





**ANTWERP LOCAL SCHOOL DISTRICT  
PAULDING COUNTY**

**DOCUMENT CONTENTS**

**TITLE**

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SINGLE AUDIT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

REGULAR AUDIT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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OHIO AUDITOR OF STATE  
**KEITH FABER**





**ANTWERP LOCAL SCHOOL DISTRICT  
PAULDING COUNTY**

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PAULDING COUNTY**

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# OHIO AUDITOR OF STATE KEITH FABER



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## INDEPENDENT AUDITOR'S REPORT

Antwerp Local School District  
Paulding County  
303 South Harrmann Road  
Antwerp, Ohio 45813-9574

To the Board of Education:

### ***Report on the Financial Statements***

We have audited the accompanying cash-basis financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of Antwerp Local School District, Paulding County, Ohio (the School District), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for preparing and fairly presenting these financial statements in accordance with the cash accounting basis Note 2 describes. This responsibility includes determining that the cash accounting basis is acceptable for the circumstances. Management is also responsible for designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the School District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the School District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities, the major fund, and the aggregate remaining fund information of the School District, as of June 30, 2021, and the respective changes in cash financial position and the budgetary comparison for the General Fund thereof for the year then ended in accordance with the accounting basis described in Note 2.

**Accounting Basis**

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

**Emphasis of Matters**

As discussed in Note 2 to the financial statements, during 2021, the School District adopted new accounting guidance in Governmental Accounting Standards Board Statement No. 84, *Fiduciary Activities*. In addition, as discussed in Note 19 to the financial statements, the financial impact of the COVID-19 and the continuing emergency measures may impact subsequent periods of the School District. We did not modify our opinion regarding these matters.

**Other Matters**

*Supplementary Information*

Our audit was conducted to opine on the financial statements taken as a whole.

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

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

*Other Information*

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated March 11, 2022, on our consideration of the School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School District's internal control over financial reporting and compliance.



Keith Faber  
Auditor of State  
Columbus, Ohio

March 11, 2022

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**Antwerp Local School District**  
**Paulding County**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2021*  
*(UNAUDITED)*

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The discussion and analysis of the Antwerp Local School District's (the "School District") financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2021. The intent of this discussion and analysis is to look at the School District's performance as a whole; readers should also review the notes to the basic financial statements to enhance their understanding of the School District's financial performance.

***Financial Highlights***

Key financial highlights for fiscal year 2021 are as follows:

- ❑ In total, net position increased \$470,828.
- ❑ Outstanding debt decreased from \$580,000 to \$350,000.

***Using this Annual Report***

This annual report consists of a series of financial statements and notes to those statements. The statements are organized so the reader can understand the Antwerp Local School District as a whole, entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The *Statement of Net Position – Cash Basis* and *Statement of Activities – Cash Basis* provide information about the activities of the whole School District. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the School District's most significant funds with all other non-major funds presented in total in one column. For fiscal year 2021, the General Fund is the School District's most significant fund.

***Basis of Accounting***

The School District has elected to present its financial statements on the cash basis of accounting. This cash basis of accounting is a comprehensive basis of accounting other than generally accepted accounting principles. The cash basis of accounting involves the measurement of cash and cash equivalents and changes in cash and cash equivalents resulting from cash receipt and disbursement transactions.

Essentially, the only assets reported on this strictly cash receipt and disbursement basis presentation in a statement of net position will be cash and cash equivalents. The statement of activities reports cash receipts and disbursements, or in other words, the sources and uses of cash and cash equivalents. Therefore, when reviewing the financial information and discussion within this annual report, the reader should keep in mind the limitations resulting from the use of the cash basis of accounting.

**Antwerp Local School District**  
**Paulding County**  
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(UNAUDITED)

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***Reporting the School District as a Whole***

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

While this document contains the large number of funds used by the School District to provide programs and activities, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during fiscal year 2021?" The statement of net position and the statement of activities answer this question.

These two statements report the School District's *net position* and *changes in net position*. This change in net position is important because it tells the reader that, for the School District as a whole, the *financial position* of the School District has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Non-financial factors include the School District's property tax base, current property tax laws in Ohio which restrict revenue growth, facility conditions, required educational programs, and other factors.

In the statement of net position and the statement of activities, governmental activities include the School District's programs and services, including instruction, support services, extracurricular activities and operation of non-instructional services (i.e., food service).

***Reporting the School District's Most Significant Funds***

*Fund Financial Statements*

Fund financial reports provide detailed information about the School District's major funds. The School District uses many funds to account for financial transactions. However, these fund financial statements focus on the School District's most significant funds. The School District's major governmental fund is the General Fund.

**Governmental Funds** - Most of the School District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using the cash basis of accounting. The governmental fund statements provide a detailed short-term view of the School District's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent in the near future to finance educational programs.

***Reporting the School District's Fiduciary Responsibilities***

**Fiduciary Funds** - Fiduciary funds are used to account for resources held for the benefit of parties outside the School District. These funds are not reflected in the government-wide financial statements because the resources are not available to support the School District's own programs. These funds also use the cash basis of accounting.

**Antwerp Local School District**  
**Paulding County**  
*Management's Discussion and Analysis*  
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**The School District as a Whole**

Table 1 provides a summary of the School District's net position for fiscal year 2021 compared to 2020.

**(Table 1)**  
**Net Position – Cash Basis**

	Governmental Activities	
	2021	Restated 2020
<b>Assets</b>		
Equity in Pooled Cash and Cash Equivalents	\$8,858,200	\$8,387,372
<b>Net Position</b>		
Restricted for:		
Capital Outlay	\$ 167,701	\$ 149,002
Debt Service	235,960	365,978
Other Purposes	346,973	311,263
Unrestricted	8,107,566	7,561,129
<i>Total Net Position</i>	<i>\$8,858,200</i>	<i>\$8,387,372</i>

Net position of the governmental activities increased \$470,828 which represents a 6 percent increase from the fiscal year 2020. The increase in equity in pooled cash and cash equivalents can be attributed to normal operations of the School District.

A portion of the School District's net position, \$750,634 or 9 percent represents resources subject to external restrictions on how they may be used. The remaining balance of the government-wide unrestricted net position of \$8,107,566 may be used to meet the School District's ongoing obligations.

Table 2 shows the changes in net position for fiscal year 2021 as compared to fiscal year 2020.

**Antwerp Local School District**  
**Paulding County**  
*Management's Discussion and Analysis*  
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**(Table 2)**  
**Changes in Net Position – Cash Basis**

	Governmental Activities	
	2021	2020
<b>Receipts</b>		
<b><i>Program Receipts</i></b>		
Charges for Services and Sales	\$ 867,034	\$ 856,479
Operating Grants and Contributions	1,181,430	743,622
<i>Total Program Receipts</i>	<u>2,048,464</u>	<u>1,600,101</u>
<b><i>General Receipts</i></b>		
Property Taxes	1,971,626	1,989,067
Income Taxes	1,306,795	1,313,717
Grants and Entitlements not Restricted to		
Specific Programs	4,728,455	4,681,004
Payments in Lieu of Taxes	194,968	200,010
Proceeds from Sale of Capital Assets	11,000	0
Investment Earnings	43,701	151,413
Miscellaneous	95,255	46,813
<i>Total General Receipts</i>	<u>8,351,800</u>	<u>8,382,024</u>
<i>Total Receipts</i>	<u>10,400,264</u>	<u>9,982,125</u>
<b><i>Program Disbursements</i></b>		
Instruction:		
Regular	4,095,233	3,832,042
Special	1,215,516	1,028,023
Adult/Continuing	5,000	5,000
Other	195,662	175,687
Support Services:		
Pupils	391,287	391,216
Instructional Staff	313,394	398,031
Board of Education	11,415	11,460
Administration	915,657	907,013
Fiscal	312,964	327,202
Business	3,655	1,204
Operation and Maintenance of Plant	1,109,416	1,652,066
Pupil Transportation	359,027	351,074
Central	36,891	33,173
Operation of Non-Instructional Services:		
Food Service Operations	262,669	213,737
Extracurricular Activities	402,283	322,018
Capital Outlay	51,342	144,828
Debt Service:		
Principal Retirement	230,000	220,000
Interest and Fiscal Charges	18,025	25,350
<i>Total Program Disbursements</i>	<u>9,929,436</u>	<u>10,039,124</u>
<i>Change in Net Position</i>	470,828	(56,999)
<i>Net Position Beginning of Year</i>	8,387,372	8,349,658
<i>Restatement, See Note 2.</i>	0	94,713
<i>Net Position End of Year</i>	<u>\$ 8,858,200</u>	<u>\$ 8,387,372</u>

The comparative column was not restated for the implementation of GASB 84.

**Antwerp Local School District**  
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The increase in Operating Grants and Contributions is attributed to the additional grants the School District received due to the COVID-19 pandemic. The decrease in operation and maintenance of plant disbursements is primarily due to the completion of the athletic complex project.

**Governmental Activities**

Several receipt sources fund the School District's governmental activities with the school foundation program being the largest contributor. School foundation provided \$4.6 million in fiscal year 2021. Property and income tax levies generated approximately \$3.3 million in fiscal year 2021. With the combination of taxes and intergovernmental funding comprising 88 percent of receipts in governmental activities, the School District monitors both of these receipt sources very closely for fluctuations.

The majority of program disbursements for governmental activities are for instruction, which accounts for 56 percent of all governmental disbursements. Other programs which support the instruction process account for 35 percent of governmental disbursements. The remaining 9 percent of the School District's disbursements are related to the primary functions of delivering education, food service, extracurricular activities, providing facilities, and debt service.

The statement of activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows, for governmental activities, the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by tax revenue and unrestricted State entitlements.

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**Antwerp Local School District**  
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*Management's Discussion and Analysis*  
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(UNAUDITED)

**(Table 3)**  
**Governmental Activities – Cash Basis**

	Total Costs of Services		Net Costs of Services	
	2021	2020	2021	2020
<b><i>Program Disbursements</i></b>				
Instruction:				
Regular	\$ 4,095,233	\$ 3,832,042	\$3,265,288	\$3,299,062
Special	1,215,516	1,028,023	438,455	306,438
Vocational	0	0	(2,934)	(2,934)
Adult/Continuing	5,000	5,000	5,000	5,000
Other	195,662	175,687	195,662	175,687
Support Services:				
Pupils	391,287	391,216	391,287	389,405
Instructional Staff	313,394	398,031	286,529	370,222
Board of Education	11,415	11,460	11,415	11,460
Administration	915,657	907,013	915,657	907,013
Fiscal	312,964	327,202	312,964	327,202
Business	3,655	1,204	3,655	1,204
Operation and Maintenance of Plant	1,109,416	1,652,066	1,105,769	1,648,852
Pupil Transportation	359,027	351,074	359,027	351,074
Central	36,891	33,173	36,891	33,173
Operation of Non-Instructional Services:				
Food Service Operations	262,669	213,737	(11,230)	21,155
Extracurricular Activities	402,283	322,018	268,170	204,832
Capital Outlay	51,342	144,828	51,342	144,828
Debt Service:				
Principal Retirement	230,000	220,000	230,000	220,000
Interest and Fiscal Charges	18,025	25,350	18,025	25,350
<b><i>Total</i></b>	<b><u>\$ 9,929,436</u></b>	<b><u>\$ 10,039,124</u></b>	<b><u>\$7,880,972</u></b>	<b><u>\$8,439,023</u></b>

The dependence upon tax receipts and unrestricted grants and entitlements is apparent in the previous table. Program receipts only account for 21 percent of all governmental expenses.

***The School District's Funds***

The School District's governmental funds are accounted for using the cash basis of accounting.

The School District's governmental funds reported a combined fund balance of \$8,858,200, which is higher than the prior year restated balance of \$8,387,372.

The General Fund's fund balance increased \$546,437 in 2021. The increase in the fund balance can be attributed to expenditures subsidized with COVID-19 grant funding.

**Antwerp Local School District**  
**Paulding County**  
*Management's Discussion and Analysis*  
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(UNAUDITED)

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***General Fund Budgeting Highlights***

The School District's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund.

***Original Budget Compared to Final Budget*** During the course of fiscal year 2021, there were significant differences between original budgeted receipts and other financing sources and final budgeted receipts and other financing sources. This is primarily due to changes in forecasted property tax, income tax and intergovernmental receipts as a direct result of the COVID-19 pandemic. There were no significant variances between original and final budgeted disbursements and other financing uses.

***Final Budget Compared to Actual Results*** For fiscal year 2021, there were no significant differences between final budgeted receipts and other financing sources and actual receipts and other financing sources. However, due to cost savings and school closures as a result of the COVID-19 pandemic, actual disbursements and other financing uses were \$812,232 less than the final budgeted disbursements and other financing uses.

***Debt Administration***

The School District had the following long-term obligations outstanding at June 30, 2021 and 2020.

**(Table 4)**  
**Outstanding Debt, at June 30**

	<u>Governmental Activities</u>	
	2021	2020
2012 Refunding Bonds - Serial and Term Bonds	<u>\$ 350,000</u>	<u>\$ 580,000</u>

For further information regarding the School District's debt, refer to Note 10 of the basic financial statements.

***Current Issues***

The Antwerp Local School District is maintaining its consistency in a state of a declining local economy and uncertainty in State funding. The School District is a small, rural community of 1,850 people in Northwest Ohio. It has a number of small and medium businesses with agriculture having a contributing influence on the economy.

In November 2020, the School District renewed a five year 2.9 mill permanent improvement levy to generate \$157,762 annually. This levy provides a source of funds for the financial operations and stability of the School District. However, future finances are not without challenges as our community changes and state funding is revised. Some of these challenges are in the future of state funding for schools considering the DeRolph court case and the long term effects of public utility deregulation as well as the reduction of personal property for business inventory. As the preceding information shows, the School District relies heavily on its local taxpayers.

**Antwerp Local School District**  
**Paulding County**  
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Real estate tax collections have shown small increases. The unique nature of property taxes in Ohio creates the need to routinely seek voter approval for operating funds. The overall revenue generated by a levy will not increase solely as a result of inflation due to Ohio House Bill 920 (passed in 1976). As an example, a homeowner with a home valued at \$100,000 and taxed at 1.0 mill would pay \$35.00 annually in taxes. If three years later the home was reappraised and increased to \$200,000 (and this inflationary increase in value is comparable to other property owners) the effective tax rate would become .5 mills and the owner would still pay \$35.00. Thus, school districts dependent upon property taxes are hampered by a lack of revenue growth and must regularly return to the voters to maintain a constant level of service.

In January 2018, the School District began receiving revenue from the wind turbine farms that are located in the School District. It is estimated that the School District will receive approximately \$194,000 per calendar year. This revenue will help the School District since State funding has remained flat.

Additional wind turbines have been built and are in operation in the School District. However, they were not in operation on January 1, 2020 and have not yet been certified by the state. Revenue collections on these additional wind turbines will be in calendar year 2022.

The statewide COVID-19 shutdown in March 2020 caused the State of Ohio to project a revenue loss that forced budget cuts to all the state agencies. Governor Mike DeWine asked all state departments to cut their budgets by 20% for the remainder of fiscal year 2020. The budget cuts to foundation was a 2.42% cut for Antwerp Local Schools for the remainder of FY20 totaling \$112,017. That same amount was carried forward to FY21, for a total reduction of \$224,034 for both fiscal years 2020 and 2021. Revenues to the State of Ohio came in higher than the projections and the funding that was cut in March 2020 and FY2021 was partially restored by Governor DeWine in January of 2021. The School District has also received federal dollars allocated through the Coronavirus Aid, Relief, and Economic Security (CARES) ACT and through the Elementary and Secondary Schools Education Relief Funds (ESSER). These much needed funds help offset the cost of added personnel, personal protective equipment, remote teaching equipment and cleaning supplies caused by the pandemic.

***Contacting the School District's Financial Management***

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact Kristine Stuart, Treasurer/CFO, Antwerp Local School District, 303 South Harrmann Road, Antwerp, Ohio 45813-9574.

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**Antwerp Local School District**  
**Paulding County, Ohio**  
*Statement of Net Position - Cash Basis*  
*June 30, 2021*

	Governmental Activities
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	\$ 8,858,200
<b>Net Position</b>	
Restricted for:	
Capital Outlay	\$ 167,701
Debt Service	235,960
Other Purposes	346,973
Unrestricted	8,107,566
<i>Total Net Position</i>	\$ 8,858,200

See accompanying notes to the basic financial statements.

**Antwerp Local School District**  
**Paulding County, Ohio**  
*Statement of Activities - Cash Basis*  
*For the Fiscal Year Ended June 30, 2021*

	Cash Disbursements	Program Cash Receipts		Net (Disbursements) Receipts and Changes in Net Position
		Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities
<b>Governmental Activities</b>				
Current:				
Instruction:				
Regular	\$ 4,095,233	\$ 555,637	\$ 274,308	\$ (3,265,288)
Special	1,215,516	134,674	642,387	(438,455)
Vocational	0	0	2,934	2,934
Adult/Continuing	5,000	0	0	(5,000)
Other	195,662	0	0	(195,662)
Support Services:				
Pupils	391,287	0	0	(391,287)
Instructional Staff	313,394	0	26,865	(286,529)
Board of Education	11,415	0	0	(11,415)
Administration	915,657	0	0	(915,657)
Fiscal	312,964	0	0	(312,964)
Business	3,655	0	0	(3,655)
Operation and Maintenance of Plant	1,109,416	0	3,647	(1,105,769)
Pupil Transportation	359,027	0	0	(359,027)
Central	36,891	0	0	(36,891)
Extracurricular Activities	402,283	134,113	0	(268,170)
Operation of Non-Instructional Services:				
Food Service Operations	262,669	42,610	231,289	11,230
Capital Outlay	51,342	0	0	(51,342)
Debt Service:				
Principal Retirement	230,000	0	0	(230,000)
Interest and Fiscal Charges	18,025	0	0	(18,025)
<i>Totals</i>	<u>\$ 9,929,436</u>	<u>\$ 867,034</u>	<u>\$ 1,181,430</u>	<u>(7,880,972)</u>
<b>General Receipts</b>				
Property Taxes Levied for:				
General Purposes				1,721,991
Debt Service				106,455
Capital Outlay				143,180
Income Taxes Levied for:				
General Purposes				1,281,606
Building Maintenance				25,189
Grants and Entitlements not Restricted to Specific Programs				4,728,455
Payments in Lieu of Taxes				194,968
Proceeds from Sale of Capital Assets				11,000
Investment Earnings				43,701
Miscellaneous				95,255
<i>Total General Receipts</i>				<u>8,351,800</u>
<i>Change in Net Position</i>				470,828
<i>Net Position Beginning of Year (Restated, See Note 2)</i>				<u>8,387,372</u>
<i>Net Position End of Year</i>				<u>\$ 8,858,200</u>

See accompanying notes to the basic financial statements.

**Antwerp Local School District**  
**Paulding County, Ohio**  
*Statement of Assets and Fund Balances - Cash Basis*  
*Governmental Funds*  
*June 30, 2021*

	<u>General Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Assets</b>			
Equity in Pooled Cash and Cash Equivalents	\$ 8,107,566	\$ 750,634	\$ 8,858,200
<b>Fund Balances</b>			
Restricted	\$ 0	\$ 750,634	\$ 750,634
Assigned	2,557,720	0	2,557,720
Unassigned	5,549,846	0	5,549,846
<i>Total Fund Balances</i>	<u>\$ 8,107,566</u>	<u>\$ 750,634</u>	<u>\$ 8,858,200</u>

See accompanying notes to the basic financial statements.

**Antwerp Local School District**  
**Paulding County, Ohio**  
*Statement of Receipts, Disbursements and Changes*  
*in Fund Balances - Cash Basis - Governmental Funds*  
*For the Fiscal Year Ended June 30, 2021*

	General Fund	Other Governmental Funds	Total Governmental Funds
<b>Receipts</b>			
Property and Other Local Taxes	\$ 1,721,991	\$ 249,635	\$ 1,971,626
Income Taxes	1,281,606	25,189	1,306,795
Intergovernmental	4,969,201	934,569	5,903,770
Investment Income	43,605	96	43,701
Tuition and Fees	678,966	0	678,966
Extracurricular Activities	11,345	134,113	145,458
Gifts and Donations	285	5,830	6,115
Charges for Services	0	42,610	42,610
Payments in Lieu of Taxes	194,968	0	194,968
Miscellaneous	65,980	29,275	95,255
<i>Total Receipts</i>	<u>8,967,947</u>	<u>1,421,317</u>	<u>10,389,264</u>
<b>Disbursements</b>			
Current:			
Instruction:			
Regular	3,780,483	314,750	4,095,233
Special	877,535	337,981	1,215,516
Adult/Continuing	5,000	0	5,000
Other	195,662	0	195,662
Support Services:			
Pupils	391,287	0	391,287
Instructional Staff	285,789	27,605	313,394
Board of Education	11,415	0	11,415
Administration	915,657	0	915,657
Fiscal	303,812	9,152	312,964
Business	3,655	0	3,655
Operation and Maintenance of Plant	1,029,085	80,331	1,109,416
Pupil Transportation	359,027	0	359,027
Central	36,891	0	36,891
Extracurricular Activities	237,212	165,071	402,283
Operation of Non-Instructional Services:			
Food Service Operations	0	262,669	262,669
Capital Outlay	0	51,342	51,342
Debt Service:			
Principal Retirement	0	230,000	230,000
Interest and Fiscal Charges	0	18,025	18,025
<i>Total Disbursements</i>	<u>8,432,510</u>	<u>1,496,926</u>	<u>9,929,436</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>535,437</u>	<u>(75,609)</u>	<u>459,828</u>
<b>Other Financing Sources</b>			
Proceeds from Sale of Capital Assets	11,000	0	11,000
<i>Net Change in Fund Balances</i>	546,437	(75,609)	470,828
<i>Fund Balances Beginning of Year (Restated, See Note 2)</i>	<u>7,561,129</u>	<u>826,243</u>	<u>8,387,372</u>
<i>Fund Balances End of Year</i>	<u>\$ 8,107,566</u>	<u>\$ 750,634</u>	<u>\$ 8,858,200</u>

See accompanying notes to the basic financial statements.

**Antwerp Local School District**  
**Paulding County, Ohio**  
*Statement of Receipts, Disbursements and Changes in*  
*Fund Balance - Budget and Actual (Budget Basis)*  
*General Fund*  
*For the Fiscal Year Ended June 30, 2021*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Receipts and other financing sources	\$ 7,988,865	\$ 8,957,430	\$ 8,940,303	\$ (17,127)
Disbursements and other financing uses	9,153,386	9,290,396	8,478,164	812,232
<i>Net Change in Fund Balance</i>	(1,164,521)	(332,966)	462,139	795,105
<i>Fund Balance Beginning of Year</i>	7,356,542	7,356,542	7,356,542	0
Prior Year Encumbrances Appropriated	86,489	86,489	86,489	0
<i>Fund Balance End of Year</i>	<u>\$ 6,278,510</u>	<u>\$ 7,110,065</u>	<u>\$ 7,905,170</u>	<u>\$ 795,105</u>

See accompanying notes to the basic financial statements.

**Antwerp Local School District**  
**Paulding County, Ohio**  
*Statement of Changes in Fiduciary Net Position - Cash Basis*  
*Fiduciary Fund*  
*For the Fiscal Year Ended June 30, 2021*

	Custodial
<b>Additions</b>	
Extracurricular Amounts Collected for Other Organizations	\$ 1,250
<b>Deductions</b>	
Extracurricular Distributions to Other Organizations	1,250
<i>Change in Net Position</i>	0
<i>Net Position Beginning of Year</i>	0
<i>Net Position End of Year</i>	\$ 0

See accompanying notes to the basic financial statements.

**Antwerp Local School District**  
**Paulding County, Ohio**  
*Notes To The Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2021*

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**NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY**

Antwerp Local School District (the “School District”) is organized under Article VI, Sections 2 and 3 of the Constitution of the State of Ohio. The School District operates under a locally-elected Board form of government consisting of five members elected at-large for staggered four year terms. The School District provides educational services as authorized by state statute and federal guidelines.

The School District is located in Paulding County and consists of one facility and is staffed by non-certificated employees and certificated full-time teaching personnel who provide services to students as well as other community members.

A reporting entity is comprised of the primary government and other organizations that are included to insure that the financial statements of the School District are not misleading.

*Primary Government*

The primary government consists of all funds, departments, boards, and agencies that are not legally separate from the School District. For Antwerp Local School District, this includes general operations, food service, and student related activities of the School District.

***Jointly Governed Organizations and Public Entity Risk Pools***

The School District is associated with three organizations, which are defined as jointly governed organizations and two insurance purchasing pools. These organizations include the Northwest Ohio Area Computer Services Cooperative, the Vantage Career Center, State Support Team Region 1, Ohio School Boards Association Workers' Compensation Group Rating Program, and the Southwestern Ohio Educational Purchasing Council Medical Benefits Plan. These organizations are presented in Notes 14 and 15 to the basic financial statements.

The School District’s management believes these financial statements present all activities for which the School District is financially accountable.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

As discussed further in Note 2.C., these financial statements are presented on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. Following are the more significant of the School District’s accounting policies.

***A. Basis of Presentation***

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

**Antwerp Local School District**  
**Paulding County, Ohio**  
*Notes To The Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2021*

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GOVERNMENT-WIDE FINANCIAL STATEMENTS

The statement of net position and statement of activities display information about the School District as a whole. The statements include all funds of the School District except for fiduciary funds. Governmental activities generally are financed through taxes, intergovernmental receipts, and other non-exchange receipts.

The statement of net position presents the financial condition of the governmental activities of the School District at fiscal year-end. The statement of activities presents a comparison between direct expenses and program receipts for each program or function of the School District's governmental activities. Direct expenses are those that are specifically associated with a service, program or department, and therefore, clearly identifiable to a particular function. Program receipts include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program and interest earned on grants that is required to be used to support a particular program. Receipts, which are not classified as program receipts, are presented as general receipts of the School District with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function is self-financing or draws from the general resources of the School District.

FUND FINANCIAL STATEMENTS

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

**B. *Fund Accounting***

Fund financial statements of the School District are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitutes its assets or fund equity, receipts and disbursements. Funds of the School District are organized into two major categories: governmental and fiduciary. An emphasis is placed on major funds within the governmental category.

The funds of the financial reporting entity are described below:

Governmental Funds/Governmental Activities

The School District classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants), and other non-exchange transactions as governmental funds. The following is the School District's major governmental fund:

**Antwerp Local School District**  
**Paulding County, Ohio**  
*Notes To The Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2021*

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General Fund - The General Fund is the primary operating fund of the School District and is always classified as a major fund. It is used to account for all activities except those legally or administratively required to be accounted for in other funds. The General Fund balance is available to the School District for any purpose provided it is disbursed or transferred according to the general laws of Ohio.

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

Fiduciary Fund Types

Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into the following four classifications: pension (and other employee benefit) trust funds, investment trust funds, private-purpose trust funds and custodial funds. Trust funds are distinguished from custodial funds by the existence of a trust agreement or equivalent arrangements that has certain characteristics. Custodial Funds are used to report fiduciary activities that are not required to be reported in a trust fund.

The School District's only fiduciary fund is a custodial fund that is used to account for assets held by the School District as fiscal agent for OHSSA.

**C. *Basis of Accounting***

Although required by Ohio Administrative Code Sections 117-2-03(B) to prepare its annual financial report in accordance with generally accepted accounting principles (GAAP), the School District chooses to prepare its financial statements and notes in accordance with the cash accounting basis. This basis of accounting 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.

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

These statements include adequate disclosure of material matters, in accordance with the basis of accounting described in the preceding paragraph.

**D. *Budgetary Process***

All funds, except custodial funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriation resolution, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount the Board of Education may appropriate. The appropriations resolution is the Board's authorization to spend resources and sets annual limits on cash disbursements plus encumbrances at the level of control selected by the Board. The legal level of budgetary control established by the Board is at the fund level for all funds. Any budgetary modifications at this level may only be made by resolution of the Board of Education. Budgetary allocations at the function and object level within all funds, are made by the Treasurer.

**Antwerp Local School District**  
**Paulding County, Ohio**  
*Notes To The Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2021*

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

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

***E. Cash and Cash Equivalents***

To improve cash management, cash received by the School District is pooled and invested. Monies for all funds, including fiduciary funds, are maintained in this pool. Individual fund integrity is maintained through School District records. Interest in this pool is presented as “Equity in Pooled Cash and Cash Equivalents.”

For purposes of financial reporting, investments of the cash management pool and investments with an original maturity of three months or less at the time they are purchased by the School District are considered to be cash equivalents. Investments with an initial maturity of more than three months that were not purchased from the pool are reported as investments.

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

Following Ohio Statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest receipts credited to the General Fund during fiscal year 2021 were \$43,605, which includes \$4,375 assigned from other School District funds.

During the fiscal year 2021, the School District invested in STAR Ohio and negotiable certificates of deposit. All investments are reported at cost except for STAR Ohio. STAR Ohio (the State Treasury Asset Reserve of Ohio) is an investment pool managed by the State Treasurer’s Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but has adopted Governmental Accounting Standards Board (GASB), Statement No. 79, *Certain External Investment Pools and Pool Participants*. The School District measures their investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

**Antwerp Local School District**  
**Paulding County, Ohio**  
*Notes To The Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2021*

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For the fiscal year 2021, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates, however, notice must be given 24 hours in advance of all deposits and withdrawals exceeding \$100 million or more. STAR Ohio reserves the right to limit the transaction to \$100 million per day, requiring the excess amount to be transacted the following business day(s), but only to the \$100 million limit. All accounts of the participant will be combined for these purposes.

***F. Inventory and Prepaid Items***

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

***G. Capital Assets***

Acquisitions of property, plant, and equipment are recorded as disbursements when paid. The financial statements do not reflect these items as assets.

***H. Accumulated Leave***

In certain circumstances, such as upon leaving employment or retirement, employees are entitled to cash payments for unused vacation and sick. Unpaid vacation and sick leave are not reflected as liabilities under the cash basis of accounting used by the School District.

***I. Employer Contributions to Cost-Sharing Pension Plans***

The School District recognizes the disbursement for employer contributions to cost-sharing pension plans when they are paid. As described in Notes 7 and 8, the employer contributions include portions for pension benefits and for postretirement benefits.

***J. Long-Term Debt***

The School District's cash basis financial statements do not report liabilities for bonds and other long-term obligations. The debt proceeds are reported as other financing sources when received and payment of principal and interest reported as disbursements when paid. Since recording a capital asset when entering into a capital lease is not the result of a cash transaction, neither another financing source nor a capital outlay disbursement is reported at inception. Lease payments are reported when paid.

***K. Equity Classifications***

**GOVERNMENT-WIDE STATEMENTS**

Equity is classified as net position and is displayed in separate components:

1. Restricted net position – Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments, or (2) law through constitutional provisions or enabling legislation adopted by the school district. Net position restricted for other purposes include resources restricted for food service operations, music and athletic programs, and federal and state grants restricted to disbursements for specified purposes.

**Antwerp Local School District**  
**Paulding County, Ohio**  
*Notes To The Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2021*

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2. Unrestricted net position – All other net position that does not meet the definition of “restricted.”

The School District’s policy is to first apply restricted resources when a cash disbursement is incurred for purposes for which both restricted and unrestricted net position is available.

#### FUND FINANCIAL STATEMENTS

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

- a. Non-spendable - The non-spendable classification includes amounts that cannot be spent because they are not in spendable form or legally or contractually required to be maintained intact. The “not in spendable form” includes items that are not expected to be converted to cash. It also includes the long-term amount of interfund loans.
- b. Restricted - Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or is imposed by law through constitutional provisions.
- c. Committed - The committed classification includes amounts that can be used only for the specific purposes imposed by a formal action (resolution) of the Board of Education. The committed amounts cannot be used for any other purpose unless the Board of Education removes or changes the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.
- d. Assigned - Amounts in the assigned classification are intended to be used by the School District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds, other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. These amounts are assigned by the School District’s Board of Education. In the General Fund, assigned amounts represent intended uses established by policies of the School District Board of Education or a School District official delegated by that authority by resolution or by State statute. State statute authorizes the School District’s Treasurer to assign fund balance for purchases on order provided such amounts have been lawfully appropriated.
- e. Unassigned - Unassigned fund balance is the residual classification for the General Fund and includes amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

**Antwerp Local School District**  
**Paulding County, Ohio**  
*Notes To The Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2021*

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The School District first applies restricted resources when a disbursement is 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 disbursements are incurred for purposes for which amounts in any of the unrestricted fund balance classifications can be used.

**L. *Interfund Transactions***

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

Transfers within governmental activities are eliminated on the government-wide financial statements.

**M. *Intergovernmental Receipts***

Unrestricted intergovernmental receipts received on the basis of entitlement are recorded as receipts when the entitlement is received. Federal and State reimbursement type grants for the acquisition or construction of capital assets are recorded as receipts when the grant money is received.

**N. *Implementation of New Accounting Principles***

For the fiscal year ended June 30, 2021, the School District has (to the extent it applies to the cash basis of accounting) implemented Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*, GASB No. 90, *Majority Equity Interests an amendment of GASB Statements No. 14 and No. 61*, and certain provisions of GASB Statement No. Statement No. 93, *Replacement of Interbank Offered Rates*.

GASB Statement No. 84 establishes specific criteria for identifying activities that should be reported as fiduciary activities and clarifies whether and how business type activities should report their fiduciary activities. Due to the implementation of GASB Statement No. 84, the School District reviewed its funds for proper classification, and any fund reclassifications resulted in the restatement of the School District's financial statements (see below).

GASB Statement No. 90 improves the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and improves the relevance of financial statement information for certain component units. The implementation of GASB Statement No. 90 did not have an effect on the financial statements of the School District.

GASB Statement No. 93 addresses accounting and financial reporting effects that result from the replacement of interbank offered rates (IBORs) with other reference rates in order to preserve the reliability, relevance, consistency, and comparability of reported information. The implementation of certain provisions (all except for paragraphs 13 and 14, which are effective for fiscal years beginning after June 15, 2021), of GASB Statement No. 93 did not have an effect on the financial statements of the School District.

**Antwerp Local School District**  
**Paulding County, Ohio**  
*Notes To The Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2021*

***Restatement of Net Position/Fund Balances***

The implementation of GASB 84 had the following effect on net position/fund balances as reported June 30, 2020:

	Governmental Activities
Net Position, June 30, 2020	\$ 8,292,659
GASB Statement No. 84	94,713
Restated Net Position, June 30, 2020	\$ 8,387,372

The implementation of GASB 84 had the following effect on fund balance as reported June 30, 2020:

	Other Governmental Funds
Fund Balance, June 30, 2020	\$ 731,530
GASB Statement No. 84	94,713
Restated Fund Balance, June 30, 2020	\$ 826,243

The implementation of GASB 84 had the following effect on fiduciary net position as reported June 30, 2020:

	Fiduciary Funds	
	Private Purpose Trust	Agency
	Net Position, June 30, 2020	\$ 45,136
GASB Statement No. 84	(45,136)	(49,577)
Restated Net Position, June 30, 2020	\$ 0	\$ 0

***O. Pensions/Other Postemployment Benefits (OPEB)***

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

**Antwerp Local School District**  
**Paulding County, Ohio**  
*Notes To The Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2021*

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**NOTE 3 – DEPOSITS AND INVESTMENTS**

State statutes classify monies held by the School District into three categories.

Active deposits are public deposits necessary to meet current demands on the treasury. Such monies must be maintained either as cash in the School District Treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that the Board of Education has identified as not required for use within the current five year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit, or by savings or deposit accounts including passbook accounts.

Protection of the School District's deposits is provided by the Federal Deposit Insurance Corporation (FDIC) or, by eligible securities pledged by the financial institution as security for repayment.

Interim monies may be deposited or invested in the following securities:

1. United States treasury notes, bills, bonds, or other obligations or securities issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, and Government National Mortgage Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above, provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio, and with certain limitation including a requirement for maturity within ten years from the date of settlement, bonds and other obligations of political subdivisions of the State of Ohio, if training requirements have been met;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;

**Antwerp Local School District**  
**Paulding County, Ohio**  
*Notes To The Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2021*

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6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio);
8. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred and eighty days and two hundred seventy days, respectively, from the purchase date in an amount not to exceed 40 percent of the interim moneys available for investment at any one time.

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. Except as noted above, an investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the School District, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the treasurer or qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

***Deposits*** – At fiscal year-end, \$4,379,046 of the School District's bank balance of \$6,374,414 was covered by pledged collateral and \$1,995,368 was covered by FDIC. Although all statutory requirements for the deposit of money had been followed, noncompliance with Federal requirements could potentially subject the School District to a successful claim by the FDIC.

***Custodial Credit Risk*** - Custodial credit risk for deposits is the risk that in the event of a bank failure, the School District will not be able to recover deposits or collateral securities that are in possession of an outside party.

The School District has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits either be insured or protected by:

- Eligible securities pledged to the School District and deposited with a qualified trustee by the financial institution as security for repayment whose market value at all times shall be at least 105 percent of the deposits being secured; or
- Participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total market value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State.

***Investments***

As of June 30, 2021, the School District had the following investments:

**Antwerp Local School District**  
**Paulding County, Ohio**  
*Notes To The Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2021*

	Measurement Value	% of Total Investments	Maturities < 1 year	1 - 3 years
NAV:				
STAR Ohio	\$ 2,527,575	96.19%	\$2,527,575	\$ 0
Cost:				
Negotiable CDs	100,000	3.81%	100,000	0
<i>Total Investments</i>	<u>\$ 2,627,575</u>	<u>100%</u>	<u>\$2,627,575</u>	<u>\$ 0</u>

**Interest Rate Risk** - Interest rate risk arises because potential purchasers of debt securities will not agree to pay face value for those securities if interest rates subsequently increase. The School District’s investment policy restricts the Treasurer from investing in anything other than as identified in the Ohio Revised Code and that all investments must mature within five years from the date of investment unless they are matched to a specific obligation or debt of the School District. The Treasurer is also restricted from purchasing investments that cannot be held until the maturity date.

**Credit Risk** - The School District has no investment policy dealing with investment credit risk beyond the requirements in state statutes. STAR Ohio is an investment pool operated by the Ohio State Treasurer. It is unclassified since it is not evidenced by securities that exist in physical or book entry form. Ohio law requires STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service. The weighted average of maturity of the portfolio held by STAR Ohio as of June 30, 2021, is 54 days and carries a rating of AAAM by S&P Global Ratings. The School District’s negotiable certificates of deposit were not rated but are fully covered by FDIC.

**Custodial Credit Risk** - For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the School District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The negotiable CDs are covered by FDIC. The School District has no investment policy dealing with investment custodial risk beyond the requirement in ORC 135.14(M)(2) which states, “Payment for investments shall be made only upon the delivery of securities representing such investments to the treasurer, investing authority, or qualified trustee. If the securities are transferred are not represented by a certificate, payment shall be made only upon receipt of confirmation or transfer from the custodian by the treasurer, governing board, or qualified trustee.”

**Concentration of Credit Risk** - The School District places no limit on the amount that may be invested in any one issuer. The table above includes the percent of total of each investment type held by the School District at June 30, 2021.

**NOTE 4 - PROPERTY TAXES**

Property taxes are levied and assessed on a calendar year basis while the School District fiscal year runs from July through June. First half tax collections are received by the School District in the second half of the fiscal year. Second half tax distributions occur in the first half of the following fiscal year.

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Property taxes include amounts levied against all real and public utility property located in the School District. Real property tax revenue received in calendar year 2021 represents collections of calendar year 2020 taxes. Real property taxes received in calendar year 2021 were levied after April 1, 2020, on the assessed value listed as of January 1, 2020, the lien date. Assessed values for real property taxes are established by State law at 35 percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenue received in calendar 2021 represents collections of calendar year 2020 taxes. Public utility real and tangible personal property taxes received in calendar year 2021 became a lien December 31, 2019, were levied after April 1, 2020 and are collected in 2021 with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

The School District receives property taxes from Paulding County. The County Auditor periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2021, are available to finance fiscal year 2022 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

The assessed values upon which the fiscal year 2021 taxes were collected are:

	2020 First- Half Collections		2021 First- Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential and Other				
Real Estate	\$ 78,853,480	94%	\$ 79,658,930	93%
Public Utility	4,929,350	6%	5,794,400	7%
Total	\$ 83,782,830	100%	\$ 85,453,330	100%
Tax rate per \$1,000 of assessed valuation	\$ 42.10		\$ 41.80	

**NOTE 5 – INCOME TAXES**

The School District levies a tax of 1.5 percent for general operations and building maintenance on the income of residents and of estates. Of the overall 1.5 percent taxes, 0.75 percent is a 5 year renewable tax, last renewed in November 2019, and 0.75 percent of the income tax is a continuing tax. The School District decided to legally restrict 0.5 percent of the income tax levy for building maintenance, in lieu of the ½ millage of property tax allocation for these uses.

Employers of residents are required to withhold income tax on compensation and remit the tax to the State. Taxpayers are required to file an annual return. The State makes quarterly distributions to the School District after withholding amounts for administrative fees and estimated refunds. Income tax receipts are credited to the General Fund and Classroom Facilities Maintenance Fund.

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**NOTE 6 - RISK MANAGEMENT**

**A. *Property and Liability***

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. For fiscal year 2021, the School District contracted with Ohio School Plan for property and fleet, general liability, and inland marine insurance coverage.

Ohio School Plan (at Replacement Cost):

Boiler and Machinery (\$1,000 deductible)	\$ 33,447,141
Crime Insurance (\$1,000 deductible)	25,000
Automotive	
Liability	3,000,000
Uninsured Motorists	1,000,000
General Liability	
Per Occurrence	3,000,000
Per Year	5,000,000

Settled claims have not exceeded the commercial coverage in any of the past three years. There have been no significant reductions in insurance coverage from last year.

**B. *Workers' Compensation***

For fiscal year 2021, the School District participated in the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool (Note 15). The intent of the GRP is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participants is calculated as one experience and a common premium rate is applied to all participants in the GRP. Each participant pays its workers' compensation premium to the State based in the rate for the GRP rather than its individual rate. Participation in the GRP is limited to the participants that can meet the GRP's selection criteria.

**C. *Health Care Benefits***

The School District has contracted through the Southwestern Ohio Educational Purchasing Council to provide employee medical/surgical benefits and also dental benefits. The School District and the employees share the cost of the monthly premium.

**NOTE 7 - DEFINED BENEFIT PENSION PLANS**

The net pension liability is disclosed as a commitment and not reported on the face of the financial statements as a liability because of the use of the modified cash basis framework.

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

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***Net Pension Liability/Net OPEB Liability (Asset)***

Pensions and OPEB are a component of exchange transactions—between an employer and its employees—of salaries and benefits for employee services. Pensions/OPEB are provided to an employee—on a deferred-payment basis—as part of the total compensation package offered by an employer for employee services each financial period.

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

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

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

The remainder of this note includes the required pension disclosures. See Note 8 for the required OPEB disclosures.

***Plan Description - School Employees Retirement System (SERS)***

Plan Description – School District non-teaching employees participate in SERS, a cost-sharing multiple-employer defined benefit pension plan administered by SERS. SERS provides retirement, disability and survivor benefits, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Ohio Revised Code Chapter 3309. SERS issues a publicly available, stand-alone financial report that includes financial statements, required supplementary information and detailed information about SERS’ fiduciary net position. That report can be obtained by visiting the SERS website at [www.ohsers.org](http://www.ohsers.org) under Employers/Audit Resources.

Age and service requirements for retirement are as follows:

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	Eligible to Retire on or before August 1, 2017 *	Eligible to Retire on or after August 1, 2017
Full Benefits	Any age with 30 years of service credit	Age 67 with 10 years of service credit; or Age 57 with 30 years of service credit
Actuarially Reduced Benefits	Age 60 with 5 years of service credit Age 55 with 25 years of service credit	Age 62 with 10 years of service credit; or Age 60 with 25 years of service credit

\* Members with 25 years of service credit as of August 1, 2017, will be included in this plan.

Annual retirement benefits are calculated based on final average salary multiplied by a percentage that varies based on year of service; 2.2 percent for the first 30 years of service and 2.5 percent for years of service credit over 30. Final average salary is the average of the highest three years of salary.

An individual whose benefit effective date is before April 1, 2018, is eligible for a cost of living adjustment (COLA) on the first anniversary date of the benefit. Beginning April 1, 2018, new benefit recipients must wait until the fourth anniversary of their benefit for COLA eligibility. The COLA is added each year to the base benefit amount on the anniversary date of the benefit. A three-year COLA suspension is in effect for all benefit recipients for the years 2018, 2019, and 2020. Upon resumption of the COLA, it will be indexed to the percentage increase in the CPI-W, not to exceed 2.5 percent and with a floor of 0 percent. In 2020, the Board of Trustees approved a 0.5 percent cost-of-living adjustment (COLA) for eligible retirees and beneficiaries in 2021.

Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary and the School District is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS’ Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System’s funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2021, the allocation to pension, death benefits, and Medicare B was 14 percent. For fiscal year 2021, the Retirement Board did not allocate any employer contribution to the Health Care Fund.

The School District’s contractually required contribution to SERS was \$116,509 for fiscal year 2021.

***Plan Description - State Teachers Retirement System (STRS)***

Plan Description – School District licensed teachers and other faculty members participate in STRS Ohio, a cost-sharing multiple-employer public employee retirement system administered by STRS. STRS provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about STRS’ fiduciary net position. That report can be obtained by writing to STRS, 275 E. Broad St., Columbus, OH 43215-3771, by calling (888) 227-7877, or by visiting the STRS Web site at [www.strsoh.org](http://www.strsoh.org).

New members have a choice of three retirement plans; a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan, and a Combined Plan. Benefits are established by Ohio Revised Code Chapter 3307.

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The DB Plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation is 2.2 percent of final average salary for the five highest years of earnings multiplied by all years of service. In April 2017, the Retirement Board made the decision to reduce COLA granted on or after July 1, 2017, to 0 percent to preserve the fiscal integrity of the retirement system. Benefit recipients' base benefit and past cost-of-living increases are not affected by this change.

Eligibility changes will be phased through August 1, 2026, when retirement eligibility for unreduced benefits will be five years of service credit and age 65, or 35 years of service credit and at least age 60. Eligibility changes for DP Plan members who retire with actuarially reduced benefits will be phased in until August 1, 2023, when retirement eligibility will be five years of qualifying service credit and age 60, or 30 years of service credit at any age.

The DC Plan allows members to place all their member contributions and 9.53 percent of the 14 percent employer contributions into an investment account. The member determines how to allocate the member and employer money among various investment choices offered by STRS. The remaining 4.47 percent of the 14 percent employer rate is allocated to the defined benefit plan unfunded liability. A member is eligible to receive a monthly retirement benefit at age 50 and termination of employment. The member may elect to receive a lump-sum withdrawal.

The Combined Plan offers features of both the DB Plan and the DC Plan. In the Combined Plan, 12 percent of the 14 percent member rate is deposited into the member's DC account and the remaining 2 percent is applied to the DB Plan. Member contributions to the DC Plan are allocated among investment choices by the member, and contributions to the DB Plan from the employer and the member are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The defined benefit portion of the Combined Plan payment is payable to a member on or after age 60 with five years of service. The defined contribution portion of the account may be taken as a lump sum payment or converted to a lifetime monthly annuity at age 50 and after termination of employment.

New members who choose the DC Plan or Combined Plan will have another opportunity to reselect a permanent plan during their fifth year of membership. Members may remain in the same plan or transfer to another STRS plan. The optional annuitization of a member's defined contribution account or the defined contribution portion of a member's Combined Plan account to a lifetime benefit results in STRS bearing the risk of investment gain or loss on the account. STRS has therefore included all three plan options as one defined benefit plan for GASB 68 reporting purposes.

A DB or Combined Plan member with five or more years of credited service who is determined to be disabled may qualify for a disability benefit. New members must have at least ten years of qualifying service credit to apply for disability benefits. Members in the DC Plan who become disabled are entitled only to their account balance. Eligible survivors of members who die before service retirement may qualify for monthly benefits. If a member of the DC Plan dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

Funding Policy – Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. The fiscal year 2021 employer and employee contribution rate of 14 percent was equal to the statutory maximum rates. For fiscal year 2021, the full employer contribution was allocated to pension.

The School District's contractually required contribution to STRS was \$509,523 for fiscal year 2021.

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***Net Pension Liability***

The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an independent actuarial valuation as of that date. The School District's proportion of the net pension liability was based on the School District's share of contributions in the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share:

	SERS	STRS	Total
Proportion of the Net Pension Liability:			
Current Measurement Date	0.02228790%	0.02864677%	
Prior Measurement Date	0.02190430%	0.02881640%	
Change in Proportionate Share	0.00038360%	-0.00016963%	
Proportionate Share of the Net Pension Liability	\$ 1,474,169	\$ 6,931,499	\$ 8,405,668

***Actuarial Assumptions - SERS***

SERS' total pension liability was determined by their actuaries in accordance with GASB Statement No. 67, as part of their annual actuarial valuation for each defined benefit retirement plan. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts (e.g., salaries, credited service) and assumptions about the probability of occurrence of events far into the future (e.g., mortality, disabilities, retirements, employment terminations). Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employers and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

Actuarial calculations reflect a long-term perspective. For a newly hired employee, actuarial calculations will take into account the employee's entire career with the employer and also take into consideration the benefits, if any, paid to the employee after termination of employment until the death of the employee and any applicable contingent annuitant. In many cases, actuarial calculations reflect several decades of service with the employer and the payment of benefits after termination.

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of June 30, 2020, are presented below:

Actuarial Cost Method	Entry Age Normal (Level Percent of Payroll)
Inflation	3.00 percent
Future Salary Increases, including inflation	3.50 percent to 18.20 percent
Investment Rate of Return	7.50 percent net of investment expense, including inflation
COLA or Ad Hoc COLA	2.50 percent,

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Mortality rates were based on the RP-2014 Blue Collar Mortality Table with fully generational projection and a five year set-back for both males and females. Mortality among service retired members, and beneficiaries were based upon the RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120 percent of male rates, and 110 percent of female rates used. Mortality among disabled members were based upon the RP-2000 Disabled Mortality Table, 90 percent for male rates and 100 percent for female rates, set back five years is used for the period after disability retirement.

The most recent experience study was completed for the five year period ended June 30, 2015.

The long-term return expectation for the Pension Plan Investments has been determined by using a building-block approach and assumes a time horizon, as defined in SERS' *Statement of Investment Policy*. A forecasted rate of inflation serves as the baseline for the return expectation. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating an arithmetic weighted average of the expected real return premiums for each asset class, adding the projected inflation rate, and adding the expected return from rebalancing uncorrelated asset classes. The target asset allocation and long-term expected rate of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	2.00 %	1.85 %
US Stocks	22.50	5.75
Non-US Stocks	22.50	6.50
Fixed Income	19.00	2.85
Private Equity	12.00	7.60
Real Assets	17.00	6.60
Multi-Asset Strategies	5.00	6.65
Total	<u>100.00 %</u>	

**Discount Rate** The total pension liability was calculated using the discount rate of 7.50 percent. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based contribution requirements as stipulated by State statute. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return (7.50 percent). Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

**Sensitivity of the School District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate** Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability calculated using the discount rate of 7.50 percent, as well as what each plan's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.50 percent), or one percentage point higher (8.50 percent) than the current rate.

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	1% Decrease <u>(6.50%)</u>	Current Discount Rate <u>(7.50%)</u>	1% Increase <u>(8.50%)</u>
School District's Proportionate Share of the Net Pension Liability	\$ 2,019,431	\$ 1,474,169	\$ 1,016,683

***Actuarial Assumptions - STRS***

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the June 30, 2020, actuarial valuation, are presented below:

Projected Salary Increases	12.50 percent at age 20 to 2.50 percent at age 65
Investment Rate of Return	7.45 percent, net of investment expenses, including inflation
Payroll Increases	3.00 percent
Cost-of-Living Adjustments (COLA)	0.00 percent, Effective July 1, 2017

Post-retirement mortality rates for healthy retirees are based on the RP-2014 Annuitant Mortality Table with 50 percent of rates through age 69, 70 percent of rates between ages 70 and 79, 90 percent of rates between ages 80 and 84, and 100 percent of rates thereafter, projected forward generationally using mortality improvement scale MP-2016. Pre-retirement mortality rates are based on RP-2014 Employee Mortality Tables, projected forward generationally using mortality improvement scale MP-2016. Post-retirement disabled mortality rates are based on the RP-2014 Disabled Mortality Table with 90 percent of rates for males and 100 percent of rates for females, projected forward generationally using mortality improvement scale MP-2016.

The actuarial assumptions used in the June 30, 2020 valuation, were based on the results of the latest available actuarial experience study, which is for the period July 1, 2011 through June 30, 2016.

STRS' investment consultant develops an estimate range for the investment return assumption based on the target allocation adopted by the Retirement Board. The target allocation and long-term expected rate of return for each major asset class are summarized as follows:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Rate of Return*</u>
Domestic Equity	28.00 %	7.35 %
International Equity	23.00	7.55
Alternatives	17.00	7.09
Fixed Income	21.00	3.00
Real Estate	10.00	6.00
Liquidity Reserves	1.00	2.25
Total	<u>100.00 %</u>	

\*Ten year annualized geometric nominal returns, which include the real rate of return and inflation of 2.25 percent and does not include investment expenses. Over a 30-year period, STRS' investment consultant indicates that the above target allocations should generate a return above the actuarial rate of return, without net value added by management.

***Discount Rate.*** The discount rate used to measure the total pension liability was 7.45 percent as of June 30, 2020. The projection of cash flows used to determine the discount rate assumes that employer and member contributions will be made at the statutory contribution rates in accordance with rate increases described above. For this purpose, only employer contributions that are intended to fund benefits of

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current plan members and their beneficiaries are included. Based on those assumptions, STRS' fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2020. Therefore, the long-term expected rate of return on pension plan investments of 7.45 percent was applied to all periods of projected benefit payments to determine the total pension liability as of June 30, 2020.

***Sensitivity of the School District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate*** The following table represents the School District's proportionate share of the net pension liability calculated using the current period discount rate assumption of 7.45 percent, as well as what the School District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.45 percent) or one percentage point higher (8.45 percent) than the current rate:

	1% Decrease (6.45%)	Current Discount Rate (7.45%)	1% Increase (8.45%)
School District's Proportionate Share of the Net Pension Liability	\$ 9,869,248	\$ 6,931,499	\$ 4,442,002

**NOTE 8 - DEFINED BENEFIT OPEB PLANS**

The net OPEB liability (asset) is disclosed as a commitment and not reported on the face of the financial statements as a liability because of the use of the modified cash basis framework.

See Note 7 for a description of the net OPEB liability (asset).

***Plan Description - School Employees Retirement System (SERS)***

Health Care Plan Description - The School District contributes to the SERS Health Care Fund, administered by SERS for non-certificated retirees and their beneficiaries. For GASB 75 purposes, this plan is considered a cost-sharing other postemployment benefit (OPEB) plan. SERS' Health Care Plan provides healthcare benefits to eligible individuals receiving retirement, disability, and survivor benefits, and to their eligible dependents. Members who retire after June 1, 1986, need 10 years of service credit, exclusive of most types of purchased credit, to qualify to participate in SERS' health care coverage. In addition to age and service retirees, disability benefit recipients and beneficiaries who are receiving monthly benefits due to the death of a member or retiree, are eligible for SERS' health care coverage. Most retirees and dependents choosing SERS' health care coverage are over the age of 65 and therefore enrolled in a fully insured Medicare Advantage plan; however, SERS maintains a traditional, self-insured preferred provider organization for its non-Medicare retiree population. For both groups, SERS offers a self-insured prescription drug program. Health care is a benefit that is permitted, not mandated, by statute. The financial report of the Plan is included in the SERS Comprehensive Annual Financial Report which can be obtained on SERS' website at [www.ohsers.org](http://www.ohsers.org) under Employers/Audit Resources.

Access to health care for retirees and beneficiaries is permitted in accordance with Section 3309 of the Ohio Revised Code. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). SERS' Retirement Board reserves the right to change or discontinue any health plan or program. Active employee members do not contribute to the Health Care Plan. The SERS Retirement Board established the rules for the premiums paid by the retirees for health care coverage for themselves and their dependents or for their surviving beneficiaries. Premiums vary depending on the plan selected, qualified years of service, Medicare eligibility, and retirement status.

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Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund in accordance with the funding policy. For the fiscal year ended June 30, 2021, SERS did not allocate any employer contributions to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal year 2021, this amount was \$23,000. Statutes provide that no employer shall pay a health care surcharge greater than 2.0 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2021, the School District's surcharge obligation was \$14,472.

The surcharge, added to the allocated portion of the 14 percent employer contribution rate is the total amount assigned to the Health Care Fund. The Schools District's contractually required contribution to SERS was \$14,472 for fiscal year 2021.

***Plan Description - State Teachers Retirement System (STRS)***

Plan Description – The State Teachers Retirement System of Ohio (STRS) administers a cost-sharing Health Plan administered for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS. Ohio law authorizes STRS to offer this plan. Benefits include hospitalization, physicians' fees, prescription drugs and partial reimbursement of monthly Medicare Part B premiums. The Plan is included in the report of STRS which can be obtained by visiting [www.strsoh.org](http://www.strsoh.org) or by calling (888) 227-7877.

Funding Policy – Ohio Revised Code Chapter 3307 authorizes STRS to offer the Plan and gives the Retirement Board discretionary authority over how much, if any, of the health care costs will be absorbed by STRS. Active employee members do not contribute to the Health Care Plan. All benefit recipients pay a portion of the health care costs in the form of a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2021, STRS did not allocate any employer contributions to post-employment health care.

***Net OPEB Liability (Asset)***

The net OPEB liability (asset) was measured as of June 30, 2020, and the total OPEB liability used to calculate the net OPEB liability (asset) was determined by an actuarial valuation as of that date. The School District's proportion of the net OPEB liability (asset) was based on the School District's share of contributions to the respective retirement systems relative to the contributions of all participating entities. Following is information related to the proportionate share:

	SERS	STRS	Total
Proportion of the Net OPEB Liability (Asset):			
Current Measurement Date	0.02305600%	0.02864677%	
Prior Measurement Date	0.02247200%	0.02881640%	
Change in Proportionate Share	0.00058400%	-0.00016963%	
Proportionate Share of the Net			
OPEB Liability (Asset)	\$ 501,087	\$ (503,466)	\$ (2,379)

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***Actuarial Assumptions - SERS***

The total OPEB liability is determined by SERS' actuaries in accordance with GASB Statement No. 74, as part of their annual actuarial valuation for each retirement plan. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts (e.g., salaries, credited service) and assumptions about the probability of occurrence of events far into the future (e.g., mortality, disabilities, retirements, employment terminations). Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employers and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

Actuarial calculations reflect a long-term perspective. For a newly hired employee, actuarial calculations will take into account the employee's entire career with the employer and also take into consideration the benefits, if any, paid to the employee after termination of employment until the death of the employee and any applicable contingent annuitant. In many cases, actuarial calculations reflect several decades of service with the employer and the payment of benefits after termination.

Key methods and assumptions used in calculating the total OPEB liability in the latest actuarial valuation date of June 30, 2020, are presented below:

Inflation	3.00 percent
Wage Increases	3.50 percent to 18.20 percent
Investment Rate of Return	7.50 percent net of investment expense, including inflation
Municipal Bond Index Rate	
Measurement Date	2.45 percent
Prior Measurement Date	3.13 percent
Single Equivalent Interest Rate	
Measurement Date	2.63 percent, net of plan investment expense, including price inflation
Prior Measurement Date	3.22 percent, net of plan investment expense, including price inflation
Medical Trend Assumption	
Pre-Medicare	7.00 percent to 4.75 percent
Medicare	5.25 percent to 4.75 percent

Mortality rates were based on the RP-2014 Blue Collar Mortality Table with fully generational projection and Scale BB, 120 percent of male rates and 110 percent of female rates. RP-2000 Disabled Mortality Table with 90 percent for male rates and 100 percent for female rates set back five years.

The most recent experience study was completed for the five year period ended June 30, 2015.

The long-term expected rate of return on plan assets is reviewed as part of the actuarial five-year experience study. The most recent study covers fiscal years 2010 through 2015, and was adopted by the Board on April 21, 2016. Several factors are considered in evaluating the long-term rate of return assumption including long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return were developed by the investment consultant for each major asset class. These ranges were combined to

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produce the long-term expected rate of return, 7.50 percent, by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The capital market assumptions developed by the investment consultant are intended for use over a 10-year horizon and may not be useful in setting the long-term rate of return for funding pension plans which covers a longer time frame. The assumption is intended to be a long-term assumption and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

The target asset allocation and best estimates of arithmetic real rates of return for each major asset class, as used in the June 30, 2015 five-year experience study, are summarized as follows:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	2.00 %	1.85 %
US Stocks	22.50	5.75
Non-US Stocks	22.50	6.50
Fixed Income	19.00	2.85
Private Equity	12.00	7.60
Real Assets	17.00	6.60
Multi-Asset Strategies	5.00	6.65
Total	<u>100.00 %</u>	

**Discount Rate** The discount rate used to measure the total OPEB liability at June 30, 2020 was 2.63 percent. The discount rate used to measure total OPEB liability prior to June 30, 2020 was 3.22 percent. The projection of cash flows used to determine the discount rate assumed that contributions will be made from members and the System at the state statute contribution rate of 2.00 percent of projected covered employee payroll each year, which includes a 1.50 percent payroll surcharge and 0.50 percent of contributions from the basic benefits plan. Based on these assumptions, the OPEB plan's fiduciary net position was projected to become insufficient to make future benefit payments during the fiscal year ending June 30, 2025. Therefore, the long-term expected rate of return on OPEB plan assets was used to present value the projected benefits payments through the fiscal year ending June, 2024, and the Fidelity General Obligation 20-year Municipal Bond Index rate of 2.45 percent, as of June 30, 2020 (i.e., municipal bond rate), was used to present value the projected benefit payments for the remaining years in the projection. The total present value of projected benefit payments from all years was then used to determine the single rate of return that was used as the discount rate. The projection of future benefit payments for all current plan members was until the benefit payments ran out.

**Sensitivity of the School District's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate and Changes in the Health Care Cost Trend Rates** The net OPEB liability is sensitive to changes in the discount rate and the health care cost trend rate. The following table presents the net OPEB liability of SERS, what SERS' net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (1.63 percent) and higher (3.63 percent) than the current discount rate (2.63 percent). Also shown is what SERS' net OPEB liability would be based on health care cost trend rates that are one percentage point lower (6.00 percent decreasing to 3.75 percent) and higher (8.00 percent decreasing to 5.75 percent) than the current rate.

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	1% Decrease (1.63%)	Current Discount Rate (2.63%)	1% Increase (3.63%)
School District's Proportionate Share of the Net OPEB Liability	\$ 613,318	\$ 501,087	\$ 411,863

	1% Decrease (6% decreasing to 3.75%)	Current Trend Rate (7% decreasing to 4.75%)	1% Increase (8% decreasing to 5.75%)
School District's Proportionate Share of the Net OPEB Liability	\$ 394,568	\$ 501,087	\$ 643,530

***Actuarial Assumptions – STRS***

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the June 30, 2020, actuarial valuation are presented below:

Projected Salary Increases	12.50 percent at age 20 to 2.50 percent at age 65	
Investment Rate of Return	7.45 percent, net of investment expenses, including inflation	
Payroll Increases	3.00 percent	
Discount Rate of Return	7.45 percent	
Health Care Cost Trend Rates		
Medical	<u>Initial</u>	<u>Ultimate</u>
Pre-Medicare	5.00 percent	4.00 percent
Medicare	-6.69 percent	4.00 percent
Prescription Drug		
Pre-Medicare	6.50 percent	4.00 percent
Medicare	11.87 percent	4.00 percent

Projections of benefits include the historical pattern of sharing benefit costs between the employers and retired plan members.

For healthy retirees the mortality rates are based on the RP-2014 Annuitant Mortality Table with 50 percent of rates through age 69, 70 percent of rates between ages 70 and 79, 90 percent of rates between ages 80 and 84, and 100 percent of rates thereafter, projected forward generationally using mortality improvement scale MP-2016. For disabled retirees, mortality rates are based on the RP-2014 Disabled Mortality Table with 90 percent of rates for males and 100 percent of rates for females, projected forward generationally using mortality improvement scale MP-2016.

Since the prior measurement date, there was no change to the claims costs process. Claim curves were updated to reflect the projected fiscal year ending June 30, 2021 premium based on June 30, 2020 enrollment distribution. The non-Medicare subsidy percentage was increased effective January 1, 2021 from 1.984 percent to 2.055 percent per year of service. The non-Medicare frozen subsidy base premium was increased effective January 1, 2021. The Medicare subsidy percentages were adjusted effective January 1, 2021 to 2.1 percent for the AMA Medicare plan. The Medicare Part B monthly reimbursement elimination date was postponed indefinitely.

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Actuarial assumptions used in the June 30, 2020, valuation are based on the results of an actuarial experience study for the period of July 1, 2011, through June 30, 2016.

STRS' investment consultant develops an estimate range for the investment return assumption based on the target allocation adopted by the Retirement Board. The target allocation and long-term expected rate of return for each major asset class are summarized as follows:

Asset Class	Target Allocation	Long-Term Expected Rate of Return*
Domestic Equity	28.00 %	7.35 %
International Equity	23.00	7.55
Alternatives	17.00	7.09
Fixed Income	21.00	3.00
Real Estate	10.00	6.00
Liquidity Reserves	1.00	2.25
Total	100.00 %	

\*Ten year annualized geometric nominal returns, which include the real rate of return and inflation of 2.25 percent, but does not include investment expenses. Over a 30-year period, STRS' investment consultant indicates that the above target allocations should generate a return above the actuarial rate of return, without net value added by management.

**Discount Rate** The discount rate used to measure the total OPEB liability was 7.45 percent as of June 30, 2020. The projection of cash flows used to determine the discount rate assumed STRS continues to allocate no employer contributions to the health care fund. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2020. Therefore, the long-term expected rate of return on health care plan investments of 7.45 percent was used to measure the total OPEB liability as of June 30, 2020.

**Sensitivity of the School District's Proportionate Share of the Net OPEB Asset to Changes in the Discount Rate and Health Care Cost Trend Rate** The following table represents the net OPEB asset as of June 30, 2020, calculated using the current period discount rate assumption of 7.45 percent, as well as what the net OPEB asset would be if it were calculated using a discount rate that is one percentage point lower (6.45 percent) or one percentage point higher (8.45 percent) than the current assumption. Also shown is the net OPEB asset as if it were calculated using health care cost trend rates that are one percentage point lower and one percentage point higher than the current health care cost trend rates.

	1% Decrease (6.45%)	Current Discount Rate (7.45%)	1% Increase (8.45%)
School District's Proportionate Share of the Net OPEB (Asset)	\$ (438,049)	\$ (503,466)	\$ (558,971)
		Current Trend Rate	
	1% Decrease	1% Increase	
School District's Proportionate Share of the Net OPEB (Asset)	\$ (555,526)	\$ (503,466)	\$ (440,050)

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**NOTE 9 - EMPLOYEE BENEFITS - COMPENSATED ABSENCES**

The criteria for determining personal and sick leave components are derived from negotiated agreements and State laws. Classified employees earn vacation each fiscal year, depending upon length of service. Accumulated, unused personal time is paid to classified employees and administrators upon termination of employment. Teachers, administrators, and classified employees earn sick leave at the rate of 15 days per year that may be accumulated up to a total of 235 days. Personal days are earned at the rate of 3 days per year.

**NOTE 10 – LONG-TERM OBLIGATIONS**

The changes in the School District’s long-term obligations during fiscal year 2021 were as follows:

	Principal Outstanding 7/1/2020	Additions	Reductions	Principal Outstanding 6/30/2021	Due Within One Year
<i>General Obligations</i>					
2012 Refunding					
Current Interest Serial and Term Bonds	\$ 580,000	\$ 0	\$ 230,000	\$ 350,000	\$ 235,000

**2012 General Obligation Refunding Bonds** – On May 16, 2012 the School District issued \$1,805,000 in general obligation bonds for the purpose of refunding a portion of 2002 various purpose general obligation bonds originally issued in the amount of \$3,260,998 for the purpose of acquisition, construction and improvements to school buildings and structures. The bond issue includes \$1,805,000 of serial and term bonds at interest rates of 2 percent to 4 percent. The bonds will be retired from the Bond Retirement Debt Service Fund.

The Serial Bonds will mature in various principal amounts with varying interest rates starting on December 1, 2014 and on each December 1 thereafter at 100 percent of the principal amount for the years 2014 through 2020.

The Term Bonds maturing on December 1, 2022 are subject to mandatory sinking fund redemption at a redemption price of 100 percent of the principal amount to be redeemed, plus accrued interest to the date of redemption, on December 1 of the years and in the respective principal amounts as follows:

Year	Principal Amount to be Redeemed
2022	\$115,000

The refunding bond issue provides resources to purchase U.S. Government securities that were placed in trust with an escrow agent, for the purpose of future debt service payments of \$1,810,000 of the 2002 bond issue. As a result, the refunded bonds are considered to be defeased and the School District no longer has liabilities associated with those bonds.

The difference between the cash flows required to service the old debt and the cash flows required to service the new debt and complete refunding was \$243,042. The economic gain resulting from the refunding was \$206,864.

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Future principal and interest requirements as of June 30, 2021 are as follows:

<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>2012 Refunding Bonds</u>	
	<u>Principal</u>	<u>Interest</u>
2022	\$ 235,000	\$ 9,300
2023	115,000	2,300
	<u>\$ 350,000</u>	<u>\$ 11,600</u>

**NOTE 11 – LEASES**

The School District leased twelve photocopier machines under a non-cancelable lease through May 31, 2021. The School District disbursed \$12,674 to pay lease costs for the fiscal year ended June 30, 2021.

The School District entered into a new lease for fourteen photocopier machines under a non-cancelable lease. The School District disbursed \$1,622 to pay lease costs (including a \$125 one time closing cost fee) for the fiscal year ended June 30, 2021.

Future lease payments are as follows:

<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Lease</u> <u>Amount</u>
2022	\$ 17,964
2023	17,964
2024	17,964
2025	17,964
2026	16,467
	<u>\$ 88,323</u>

**NOTE 12 – FUND BALANCE**

Fund balance is classified as nonspendable, restricted, committed, assigned, and/or unassigned based primarily on the extent to which the School District is bound to observe constraints imposed upon the use of the resources in governmental funds.

The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented below:

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	General Fund	Other Governmental Funds	Total Governmental Funds
Restricted for:			
Capital Outlay	\$ 0	\$ 167,701	\$ 167,701
Classroom Facilities Maintenance	0	115,380	115,380
Debt Service	0	235,960	235,960
Food Service Operations	0	53,732	53,732
Extracurricular Activities	0	102,143	102,143
Scholarships	0	43,082	43,082
Other Purposes	0	32,636	32,636
<b>Total Restricted</b>	<b>0</b>	<b>750,634</b>	<b>750,634</b>
Assigned for:			
Instruction	759	0	759
Support Services	87,090	0	87,090
Extracurricular Activities	35	0	35
Subsequent Year Appropriations	2,469,836	0	2,469,836
<b>Total Assigned</b>	<b>2,557,720</b>	<b>0</b>	<b>2,557,720</b>
Unassigned	5,549,846	0	5,549,846
<b>Total Fund Balance</b>	<b>\$ 8,107,566</b>	<b>\$ 750,634</b>	<b>\$ 8,858,200</b>

**NOTE 13 - STATUTORY RESERVES**

The School District is required by State statute to annually set aside, in the General Fund, an amount based on a statutory formula for the acquisition and construction of capital improvements. Amounts not spent by the end of the fiscal year or offset by similarly restricted resources received during the fiscal year must be held in cash at fiscal year-end. These amounts must be carried forward and used for the same purposes in future years.

The following cash basis information describes the change in the fiscal year-end set-aside amounts for capital improvements. Disclosure of this information is required by State statute.

	<b>Capital Improvements</b>
Set Aside Restricted Balance June 30, 2020	\$ 0
Current Year Set Aside Requirement	127,467
Current Year Offsets	(206,329)
<b>Total</b>	<b>\$ (78,862)</b>
Balance Carried Forward to Fiscal Year 2022	<b>\$ 0</b>
Set Aside Restricted Balance June 30, 2021	<b>\$ 0</b>

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Although the School District had offsets during the fiscal year that reduced the capital improvements set-aside amount below zero, this amount may not be used to reduce the set aside requirements of future years.

**NOTE 14 - JOINTLY GOVERNED ORGANIZATIONS**

Northwest Ohio Area Computer Services Cooperative - The Northwest Ohio Area Computer Services Cooperative (NOACSC) is a jointly governed organization among various educational entities within the boundaries of Allen, Auglaize, Hancock, Hardin, Mercer, Paulding, Putnam, Seneca, Van Wert, Wood, and Wyandot Counties, and the Cities of St. Mary's and Wapakoneta. The jointly governed organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member school districts. Each of the governments of these schools supports NOACSC based on a per pupil charge dependent on the software package utilized.

The NOACSC Assembly consists of a representative from each participating school district and the superintendent from the fiscal agent. The Board of Directors consists of the superintendent from the fiscal agent and two Assembly members from each county in which participating school districts are located. The degree of control exercised by any participating school district is limited to its representation on the Board. During fiscal year 2021, the School District paid \$34,590 to NOACSC for various contracted services. Financial information can be obtained by contacting Ben Thaxton, Executive Director, 4277 East Road, Elida, Ohio 45807.

Vantage Career Center - The Vantage Career Center (Career Center), which provides vocational education to students, is a distinct political subdivision of the State of Ohio operated under the direction of a Board consisting of one representative from each of the participating school district's elected boards, in Mercer, Putnam, Paulding, and Van Wert Counties. The Career Center possesses its own budgeting and taxing authority. To obtain financial information, write to Laura Peters, the Vantage Career Center Treasurer, 818 North Franklin Street, Van Wert, Ohio 45891.

State Support Team Region 1 - The State Support Team Region 1 (SSTR1) provides specialized core work related to building regional capacity for district, building, and community school implementation of the Ohio Improvement Process (OIP) at a high level. The service region of the SSTR1 includes Defiance, Fulton, Hancock, Henry, Lucas, Ottawa, Paulding, Putnam, Sandusky, Seneca, Van Wert, Williams, and Wood Counties. The fiscal agent for the SSTR1 is the Educational Service Center of Lake Erie West. The SSTR1 Executive Director and Single Point of Contact is Lynn McKahan. Contact information is available at [www.sstr1.org](http://www.sstr1.org).

**NOTE 15 - GROUP PURCHASING POOLS**

Ohio School Boards Association Workers' Compensation Group Rating Program - The School District participates in a group rating program (GRP) for workers' compensation as established under Ohio Revised Code Section 4123.29. The Group Rating Program was established through the Ohio School Boards Association (OSBA) as a group insurance purchasing pool. The GRP's business and affairs are conducted by a three member Board of Directors consisting of the President, President-Elect, and Immediate Past President of the OSBA. The Executive Director of the OSBA, or his designee, serves as coordinator of the GRP. Each year, the participating districts pay an enrollment fee to cover the costs of administering the program.

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Southwestern Ohio Educational Purchasing Council Medical Benefits Plan - The Southwestern Ohio Educational Purchasing Council Benefit Plan Trust (Trust) is a public entity shared risk pool. The Trust is organized as a Voluntary Employee Benefit Association under Section 501 (c)(9) of the Internal Revenue Code and provides medical, dental and vision insurance benefits to the employees of the participants. The Trust is governed by the Southwestern Ohio Educational Purchasing Cooperative and its participating members. Each participant decides which plan offered by the Trust will be extended to its employees. Participation in the Trust is by written application subject to acceptance by the Trust and payment of the monthly premiums. Financial information may be obtained from the Southwestern Ohio Educational Purchasing Council, Ken Swink, Director, 303 Corporate Center Drive, Suite 208, Vandalia, Ohio 45377.

**NOTE 16 – BUDGETARY BASIS OF ACCOUNTING**

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance - Budget and Actual (Budget Basis) presented for the General Fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and the cash basis are that:

- (a) In order to determine compliance with Ohio law, and to reserve that portion of the applicable appropriation, total outstanding encumbrances (budget basis) are recorded as the equivalent of a disbursement; and,
- (b) Some funds are included in the General Fund (cash basis), but have separate legally adopted budgets (budget basis).

The adjustments necessary to convert the results of operations for the year on the budget basis to the cash basis for the General Fund is as follows:

Net Change in Fund Balance	
	<u>General Fund</u>
Cash Basis	\$ 546,437
Funds Budgeted Elsewhere**	3,447
Adjustment for Encumbrances	<u>(87,745)</u>
Budget Basis	<u>\$ 462,139</u>

\*\* As part of Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting*, certain funds that are legally budgeted in separate special revenue funds are considered part of the General Fund on a cash basis. This includes the Public School Support Fund and Uniform School Supplies Fund.

**NOTE 17 – CONTINGENCIES**

**A. Grants**

The School District received financial assistance from Federal and State agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the

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**Paulding County, Ohio**  
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General Fund or other applicable funds. However, the effect of any such disallowed claims on the overall financial position of the School District at June 30, 2021, if applicable, cannot be determined at this time.

**B. *Litigation***

The School District is not party to any claims or lawsuits that would, in the School District's opinion, have a material effect of the basic financial statements.

**C. *Encumbrance Commitments***

The School District utilizes encumbrance accounting as part of its budgetary controls. Encumbrances outstanding at year end may be reported as part of restricted, committed or assigned classifications of fund balance.

At year end, the School District's commitments for encumbrances in the governmental funds were as follows:

<u>Fund</u>	<u>Amount</u>
General Fund	\$ 87,884
Nonmajor Governmental Funds	103,193
Total	<u>\$ 191,077</u>

**D. *Contractual Commitments***

At June 30, 2021, the School District had the following outstanding contractual commitments:

<u>Project</u>	<u>Vendor</u>	<u>Contract Amount</u>	<u>Amount Paid</u>	<u>Amount Remaining</u>
Architectural/Engineering Services	Garmann Miller	\$ 60,000	\$ 17,500	\$ 42,500

Based on timing of when contracts are encumbered, contractual commitments identified above may or may not be included in the outstanding encumbrance commitments disclosed in this note.

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**E. *School District Foundation***

In fiscal year 2021, school district foundation funding was based on the annualized full-time equivalent (FTE) enrollment of each student. The Ohio Department of Education (ODE) is legislatively required to adjust/reconcile funding as enrollment information is updated by schools throughout the State, which can extend past the fiscal year end. FTE Statement No. 2 was made on November 12, 2021 and resulted in ODE owing the School District \$641. This amount is not recorded in the financial statements.

**NOTE 18 – COMPLIANCE**

Ohio Administrative Code Section 117-2-03 requires the School District to prepare its annual financial report in accordance with generally accepted accounting principles. For fiscal year 2021, the School District prepared its financial report on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. This financial report omits assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund equities and disclosures that, while material, cannot be determined at this time. The School District can be fined and various other administrative remedies may be taken against the School District.

**NOTE 19 – COVID-19**

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June of 2021 while the national state of emergency continues. During fiscal year 2021, the School District received Coronavirus Aid, Relief, and Economic Security (CARES) Act funding. Additional funding has been made available through the Consolidated Appropriations Act, 2021, passed by Congress on December 21, 2020 and/or the American Rescue Plan Act, passed by Congress on March 11, 2021.

**NOTE 20 – SUBSEQUENT EVENTS**

For fiscal year 2022, School District foundation funding received from the State of Ohio will be funded using a direct funding model. Under this new model, community school, STEM school, scholarship, and open enrollment funding will be directly funded by the State of Ohio to the respective educating schools. For fiscal year 2021 and prior, the amounts related to students who were residents of the School District were funded to the School District who, in turn, made the payment to the educating school. For fiscal year 2021, the School District reported \$290,730 in revenues and expenditures/expenses related to these programs. Also, during fiscal year 2021, the School District reported \$475,676 in tuition and fees from the resident school district which will be direct funded to the School District as the educating entity in fiscal year 2022. This new funding system calculates a unique base cost and a unique "per-pupil local capacity amount" for each school district. The School District's state core foundation funding is then calculated. Any change in funding will be subject to a phase in percentage of 16.67 percent for fiscal year 2022 and 33.33 percent for fiscal year 2023.

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**NOTE 21 – TAX ABATEMENTS**

Other governments entered into property tax abatements with property owners under the Ohio Community Reinvestment Area (CRA) program with the taxing district of the School District. The CRA program is derivative incentive tax exemption program benefiting program owners who renovate or construct new buildings. Under this program, the other governments designated areas to encourage revitalization of the existing housing stock and the development of new structures. Within the taxing districts of the School District, Paulding County has entered into such agreements. Under these agreements, the School District's property taxes were reduced by \$3,878 through Paulding County. The School District is not receiving any amounts from these other governments in association with the forgone property tax revenue.

ANTWERP LOCAL SCHOOL DISTRICT  
PAULDING COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

FEDERAL GRANTOR <i>Pass Through Grantor</i> Program / Cluster Title	Federal CFDA Number	Total Federal Expenditures
<b>U.S. DEPARTMENT OF AGRICULTURE</b> <i>(Passed Through Ohio Department of Education)</i>		
<u>Child Nutrition Cluster:</u>		
National School Lunch Program		
Cash Assistance	10.555	\$ 161,031
Non-Cash Assistance (Food Distribution)	10.555	14,150
COVID-19 National School Lunch Program	10.555	16,831
Total National School Lunch Program		<u>192,012</u>
School Breakfast Program	10.553	50,617
COVID-19 School Breakfast Program	10.553	902
Total School Breakfast Program		<u>51,519</u>
Total Child Nutrition Cluster		<u>243,531</u>
Total U.S. Department of Agriculture		<u>243,531</u>
<b>U.S. DEPARTMENT OF EDUCATION</b> <i>Passed Through Ohio Department of Education</i>		
Title I Grants to Local Educational Agencies	84.010	92,999
<u>Special Education Cluster:</u>		
Special Education Grants to States	84.027	152,070
Special Education Preschool Grants	84.173	9,566
Total Special Education Cluster		<u>161,636</u>
Supporting Effective Instruction State Grants	84.367	19,205
Student Support and Academic Enrichment Program	84.424	3,336
COVID-19 Education Stabilization Fund		
Elementary and Secondary School Emergency Relief Fund (ESSER I)	84.425D	73,828
Elementary and Secondary School Emergency Relief Fund (ESSER II)	84.425D	133,823
Total Education Stabilization Fund		<u>207,651</u>
Total U.S. Department of Education		<u>484,827</u>
<b>U.S. DEPARTMENT OF THE TREASURY</b> <i>Passed Through Ohio Office of Budget and Management</i>		
COVID-19 Coronavirus Relief Fund	21.019	45,480
Total U.S. Department of the Treasury		<u>45,480</u>
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b> <i>Passed Through Ohio Department of Job and Family Services</i>		
<u>Child Care and Development Funds Cluster:</u>		
COVID-19 Child Care and Development Block Grant	93.575	19,456
Total U.S. Department of Health and Human Services		<u>19,456</u>
<b>Total Expenditures of Federal Awards</b>		<b><u>\$ 793,294</u></b>

The accompanying notes are an integral part of this schedule.

**ANTWERP LOCAL SCHOOL DISTRICT  
PAULDING COUNTY**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
2 CFR 200.510(b)(6)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

**NOTE A – BASIS OF PRESENTATION**

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of Antwerp Local School District, Paulding County, Ohio (the School District) under programs of the federal government for the year ended June 30, 2021. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the School District, it is not intended to and does not present the financial position or changes in net position of the School District.

**NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**NOTE C – INDIRECT COST RATE**

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

**NOTE D – CHILD NUTRITION CLUSTER**

The School District commingles cash receipts from the U.S. Department of Agriculture with similar State grants. When reporting expenditures on this Schedule, the School District assumes it expends federal monies first.

**NOTE E – FOOD DONATION PROGRAM**

The School District reports commodities consumed on the Schedule at the entitlement value. The School District allocated donated food commodities to the respective program that benefitted from the use of those donated food commodities.

**NOTE F – TRANSFERS BETWEEN PROGRAM YEARS**

Federal regulations require schools to obligate certain federal awards by June 30. However, with the Ohio Department of Education’s consent, schools can transfer unobligated amounts to the subsequent fiscal year’s program. The School District transferred the following amounts from 2021 to the 2022 programs:

<u>Program Title</u>	<u>CFDA Number</u>	<u>Amt. Transferred</u>
Title I Grants to Local Educational Agencies	84.010	\$ 360
Student Support and Academic Enrichment Program	84.424	6,878

# OHIO AUDITOR OF STATE KEITH FABER



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

Antwerp Local School District  
Paulding County  
303 South Harrmann Road  
Antwerp, Ohio 45813-9574

To the Board of Education:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the cash-basis financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of Antwerp Local School District, Paulding County, Ohio (the School District) as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements and have issued our report thereon dated March 11, 2022, wherein we noted the School District uses a special purpose framework other than generally accepted accounting principles. We also noted the School District adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*. In addition, we noted the financial impact of COVID-19 and the continuing emergency measures which may impact subsequent periods of the School District.

### ***Internal Control Over Financial Reporting***

As part of our financial statement audit, we considered the School District's internal control over financial reporting (internal control) as a basis for designing audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the School District's internal control. Accordingly, we have not opined on it.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

***Compliance and Other Matters***

As part of reasonably assuring whether the School District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the financial statements. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed an instance of noncompliance or other matters we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2021-001.

***School District's Response to Finding***

The School District's response to the finding identified in our audit is described in the accompanying schedule of findings and corrective action plan. We did not subject the School District's response to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

***Purpose of this Report***

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the School District's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the School District's internal control and compliance. Accordingly, this report is not suitable for any other purpose.



Keith Faber  
Auditor of State  
Columbus, Ohio

March 11, 2022

# OHIO AUDITOR OF STATE KEITH FABER



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

Antwerp Local School District  
Paulding County  
303 South Harrmann Road  
Antwerp, Ohio 45813-9574

To the Board of Education:

### ***Report on Compliance for Each Major Federal Program***

We have audited Antwerp Local School District, Paulding County, Ohio's (the School District) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could directly and materially affect each of Antwerp Local School District's major federal programs for the year ended June 30, 2021. The *Summary of Auditor's Results* in the accompanying schedule of findings identifies the School District's major federal programs.

### ***Management's Responsibility***

The School District's Management is responsible for complying with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

### ***Auditor's Responsibility***

Our responsibility is to opine on the School District's compliance for each of the School District's major federal programs based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). These standards and the Uniform Guidance require us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect a major federal program occurred. An audit includes examining, on a test basis, evidence about the School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe our audit provides a reasonable basis for our compliance opinion on the School District's major programs. However, our audit does not provide a legal determination of the School District's compliance.

***Opinion on Each Major Federal Program***

In our opinion, Antwerp Local School District complied, in all material respects with the compliance requirements referred to above that could directly and materially affect each major federal program for the year ended June 30, 2021.

***Report on Internal Control Over Compliance***

The School District's management is responsible for establishing and maintaining effective internal control over compliance with the applicable compliance requirements referred to above. In planning and performing our compliance audit, we considered the School District's internal control over compliance with the applicable requirements that could directly and materially affect a major federal program, to determine our auditing procedures appropriate for opining on each major federal program's compliance and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not to the extent needed to opine on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the School District's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program's applicable compliance requirement. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program compliance requirement will not be prevented, or timely detected and corrected. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with federal program's applicable compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

This report only describes the scope of our internal control over compliance tests and the results of this testing based on the Uniform Guidance requirements. Accordingly, this report is not suitable for any other purpose.



Keith Faber  
Auditor of State  
Columbus, Ohio

March 11, 2022

**ANTWERP LOCAL SCHOOL DISTRICT  
PAULDING COUNTY**

**SCHEDULE OF FINDINGS  
2 CFR § 200.515  
JUNE 30, 2021**

**1. SUMMARY OF AUDITOR'S RESULTS**

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unmodified
<i>(d)(1)(ii)</i>	Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(iii)</i>	Was there any reported material noncompliance at the financial statement level (GAGAS)?	Yes
<i>(d)(1)(iv)</i>	Were there any material weaknesses in internal control reported for major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any significant deficiencies in internal control reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unmodified
<i>(d)(1)(vi)</i>	Are there any reportable findings under 2 CFR § 200.516(a)?	No
<i>(d)(1)(vii)</i>	Major Programs (list):	Child Nutrition Cluster Special Education Cluster
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A/B Programs	Type A: > \$ 750,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee under 2 CFR § 200.520?	No

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

**FINDING NUMBER 2021-001**

**Noncompliance**

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

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

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

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

**Officials' Response:**

See Corrective Action Plan

<b>3. FINDINGS FOR FEDERAL AWARDS</b>
---------------------------------------

None

# Antwerp Local Schools

303 South Harrmann Road

Antwerp, OH 45813

419-258-5421

FAX: 419-258-4041

Dr. Martin A. Miller  
Superintendent

Travis Lichty  
Middle/High School Principal

Tracey Stokes  
Elementary School Principal

Kristine Stuart  
Treasurer

Board of Education  
Sara Schuette  
President

Jayne Landers  
Vice President

Anita Bok  
Robert Herber  
Dennis Recker

## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

2 CFR 200.511(b)

JUNE 30, 2021

Finding Number	Finding Summary	Status	Additional Information
2020-001	This finding was first reported in 2006. Ohio Rev. Code § 117.38 and Ohio Admin. Code § 117-2-03(B) for reporting on a basis other than generally accepted accounting principles.	Not corrected and reissued as Finding 2021-001 in this report.	This finding reoccurred since management believes reporting on a basis of accounting other than generally accepted accounting principles (GAAP) is more cost efficient.

# Antwerp Local Schools

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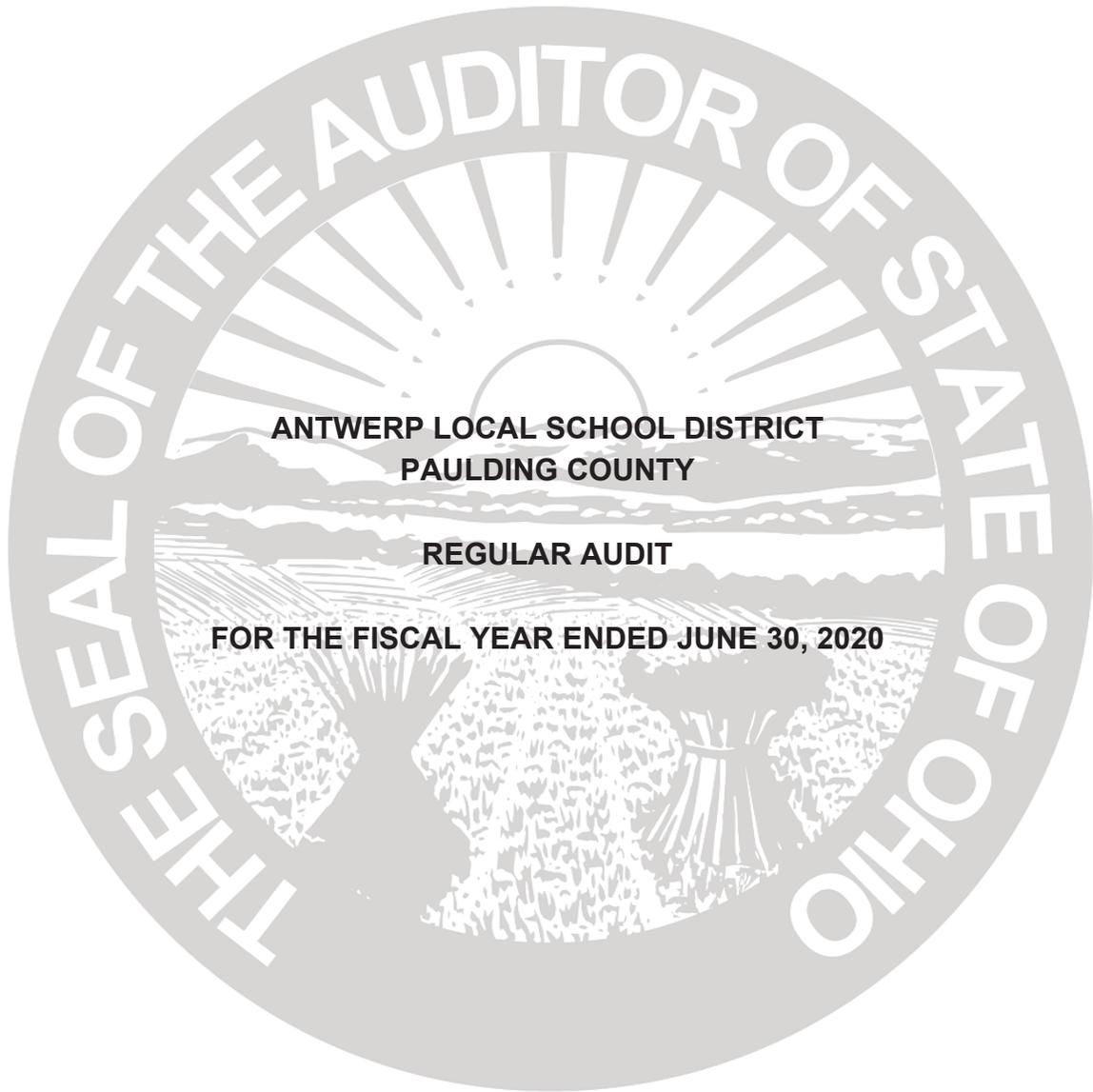
Anita Bok  
Robert Herber  
Dennis Recker

## CORRECTIVE ACTION PLAN

2 CFR § 200.511(c)

JUNE 30, 2021

<b>Finding Number:</b>	2021-001
<b>Planned Corrective Action:</b>	Management believes reporting on a basis of accounting other than generally accepted accounting principles (GAAP) is more cost efficient.
<b>Anticipated Completion Date:</b>	N/A
<b>Responsible Contact Person:</b>	Kristine Stuart, Treasurer/CFO



**ANTWERP LOCAL SCHOOL DISTRICT  
PAULDING COUNTY**

**REGULAR AUDIT**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2020**



**ANTWERP LOCAL SCHOOL DISTRICT  
PAULDING COUNTY**

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ANTWERP LOCAL SCHOOL DISTRICT  
PAULDING COUNTY

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# OHIO AUDITOR OF STATE KEITH FABER



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## INDEPENDENT AUDITOR'S REPORT

Antwerp Local School District  
Paulding County  
303 South Harrmann Road  
Antwerp, Ohio 45813-9574

To the Board of Education:

### ***Report on the Financial Statements***

We have audited the accompanying cash-basis financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of Antwerp Local School District, Paulding County, Ohio (the School District), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for preparing and fairly presenting these financial statements in accordance with the cash accounting basis Note 2 describes. This responsibility includes determining that the cash accounting basis is acceptable for the circumstances. Management is also responsible for designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the School District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the School District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities, the major fund, and the aggregate remaining fund information of the School District, as of June 30, 2020, and the respective changes in cash financial position and the budgetary comparison for the General Fund thereof for the year then ended in accordance with the accounting basis described in Note 2.

**Accounting Basis**

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

**Emphasis of Matter**

As discussed Note 17 to the financial statements, the financial impact of the COVID-19 and the continuing emergency measures may impact subsequent periods of the School District. We did not modify our opinion regarding this matter.

**Other Matter**

*Other Information*

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

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated March 11, 2022, on our consideration of the School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School District's internal control over financial reporting and compliance.



Keith Faber  
Auditor of State  
Columbus, Ohio

March 11, 2022

**Antwerp Local School District**  
**Paulding County**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2020*  
*(UNAUDITED)*

---

The discussion and analysis of the Antwerp Local School District's (the School District) financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2020. The intent of this discussion and analysis is to look at the School District's performance as a whole; readers should also review the notes to the basic financial statements to enhance their understanding of the School District's financial performance.

***Financial Highlights***

Key financial highlights for fiscal year 2020 are as follows:

- ❑ In total, net position decreased \$56,999.
- ❑ Outstanding debt decreased from \$800,000 to \$580,000.

***Using this Annual Report***

This annual report consists of a series of financial statements and notes to those statements. The statements are organized so the reader can understand the Antwerp Local School District as a whole, entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The *Statement of Net Position - Cash Basis* and *Statement of Activities - Cash Basis* provide information about the activities of the whole School District. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the School District's most significant funds with all other non-major funds presented in total in one column. For fiscal year 2020, the General Fund is the School District's most significant fund.

***Basis of Accounting***

The School District has elected to present its financial statements on the cash basis of accounting. This cash basis of accounting is a comprehensive basis of accounting other than generally accepted accounting principles. The cash basis of accounting involves the measurement of cash and cash equivalents and changes in cash and cash equivalents resulting from cash receipt and disbursement transactions.

Essentially, the only assets reported on this strictly cash receipt and disbursement basis presentation in a statement of net position will be cash and cash equivalents. The statement of activities reports cash receipts and disbursements, or in other words, the sources and uses of cash and cash equivalents. Therefore, when reviewing the financial information and discussion within this annual report, the reader should keep in mind the limitations resulting from the use of the cash basis of accounting.

**Antwerp Local School District**  
**Paulding County**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2020*  
*(UNAUDITED)*

---

***Reporting the School District as a Whole***

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

While this document contains the large number of funds used by the School District to provide programs and activities, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during fiscal year 2020?" The statement of net position and the statement of activities answer this question.

These two statements report the School District's *net position* and *changes in net position*. This change in net position is important because it tells the reader that, for the School District as a whole, the *financial position* of the School District has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Non-financial factors include the School District's property tax base, current property tax laws in Ohio which restrict revenue growth, facility conditions, required educational programs, and other factors.

In the statement of net position and the statement of activities, governmental activities include the School District's programs and services, including instruction, support services, extracurricular activities and operation of non-instructional services (i.e., food service).

***Reporting the School District's Most Significant Funds***

*Fund Financial Statements*

Fund financial reports provide detailed information about the School District's major funds. The School District uses many funds to account for financial transactions. However, these fund financial statements focus on the School District's most significant funds. The School District's major governmental fund is the General Fund.

**Governmental Funds** - Most of the School District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using the cash basis of accounting. The governmental fund statements provide a detailed short-term view of the School District's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent in the near future to finance educational programs.

***Reporting the School District's Fiduciary Responsibilities***

**Fiduciary Funds** - Fiduciary funds are used to account for resources held for the benefit of parties outside the School District. These funds are not reflected in the government-wide financial statements because the resources are not available to support the School District's own programs. These funds also use the cash basis of accounting.

**Antwerp Local School District**  
**Paulding County**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2020*  
*(UNAUDITED)*

---

**The School District as a Whole**

Table 1 provides a summary of the School District's net position for fiscal year 2020 compared to 2019.

**(Table 1)**  
**Net Position – Cash Basis**

	Governmental Activities	
	2020	2019
<b>Assets</b>		
Equity in Pooled Cash and Cash Equivalents	\$ 8,292,659	\$ 8,349,658
<b>Net Position</b>		
Restricted for:		
Capital Outlay	\$ 149,002	\$ 224,245
Debt Service	365,978	435,437
Other Purposes	216,550	245,628
Unrestricted	7,561,129	7,444,348
<i>Total Net Position</i>	<i>\$ 8,292,659</i>	<i>\$ 8,349,658</i>

Net position of the governmental activities decreased \$56,999 which represents less than 1 percent decrease from the fiscal year 2019. The decrease in equity in pooled cash and cash equivalents can be attributed to normal operations of the School District.

A portion of the School District's net position, \$731,530 or 9 percent represents resources subject to external restrictions on how they may be used. The remaining balance of the government-wide unrestricted net position of \$7,561,129 may be used to meet the School District's ongoing obligations.

**Antwerp Local School District**  
**Paulding County**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2020*  
*(UNAUDITED)*

Table 2 shows the changes in net position for fiscal year 2020 as compared to fiscal year 2019.

**(Table 2)**  
**Changes in Net Position – Cash Basis**

	Governmental Activities	
	2020	2019
<b>Receipts</b>		
<b>Program Receipts</b>		
Charges for Services and Sales	\$ 856,479	\$ 892,341
Operating Grants and Contributions	743,622	733,948
<i>Total Program Receipts</i>	<u>1,600,101</u>	<u>1,626,289</u>
<b>General Receipts</b>		
Property Taxes	1,989,067	1,935,075
Income Taxes	1,313,717	1,263,239
Grants and Entitlements not Restricted to		
Specific Programs	4,681,004	4,865,941
Payments in Lieu of Taxes	200,010	197,653
Proceeds from Sale of Capital Assets	0	10,240
Investment Earnings	151,413	172,277
Miscellaneous	46,813	26,643
<i>Total General Receipts</i>	<u>8,382,024</u>	<u>8,471,068</u>
<i>Total Receipts</i>	<u>9,982,125</u>	<u>10,097,357</u>
<b>Program Disbursements</b>		
Instruction:		
Regular	3,832,042	3,796,507
Special	1,028,023	996,184
Adult/Continuing	5,000	3,745
Other	175,687	124,983
Support Services:		
Pupils	391,216	297,751
Instructional Staff	398,031	381,869
Board of Education	11,460	11,798
Administration	907,013	908,151
Fiscal	327,202	285,378
Business	1,204	4,484
Operation and Maintenance of Plant	1,652,066	1,312,902
Pupil Transportation	351,074	444,455
Central	33,173	30,378
Operation of Non-Instructional Services:		
Food Service Operations	213,737	223,252
Extracurricular Activities	322,018	341,602
Capital Outlay	144,828	69,265
Debt Service:		
Principal Retirement	220,000	215,000
Interest and Fiscal Charges	25,350	31,875
<i>Total Program Disbursements</i>	<u>10,039,124</u>	<u>9,479,579</u>
<i>Change in Net Position</i>	(56,999)	617,778
<i>Net Position Beginning of Year</i>	<u>8,349,658</u>	<u>7,731,880</u>
<i>Net Position End of Year</i>	<u>\$ 8,292,659</u>	<u>\$ 8,349,658</u>

*Due to changes in reporting for payments in lieu of taxes in fiscal year 2020, the 2019 column has been adjusted to be comparable.*

**Antwerp Local School District**  
**Paulding County**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2020*  
*(UNAUDITED)*

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The increase in operation and maintenance of plant disbursements is primarily due to disbursements relating to the athletic complex improvement project. Grants and entitlements not restricted to specific programs decreased due to cuts in foundation receipts. The COVID-19 pandemic resulted in the State reducing funding for all school districts.

**Governmental Activities**

Several receipt sources fund the School District's governmental activities with the school foundation program being the largest contributor. School foundation provided approximately \$4.6 million in fiscal year 2020. Property and income tax levies generated approximately \$3.3 million in fiscal year 2020. With the combination of taxes and intergovernmental funding comprising 87 percent of receipts in governmental activities, the School District monitors both of these receipt sources very closely for fluctuations.

The majority of program disbursements for governmental activities are for instruction, which accounts for 50 percent of all governmental disbursements. Other programs which support the instruction process account for 41 percent of governmental disbursements. The remaining 9 percent of the School District's disbursements are related to the primary functions of delivering education, food service, extracurricular activities, providing facilities, and debt service.

The statement of activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows, for governmental activities, the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by tax revenue and unrestricted State entitlements.

**Antwerp Local School District**  
**Paulding County**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2020*  
*(UNAUDITED)*

**(Table 3)**  
**Governmental Activities – Cash Basis**

	Total Costs of Services		Net Costs of Services	
	2020	2019	2020	2019
<b><i>Program Disbursements</i></b>				
Instruction:				
Regular	\$ 3,832,042	\$3,796,507	\$3,299,062	\$3,244,596
Special	1,028,023	996,184	306,438	377,465
Vocational	0	0	(2,934)	(2,613)
Adult/Continuing	5,000	3,745	5,000	3,745
Other	175,687	124,983	175,687	124,983
Support Services:				
Pupils	391,216	297,751	389,405	297,751
Instructional Staff	398,031	381,869	370,222	352,953
Board of Education	11,460	11,798	11,460	11,798
Administration	907,013	908,151	907,013	908,151
Fiscal	327,202	285,378	327,202	285,378
Business	1,204	4,484	1,204	4,484
Operation and Maintenance of Plant	1,652,066	1,312,902	1,648,852	1,305,936
Pupil Transportation	351,074	444,455	351,074	405,593
Central	33,173	30,378	33,173	30,378
Operation of Non-Instructional Services:				
Food Service Operations	213,737	223,252	21,155	(12,351)
Extracurricular Activities	322,018	341,602	204,832	198,903
Capital Outlay	144,828	69,265	144,828	69,265
Debt Service:				
Principal Retirement	220,000	215,000	220,000	215,000
Interest and Fiscal Charges	25,350	31,875	25,350	31,875
<b><i>Total</i></b>	<b><u>\$ 10,039,124</u></b>	<b><u>\$ 9,479,579</u></b>	<b><u>\$ 8,439,023</u></b>	<b><u>\$ 7,853,290</u></b>

The dependence upon tax receipts and unrestricted grants and entitlements is apparent in the previous table. Program receipts only account for 16 percent of all governmental expenses.

***The School District's Funds***

The School District's governmental funds are accounted for using the cash basis of accounting.

The School District's governmental funds reported a combined fund balance of \$8,292,659, which is lower than the prior year balance of \$8,349,658.

The General Fund's fund balance increased \$59,499 in 2020. The increase in the fund balance can be attributed to normal operations of the School District.

**Antwerp Local School District**  
**Paulding County**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2020*  
(UNAUDITED)

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**General Fund Budgeting Highlights**

The School District's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund.

**Original Budget Compared to Final Budget** During the course of fiscal year 2020, there were no significant differences between original budgeted receipts and other financing sources and final budgeted receipts and other financing sources. The most significant variances between original budgeted disbursements and other financing uses and final budgeted disbursements and other financing uses were decreases in expenditures for regular instruction, special instruction, pupil transportation, and operation and maintenance of plant as a result of the COVID-19 pandemic.

**Final Budget Compared to Actual Results** For fiscal year 2020, there were no significant differences between final budgeted receipts and other financing sources and actual receipts and other financing sources. However, due to cost savings and school closures as a result of the COVID-19 pandemic, actual disbursements and other financing uses were \$595,680 less than the final budgeted disbursements and other financing uses.

**Debt Administration**

The School District had the following long-term obligations outstanding at June 30, 2020 and 2019.

**(Table 4)**  
**Outstanding Debt, at June 30**

	<u>Governmental Activities</u>	
	2020	2019
2012 Refunding Bonds - Serial and Term Bonds	\$ 580,000	\$ 800,000

For further information regarding the School District's debt, refer to Note 10 of the basic financial statements.

**Current Issues**

The Antwerp Local School District is maintaining its consistency in a state of a declining local economy and uncertainty in State funding. The School District is a small, rural community of 1,850 people in Northwest Ohio. It has a number of small and medium businesses with agriculture having a contributing influence on the economy.

In November 2016, the School District renewed a five year 2.9 mill permanent improvement levy to generate \$144,555 annually. This levy provides a source of funds for the financial operations and stability of the School District. However, future finances are not without challenges as our community changes and state funding is revised. Some of these challenges are in the future of state funding for schools considering the DeRolph court case and the long term effects of public utility deregulation as well as the reduction of personal property for business inventory. As the preceding information shows, the School District relies heavily on its local taxpayers.

**Antwerp Local School District**  
**Paulding County**  
*Management's Discussion and Analysis*  
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Real estate tax collections have shown small increases. The unique nature of property taxes in Ohio creates the need to routinely seek voter approval for operating funds. The overall revenue generated by a levy will not increase solely as a result of inflation due to Ohio House Bill 920 (passed in 1976). As an example, a homeowner with a home valued at \$100,000 and taxed at 1.0 mill would pay \$35.00 annually in taxes. If three years later the home was reappraised and increased to \$200,000 (and this inflationary increase in value is comparable to other property owners) the effective tax rate would become .5 mills and the owner would still pay \$35.00. Thus, school districts dependent upon property taxes are hampered by a lack of revenue growth and must regularly return to the voters to maintain a constant level of service.

In January 2018, the School District began receiving revenue from the wind turbine farms that are located in the School District. It is estimated that the School District will receive approximately \$190,000 per calendar year. This revenue will help the School District since State funding has remained flat.

Construction has begun on additional wind turbines in the School District which will generate approximately \$7,000 per wind turbine, per year. Revenue will not be collected on these turbines until they are operational and certified by the State. It is estimated collections will begin in calendar year 2021.

As a result of the COVID-19 pandemic, the state has cut foundation budgets for the School District. This resulted in a budget cut of \$224,034 in total for fiscal years 2020 and 2021. The School District has placed an "essential spending only" order as a result of the budget cuts. Athletic revenues will also be affected due to the mandatory restriction of spectators at events. The School District has also hired a distance learning coach to monitor and help the 55 students who chose remote learning for fiscal year 2021.

***Contacting the School District's Financial Management***

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact Kristine Stuart, Treasurer/CFO, Antwerp Local School District, 303 South Harrmann Road, Antwerp, Ohio 45813-9574.

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**Antwerp Local School District**  
**Paulding County, Ohio**  
*Statement of Net Position - Cash Basis*  
*June 30, 2020*

	Governmental Activities
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	\$ 8,292,659
<b>Net Position</b>	
Restricted for:	
Capital Outlay	\$ 149,002
Debt Service	365,978
Other Purposes	216,550
Unrestricted	7,561,129
<i>Total Net Position</i>	\$ 8,292,659

See accompanying notes to the basic financial statements.

**Antwerp Local School District**  
**Paulding County, Ohio**  
*Statement of Activities - Cash Basis*  
*For the Fiscal Year Ended June 30, 2020*

	Cash Disbursements	Program Cash Receipts		Net (Disbursements) Receipts and Changes in Net Position
		Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities
<b>Governmental Activities</b>				
Current:				
Instruction:				
Regular	\$ 3,832,042	\$ 525,597	\$ 7,383	\$ (3,299,062)
Special	1,028,023	104,253	617,332	(306,438)
Vocational	0	0	2,934	2,934
Adult/Continuing	5,000	0	0	(5,000)
Other	175,687	0	0	(175,687)
Support Services:				
Pupils	391,216	0	1,811	(389,405)
Instructional Staff	398,031	0	27,809	(370,222)
Board of Education	11,460	0	0	(11,460)
Administration	907,013	0	0	(907,013)
Fiscal	327,202	0	0	(327,202)
Business	1,204	0	0	(1,204)
Operation and Maintenance of Plant	1,652,066	0	3,214	(1,648,852)
Pupil Transportation	351,074	0	0	(351,074)
Central	33,173	0	0	(33,173)
Operation of Non-Instructional Services:				
Food Service Operations	213,737	109,443	83,139	(21,155)
Extracurricular Activities	322,018	117,186	0	(204,832)
Capital Outlay	144,828	0	0	(144,828)
Debt Service:				
Principal Retirement	220,000	0	0	(220,000)
Interest and Fiscal Charges	25,350	0	0	(25,350)
<i>Totals</i>	<u>\$ 10,039,124</u>	<u>\$ 856,479</u>	<u>\$ 743,622</u>	<u>(8,439,023)</u>
<b>General Receipts</b>				
Property Taxes Levied for:				
General Purposes				1,690,595
Debt Service				158,230
Capital Outlay				140,242
Income Taxes Levied for:				
General Purposes				1,288,528
Building Maintenance				25,189
Grants and Entitlements not Restricted to Specific Programs				4,681,004
Payments in Lieu of Taxes				200,010
Investment Earnings				151,413
Miscellaneous				46,813
<i>Total General Receipts</i>				<u>8,382,024</u>
<i>Change in Net Position</i>				(56,999)
<i>Net Position Beginning of Year</i>				<u>8,349,658</u>
<i>Net Position End of Year</i>				<u>\$ 8,292,659</u>

See accompanying notes to the basic financial statements.

**Antwerp Local School District**  
**Paulding County, Ohio**  
*Statement of Assets and Fund Balances - Cash Basis*  
*Governmental Funds*  
*June 30, 2020*

	<u>General Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Assets</b>			
Equity in Pooled Cash and Cash Equivalents	\$ 7,561,129	\$ 731,530	\$ 8,292,659
<b>Fund Balances</b>			
Restricted	\$ 0	\$ 731,530	\$ 731,530
Assigned	1,300,722	0	1,300,722
Unassigned	6,260,407	0	6,260,407
<i>Total Fund Balances</i>	<u>\$ 7,561,129</u>	<u>\$ 731,530</u>	<u>\$ 8,292,659</u>

See accompanying notes to the basic financial statements.

**Antwerp Local School District**  
**Paulding County, Ohio**  
*Statement of Receipts, Disbursements and Changes*  
*in Fund Balances - Cash Basis - Governmental Funds*  
*For the Fiscal Year Ended June 30, 2020*

	General Fund	Other Governmental Funds	Total Governmental Funds
<b>Receipts</b>			
Property and Other Local Taxes	\$ 1,690,595	\$ 298,472	\$ 1,989,067
Income Taxes	1,288,528	25,189	1,313,717
Intergovernmental	4,913,833	506,693	5,420,526
Investment Income	151,413	0	151,413
Tuition and Fees	619,400	0	619,400
Extracurricular Activities	10,450	117,186	127,636
Gifts and Donations	1,100	3,000	4,100
Charges for Services	0	109,443	109,443
Payments in Lieu of Taxes	200,010	0	200,010
Miscellaneous	37,741	9,072	46,813
<i>Total Receipts</i>	<u>8,913,070</u>	<u>1,069,055</u>	<u>9,982,125</u>
<b>Disbursements</b>			
Current:			
Instruction:			
Regular	3,776,287	55,755	3,832,042
Special	715,501	312,522	1,028,023
Adult/Continuing	5,000	0	5,000
Other	175,687	0	175,687
Support Services:			
Pupils	389,740	1,476	391,216
Instructional Staff	370,936	27,095	398,031
Board of Education	11,460	0	11,460
Administration	907,013	0	907,013
Fiscal	315,856	11,346	327,202
Business	1,204	0	1,204
Operation and Maintenance of Plant	1,594,678	57,388	1,652,066
Pupil Transportation	351,074	0	351,074
Central	33,173	0	33,173
Extracurricular Activities	214,208	107,810	322,018
Operation of Non-Instructional Services:			
Food Service Operations	0	213,737	213,737
Capital Outlay	0	144,828	144,828
Debt Service:			
Principal Retirement	0	220,000	220,000
Interest and Fiscal Charges	0	25,350	25,350
<i>Total Disbursements</i>	<u>8,861,817</u>	<u>1,177,307</u>	<u>10,039,124</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>51,253</u>	<u>(108,252)</u>	<u>(56,999)</u>
<b>Other Financing Sources (Uses)</b>			
Advances In	10,246	2,000	12,246
Advances Out	(2,000)	(10,246)	(12,246)
<i>Total Other Financing Sources (Uses)</i>	<u>8,246</u>	<u>(8,246)</u>	<u>0</u>
<i>Net Change in Fund Balances</i>	59,499	(116,498)	(56,999)
<i>Fund Balances Beginning of Year</i>	<u>7,501,630</u>	<u>848,028</u>	<u>8,349,658</u>
<i>Fund Balances End of Year</i>	<u>\$ 7,561,129</u>	<u>\$ 731,530</u>	<u>\$ 8,292,659</u>

See accompanying notes to the basic financial statements.

**Antwerp Local School District**  
**Paulding County, Ohio**  
*Statement of Receipts, Disbursements and Changes in*  
*Fund Balance - Budget and Actual (Budget Basis)*  
*General Fund*  
*For the Fiscal Year Ended June 30, 2020*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Receipts and other financing sources	\$ 8,818,746	\$ 8,887,448	\$ 8,885,232	\$ (2,216)
Disbursements and other financing uses	<u>10,012,938</u>	<u>9,523,286</u>	<u>8,927,606</u>	<u>595,680</u>
<i>Net Change in Fund Balance</i>	(1,194,192)	(635,838)	(42,374)	593,464
<i>Fund Balance Beginning of Year</i>	6,718,806	6,718,806	6,718,806	0
Prior Year Encumbrances Appropriated	<u>680,110</u>	<u>680,110</u>	<u>680,110</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$ 6,204,724</u>	<u>\$ 6,763,078</u>	<u>\$ 7,356,542</u>	<u>\$ 593,464</u>

See accompanying notes to the basic financial statements.

**Antwerp Local School District**  
**Paulding County, Ohio**  
*Statement of Fiduciary Net Position - Cash Basis*  
*Fiduciary Funds*  
*June 30, 2020*

	Private Purpose Trust	Agency
<b>Assets</b>		
Equity in Pooled Cash and Cash Equivalents	\$ 45,136	\$ 49,577
<b>Net Position</b>		
Held in Trust for Scholarships	\$ 45,136	
Held on Behalf of Student Activities		\$ 49,577

See accompanying notes to the basic financial statements.

**Antwerp Local School District**  
**Paulding County, Ohio**  
*Statement of Changes in Fiduciary Net Position - Cash Basis*  
*Fiduciary Fund*  
*For the Fiscal Year Ended June 30, 2020*

	Private Purpose Trust
	Scholarship
<b>Additions</b>	
Gifts and Contributions	\$ 3,852
Interest	265
<i>Total Additions</i>	<i>4,117</i>
<b>Deductions</b>	
Payments in Accordance with Trust Agreements	5,000
<i>Change in Net Position</i>	<i>(883)</i>
<i>Net Position Beginning of Year</i>	<i>46,019</i>
<i>Net Position End of Year</i>	<i>\$ 45,136</i>

See accompanying notes to the basic financial statements.

**Antwerp Local School District**  
**Paulding County, Ohio**  
*Notes To The Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2020*

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**NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY**

Antwerp Local School District (the School District) is organized under Article VI, Sections 2 and 3 of the Constitution of the State of Ohio. The School District operates under a locally-elected Board form of government consisting of five members elected at-large for staggered four year terms. The School District provides educational services as authorized by state statute and federal guidelines.

The School District is located in Paulding County and consists of one facility and is staffed by non-certificated employees and certificated full-time teaching personnel who provide services to students as well as other community members.

A reporting entity is comprised of the primary government and other organizations that are included to insure that the financial statements of the School District are not misleading.

*Primary Government*

The primary government consists of all funds, departments, boards, and agencies that are not legally separate from the School District. For Antwerp Local School District, this includes general operations, food service, and student related activities of the School District.

*Jointly Governed Organizations and Public Entity Risk Pools*

The School District is associated with three organizations, which are defined as jointly governed organizations and two insurance purchasing pools. These organizations include the Northwest Ohio Area Computer Services Cooperative, the Vantage Career Center, State Support Team Region 1, Ohio School Boards Association Workers' Compensation Group Rating Program, and the Southwestern Ohio Educational Purchasing Council Medical Benefits Plan. These organizations are presented in Notes 14 and 15 to the basic financial statements.

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

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

As discussed further in Note 2.C., these financial statements are presented on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. Following are the more significant of the School District's accounting policies.

**A. *Basis of Presentation***

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

**Antwerp Local School District**  
**Paulding County, Ohio**  
*Notes To The Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2020*

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## GOVERNMENT-WIDE FINANCIAL STATEMENTS

The statement of net position and statement of activities display information about the School District as a whole. The statements include all funds of the School District except for fiduciary funds. Governmental activities generally are financed through taxes, intergovernmental receipts, and other non-exchange receipts.

The statement of net position presents the financial condition of the governmental activities of the School District at fiscal year-end. The statement of activities presents a comparison between direct expenses and program receipts for each program or function of the School District's governmental activities. Direct expenses are those that are specifically associated with a service, program or department, and therefore, clearly identifiable to a particular function. Program receipts include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program and interest earned on grants that is required to be used to support a particular program. Receipts, which are not classified as program receipts, are presented as general receipts of the School District with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function is self-financing or draws from the general resources of the School District.

## FUND FINANCIAL STATEMENTS

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

### ***B. Fund Accounting***

Fund financial statements of the School District are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitutes its assets or fund equity, receipts and disbursements. Funds of the School District are organized into two major categories: governmental and fiduciary. An emphasis is placed on major funds within the governmental category.

The funds of the financial reporting entity are described below:

#### Governmental Funds/Governmental Activities

The School District classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants), and other non-exchange transactions as governmental funds. The following is the School District's major governmental fund:

**Antwerp Local School District**  
**Paulding County, Ohio**  
*Notes To The Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2020*

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General Fund - The General Fund is the primary operating fund of the School District and is always classified as a major fund. It is used to account for all activities except those legally or administratively required to be accounted for in other funds. The General Fund balance is available to the School District for any purpose provided it is disbursed or transferred according to the general laws of Ohio.

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

Fiduciary Fund Types

Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and agency funds. Trust funds are used to account for assets held by the School District under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the School District's own programs. The School District's fiduciary funds include a private purpose trust fund and agency funds. The School District's private purpose trust fund accounts for scholarships for students. Agency funds are custodial in nature (assets equal net position) and do not involve measurement of results of operations. The School District's Agency Funds include various student-managed activities and the Ohio High School Athletic Association (OHSAA) tournament activities.

**C. *Basis of Accounting***

Although required by Ohio Administrative Code Sections 117-2-03(B) to prepare its annual financial report in accordance with generally accepted accounting principles (GAAP), the School District chooses to prepare its financial statements and notes in accordance with the cash accounting basis. This basis of accounting 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.

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

These statements include adequate disclosure of material matters, in accordance with the basis of accounting described in the preceding paragraph.

**D. *Budgetary Process***

All funds, except agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriation resolution, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount the Board of Education may appropriate. The appropriations resolution is the Board's authorization to spend resources and sets annual limits on

**Antwerp Local School District**  
**Paulding County, Ohio**  
*Notes To The Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2020*

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cash disbursements plus encumbrances at the level of control selected by the Board. The legal level of budgetary control established by the Board is at the fund level for all funds. Any budgetary modifications at this level may only be made by resolution of the Board of Education. Budgetary allocations at the function and object level within all funds, are made by the Treasurer.

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

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

***E. Cash and Cash Equivalents***

To improve cash management, cash received by the School District is pooled and invested. Monies for all funds, including fiduciary funds, are maintained in this pool. Individual fund integrity is maintained through School District records. Interest in this pool is presented as “Equity in Pooled Cash and Cash Equivalents.”

For purposes of financial reporting, investments of the cash management pool and investments with an original maturity of three months or less at the time they are purchased by the School District are considered to be cash equivalents. Investments with an initial maturity of more than three months that were not purchased from the pool are reported as investments.

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

Following Ohio Statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest receipts credited to the General Fund during fiscal year 2020 were \$151,413, which includes \$17,135 assigned from other School District funds.

During the fiscal year 2020, the School District invested in STAR Ohio and negotiable certificates of deposit. All investments are reported at cost except for STAR Ohio. STAR Ohio (the State Treasury Asset Reserve of Ohio), is an investment pool managed by the State Treasurer’s Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but has adopted Governmental Accounting Standards Board (GASB), Statement No. 79, *Certain External Investment Pools and Pool Participants*. The School District measures their investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

**Antwerp Local School District**  
**Paulding County, Ohio**  
*Notes To The Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2020*

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For the fiscal year 2020, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates, however, notice must be given 24 hours in advance of all deposits and withdrawals exceeding \$25 million or more. STAR Ohio reserves the right to limit the transaction to \$100 million per day, requiring the excess amount to be transacted the following business day(s), but only to the \$100 million limit. All accounts of the participant will be combined for these purposes.

***F. Inventory and Prepaid Items***

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

***G. Capital Assets***

Acquisitions of property, plant, and equipment are recorded as disbursements when paid. The financial statements do not reflect these items as assets.

***H. Interfund Receivables/Payables***

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

***I. Accumulated Leave***

In certain circumstances, such as upon leaving employment or retirement, employees are entitled to cash payments for unused vacation and sick. Unpaid vacation and sick leave are not reflected as liabilities under the cash basis of accounting used by the School District.

***J. Employer Contributions to Cost-Sharing Pension Plans***

The School District recognizes the disbursement for employer contributions to cost-sharing pension plans when they are paid. As described in Notes 7 and 8, the employer contributions include portions for pension benefits and for postretirement benefits.

***K. Long-Term Debt***

The School District's cash basis financial statements do not report liabilities for bonds and other long-term obligations. The debt proceeds are reported as other financing sources when received and payment of principal and interest reported as disbursements when paid. Since recording a capital asset when entering into a capital lease is not the result of a cash transaction, neither another financing source nor a capital outlay disbursement is reported at inception. Lease payments are reported when paid.

**Antwerp Local School District**  
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**L. Equity Classifications**

GOVERNMENT-WIDE STATEMENTS

Equity is classified as net position and is displayed in separate components:

1. Restricted net position – Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments, or (2) law through constitutional provisions or enabling legislation adopted by the school district. Net position restricted for other purposes include resources restricted for food service operations, music and athletic programs, and federal and state grants restricted to disbursements for specified purposes.
2. Unrestricted net position – All other net position that does not meet the definition of “restricted.”

The School District’s policy is to first apply restricted resources when a cash disbursement is incurred for purposes for which both restricted and unrestricted net position is available.

FUND FINANCIAL STATEMENTS

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

- a. Non-spendable - The non-spendable classification includes amounts that cannot be spent because they are not in spendable form or legally or contractually required to be maintained intact. The “not in spendable form” includes items that are not expected to be converted to cash. It also includes the long-term amount of interfund loans.
- b. Restricted - Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or is imposed by law through constitutional provisions.
- c. Committed - The committed classification includes amounts that can be used only for the specific purposes imposed by a formal action (resolution) of the Board of Education. The committed amounts cannot be used for any other purpose unless the Board of Education removes or changes the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

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- d. Assigned - Amounts in the assigned classification are intended to be used by the School District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds, other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. These amounts are assigned by the School District's Board of Education. In the General Fund, assigned amounts represent intended uses established by policies of the School District Board of Education or a School District official delegated by that authority by resolution or by State statute. State statute authorizes the School District's Treasurer to assign fund balance for purchases on order provided such amounts have been lawfully appropriated..
- e. Unassigned - Unassigned fund balance is the residual classification for the General Fund and includes amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The School District first applies restricted resources when a disbursement is 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 disbursements are incurred for purposes for which amounts in any of the unrestricted fund balance classifications can be used.

**M. *Interfund Transactions***

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

Transfers within governmental activities are eliminated on the government-wide financial statements.

**N. *Intergovernmental Receipts***

Unrestricted intergovernmental receipts received on the basis of entitlement are recorded as receipts when the entitlement is received. Federal and State reimbursement type grants for the acquisition or construction of capital assets are recorded as receipts when the grant money is received.

**O. *Implementation of New Accounting Principles***

For the fiscal year ended June 30, 2020, the School District has (to the extent it applies to the cash basis of accounting) implemented Governmental Accounting Standards Board (GASB) Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*. GASB Statement No. 95 postpones the effective dates of certain provisions in the statements that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later.

The following statements are postponed by one year:

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- Statement No. 84, *Fiduciary Activities*
- Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*
- Statement No. 90, *Majority Equity Interests*
- Statement No. 91, *Conduit Debt Obligations*

Certain provisions in the following statements are postponed by one year:

- Statement No. 92, *Omnibus 2020*
- Statement No. 93, *Replacement of Interbank Offered Rates*

The following statement is postponed by 18 months:

- Statement No. 87, *Leases*

For the fiscal year ended June 30, 2020, the School District has (to the extent it applies to the cash basis of accounting) early implemented GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, GASB Statement No. 92 *Omnibus 2020*, and GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*.

GASB Statement No. 89 requires that interest costs incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. The implementation of GASB Statement No. 89 did not have an effect on the financial statements of the School District.

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

GASB Statement No. 97 results in more consistent financial reporting of defined contribution pension plans, defined contribution OPEB plans, and other employee benefit plans, while mitigating the costs associated with reporting those plans. The implementation of GASB Statement No. 97 did not have an effect on the financial statements of the School District.

**P. *Pensions/Other Postemployment Benefits (OPEB)***

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

**Antwerp Local School District**  
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**NOTE 3 – DEPOSITS AND INVESTMENTS**

State statutes classify monies held by the School District into three categories.

Active deposits are public deposits necessary to meet current demands on the treasury. Such monies must be maintained either as cash in the School District Treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that the Board of Education has identified as not required for use within the current five year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit, or by savings or deposit accounts including passbook accounts.

Protection of the School District's deposits is provided by the Federal Deposit Insurance Corporation (FDIC) or, by eligible securities pledged by the financial institution as security for repayment.

Interim monies may be deposited or invested in the following securities:

1. United States treasury notes, bills, bonds, or other obligations or securities issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, and Government National Mortgage Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above, provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio, and with certain limitation including a requirement for maturity within ten years from the date of settlement, bonds and other obligations of political subdivisions of the State of Ohio, if training requirements have been met;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;

**Antwerp Local School District**  
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6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio);
8. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred and eighty days and two hundred seventy days, respectively, from the purchase date in an amount not to exceed 40 percent of the interim moneys available for investment at any one time.

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. Except as noted above, an investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the School District, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the treasurer or qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

**Deposits** – At fiscal year-end, \$131,843 of the School District's bank balance of \$5,122,851 was covered by pledged collateral and \$1,991,008 was covered by FDIC. Although all statutory requirements for the deposit of money had been followed, noncompliance with Federal requirements could potentially subject the School District to a successful claim by the FDIC.

**Custodial Credit Risk** - Custodial credit risk for deposits is the risk that in the event of a bank failure, the School District will not be able to recover deposits or collateral securities that are in possession of an outside party.

The School District has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits either be insured or protected by:

- Eligible securities pledged to the School District and deposited with a qualified trustee by the financial institution as security for repayment whose market value at all times shall be at least 105 percent of the deposits being secured; or
- Participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total market value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State.

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***Investments***

As of June 30, 2020, the School District had the following investments:

	Measurement Amount	% of Total Investments	Maturities	
			< 1 year	1 - 3 years
Cost:				
Negotiable CDs	\$ 1,005,000	28.48%	\$ 905,000	\$ 100,000
Net Asset Value (NAV):				
STAR Ohio	2,523,550	71.52%	2,523,550	0
<i>Total Investments</i>	<u>\$ 3,528,550</u>	<u>100.00%</u>	<u>\$3,428,550</u>	<u>\$ 100,000</u>

***Interest Rate Risk*** - Interest rate risk arises because potential purchasers of debt securities will not agree to pay face value for those securities if interest rates subsequently increase. The School District’s investment policy restricts the Treasurer from investing in anything other than as identified in the Ohio Revised Code and that all investments must mature within five years from the date of investment unless they are matched to a specific obligation or debt of the School District. The Treasurer is also restricted from purchasing investments that cannot be held until the maturity date.

***Credit Risk*** - The School District has no investment policy dealing with investment credit risk beyond the requirements in state statutes. STAR Ohio is an investment pool operated by the Ohio State Treasurer. It is unclassified since it is not evidenced by securities that exist in physical or book entry form. Ohio law requires STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service. The weighted average of maturity of the portfolio held by STAR Ohio as of June 30, 2020, is 42 days and carries a rating of AAAM by S&P Global Ratings. The School District’s negotiable certificates of deposit were not rated but are fully covered by FDIC.

***Custodial Credit Risk*** - For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the School District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The negotiable CDs are covered by FDIC. The School District has no investment policy dealing with investment custodial risk beyond the requirement in ORC 135.14(M)(2) which states, “Payment for investments shall be made only upon the delivery of securities representing such investments to the treasurer, investing authority, or qualified trustee. If the securities are transferred are not represented by a certificate, payment shall be made only upon receipt of confirmation or transfer from the custodian by the treasurer, governing board, or qualified trustee.”

***Concentration of Credit Risk*** - The School District places no limit on the amount that may be invested in any one issuer. The table above includes the percent of total of each investment type held by the School District at June 30, 2020.

**Antwerp Local School District**  
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**NOTE 4 - PROPERTY TAXES**

Property taxes are levied and assessed on a calendar year basis while the School District fiscal year runs from July through June. First half tax collections are received by the School District in the second half of the fiscal year. Second half tax distributions occur in the first half of the following fiscal year.

Property taxes include amounts levied against all real and public utility property located in the School District. Real property tax revenue received in calendar year 2020 represents collections of calendar year 2019 taxes. Real property taxes received in calendar year 2020 were levied after April 1, 2019, on the assessed value listed as of January 1, 2019, the lien date. Assessed values for real property taxes are established by State law at 35 percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenue received in calendar 2020 represents collections of calendar year 2019 taxes. Public utility real and tangible personal property taxes received in calendar year 2020 became a lien December 31, 2018, were levied after April 1, 2019 and are collected in 2020 with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

The School District receives property taxes from Paulding County. The County Auditor periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2020, are available to finance fiscal year 2021 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

The assessed values upon which the fiscal year 2020 taxes were collected are:

	<b>2019 Second- Half Collections</b>		<b>2020 First- Half Collections</b>	
	<b>Amount</b>	<b>Percent</b>	<b>Amount</b>	<b>Percent</b>
Agricultural/Residential and Other				
Real Estate	\$82,688,870	95%	\$78,853,480	94%
Public Utility	3,947,990	5%	4,929,350	6%
Total	<u>\$86,636,860</u>	<u>100%</u>	<u>\$83,782,830</u>	<u>100%</u>
Tax rate per \$1,000 of assessed valuation	<u>\$ 43.30</u>		<u>\$ 42.10</u>	

**NOTE 5 – INCOME TAXES**

The School District levies a tax of 1.5 percent for general operations and building maintenance on the income of residents and of estates. Of the overall 1.5 percent taxes, 0.75 percent is a 5 year renewable tax, last renewed in November 2019, and 0.75 percent of the income tax is a continuing tax. The School District decided to legally restrict 0.5 percent of the income tax levy for building maintenance, in lieu of the ½ millage of property tax allocation for these uses.

**Antwerp Local School District**  
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Employers of residents are required to withhold income tax on compensation and remit the tax to the State. Taxpayers are required to file an annual return. The State makes quarterly distributions to the School District after withholding amounts for administrative fees and estimated refunds. Income tax receipts are credited to the General Fund and Classroom Facilities Maintenance Fund.

**NOTE 6 - RISK MANAGEMENT**

**A. *Property and Liability***

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. For fiscal year 2020, the School District contracted with Ohio School Plan for property and fleet, general liability, and inland marine insurance coverage.

Ohio School Plan (at Replacement Cost):

Boiler and Machinery (\$1,000 deductible)	\$ 32,791,316
Crime Insurance (\$1,000 deductible)	25,000
Automotive	
Liability	3,000,000
Uninsured Motorists	1,000,000
General Liability	
Per Occurrence	3,000,000
Per Year	5,000,000

Settled claims have not exceeded the commercial coverage in any of the past three years. There have been no significant reductions in insurance coverage from last year.

**B. *Workers' Compensation***

For fiscal year 2020, the School District participated in the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool (Note 15). The intent of the GRP is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participants is calculated as one experience and a common premium rate is applied to all participants in the GRP. Each participant pays its workers' compensation premium to the State based in the rate for the GRP rather than its individual rate. Participation in the GRP is limited to the participants that can meet the GRP's selection criteria.

**C. *Health Care Benefits***

The School District has contracted through the Southwestern Ohio Educational Purchasing Council to provide employee medical/surgical benefits and also dental benefits. The School District and the employees share the cost of the monthly premium.

**Antwerp Local School District**  
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**NOTE 7 - DEFINED BENEFIT PENSION PLANS**

The net pension liability is disclosed as a commitment and not reported on the face of the financial statements as a liability because of the use of the modified cash basis framework.

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

***Net Pension Liability/Net OPEB Liability (Asset)***

Pensions and OPEB are a component of exchange transactions—between an employer and its employees—of salaries and benefits for employee services. Pensions/OPEB are provided to an employee—on a deferred-payment basis—as part of the total compensation package offered by an employer for employee services each financial period.

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

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

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

The remainder of this note includes the required pension disclosures. See Note 8 for the required OPEB disclosures.

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***Plan Description - School Employees Retirement System (SERS)***

Plan Description – School District non-teaching employees participate in SERS, a cost-sharing multiple-employer defined benefit pension plan administered by SERS. SERS provides retirement, disability and survivor benefits, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Ohio Revised Code Chapter 3309. SERS issues a publicly available, stand-alone financial report that includes financial statements, required supplementary information and detailed information about SERS’ fiduciary net position. That report can be obtained by visiting the SERS website at [www.ohsers.org](http://www.ohsers.org) under Employers/Audit Resources.

Age and service requirements for retirement are as follows:

	Eligible to Retire before August 1, 2017*	Eligible to Retire on or after August 1, 2017
Full Benefits	Any age with 30 years of service credit	Age 67 with 10 years of service credit; or Age 57 with 30 years of service credit
Actuarially Reduced Benefits	Age 60 with 5 years of service credit Age 55 with 25 years of service credit	Age 62 with 10 years of service credit; or Age 60 with 25 years of service credit

\*Members with 25 years of service credit as of August 1, 2017, will be included in this plan.

Annual retirement benefits are calculated based on final average salary multiplied by a percentage that varies based on year of service; 2.2 percent for the first 30 years of service and 2.5 percent for years of service credit over 30. Final average salary is the average of the highest three years of salary.

An individual whose benefit effective date is before April 1, 2018, is eligible for a cost of living adjustment (COLA) on the first anniversary date of the benefit. Beginning April 1, 2018, new benefit recipients must wait until the fourth anniversary of their benefit for COLA eligibility. The COLA is added each year to the base benefit amount on the anniversary date of the benefit. A three-year COLA suspension is in effect for all benefit recipients for the years 2018, 2019, and 2020. Upon resumption of the COLA, it will be indexed to the percentage increase in the CPI-W, not to exceed 2.5 percent and with a floor of 0 percent.

Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary and the School District is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS’ Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System’s funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2020, the allocation to pension, death benefits, and Medicare B was 14 percent. SERS did not allocate employer contributions to the Health Care Fund for fiscal year 2020.

The School District’s contractually required contribution to SERS was \$109,391 for fiscal year 2020.

**Antwerp Local School District**  
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***Plan Description - State Teachers Retirement System (STRS)***

Plan Description – School District licensed teachers and other faculty members participate in STRS Ohio, a cost-sharing multiple-employer public employee retirement system administered by STRS. STRS provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about STRS’ fiduciary net position. That report can be obtained by writing to STRS, 275 E. Broad St., Columbus, OH 43215-3771, by calling (888) 227-7877, or by visiting the STRS Web site at [www.strsoh.org](http://www.strsoh.org).

New members have a choice of three retirement plans; a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan, and a Combined Plan. Benefits are established by Ohio Revised Code Chapter 3307.

The DB Plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation is 2.2 percent of final average salary for the five highest years of earnings multiplied by all years of service. In April 2017, the Retirement Board made the decision to reduce COLA granted on or after July 1, 2017, to 0 percent to preserve the fiscal integrity of the retirement system. Benefit recipients’ base benefit and past cost-of living increases are not affected by this change. Eligibility changes will be phased in August 1, 2026, when retirement eligibility for unreduced benefits will be five years of service credit and age 65, or 35 years of service credit and at least age 60. Eligibility changes for DB Plan members who retire with actuarially reduced benefits will be phased in until August 1, 2023, when retirement eligibility will be five years of qualifying service credit and age 60, or 30 years of service credit regardless of age.

The DC Plan allows members to place all their member contributions and 9.53 percent of the 14 percent employer contributions into an investment account. The member determines how to allocate the member and employer money among various investment choices offered by STRS. The remaining 4.47 percent of the 14 percent employer rate is allocated to the defined benefit unfunded liability. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal.

The Combined Plan offers features of both the DB Plan and the DC Plan. In the Combined Plan, 12 percent of the 14 percent member rate is deposited into the member’s DC account and the remaining 2 percent is applied to the DB Plan. Member contributions to the DC Plan are allocated among investment choices by the member, and contributions to the DB Plan from the employer and the member are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The defined benefit portion of the Combined Plan payment is payable to a member on or after age 60 with five years of service. The defined contribution portion of the account may be taken as a lump sum payment or converted to a lifetime monthly annuity after termination of employment at age 50 or later.

New members who choose the DC Plan or Combined Plan will have another opportunity to reselect a permanent plan during their fifth year of membership. Members may remain in the same plan or transfer to another STRS plan. The optional annuitization of a member’s defined contribution account or the defined contribution portion of a member’s Combined Plan account to a lifetime benefit results in STRS bearing the risk of investment gain or loss on the account. STRS has therefore included all three plan options as one defined benefit plan for GASB 68 reporting purposes.

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A DB or Combined Plan member with five or more years of credited service who is determined to be disabled may qualify for a disability benefit. New members must have at least ten years of qualifying service credit to apply for disability benefits. Members in the DC Plan who become disabled are entitled only to their account balance. Eligible survivors of members who die before service retirement may qualify for monthly benefits. If a member of the DC Plan dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

Funding Policy – Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. The fiscal year 2020 employer and employee contribution rate of 14 percent was equal to the statutory maximum rates. For fiscal year, the full employer contribution was allocated to pension.

The School District's contractually required contribution to STRS was \$484,010 for fiscal year 2020.

***Net Pension Liability***

The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The School District's proportion of the net pension liability was based on the School District's share of contributions in the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share:

	SERS	STRS	Total
Proportion of the Net Pension Liability:			
Current Measurement Date	0.02190430%	0.02881640%	
Prior Measurement Date	0.02143690%	0.02874865%	
Change in Proportionate Share	0.00046740%	0.00006775%	
Proportionate Share of the Net Pension Liability	\$ 1,310,573	\$ 6,372,574	\$ 7,683,147

***Actuarial Assumptions - SERS***

SERS' total pension liability was determined by their actuaries in accordance with GASB Statement No. 67, as part of their annual actuarial valuation for each defined benefit retirement plan. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts (e.g., salaries, credited service) and assumptions about the probability of occurrence of events far into the future (e.g., mortality, disabilities, retirements, employment terminations). Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employers and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

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Actuarial calculations reflect a long-term perspective. For a newly hired employee, actuarial calculations will take into account the employee's entire career with the employer and also take into consideration the benefits, if any, paid to the employee after termination of employment until the death of the employee and any applicable contingent annuitant. In many cases, actuarial calculations reflect several decades of service with the employer and the payment of benefits after termination.

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of June 30, 2019, are presented below:

Actuarial Cost Method	Entry Age Normal (Level Percent of Payroll)
Inflation	3.00 percent
Future Salary Increases, including inflation	3.50 percent to 18.20 percent
Investment Rate of Return	7.50 percent net of investment expense, including inflation
COLA or Ad Hoc COLA	2.50 percent

Mortality rates were based on the RP-2014 Blue Collar Mortality Table with fully generational projection and a five year set-back for both males and females. Mortality among service retired members, and beneficiaries were based on the RP-2-14 Blue Collar Mortality Table with fully generational projection with Scale BB, 120 percent of male rates, and 110 percent of female rates used. Mortality among disabled members were based on the RP-2000 Disabled Mortality Table, 90 percent for male rates and 100 percent for female rates, set back five years is used for the period after disability retirement.

The most recent experience study was completed for the five year period ended June 30, 2015.

The long-term return expectation for the Pension Plan Investments has been determined by using a building-block approach and assumes a time horizon, as defined in SERS' *Statement of Investment Policy*. A forecasted rate of inflation serves as the baseline for the return expectation. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating an arithmetic weighted average of the expected real return premiums for each asset class, adding the projected inflation rate, and adding the expected return from rebalancing uncorrelated asset classes.

The target allocation and long-term expected rate of return for each major asset class are summarized as follows:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long Term Expected Real Rate of Return</u>
Cash	1.00 %	0.50 %
US Equity	22.50	4.75
International Equity	22.50	7.00
Fixed Income	19.00	1.50
Private Equity	10.00	8.00
Real Assets	15.00	5.00
Multi-Asset Strategies	10.00	3.00
Total	<u>100.00 %</u>	

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**Discount Rate** The total pension liability was calculated using the discount rate of 7.50 percent. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contributions required as stipulated by State statute. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return (7.50 percent). Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

**Sensitivity of the School District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate** Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability calculated using the discount rate of 7.50 percent, as well as what net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.50 percent), or one percentage point higher (8.50 percent) than the current rate.

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
School District's Proportionate Share of the Net Pension Liability	\$ 1,836,581	\$ 1,310,573	\$ 869,449

**Actuarial Assumptions - STRS**

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the July 1, 2019, actuarial valuation, are presented below:

Inflation	2.50 percent
Projected Salary Increases	12.50 percent at age 20 to 2.50 percent at age 65
Investment Rate of Return	7.45 percent, net of investment expenses, including inflation
Discount Rate of Return	7.45 percent
Payroll Increases	3.00 percent
Cost-of-Living Adjustments (COLA)	0.00 percent, effective July1, 2017

Post retirement mortality rates for healthy retirees are based on the RP-2014 Annuitant Mortality Table with 50 percent of rates through age 69, 70 percent of rates between ages 70 and 79, 90 percent of rates between ages 80 and 84, and 100 percent of rates thereafter, projected forward generationally using mortality improvement scale MP-2016. Pre-retirement mortality rates are based on the RP-2014 Employee Mortality Table, projected forward generationally using mortality improvement scale MP-2016. Post-retirement disability mortality rates are based on the RP-2014 Disabled Mortality Table with 90 percent of rates for males and 100 percent of rates for females, projected forward generationally using mortality improvement scale MP-2016.

Actuarial assumptions used in the July 1, 2019 valuation, are based on the results of an actuarial experience study for the period of July 1, 2011 through June 30, 2016.

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STRS' investment consultant develops an estimate range for the investment return assumption based on the target allocation adopted by the Retirement Board. The target allocation and long-term expected rate of return for each major asset class are summarized as follows:

<u>Asset Class</u>	<u>Target Allocation*</u>	<u>Long Term Expected Real Rate of Return**</u>
Domestic Equity	28.00 %	7.35 %
International Equity	23.00	7.55
Alternatives	17.00	7.09
Fixed Income	21.00	3.00
Real Estate	10.00	6.00
Liquidity Reserves	1.00	2.25
Total	<u>100.00 %</u>	

\*Target weights will be phased in over a 24-month period concluding on July 1, 2019.

\*\*Ten year annualized geometric nominal returns, which include the real rate of return and inflation of 2.25 percent, but does not include investment expenses. Over a 30-year period, STRS' investment consultant indicates that the above target allocations should generate a return above the actuarial rate of return, without net value added by management.

**Discount Rate** The discount rate used to measure the total pension liability was 7.45 percent as of June 30, 2019. The projection of cash flows used to determine the discount rate assumes that employer and member contributions will be made at the statutory contribution rates in accordance with rate increased described above. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Based on those assumptions, STRS' fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2019. Therefore, the long-term expected rate of return on pension plan investments of 7.45 percent was applied to all periods of projected benefit payments to determine the total pension liability as of June 30, 2019.

**Sensitivity of the School District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate** The following table represents the School District's proportionate share of the net pension liability calculated using the current period discount rate assumption of 7.45 percent, as well as what the School District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.45 percent) or one percentage point higher (8.45 percent) than the current rate:

	<u>1% Decrease (6.45%)</u>	<u>Current Discount Rate (7.45%)</u>	<u>1% Increase (8.45%)</u>
School District's Proportionate Share of the Net Pension Liability	\$ 9,312,805	\$ 6,372,574	\$ 3,883,516

**NOTE 8 - DEFINED BENEFIT OPEB PLANS**

The net OPEB liability (asset) is disclosed as a commitment and not reported on the face of the financial statements as a liability because of the use of the modified cash basis framework.

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See Note 7 for a description of the net OPEB liability (asset).

***Plan Description - School Employees Retirement System (SERS)***

Health Care Plan Description - The School District contributes to the SERS Health Care Fund, administered by SERS for non-certificated retirees and their beneficiaries. For GASB 75 purposes, this plan is considered a cost-sharing other postemployment benefit (OPEB) plan. SERS' Health Care Plan provides healthcare benefits to eligible individuals receiving retirement, disability, and survivor benefits, and to their eligible dependents. Members who retire after June 1, 1986, need 10 years of service credit, exclusive of most types of purchased credit, to qualify to participate in SERS' health care coverage. In addition to age and service retirees, disability benefit recipients and beneficiaries who are receiving monthly benefits due to the death of a member or retiree, are eligible for SERS' health care coverage. Most retirees and dependents choosing SERS' health care coverage are over the age of 65 and therefore enrolled in a fully insured Medicare Advantage plan; however, SERS maintains a traditional, self-insured preferred provider organization for its non-Medicare retiree population. For both groups, SERS offers a self-insured prescription drug program. Health care is a benefit that is permitted, not mandated, by statute. The financial report of the Plan is included in the SERS Comprehensive Annual Financial Report which can be obtained on SERS' website at [www.ohsers.org](http://www.ohsers.org) under Employers/Audit Resources.

Access to health care for retirees and beneficiaries is permitted in accordance with Section 3309 of the Ohio Revised Code. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). SERS' Retirement Board reserves the right to change or discontinue any health plan or program. Active employee members do not contribute to the Health Care Plan. The SERS Retirement Board established the rules for the premiums paid by the retirees for health care coverage for themselves and their dependents or for their surviving beneficiaries. Premiums vary depending on the plan selected, qualified years of service, Medicare eligibility, and retirement status.

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund in accordance with the funding policy. For the fiscal year ended June 30, 2020, SERS did not allocate any employer contributions to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal year 2020, this amount was \$19,600. Statutes provide that no employer shall pay a health care surcharge greater than 2 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2020, the School District's surcharge obligation was \$13,828.

The surcharge, added to the allocated portion of the 14 percent employer contribution rate is the total amount assigned to the Health Care Fund. The School District's contractually required contribution to SERS was \$13,828 for fiscal year 2020.

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***Plan Description - State Teachers Retirement System (STRS)***

Plan Description – The State Teachers Retirement System of Ohio (STRS) administers a cost-sharing Health Plan administered for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS. Ohio law authorizes STRS to offer this plan. Benefits include hospitalization, physicians’ fees, prescription drugs and partial reimbursement of monthly Medicare Part B premiums. Medicare Part B premium reimbursements will be discontinued effective January 1, 2021. The Plan is included in the report of STRS which can be obtained by visiting [www.strsoh.org](http://www.strsoh.org) or by calling (888) 227-7877.

Funding Policy – Ohio Revised Code Chapter 3307 authorizes STRS to offer the Plan and gives the Retirement Board discretionary authority over how much, if any, of the health care costs will be absorbed by STRS. Active employee members do not contribute to the Health Care Plan. All benefit recipients pay a portion of the health care costs in the form of a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2020, STRS did not allocate any employer contributions to post-employment health care.

***Net OPEB Liability (Asset)***

The net OPEB liability (asset) was measured as of June 30, 2019, and the total OPEB liability used to calculate the net OPEB liability (asset) was determined by an actuarial valuation as of that date. The School District's proportion of the net OPEB liability (asset) was based on the School District's share of contributions to the respective retirement systems relative to the contributions of all participating entities.

Following is information related to the proportionate share:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportion of the Net OPEB Liability (Asset):			
Current Measurement Date	0.02247200%	0.02881600%	
Prior Measurement Date	<u>0.02162200%</u>	<u>0.02874900%</u>	
Change in Proportionate Share	<u>0.00085000%</u>	<u>0.00006700%</u>	
Proportionate Share of the Net OPEB Liability (Asset)	\$ 565,113	\$ (477,262)	\$ 87,851

***Actuarial Assumptions - SERS***

The total OPEB liability is determined by SERS’ actuaries in accordance with GASB Statement No. 74, as part of their annual actuarial valuation for each retirement plan. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts (e.g., salaries, credited service) and assumptions about the probability of occurrence of events far into the future (e.g., mortality, disabilities, retirements, employment terminations). Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

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Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employers and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

Actuarial calculations reflect a long-term perspective. For a newly hired employee, actuarial calculations will take into account the employee's entire career with the employer and also take into consideration the benefits, if any, paid to the employee after termination of employment until the death of the employee and any applicable contingent annuitant. In many cases, actuarial calculations reflect several decades of service with the employer and the payment of benefits after termination.

Key methods and assumptions used in calculating the total OPEB liability in the latest actuarial valuation date of June 30, 2019, are presented below:

Inflation	3.00 percent
Wage Increases	3.50 percent to 18.20 percent
Investment Rate of Return	7.50 percent net of investment expense, including inflation
Municipal Bond Index Rate	
Measurement Date	3.13 percent
Prior Measurement Date	3.62 percent
Single Equivalent Interest Rate	
Measurement Date	3.22 percent, net of plan investment expense, including price inflation
Prior Measurement Date	3.70 percent, net of plan investment expense, including price inflation
Medical Trend Assumption	
Pre-Medicare	7.00 percent to 4.75 percent
Medicare	5.25 percent to 4.75 percent

Mortality rates were based on the RP-2014 Blue Collar Mortality Table with fully generational projection and Scale BB, 120 percent of male rates and 110 percent of female rates. RP-2000 Disabled Mortality Table with 90 percent for male rates and 100 percent for female rates set back five years.

The most recent experience study was completed for the five year period ended June 30, 2015.

The long-term expected rate of return on plan assets is reviewed as part of the actuarial five-year experience study. The most recent study covers fiscal years 2010 through 2015, and was adopted by the Board on April 21, 2016. Several factors are considered in evaluating the long-term rate of return assumption including long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return were developed by the investment consultant for each major asset class. These ranges were combined to produce the long-term expected rate of return, 7.50 percent, by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The capital market assumptions developed by the investment consultant are intended for use over a 10-year horizon and may not be useful in setting the long-term rate of return for funding pension plans which covers a longer time frame. The assumption is intended to be a long-term assumption and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

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The target asset allocation and best estimates of arithmetic real rates of return for each major asset class, as used in the June 30, 2015 five-year experience study, are summarized as follows:

Asset Class	Target Allocation	Long Term Expected Real Rate of Return
Cash	1.00 %	0.50 %
US Equity	22.50	4.75
International Equity	22.50	7.00
Fixed Income	19.00	1.50
Private Equity	10.00	8.00
Real Assets	15.00	5.00
Multi-Asset Strategies	10.00	3.00
Total	100.00 %	

**Discount Rate** The discount rate used to measure the total OPEB liability at June 30, 2019 was 3.22 percent. The discount rate used to measure total OPEB liability prior to June 30, 2019 was 3.70 percent. The projection of cash flows used to determine the discount rate assumed that contributions will be made from members and the System at the state statute contribution rate of 2.00 percent of projected covered payroll each year, which includes a 1.50 percent payroll surcharge and 0.50 percent contributions from the basic benefits plan. Based on these assumptions, the OPEB plan's fiduciary net position was projected to become insufficient to make future benefit payments during the fiscal year ending June 30, 2025. Therefore, the long-term expected rate of return on OPEB plan assets was used to present value the projected benefit payments through the fiscal year ending June 30, 2024 and the Fidelity General Obligation 20-year Municipal Bond Index rate of 3.13 percent, as of June 30, 2019 (i.e., municipal bond rate), was used to present value of projected benefit payments for the remaining years in the projection. The total present value of projected benefit payments from all years was then used to determine the single rate of return that was used as the discount rate. The projection of future benefit payments for all current plan members was until the benefit payments ran out.

**Sensitivity of the School District's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate and Changes in the Health Care Cost Trend Rates** The net OPEB liability is sensitive to changes in the discount rate and the health care cost trend rate. The following table presents the net OPEB liability of SERS, what SERS' net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.22 percent) and higher (4.22 percent) than the current discount rate (3.22 percent). Also shown is what SERS' net OPEB liability would be based on health care cost trend rates that are one percentage point lower (6.00 percent decreasing to 3.75 percent) and higher (8.00 percent decreasing to 5.75 percent) than the current rate.

	1% Decrease	Current Discount Rate	1% Increase
	(6.45%)	(7.45%)	(8.45%)
School District's Proportionate Share of the Net OPEB (Asset)	\$ (407,242)	\$ (477,269)	\$ (536,135)

	1% Decrease	Current Trend Rate	1% Increase
	(6.45%)	(7.45%)	(8.45%)
School District's Proportionate Share of the Net OPEB (Asset)	\$ (541,201)	\$ (477,269)	\$ (398,967)

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***Actuarial Assumptions – STRS***

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the June 30, 2019, actuarial valuation are presented below:

Projected Salary Increases	12.50 percent at age 20 to 2.50 percent at age 65	
Investment Rate of Return	7.45 percent, net of investment expenses, including inflation	
Payroll Increases	3.00 percent	
Discount Rate of Return	7.45 percent	
Health Care Cost Trend Rates		
Medical	<u>Initial</u>	<u>Ultimate</u>
Pre-Medicare	5.87 percent	4.00 percent
Medicare	4.93 percent	4.00 percent
Prescription Drug		
Pre-Medicare	7.73 percent	4.00 percent
Medicare	9.62 percent	4.00 percent

Projections of benefits include the historical pattern of sharing benefit costs between the employers and retired plan members.

For healthy retirees the mortality rates are based on the RP-2014 Annuitant Mortality Table with 50 percent of rates through age 69, 70 percent of rates between ages 70 and 79, 90 percent of rates between ages 80 and 84, and 100 percent of rates thereafter, projected forward generationally using mortality improvement scale MP-2016. For disabled retirees, mortality rates are based on the RP-2014 Disabled Mortality Table with 90 percent of rates for males and 100 percent of rates for females, projected forward generationally using mortality improvement scale MP-2016.

Actuarial assumptions used in the June 30, 2019, valuation are based on the results of an actuarial experience study for the period of July 1, 2011 through June 30, 2016.

Since the prior measurement date, there was no change to the claims costs process. Claim curves were trended to the fiscal year ending June 30, 2020 to reflect the current price renewals. The non-Medicare subsidy percentage was increased effective January 1, 2020 from 1.944 percent to 1.984 percent per year of service. The non-Medicare frozen subsidy base premium was increased effective January 1, 2020. The Medicare subsidy percentages were adjusted effective January 1, 2021 to 2.1 percent for the Medicare plan. The Medicare Part B monthly reimbursement elimination date was postponed to January 1, 2021.

STRS' investment consultant develops an estimate range for the investment return assumption based on the target allocation adopted by the Retirement Board. The target allocation and long-term expected rate of return for each major asset class are summarized as follows:

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<u>Asset Class</u>	<u>Target Allocation*</u>	<u>Long Term Expected Real Rate of Return**</u>
Domestic Equity	28.00 %	7.35 %
International Equity	23.00	7.55
Alternatives	17.00	7.09
Fixed Income	21.00	3.00
Real Estate	10.00	6.00
Liquidity Reserves	1.00	2.25
Total	<u>100.00 %</u>	

\*Target weights will be phased in over a 24-month period concluding on July 1, 2019.

\*\*Ten year annualized geometric nominal returns, which include the real rate of return and inflation of 2.25 percent but does not include investment expenses. Over a 30-year period, STRS' investment consultant indicates that the above target allocations should generate a return above the actuarial rate of return, without net value added by management.

**Discount Rate** The discount rate used to measure the total OPEB liability was 7.45 percent as of June 30, 2019. The projection of cash flows used to determine the discount rate assumed STRS continues to allocate no employer contributions to the health care fund. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2019. Therefore, the long-term expected rate of return on health care plan investments of 7.45 percent was used to measure the total OPEB liability as of June 30, 2019.

**Sensitivity of the School District's Proportionate Share of the Net OPEB Asset to Changes in the Discount Rate and Health Care Cost Trend Rate** The following table represents the net OPEB asset as of June 30, 2019, calculated using the current period discount rate assumption of 7.45 percent, as well as what the net OPEB asset would be if it were calculated using a discount rate that is one percentage point lower (6.45 percent) or one percentage point higher (8.45 percent) than the current assumption. Also shown is the net OPEB asset as if it were calculated using health care cost trend rates that are one percentage point lower and one percentage point higher than the current health care cost trend rates.

	<u>1% Decrease (6.45%)</u>	<u>Current Discount Rate (7.45%)</u>	<u>1% Increase (8.45%)</u>
School District's Proportionate Share of the Net OPEB (Asset)	\$ (407,242)	\$ (477,269)	\$ (536,135)
	<u>1% Decrease</u>	<u>Current Trend Rate</u>	<u>1% Increase</u>
School District's Proportionate Share of the Net OPEB (Asset)	\$ (541,201)	\$ (477,269)	\$ (398,967)

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**NOTE 9 - EMPLOYEE BENEFITS - COMPENSATED ABSENCES**

The criteria for determining personal and sick leave components are derived from negotiated agreements and State laws. Classified employees earn vacation each fiscal year, depending upon length of service. Accumulated, unused personal time is paid to classified employees and administrators upon termination of employment. Teachers, administrators, and classified employees earn sick leave at the rate of 15 days per year that may be accumulated up to a total of 235 days. Personal days are earned at the rate of 3 days per year.

**NOTE 10 – LONG-TERM OBLIGATIONS**

The changes in the School District’s long-term obligations during fiscal year 2020 were as follows:

	Principal Outstanding 6/30/2019	Additions	Reductions	Principal Outstanding 6/30/2020	Due Within One Year
<i>General Obligations</i>					
2012 Refunding					
Current Interest Serial and Term Bonds	\$ 800,000	\$ 0	\$ 220,000	\$ 580,000	\$ 230,000

**2012 General Obligation Refunding Bonds** – On May 16, 2012, the School District issued \$1,805,000 in general obligation bonds for the purpose of refunding a portion of 2002 various purpose general obligation bonds originally issued in the amount of \$3,260,998 for the purpose of acquisition, construction and improvements to school buildings and structures. The bond issue includes \$1,805,000 of serial and term bonds at interest rates of 2 percent to 4 percent. The bonds will be retired from the Bond Retirement Debt Service Fund.

The Serial Bonds will mature in various principal amounts with varying interest rates starting on December 1, 2014 and on each December 1 thereafter at 100 percent of the principal amount for the years 2014 through 2020.

The Term Bonds maturing on December 1, 2022 are subject to mandatory sinking fund redemption at a redemption price of 100 percent of the principal amount to be redeemed, plus accrued interest to the date of redemption, on December 1 of the years and in the respective principal amounts as follows:

Year	Principal Amount to be Redeemed
2021	\$235,000

The remaining principal amount of such Term Bonds (\$115,000) will mature at stated maturity on December 1, 2022.

The refunding bond issue provides resources to purchase U.S. Government securities that were placed in trust with an escrow agent, for the purpose of future debt service payments of \$1,810,000 of the 2002 bond issue. As a result, the refunded bonds are considered to be defeased and the School District no longer has liabilities associated with those bonds.

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The difference between the cash flows required to service the old debt and the cash flows required to service the new debt and complete refunding was \$243,042. The economic gain resulting from the refunding was \$206,864.

Future principal and interest requirements as of June 30, 2020 are as follows:

Fiscal Year Ending June 30,	<u>2012 Refunding Bonds</u>	
	<u>Principal</u>	<u>Interest</u>
2021	\$ 230,000	\$ 18,025
2022	235,000	9,300
2023	115,000	2,300
	<u>\$ 580,000</u>	<u>\$ 29,625</u>

**NOTE 11 – LEASES**

The School District leases twelve photocopier machines under a non-cancelable lease. The School District disbursed \$13,826 to pay lease costs for the fiscal year ended June 30, 2020.

Future lease payments are as follows:

Fiscal Year Ending June 30,	Lease Amount
2021	\$ 12,674

**NOTE 12 – FUND BALANCE**

Fund balance is classified as nonspendable, restricted, committed, assigned, and/or unassigned based primarily on the extent to which the School District is bound to observe constraints imposed upon the use of the resources in governmental funds.

The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented below:

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	General Fund	Other Governmental Funds	Total Governmental Funds
Restricted for:			
Capital Outlay	\$ 0	\$ 149,002	\$ 149,002
Classroom Facilities Maintenance	0	91,101	91,101
Debt Service	0	365,978	365,978
Food Service Operations	0	42,831	42,831
Extracurricular Activities	0	60,524	60,524
Other Purposes	0	22,094	22,094
<b>Total Restricted</b>	<b>0</b>	<b>731,530</b>	<b>731,530</b>
Assigned for:			
Instruction	292	0	292
Support Services	86,197	0	86,197
Subsequent Year Appropriations	1,214,233	0	1,214,233
<b>Total Assigned</b>	<b>1,300,722</b>	<b>0</b>	<b>1,300,722</b>
Unassigned	6,260,407	0	6,260,407
<b>Total Fund Balance</b>	<b>\$7,561,129</b>	<b>\$ 731,530</b>	<b>\$ 8,292,659</b>

**NOTE 13 - STATUTORY RESERVES**

The School District is required by State statute to annually set aside, in the General Fund, an amount based on a statutory formula for the acquisition and construction of capital improvements. Amounts not spent by the end of the fiscal year or offset by similarly restricted resources received during the fiscal year must be held in cash at fiscal year-end. These amounts must be carried forward and used for the same purposes in future years.

The following cash basis information describes the change in the fiscal year-end set-aside amounts for capital improvements. Disclosure of this information is required by State statute.

	<b>Capital Improvements</b>
Set Aside Restricted Balance June 30, 2019	\$ 0
Current Year Set Aside Requirement	126,050
Current Year Offsets	(202,232)
<b>Total</b>	<b>\$ (76,182)</b>
Balance Carried Forward to Fiscal Year 2021	\$ 0
Set Aside Restricted Balance June 30, 2020	\$ 0

**Antwerp Local School District**  
**Paulding County, Ohio**  
*Notes To The Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2020*

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Although the School District had offsets during the fiscal year that reduced the capital improvements set-aside amount below zero, this amount may not be used to reduce the set aside requirements of future years.

**NOTE 14 - JOINTLY GOVERNED ORGANIZATIONS**

Northwest Ohio Area Computer Services Cooperative - The Northwest Ohio Area Computer Services Cooperative (NOACSC) is a jointly governed organization among various educational entities within the boundaries of Allen, Auglaize, Hancock, Hardin, Mercer, Paulding, Putnam, Seneca, Van Wert, Wood, and Wyandot Counties, and the Cities of St. Mary's and Wapakoneta. The jointly governed organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member school districts. Each of the governments of these schools supports NOACSC based on a per pupil charge dependent on the software package utilized.

The NOACSC Assembly consists of a representative from each participating school district and the superintendent from the fiscal agent. The Board of Directors consists of the superintendent from the fiscal agent and two Assembly members from each county in which participating school districts are located. The degree of control exercised by any participating school district is limited to its representation on the Board. During fiscal year 2020, the School District paid \$32,497 to NOACSC for various contracted services. Financial information can be obtained by contacting Ben Thaxton, Executive Director, 4277 East Road, Elida, Ohio 45807.

Vantage Career Center - The Vantage Career Center (Career Center), which provides vocational education to students, is a distinct political subdivision of the State of Ohio operated under the direction of a Board consisting of one representative from each of the participating school district's elected boards, in Mercer, Putnam, Paulding, and Van Wert Counties. The Career Center possesses its own budgeting and taxing authority. To obtain financial information, write to Laura Peters, the Vantage Career Center Treasurer, 818 North Franklin Street, Van Wert, Ohio 45891.

State Support Team Region 1 - The State Support Team Region 1 (SSTR1) provides specialized core work related to building regional capacity for district, building, and community school implementation of the Ohio Improvement Process (OIP) at a high level. The service region of the SSTR1 includes Defiance, Fulton, Hancock, Henry, Lucas, Ottawa, Paulding, Putnam, Sandusky, Seneca, Van Wert, Williams, and Wood Counties. The fiscal agent for the SSTR1 is the Educational Service Center of Lake Erie West. The SSTR1 Executive Director and Single Point of Contact is Lynn McKahan. Contact information is available at [www.sstr1.org](http://www.sstr1.org).

**NOTE 15 - GROUP PURCHASING POOLS**

Ohio School Boards Association Workers' Compensation Group Rating Program - The School District participates in a group rating program (GRP) for workers' compensation as established under Ohio Revised Code Section 4123.29. The Group Rating Program was established through the Ohio School Boards Association (OSBA) as a group insurance purchasing pool. The GRP's business and affairs are conducted by a three member Board of Directors consisting of the President, President-Elect, and Immediate Past President of the OSBA. The Executive Director of the OSBA, or his designee, serves as coordinator of the GRP. Each year, the participating districts pay an enrollment fee to cover the costs of administering the program.

**Antwerp Local School District**  
**Paulding County, Ohio**  
*Notes To The Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2020*

Southwestern Ohio Educational Purchasing Council Medical Benefits Plan - The Southwestern Ohio Educational Purchasing Council Benefit Plan Trust (Trust) is a public entity shared risk pool. The Trust is organized as a Voluntary Employee Benefit Association under Section 501 (c)(9) of the Internal Revenue Code and provides medical, dental and vision insurance benefits to the employees of the participants. The Trust is governed by the Southwestern Ohio Educational Purchasing Cooperative and its participating members. Each participant decides which plan offered by the Trust will be extended to its employees. Participation in the Trust is by written application subject to acceptance by the Trust and payment of the monthly premiums. Financial information may be obtained from the Southwestern Ohio Educational Purchasing Council, Ken Swink, Director, 303 Corporate Center Drive, Suite 208, Vandalia, Ohio 45377.

**NOTE 16 – BUDGETARY BASIS OF ACCOUNTING**

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance - Budget and Actual (Budget Basis) presented for the General Fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and the cash basis are that:

- (a) In order to determine compliance with Ohio law, and to reserve that portion of the applicable appropriation, total outstanding encumbrances (budget basis) are recorded as the equivalent of a disbursement; and,
- (b) Some funds are included in the General Fund (cash basis), but have separate legally adopted budgets (budget basis).

The adjustments necessary to convert the results of operations for the year on the budget basis to the cash basis for the General Fund is as follows:

Net Change in Fund Balance	
	General Fund
Cash Basis	\$ 59,499
Funds Budgeted Elsewhere**	(15,384)
Adjustment for Encumbrances	(86,489)
Budget Basis	\$ (42,374)

\*\* As part of Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting*, certain funds that are legally budgeted in separate special revenue funds are considered part of the General Fund on a cash basis. This includes the Public School Support Fund and Uniform School Supplies Fund.

**NOTE 17 – CONTINGENCIES**

**A. Grants**

The School District received financial assistance from Federal and State agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, the effect of any such disallowed claims on the overall financial position of the School District at June 30, 2020, if applicable, cannot be determined at this time.

**Antwerp Local School District**  
**Paulding County, Ohio**  
*Notes To The Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2020*

**B. *Litigation***

The School District is not party to any claims or lawsuits that would, in the School District’s opinion, have a material effect of the basic financial statements.

**C. *Encumbrance Commitments***

The School District utilizes encumbrance accounting as part of its budgetary controls. Encumbrances outstanding at year end may be reported as part of restricted, committed or assigned classifications of fund balance.

At year end, the School District’s commitments for encumbrances in the governmental funds were as follows:

<u>Fund</u>	<u>Amount</u>
General Fund	\$ 86,489
Nonmajor Governmental Funds	<u>50,127</u>
	<u><u>\$136,616</u></u>

**D. *Contractual Commitments***

At June 30, 2020, the School District had the following outstanding contractual commitments:

<u>Project</u>	<u>Vendor</u>	<u>Contract Amount</u>	<u>Amount Paid</u>	<u>Amount Remaining</u>
Playground Turf	Foreverlawn of Ohio	\$ 39,929	\$ 19,964	\$ 19,965
Storage Building Addition	Garmann/Miller	6,500	6,120	380
Field House Restrooms	Garmann/Miller	8,500	7,856	644
New Roof - Zone 2 & 3	CMS Roofing	58,840	49,932	8,908
Innovation Center Drawing	Garmann/Miller	40,000	20,000	20,000
Paving Project	Loop Asphalt	20,960	0	20,960
Contract Lawn Care	Echen Lawn & Landscape	<u>5,143</u>	<u>3,025</u>	<u>2,118</u>
Total		<u>\$ 179,872</u>	<u>\$ 106,897</u>	<u>\$ 72,975</u>

Based on timing of when contracts are encumbered, contractual commitments identified above may or may not be included in the outstanding encumbrance commitments disclosed in this note.

**E. *School District Foundation***

School district foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. The Ohio Department of Education (ODE) is legislatively required to adjust/reconcile funding as enrollment information is updated by schools throughout the State, which can extend past the fiscal year end. As of this report date, FTE Statement No. 2 was made on November 27, 2020 and resulted in the School District owing ODE \$534. This amount is not recorded on the financial statements.

**Antwerp Local School District**  
**Paulding County, Ohio**  
*Notes To The Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2020*

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**F. Subsequent Events**

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the ensuing emergency measures have impacted the current period and will continue to impact subsequent periods of the School District. Due to the dynamic environment and change in fiscal policies, the exact impact on the School District's future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be reasonably estimated.

**NOTE 18 – INTERFUND LOANS**

During the fiscal year, the District Managed Activities Fund repaid advances from prior year from the General Fund in the amount of \$8,246. In addition, during fiscal year 2020, the General Fund advanced an additional \$2,000 to the District Managed Activities Fund, which was repaid prior to June 30, 2020.

**NOTE 19 – COMPLIANCE**

Ohio Administrative Code Section 117-2-03 requires the School District to prepare its annual financial report in accordance with generally accepted accounting principles. For fiscal year 2020, the School District prepared its financial report on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. This financial report omits assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund equities and disclosures that, while material, cannot be determined at this time. The School District can be fined and various other administrative remedies may be taken against the School District.

**NOTE 20 – TAX ABATEMENTS**

Other governments entered into property tax abatements with property owners under the Ohio Community Reinvestment Area (CRA) program with the taxing district of the School District. The CRA program is derivative incentive tax exemption program benefiting program owners who renovate or construct new buildings. Under this program, the other governments designated areas to encourage revitalization of the existing housing stock and the development of new structures. Within the taxing districts of the School District, Paulding County has entered into such agreements. Under these agreements, the School District's property taxes were reduced by \$3,905 through Paulding County. The School District is not receiving any amounts from these other governments in association with the forgone property tax revenue.

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# OHIO AUDITOR OF STATE KEITH FABER



88 East Broad Street  
Columbus, Ohio 43215  
ContactUs@ohioauditor.gov  
(800) 282-0370

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

Antwerp Local School District  
Paulding County  
303 South Harrmann Road  
Antwerp, Ohio 45813-9574

To the Board of Education:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the cash-basis financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of Antwerp Local School District, Paulding County, Ohio (the School District) as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements and have issued our report thereon dated March 11, 2022, wherein we noted the School District uses a special purpose framework other than generally accepted accounting principles. We also noted the financial impact of COVID-19 and the continuing emergency measures which may impact subsequent periods of the School District.

### ***Internal Control Over Financial Reporting***

As part of our financial statement audit, we considered the School District's internal control over financial reporting (internal control) as a basis for designing audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the School District's internal control. Accordingly, we have not opined on it.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

### ***Compliance and Other Matters***

As part of reasonably assuring whether the School District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the financial statements. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed an instance of noncompliance or other matters we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2020-001.

### ***School District's Response to Finding***

The School District's response to the finding identified in our audit is described in the accompanying schedule of findings. We did not subject the School District's response to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### ***Purpose of this Report***

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the School District's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the School District's internal control and compliance. Accordingly, this report is not suitable for any other purpose.



Keith Faber  
Auditor of State  
Columbus, Ohio

March 11, 2022

ANTWERP LOCAL SCHOOL DISTRICT  
PAULDING COUNTY

SCHEDULE OF FINDINGS  
JUNE 30, 2020

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

FINDING NUMBER 2020-001

**Noncompliance**

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

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

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

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

**Officials' Response:**

Management believes reporting on a basis of accounting other than generally accepted accounting principles (GAAP) is more cost efficient.

# Antwerp Local Schools

303 South Harrmann Road

Antwerp, OH 45813

419-258-5421

FAX: 419-258-4041

Dr. Martin A. Miller  
Superintendent

Travis Lichty  
Middle/High School Principal

Tracey Stokes  
Elementary School Principal

Kristine Stuart  
Treasurer

Board of Education  
Sara Schuette  
President

Jayne Landers  
Vice President

Anita Bok  
Robert Herber  
Dennis Recker

## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS JUNE 30, 2020

Finding Number	Finding Summary	Status	Additional Information
2019-001	This finding was first reported in 2006. Ohio Rev. Code § 117.38 and Ohio Admin. Code § 117-2-03(B) for reporting on a basis other than generally accepted accounting principles.	Not corrected and reissued as Finding 2020-001 in this report.	This finding reoccurred since management believes reporting on a basis of accounting other than generally accepted accounting principles (GAAP) is more cost efficient.

# OHIO AUDITOR OF STATE KEITH FABER



**ANTWERP LOCAL SCHOOL DISTRICT**

**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 3/29/2022**

88 East Broad 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)