	\$5,660
Adjustment	(1,199)	1,199
Adjusted balance as of January 1, 1998	\$297,760	\$6,859

**3. EQUITY IN POOLED CASH AND INVESTMENTS**

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

	<u>1999</u>	<u>1998</u>
Cash on hand	\$500	\$500
Demand Deposits	82,639	18,539
Certificates of deposit	<u>759,503</u>	<u>545,164</u>
Total deposits	<u>842,642</u>	<u>564,203</u>
Repurchase agreement	<u>                    </u>	<u>155,670</u>
Total deposits and investments	<u>\$842,642</u>	<u>\$719,873</u>

**Deposits:** Deposits are either (1) insured by the Federal Depository Insurance Corporation, (2) collateralized by securities specifically pledged by the financial institution to the Village, or (3) collateralized by the financial institution's public entity deposit pool.

**Investments:** The repurchase agreement includes uninsured and unregistered investments for which the securities are held by the counterparty or by its trust department, but not in the Village's name.

**4. BUDGETARY ACTIVITY**

Budgetary activity for the years ending December 31, 1999 and 1998 follows:

**VILLAGE OF PAULDING**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 1999 AND 1998**  
**(Continued)**

1999 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$245,936	\$245,936	
Special Revenue	807,551	692,594	(\$114,957)
Capital Projects	0	22,681	22,681
Enterprise	883,993	1,682,954	798,961
Expendable Trust	11,152	11,153	1
Nonexpendable Trust	556	556	
Total	<u>\$1,949,188</u>	<u>\$2,655,874</u>	<u>\$706,686</u>

1999 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$209,365	\$213,679	(\$4,314)
Special Revenue	829,333	641,218	188,115
Capital Projects	1,000	22,681	(21,681)
Enterprise	1,021,612	1,732,244	(710,632)
Expendable Trust	11,212	11,180	32
Nonexpendable Trust	100	100	
Total	<u>\$2,072,622</u>	<u>\$2,621,002</u>	<u>(\$548,380)</u>

1998 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$240,656	\$246,500	\$5,844
Special Revenue	687,156	573,751	(113,405)
Capital Projects		44,933	44,933
Enterprise	759,234	1,651,186	891,952
Expendable Trust	7,775	7,151	(624)
Nonexpendable Trust	960	208	(752)
Total	<u>\$1,695,781</u>	<u>\$2,523,729</u>	<u>\$827,948</u>

**VILLAGE OF PAULDING**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 1999 AND 1998**  
**(Continued)**

1998 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$252,811	\$236,547	\$16,264
Special Revenue	744,515	490,536	253,979
Capital Projects	1,000	44,933	(43,933)
Enterprise	984,535	1,550,603	(566,068)
Expendable Trust	7,430	7,270	160
Nonexpendable Trust	100		100
Total	<u>\$1,990,391</u>	<u>\$2,329,889</u>	<u>(\$339,498)</u>

**5. COMPLIANCE**

Actual expenditures exceeded appropriations throughout 1999 and 1998 at the object level of control and at year end, in total, in the following funds:

<u>December 31, 1998</u>	
Issue II Road 144 Fund	\$44,933
Sewer Revenue Fund	420,682
Water Capital Improvement Fund	210,716

<u>December 31, 1999</u>	
General Fund	\$4,314
CDBG Storm Sewer Fund	22,681
Sewer Revenue Fund	545,731
Water Capital Improvement Fund	218,984

During 1999 and 1998, the Village Clerk did not consistently certify the availability of funds prior to commitments being made.

**6. PROPERTY TAX**

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by Village Council. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. Homestead and rollback amounts are then paid by the State, and are reflected in the accompanying financial statements as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to make semiannual payment, 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.

**VILLAGE OF PAULDING**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 1999 AND 1998**  
**(Continued)**

Tangible personal property tax is assessed by the property owners, who must file a list of such property to the County by each April 30.

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

**7. DEBT**

Debt outstanding at December 31, 1999 was as follows:

	Principal	Interest Rate
Ohio Water Development Authority Loan	\$29,475	6.35%
Ohio Public Works Commission Loans	459,481	4.50%
General Obligation Bond Anticipation Notes	785,000	4.25%
Total	\$1,273,956	

The Ohio Water Development Authority (OWDA) loan was entered into as a cooperative agreement for the construction, maintenance and operation of water development projects. The loan, which had its first installment due January 1, 1997, will be repaid in semiannual installments of \$1,467, including interest, over 20 years.

The Village has two Ohio Public Works Commission (OPWC) loans. They are both 20 year 4.5% loans. The first loan was for lagoon improvements entered into in 1993 with semiannual installments of \$7,323, including interest. The second loan was for interceptor improvements entered into in 1995 with semiannual installments of \$14,110 including interest.

The Village renewed their General Purpose Bond Anticipation Notes for a one year period with a maturity date of June 4, 2000. Of the \$785,000, \$565,000 was for sewer related construction projects including the purchase of land, while the remaining \$220,000 was for water improvement projects.

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

Year ending December 31:	OWDA Loan	OPWC Loans	Bond Anticipation Notes
2000	\$1,467	\$21,433	\$818,363
2001	2,935	42,866	
2002	2,935	42,866	
2003	2,935	42,866	
2004	2,935	42,866	
Subsequent	35,220	442,236	
Total	\$48,427	\$635,133	\$818,363

The Village is a member of the Paulding County Fire Association, (the Association), a jointly governed organization established to provide fire protection to the citizens of the Villages of Broughton, Latty

**VILLAGE OF PAULDING**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 1999 AND 1998**  
**(Continued)**

and Paulding, and Emerald and Paulding Townships. Costs of maintaining the Association are distributed annually based on the number of fire runs in each subdivision.

During 1999 the Association obtained a loan in the amount of \$215,032 for the purchase of a fire truck. The portion of this loan attributed to the Village as of December 31, 1999 is \$88,851.

**8. RETIREMENT SYSTEMS**

The Village's law enforcement officers belong to the Police and Firemen's Disability and Pension Funds (PFDPF). Other full-time employees belong to the Public Employees Retirement System (PERS) of Ohio. PFDPF and PERS are cost-sharing, multiple-employer plans. These plans provide retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 1999 and 1998, members of PFDPF contributed 10% of their wages to the PFDPF. The Village contributed an amount equal to 19.5% of their wages. PERS members contributed 8.5% of their gross salaries. The Village contributed an amount equal to 13.55% of participants' gross salaries. The Village has paid all contributions required through December 31, 1999.

Effective July 1, 1991, all officials and employees not otherwise covered by PERS have an option to become a member of the Social Security System. As of December 31, 1999, several members of the fire department have elected Social Security. Council's liability is 6.2 percent of wages paid.

**9. RISK MANAGEMENT**

The Village is a member of the Ohio Government Risk Management Plan (the Plan). The Plan assumes the risk of loss up to the limits of the Village's policy. The Plan may assess supplemental premiums. The following risks are covered by the Plan:

- Real and personal property
- General liability
- Wrongful acts
- Law enforcement liability
- Public employers liability
- Automobile
- Crime
- Inland Marine
- Fire Vehicle
- Electronic Data Processing

The Village also provides health insurance to full-time employees through a private carrier.





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**REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE AND ON INTERNAL CONTROL  
REQUIRED BY GOVERNMENT AUDITING STANDARDS**

Village of Paulding  
Paulding County  
208 North Williams Street  
Paulding, Ohio 45879-1297

To the Village Council:

We have audited the accompanying financial statements of the Village of Paulding, Paulding County, Ohio, (the Village) as of and for the years ended December 31, 1999 and 1998, and have issued our report thereon dated August 15, 2000 wherein we noted that the Village reclassified the Paulding County Fire Association Fund in 1998. We conducted our audits in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Compliance**

As part of obtaining reasonable assurance about whether the Village's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audits and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 1999-30263-001 and 1999-30263-002. We also noted certain immaterial instances of noncompliance that we have reported to management of the Village in a separate letter dated August 15, 2000.

**Internal Control Over Financial Reporting**

In planning and performing our audits, we considered the Village's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be a material weakness. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Village in a separate letter dated August 15, 2000.

Village of Paulding  
Paulding County  
Report of Independent Accountants on Compliance and on  
Internal Control Required by *Government Auditing Standards*  
Page 2

This report is intended for the information and use of the finance committee, management, and Village Council, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, appearing to read "Jim Petro", with a large, stylized flourish at the end.

**Jim Petro**  
Auditor of State

August 15, 2000

**VILLAGE OF PAULDING  
SCHEDULE OF FINDINGS  
DECEMBER 31, 1999 AND 1998**

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

**FINDING NUMBER 1999-30263-001**

**Noncompliance Citation**

Ohio Revised Code § 5705.41(B) states that no subdivision or taxing unit is to expend money unless it has been appropriated.

Actual expenditures exceeded appropriations throughout the audit period in numerous funds at the legal level of control (fund-function-object) and in the following funds at year end:

<b>December 31, 1998</b>	<b>December 31, 1999</b>
Issue II Road 144 Fund	General Fund
\$44,933	\$4,314
Sewer Revenue Fund	CDBG Storm Sewer Fund
420,682	22,681
Water Capital Improvement Fund	Sewer Revenue Fund
210,716	545,731
	Water Capital Improvement Fund
	218,984

The certificate of estimated resources was obtained and the annual appropriation measure approved near the beginning of each year under audit, however, the original amounts were only amended at year end. Estimated resources and appropriations should be used as a tool to monitor the Village's budgetary activity and should be amended throughout the year if it is determined that original amounts budgeted were not sufficient. We recommend that Council and the Clerk monitor appropriations and planned expenditures and make any adjustments necessary to avoid expenditures in excess of appropriations.

**FINDING NUMBER 1999-30263-002**

**Noncompliance Citation**

Ohio Revised Code § 5705.41(D) states that no subdivision shall make any contract or order any expenditure of money unless the certificate of the fiscal officer is attached. The fiscal officer must certify that the amount required to meet such a commitment has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrance. Further, contracts and orders for expenditures lacking prior certification should be considered null and void.

This section also provides two exceptions to the above requirements:

- A. Then and Now Certificate - if no certificate is furnished as required, upon receipt of the fiscal officer's certificate that a sufficient sum was, both at the time of the purchase order or contract and at the time of the certificate, appropriated and free of any previous encumbrance, Council may authorize the issuance of a check in payment of the amount due upon such contract or order by resolution within 30 days from the receipt of such certificate.
- B. If the amount involved is less than \$1000, the fiscal officer may authorize it to be paid without the affirmation of Council, if such expenditure is otherwise valid.

**FINDING NUMBER 1999-30263-002**  
**(Continued)**

Forty-seven percent of the transactions tested were not certified prior to the commitment being incurred and were not certified using a then-and-now certification. This procedure is not only required by Ohio law but is a key control in the disbursement process to assure that purchase commitments receive prior approval, and to help reduce the possibility of Village funds being over expended or exceeding budgetary spending limitations as set by Council.

To improve controls over disbursements, it is recommended that all Village disbursements receive prior certification of the Clerk/Treasurer and that Council periodically review the expenditures made to ensure they are within the appropriations adopted by Council, certified by the Clerk/Treasurer and recorded against appropriations.



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**VILLAGE OF PAULDING**

**PAULDING COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
AUGUST 31, 2000**