



OHIO AUDITOR OF STATE
KEITH FABER



**VILLAGE OF ANTWERP
PAULDING COUNTY
DECEMBER 31, 2018 AND 2017**

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OHIO AUDITOR OF STATE KEITH FABER



One Government Center
Suite 1420
Toledo, Ohio 43604-2246
(419) 245-2811 or (800) 443-9276
NorthwestRegion@ohioauditor.gov

INDEPENDENT AUDITOR'S REPORT

Village of Antwerp
Paulding County
P.O. Box 1046
Antwerp, Ohio 45813-1046

To the Village Council:

Report on the Financial Statements

We have audited the accompanying financial statements of the cash balances, receipts and disbursements by fund type, and related notes of the Village of Antwerp, Paulding County, Ohio (the Village) as of and for the years ended December 31, 2018 and 2017.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

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

As described in Note 2 of the financial statements, the Village prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements.

Although the effects on the financial statements of the variances between the regulatory accounting basis and GAAP are not reasonably determinable, we presume they are material.

Though the Village does not intend these statements to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. Our opinion on this accounting basis is in the *Opinion on Regulatory Basis of Accounting* paragraph below.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2018 and 2017, and the respective changes in financial position or cash flows thereof for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements by fund type, and related notes of the Village of Antwerp, Paulding County, Ohio as of December 31, 2018 and 2017, for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 2.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 30, 2019, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.



Keith Faber
Auditor of State

Columbus, Ohio

May 30, 2019

**VILLAGE OF ANTWERP
PAULDING COUNTY**

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

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
Cash Receipts				
Property and Other Local Taxes	\$48,163	\$198,872		\$247,035
Municipal Income Tax	308,875			308,875
Intergovernmental	42,784	156,727	\$357,643	557,154
Special Assessments		15,827		15,827
Charges for Services		120,443		120,443
Fines, Licenses and Permits	43,870	1,557		45,427
Earnings on Investments	2,798	832		3,630
Miscellaneous	15,187	3,486		18,673
<i>Total Cash Receipts</i>	<u>461,677</u>	<u>497,744</u>	<u>357,643</u>	<u>1,317,064</u>
Cash Disbursements				
Current:				
Security of Persons and Property	3,077	369,661		372,738
Public Health Services		462		462
Leisure Time Activities	37,701			37,701
Community Environment	2,288			2,288
Transportation		51,170		51,170
General Government	159,270	1,855		161,125
Capital Outlay	21,203	99,044	762,608	882,855
Debt Service:				
Principal Retirement		66,607	38,877	105,484
Interest and Fiscal Charges		7,297		7,297
<i>Total Cash Disbursements</i>	<u>223,539</u>	<u>596,096</u>	<u>801,485</u>	<u>1,621,120</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>238,138</u>	<u>(98,352)</u>	<u>(443,842)</u>	<u>(304,056)</u>
Other Financing Receipts (Disbursements)				
Other Debt Proceeds			443,842	443,842
Transfers In		135,500		135,500
Transfers Out	(165,500)			(165,500)
Other Financing Uses		(15,256)		(15,256)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(165,500)</u>	<u>120,244</u>	<u>\$443,842</u>	<u>398,586</u>
<i>Net Change in Fund Cash Balances</i>	72,638	21,892		94,530
<i>Fund Cash Balances, January 1</i>	<u>310,891</u>	<u>361,269</u>		<u>672,160</u>
Fund Cash Balances, December 31				
Restricted		257,367		257,367
Committed	36,882	125,794		162,676
Assigned	119,361			119,361
Unassigned	227,286			227,286
<i>Fund Cash Balances, December 31</i>	<u>\$383,529</u>	<u>\$383,161</u>		<u>\$766,690</u>

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

**VILLAGE OF ANTWERP
PAULDING COUNTY**

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

	Proprietary Fund Type	Fiduciary Fund Type	Totals (Memorandum Only)
	Enterprise	Agency	
Operating Cash Receipts			
Charges for Services	\$742,516		\$742,516
Miscellaneous	10,047		10,047
<i>Total Operating Cash Receipts</i>	<u>752,563</u>		<u>752,563</u>
Operating Cash Disbursements			
Personal Services	244,219		244,219
Transportation	254		254
Contractual Services	199,978		199,978
Supplies and Materials	102,137		102,137
<i>Total Operating Cash Disbursements</i>	<u>546,588</u>		<u>546,588</u>
<i>Operating Income</i>	<u>205,975</u>		<u>205,975</u>
Non-Operating Receipts (Disbursements)			
Intergovernmental	21,160		21,160
Sale of Notes	114,365		114,365
Other Debt Proceeds	20,727		20,727
Miscellaneous	4,003		4,003
Capital Outlay	(38,894)		(38,894)
Principal Retirement	(279,054)		(279,054)
Interest and Other Fiscal Charges	(17,283)		(17,283)
Other Financing Sources	300	\$42,524	42,824
Other Financing Uses	(62)	(46,979)	(47,041)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(174,738)</u>	<u>(4,455)</u>	<u>(179,193)</u>
<i>Income (Loss) before Transfers</i>	31,237	(4,455)	26,782
Transfers In	30,000		30,000
<i>Net Change in Fund Cash Balances</i>	61,237	(4,455)	56,782
<i>Fund Cash Balances, January 1</i>	<u>140,926</u>	<u>7,313</u>	<u>148,239</u>
<i>Fund Cash Balances, December 31</i>	<u>\$202,163</u>	<u>\$2,858</u>	<u>\$205,021</u>

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

**VILLAGE OF ANTWERP
PAULDING COUNTY**

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

Note 1 – Reporting Entity

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

Public Entity Risk Pool

The Village participates in a public entity risk pool, the Public Entities Pool of Ohio (PEP). Note 10 to the financial statements provides additional information for this entity. The Village's management believes these financial statements present all activities for which the Village is financially accountable.

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

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

Fund Accounting

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

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

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

Police Fund This fund receives property tax levy money to provide police services to the Village residents.

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

Pump Station Fund This fund accounts for and reports proceeds from grants and loans from the Ohio Water Development Authority (OWDA) and Ohio Public Works Commission (OPWC) restricted for the Village's pump station project.

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

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

**VILLAGE OF ANTWERP
PAULDING COUNTY**

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

Wastewater Fund This fund accounts for the provision of sanitary sewer services to the Village residents and commercial users.

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

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

Mayor's Court Fund This fund receives fines, bonds, and costs generated by the Mayor's Court. Fine money is disbursed to the State Treasurer, the Village, and Paulding County.

Basis of Accounting

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

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

Budgetary Process

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

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

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

Encumbrances The Ohio Revised Code requires the Village to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year.

A summary of 2018 budgetary activity appears in Note 5.

Deposits and Investments

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

The Village values certificates of deposit at cost.

VILLAGE OF ANTWERP
PAULDING COUNTY

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

Capital Assets

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

Accumulated Leave

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

Fund Balance

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

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

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

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

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

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

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

Note 3 – Deposits

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

**VILLAGE OF ANTWERP
PAULDING COUNTY**

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

	2018
Demand deposits	\$833,164
Certificates of deposit	138,347
Cash on hand	200
Total deposits	\$971,711

Deposits

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

Note 4 – Compliance

Contrary to Ohio law, budgetary expenditures exceeded appropriation authority in the Agency Fund by \$2,800 for the year ended December 31, 2018.

Note 5 – Budgetary Activity

Budgetary activity for the years ending December 31, 2018 follows:

2018 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$461,523	\$461,677	\$154
Special Revenue	640,246	640,444	198
Capital Projects	765,147	801,485	36,338
Enterprise	901,649	943,118	41,469
Agency	42,524	42,524	
Total	\$2,811,089	\$2,889,248	\$78,159

2018 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$396,239	\$396,239	
Special Revenue	611,351	611,352	(\$1)
Capital Projects	801,485	801,485	
Enterprise	881,881	881,881	
Agency	44,179	46,979	(2,800)
Total	\$2,735,135	\$2,737,936	(\$2,801)

The Severance Pay Reserve Fund is legally budgeted as a separate Special Revenue Fund; however, this fund is considered part of the General Fund for financial reporting purposes. General Fund actual disbursements and Special Revenue Fund actual receipts will vary from the financial statements by \$7,200 due to elimination of a transfer from the General Fund into the Special Revenue Severance Pay Reserve Fund.

Note 6 – Taxes

Property Taxes

Real property taxes become a lien on January 1 preceding the October 1 date for which the Council adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are

**VILLAGE OF ANTWERP
PAULDING COUNTY**

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

also reduced for applicable non-business, owner occupancy, and homestead exemption credits and/or homestead and rollback deductions. The financial statements include these credits and/or deduction amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

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

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

Income Taxes

The Village levies a municipal income tax of 1 percent on substantially all earned income arising from employment, residency, or business activities within the Village as well as certain income of residents earned outside of the Village.

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

Note 7 – Debt

Debt outstanding at December 31, 2018 was as follows:

	Principal	Interest Rate
Promissory Notes (short-term)	\$114,368	2%
Promissory Notes (long-term)	183,315	3.1% - 3.2%
Ohio Public Works Commission Loans	226,392	0%
Ohio Water Development Authority Loans	852,319	0% - 2.75%
Total	\$1,376,394	

The short-term promissory notes were used for various purposes including expansion of sewer systems in 1984, the construction of a waste water lift station, and the retirement of sanitary sewer bonds. This note is held by the Antwerp Exchange Bank and matures on October 17, 2019. Sewer revenues have been pledged as collateral for these notes.

The long-term promissory notes were used to purchase a new fire truck in 2015 and a new fire tanker truck in 2016. Semi-annual payments of \$27,733 are required with the fire truck loan which matures on September 15, 2020. Semi-annual payments of \$7,900 are required with the fire tanker truck loan which matures on October 31, 2021. Fire and fire truck levy monies are used to repay these notes.

There are five 20 year non-interest loans from the Ohio Public Works Commission (OPWC). Two of these *loans (CE48M and CT19M) were used to replace waterlines on West Daggett and Stone Streets. Semi-annual payments of \$1,532 and \$1,915 are required with the loans maturing on July 1, 2030. A third loan (CE44O) was used to finance the resurfacing of West Daggett Street. Semi-annual payments of \$354 are required with the final due on January 1, 2032. The fourth loan (CE13P) was used to finance the paving of Cleveland and Washington Streets. Semi-annual payments of \$965 are required with the final due on January 1, 2033. The fifth loan (CE09S) was used to finance the Woodcox Street waterline project. Semi-annual payments of \$2,099 are required with the final payment due on January 1, 2036.

**VILLAGE OF ANTWERP
PAULDING COUNTY**

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

The Village has one 30 year non-interest OPWC loan (CE23N) that was used to finance a waterline replacement along East River Street. Semi-annual payments of \$695 are required with the final payment due on January 1, 2041.

The Village entered into a loan agreement dated July 1, 2017 with the Ohio Public Works Commission (CE18U) for the water treatment plant improvement project. The Village may draw a total of \$87,725 and as of December 31, 2018 the Village has drawn \$1,400. An amortization schedule is not available until the project is completed and all draws have been made. The outstanding principal balance of \$1,400 is included above.

There are three loans from the Ohio Water Development Authority (OWDA). The first loan (4453) was acquired in 2006 for \$866,577 to finance improvements to the Village water towers and water lines. The loan is for 20 years repayable in semi-annual installments of \$28,310 until its maturity date on January 1, 2028.

The second OWDA loan (7273) started in 2016 to finance improvements on the collection pump station and waste water treatment plant improvements. The Village was approved for \$29,610 with scheduled semi-annual payments of \$2,961 for repayment over a 5 year period. However, this loan was paid off and the balance was rolled into part of a new OWDA loan which started in 2018. The new loan was started to finance improvements on the collection pump station and waste water treatment plant improvements. The total amount of proceeds the Village may draw is \$480,218 and as of December 31, 2018 the Village has drawn \$453,439. The non-interest loan will be paid over a 20 year period once all loan proceeds have been drawn. As of December 31, 2018, \$50,000 of this loan was repaid through the OWDA loan principal forgiveness program. This loan was classified as active by OWDA as of December 31, 2018; therefore, there is no amortization schedule available for this loan at this time. The outstanding principal balance of \$403,439 is included above.

A third OWDA loan (8211) started in 2018 to finance a water asset management plan. The total amount of proceeds the Village may draw is \$22,704 and as of December 31, 2018, the Village has drawn \$9,773. The non-interest loan will be paid over a 5 year period once all loan proceeds have been drawn. As of December 31, 2018, \$9,604 of this loan was repaid through the OWDA loan principal forgiveness program. This loan was classified as active by OWDA as of December 31, 2018; therefore, there is no amortization schedule for this loan at this time. The outstanding principal balance of \$169 is included above.

Amortization of the above debt, including \$76,828 interest, is scheduled as follows:

Year ending December 31:	Short-Term	Long-Term	OPWC	
	Promissory Note	Promissory Notes	Loans	OWDA Loans
2019	\$118,943	\$71,266	\$15,119	\$56,621
2020		71,266	15,119	56,621
2021		15,800	15,119	56,621
2022		15,800	15,119	56,621
2023		15,800	15,119	56,621
2024-2028		4,758	75,595	226,484
2029-2033			52,888	
2034-2038			17,442	
2039-2041			3,472	
Total	\$118,943	\$194,690	\$224,992	\$509,589

**VILLAGE OF ANTWERP
PAULDING COUNTY**

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

Note 8 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

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

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent of their gross salaries and the Village contributed an amount equaling 14 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2018.

Ohio Police and Fire Retirement System

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

The Ohio Revised Code also prescribes contribution rates. OP&F participants contributed 12.25 percent of their wages. The Village contributed to OP&F an amount equal to 19.5 percent of full-time police members' wages. The Village has paid all contributions required through December 31, 2018.

Note 9 – Postemployment Benefits

Both OPERS and OP&F offer cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the Traditional Pension Plan and Combined Plan was 0 percent during calendar year 2018. The portion of employer contributions allocation to health care for OPERS members in the Member Directed Plan was 4 percent during calendar year 2018. OP&F contributes 0.5 percent to fund these benefits.

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

Note 10 – Risk Management

The Village is exposed to various risks of property and casualty losses, and injuries to employees.

The Village insures against injuries to employees through the Ohio Bureau of Worker's Compensation.

The Village belongs to the Public Entities Pool of Ohio (PEP), a risk-sharing pool available to Ohio local governments. PEP provides property and casualty coverage for its members. York Insurance Services Group, Inc. (York) functions as the administrator of PEP and provides underwriting, claims, loss control, risk management, and reinsurance services for PEP. PEP is a member of the American Public Entity Excess Pool (APEEP), which is also administered by York. Member governments pay annual contributions to fund PEP. PEP pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

Casualty and Property Coverage

APEEP provides PEP with an excess risk-sharing program. Under this arrangement, PEP retains insured risks up to an amount specified in the contracts. At December 31, 2017, PEP retained \$350,000 for casualty claims and \$100,000 for property claims.

**VILLAGE OF ANTWERP
PAULDING COUNTY**

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

The aforementioned casualty and property reinsurance agreement does not discharge PEP's primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective government.

Financial Position

PEP's financial statements (audited by other auditor's) conform with generally accepted accounting principles, and reported the following assets, liabilities and net position at December 31, 2017 (the latest information available).

	<u>2017</u>
Assets	\$44,452,326
Liabilities	<u>(13,004,011)</u>
Net Position	<u>\$31,448,315</u>

At December 31, 2017, the liabilities above include approximately \$11.8 million of estimated incurred claims payable. The assets above also include approximately \$11.2 million of unpaid claims to be billed. The Pool's membership increased to 527 members in 2017. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2018, the Village's share of these unpaid claims collectible in future years is approximately \$19,000.

Based on discussions with PEP, the expected rates PEP charges to compute member contributions, which are used to pay claims as they become due, are not expected to change significantly from those used to determine the historical contributions detailed below. By contract, the annual liability of each member is limited to the amount of financial contributions required to be made to PEP for each year of membership.

<u>2018 Contributions to PEP</u>
\$29,974

After one year of membership, a member may withdraw on the anniversary of the date of joining PEP, if the member notifies PEP in writing 60 days prior to the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's contribution. Withdrawing members have no other future obligation to PEP. Also upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim occurred or was reported prior to the withdrawal.

Note 11 – Interfund Transfers

Interfund transfers for the year ended December 31, 2018, consisted of the following, as reported on the fund statements:

<u>Fund</u>	<u>Amount</u>
General Fund Transfer Out to:	
Police Fund	\$128,000
Street Lighting Fund	7,500
Wastewater Fund	30,000
Total General Fund Transfers	<u><u>\$165,500</u></u>

**VILLAGE OF ANTWERP
PAULDING COUNTY**

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

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

Note 12 – Subsequent Events

The Village was approved for financial assistance in the amount of \$305,000 through the Ohio Public Works Commission for the S. Main Street/E. Canal Street water line replacement project to be completed in 2019.

**VILLAGE OF ANTWERP
PAULDING COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2017**

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
Cash Receipts				
Property and Other Local Taxes	\$47,181	\$188,203		\$235,384
Municipal Income Tax	326,252			326,252
Intergovernmental	42,941	119,485	\$25,712	188,138
Special Assessments		15,416		15,416
Charges for Services		125,630		125,630
Fines, Licenses and Permits	38,561	1,265		39,826
Earnings on Investments	2,277	772		3,049
Miscellaneous	17,063	26,089		43,152
<i>Total Cash Receipts</i>	<u>474,275</u>	<u>476,860</u>	<u>25,712</u>	<u>976,847</u>
Cash Disbursements				
Current:				
Security of Persons and Property	1,874	352,884		354,758
Public Health Services		287		287
Leisure Time Activities	38,740			38,740
Community Environment	2,411			2,411
Transportation		56,177		56,177
General Government	163,922	2,622		166,544
Capital Outlay	18,860	107,270	29,185	155,315
Debt Service:				
Principal Retirement		101,285		101,285
Interest and Fiscal Charges		11,494		11,494
<i>Total Cash Disbursements</i>	<u>225,807</u>	<u>632,019</u>	<u>29,185</u>	<u>887,011</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>248,468</u>	<u>(155,159)</u>	<u>(3,473)</u>	<u>89,836</u>
Other Financing Receipts (Disbursements)				
Other Debt Proceeds			3,473	3,473
Transfers In		189,000		189,000
Transfers Out	(189,000)			(189,000)
Other Financing Uses		(15,119)		(15,119)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(189,000)</u>	<u>173,881</u>	<u>\$3,473</u>	<u>(11,646)</u>
<i>Net Change in Fund Cash Balances</i>	59,468	18,722		78,190
<i>Fund Cash Balances, January 1</i>	<u>251,423</u>	<u>342,547</u>		<u>593,970</u>
Fund Cash Balances, December 31				
Restricted		250,175		250,175
Committed	29,682	111,094		140,776
Unassigned	281,209			281,209
<i>Fund Cash Balances, December 31</i>	<u>\$310,891</u>	<u>\$361,269</u>		<u>\$672,160</u>

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

**VILLAGE OF ANTWERP
PAULDING COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL PROPRIETARY AND FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2017**

	Proprietary Fund Type	Fiduciary Fund Type	Totals (Memorandum Only)
	Enterprise	Agency	
Operating Cash Receipts			
Charges for Services	\$678,083		\$678,083
Miscellaneous	1,260		1,260
<i>Total Operating Cash Receipts</i>	<u>679,343</u>		<u>679,343</u>
Operating Cash Disbursements			
Personal Services	244,964		244,964
Transportation	1,603		1,603
Contractual Services	185,841		185,841
Supplies and Materials	35,342		35,342
<i>Total Operating Cash Disbursements</i>	<u>467,750</u>		<u>467,750</u>
<i>Operating Income</i>	<u>211,593</u>		<u>211,593</u>
Non-Operating Receipts (Disbursements)			
Intergovernmental	217		217
Sale of Notes	202,464		202,464
Miscellaneous	4,219		4,219
Capital Outlay	(13,461)		(13,461)
Principal Retirement	(372,034)		(372,034)
Interest and Other Fiscal Charges	(20,932)		(20,932)
Other Financing Sources	368	\$44,142	44,510
Other Financing Uses	(272)	(38,883)	(39,155)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(199,431)</u>	<u>5,259</u>	<u>(194,172)</u>
<i>Net Change in Fund Cash Balances</i>	12,162	5,259	17,421
<i>Fund Cash Balances, January 1</i>	<u>128,764</u>	<u>2,054</u>	<u>130,818</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$140,926</u></u>	<u><u>\$7,313</u></u>	<u><u>\$148,239</u></u>

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

**VILLAGE OF ANTWERP
PAULDING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017**

Note 1 – Reporting Entity

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

Public Entity Risk Pool

The Village participates in a public entity risk pool, the Public Entities Pool of Ohio (PEP). Note 10 to the financial statements provides additional information for this entity. The Village's management believes these financial statements present all activities for which the Village is financially accountable.

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

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

Fund Accounting

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

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

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

Police Fund This fund receives property tax levy money to provide police services to the Village residents.

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

Community Development Block Grant (CDBG) Fire Roof Fund This fund accounts for and reports proceeds of CDBG grant monies from the State of Ohio restricted for repair of the Village's fire department roof.

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

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

Wastewater Fund This fund accounts for the provision of sanitary sewer services to the Village residents and commercial users.

**VILLAGE OF ANTWERP
PAULDING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017
(Continued)**

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

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

Mayor's Court Fund This fund receives fines, bonds, and costs generated by the Mayor's Court. Fine money is disbursed to the State Treasurer, the Village, and Paulding County.

Basis of Accounting

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

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

Budgetary Process

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

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

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

Encumbrances The Ohio Revised Code requires the Village to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year.

A summary of 2017 budgetary activity appears in Note 5.

Deposits and Investments

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

The Village values certificates of deposit at cost.

Capital Assets

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

VILLAGE OF ANTWERP
PAULDING COUNTY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017
(Continued)

Accumulated Leave

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

Fund Balance

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

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

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

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

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

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

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

Note 3 – Deposits

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

	2017
Demand deposits	\$684,310
Certificates of deposit	135,889
Cash on hand	200
Total deposits	<u>\$820,399</u>

**VILLAGE OF ANTWERP
PAULDING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017
(Continued)**

Deposits

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

Note 4 – Compliance

Contrary to Ohio law, budgetary expenditures exceeded appropriation authority in the Agency Fund by \$4,576 for the year ended December 31, 2017.

Note 5 – Budgetary Activity

Budgetary activity for the years ending December 31, 2017 follows:

2017 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$409,975	\$474,275	\$64,300
Special Revenue	639,720	695,542	55,822
Capital Projects	844,300	29,185	(815,115)
Enterprise	963,470	886,611	(76,859)
Agency	35,000	44,142	9,142
Total	<u>\$2,892,465</u>	<u>\$2,129,755</u>	<u>(\$762,710)</u>

2017 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$453,482	\$444,489	\$8,993
Special Revenue	647,140	647,138	2
Capital Projects	29,185	29,185	
Enterprise	885,333	874,449	10,884
Agency	34,307	38,883	(4,576)
Total	<u>\$2,049,447</u>	<u>\$2,034,144</u>	<u>\$15,303</u>

The Severance Pay Reserve Fund is legally budgeted as a separate Special Revenue Fund; however, this fund is considered part of the General Fund for financial reporting purposes. General Fund actual disbursements and Special Revenue Fund actual receipts will vary from the financial statements by \$29,682 due to elimination of a transfer from the General Fund into the Special Revenue Severance Pay Reserve Fund.

Note 6 – Taxes

Property Taxes

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

**VILLAGE OF ANTWERP
PAULDING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017
(Continued)**

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

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

Income Taxes

The Village levies a municipal income tax of 1 percent on substantially all earned income arising from employment, residency, or business activities within the Village as well as certain income of residents earned outside of the Village.

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

Note 7 – Debt

Debt outstanding at December 31, 2017 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Promissory Notes (short-term)	\$202,464	2%
Promissory Notes (long-term)	247,267	3.1% - 3.2%
Ohio Public Works Commission Loans	240,154	0%
Ohio Water Development Authority Loans	512,822	0% - 2.75%
Total	<u>\$1,202,707</u>	

The short-term promissory notes were used for various purposes including expansion of the water and sewer systems in 1984, water plant improvements, and the construction of a waste water lift station and the retirement of sanitary sewer bonds. These notes are held by the Antwerp Exchange Bank and mature at various dates throughout 2017. Water and sewer revenues have been pledged as collateral for these notes.

The long-term promissory notes were used to make improvements to the storm sewer in 1984, purchase a new fire truck in 2015, and a new fire tanker truck in 2016. These are held by the Antwerp Exchange Bank. Semi-annual payments of \$13,169 are required with the storm sewer loan which was paid off in 2017. Semi-annual payments of \$27,733 are required with the fire truck loan which matures on September 15, 2020. Semi-annual payments of \$7,900 are required with the fire tanker truck loan which matures on October 31, 2026. Fire and fire truck levy monies are used to repay these notes.

There are six 20 year non-interest loans from the Ohio Public Works Commission (OPWC). Two of these loans (CE48M and CT19M) were used to replace waterlines on West Daggett and Stone Streets. Semi-annual payments of \$1,532 and \$1,915 are required with the loans maturing on July 1, 2030. A third loan (CE924) was used to finance water line replacements on North Main Street. Semi-annual payments of \$1,523 are required with the loan being paid off in 2017. A fourth loan (CE44O) was used to finance the resurfacing of West Daggett Street. Semi-annual payments of \$354 are required with the final due on January 1, 2032. The fifth loan (CE13P) was used to finance the paving of Cleveland and Washington Streets. Semi-annual payments of \$965 are required with the final due on January 1, 2033. The sixth loan (CE09S) was used to finance the Woodcox Street waterline project. Semi-annual payments of \$2,099 are required with the final payment due on January 1, 2036.

The Village has one 30 year non-interest OPWC loan (CE29N) that was used to finance a waterline replacement along East River Street. Semi-annual payments of \$695 are required with the final payment due on January 1, 2041.

**VILLAGE OF ANTWERP
PAULDING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017
(Continued)**

The Village entered into a loan agreement dated July 1, 2017 with the Ohio Public Works Commission (CE18U) for the water treatment plant improvement project. The Village may draw a total of \$87,725 and as of December 31, 2017, the Village has drawn \$43. An amortization schedule is not available until the project is completed and all draws have been made. The outstanding principal balance of \$43 is included above.

There are two loans from the Ohio Water Development Authority (OWDA). The first loan (4453) was acquired in 2006 for \$866,577 to finance improvements to the Village water towers and water lines. The loan is for 20 years repayable in semi-annual installments of \$28,310 until its maturity date on January 1, 2028. The second loan (7273) started in 2016 to finance improvements on the collection pump station and waste water treatment plant improvements. The Village has been approved for up to \$29,610 and is for 5 years repayable in semi-annual installments of \$2,961.

The Village obtained a \$74,000 lease from Ferno Financial Services for emergency medical service (EMS) cots and lift chairs. The lease is for two years with semi-annual payments of \$19,437. This lease was paid off during 2017.

Amortization of the above debt, including \$96,854 interest, is scheduled as follows:

Year ending December 31:	Short-Term Promissory Notes	Long-Term Promissory Notes	OPWC Loans	OWDA Loans
2018	\$206,514	\$71,266	\$15,119	\$59,582
2019		71,266	15,119	62,543
2020		71,266	15,119	62,543
2021		15,800	15,119	62,543
2022		15,800	15,119	56,621
2023-2027		20,558	75,595	283,105
2028-2032			61,454	
2033-2037			22,606	
2038-2041			4,861	
Total	<u>\$206,514</u>	<u>\$265,956</u>	<u>\$240,111</u>	<u>\$586,937</u>

Note 8 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

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

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent of their gross salaries and the Village contributed an amount equaling 14 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2017.

Ohio Police and Fire Retirement System

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

The Ohio Revised Code also prescribes contribution rates. OP&F participants contributed 12.25 percent of their wages. The Village contributed to OP&F an amount equal to 19.5 percent of full-time police members' wages. The Village has paid all contributions required through December 31, 2017.

**VILLAGE OF ANTWERP
PAULDING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017
(Continued)**

Note 9 – Postemployment Benefits

Both OPERS and OP&F offer cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the Traditional Pension Plan and Combined Plan was 1.0 percent during calendar year 2017. OP&F contributes 0.5 percent to fund these benefits.

Note 10 – Risk Management

The Village is exposed to various risks of property and casualty losses, and injuries to employees.

The Village insures against injuries to employees through the Ohio Bureau of Worker's Compensation.

The Village belongs to the Public Entities Pool of Ohio (PEP), a risk-sharing pool available to Ohio local governments. PEP provides property and casualty coverage for its members. York Insurance Services Group, Inc. (York) functions as the administrator of PEP and provides underwriting, claims, loss control, risk management, and reinsurance services for PEP. PEP is a member of the American Public Entity Excess Pool (APEEP), which is also administered by York. Member governments pay annual contributions to fund PEP. PEP pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

Casualty and Property Coverage

APEEP provides PEP with an excess risk-sharing program. Under this arrangement, PEP retains insured risks up to an amount specified in the contracts. At December 31, 2017, PEP retained \$350,000 for casualty claims and \$100,000 for property claims.

The aforementioned casualty and property reinsurance agreement does not discharge PEP's primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective government.

Financial Position

PEP's financial statements (audited by other auditor's) conform with generally accepted accounting principles, and reported the following assets, liabilities and net position at December 31, 2017.

	<u>2017</u>
Assets	\$44,452,326
Liabilities	<u>(13,004,011)</u>
Net Position	<u>\$31,448,315</u>

At December 31, 2017, the liabilities above include approximately \$11.8 million of estimated incurred claims payable. The assets above also include approximately \$11.2 million of unpaid claims to be billed. The Pool's membership increased to 527 members in 2017. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2017, the Village's share of these unpaid claims collectible in future years is approximately \$19,000.

Based on discussions with PEP, the expected rates PEP charges to compute member contributions, which are used to pay claims as they become due, are not expected to change significantly from those used to determine the historical contributions detailed below. By contract, the annual liability of each member is limited to the amount of financial contributions required to be made to PEP for each year of membership.

VILLAGE OF ANTWERP
PAULDING COUNTY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017
(Continued)

<u>2017 Contributions to PEP</u>
\$30,098

After one year of membership, a member may withdraw on the anniversary of the date of joining PEP, if the member notifies PEP in writing 60 days prior to the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's contribution. Withdrawing members have no other future obligation to PEP. Also upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim occurred or was reported prior to the withdrawal.

Note 11 – Interfund Transfers

Interfund transfers for the year ended December 31, 2017, consisted of the following, as reported on the fund statements:

<u>Fund</u>	<u>Amount</u>
General Fund Transfer Out to:	
Police Fund	\$179,000
Fire Fund	10,000
Total General Fund Transfers	<u>\$189,000</u>

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

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OHIO AUDITOR OF STATE KEITH FABER



One Government Center
Suite 1420
Toledo, Ohio 43604-2246
(419) 245-2811 or (800) 443-9276
NorthwestRegion@ohioauditor.gov

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

Village of Antwerp
Paulding County
P.O. Box 1046
Antwerp, Ohio 45813-1046

To the Village Council:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the cash balances, receipts and disbursements by fund type of the Village of Antwerp, Paulding County, Ohio (the Village) as of and for the years ended December 31, 2018 and 2017, and the related notes to the financial statements and have issued our report thereon dated May 30, 2019, wherein we noted the Village followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings that we consider a material weakness. We consider finding 2018-002 to be a material weakness.

Compliance and Other Matters

As part of reasonably assuring whether the Village's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed 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 2018-001.

Village's Response to Findings

The Village's responses to the findings identified in our audit are described in the accompanying schedule of findings. We did not subject the Village's responses to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

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



Keith Faber
Auditor of State

Columbus, Ohio

May 30, 2019

**VILLAGE OF ANTWERP
PAULDING COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2018 AND 2017**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2018-001

Noncompliance Citation

Ohio Rev. Code § 5705.41(B) prohibits a subdivision or taxing authority unit from making any expenditure of money unless it has been appropriated in accordance with the Ohio Revised Code.

Due to inadequate policies and procedures in approving and reviewing budget versus actual information, the Village's Agency Fund had expenditures in excess of appropriations of \$2,800 and \$4,576, as of December 31, 2018 and 2017, respectively.

Failure to have adequate appropriations in place at the time expenditures are made could cause expenditures to exceed available resources, further resulting in deficit spending practices.

Village Council should frequently review expenditures and appropriations. In addition, the necessary appropriation amendments should be made, if possible, to reduce the possibility of expenditures exceeding appropriations. The Fiscal Officer should deny payment requests exceeding appropriations when appropriations are inadequate to cover the expenditures.

Officials' Response:

The Fiscal Officer and the Mayor's Court Clerk are working together and taking steps to correct this.

FINDING NUMBER 2018-002

Material Weakness – Financial Reporting

In our engagement letter, as required by AU-C Section 210, *Terms of Engagement*, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error as discussed in AU-C Section 210 paragraphs .A14 & .A16. In addition, Governmental Accounting Standards Board (GASB) Statement No. 54 (codified as GASB Cod 1800.165-.179) requires fund balance be divided into one of five classifications based on the extent to which constraints are imposed upon the resources. The following errors were identified in the accompanying 2018 and 2017 financial statements:

- In 2018, General Fund subsequent year appropriations in excess of estimated receipts were incorrectly classified as unassigned instead of assigned fund balance by \$119,361.
- In 2018 and 2017, the Village's Severance Pay Reserve Fund was incorrectly reported in the Special Revenue Fund instead of the General Fund to comply with GASB 54, which overstated the Special Revenue Fund restricted balance and understated the General Fund committed balance by \$36,882 and \$29,682, respectively.
- In 2018 and 2017, principal retirement of \$172,662 and \$229,819, respectively, were incorrectly classified as interest and other fiscal charges in the Enterprise Wastewater Fund.
- In 2018 and 2017, Ohio Water Development Authority (OWDA) and Ohio Public Works Commission (OPWC) loan proceeds totaling \$434,069 and \$3,473, respectively, were incorrectly classified as sale of notes instead of other debt proceeds in the Capital Projects Fund.

- In 2018, OPWC on-behalf activity was incorrectly posted by the Village when it should have been recorded in 2017. This resulted in intergovernmental revenue and capital outlay to be overstated in the Capital Projects Fund by \$3,493 in 2018 and financial activity to be understated by the same amount in 2017.
- In 2018, Budgeted Receipts in the budgetary note to the financial statements did not agree to amounts certified by the County Budget Commission by \$45,948, \$197,014, and \$7,524 in the General, Capital Projects, and Agency Funds, respectively.
- In 2017, Budgeted Receipts in the budgetary note to the financial statements did not agree to amounts certified by the County Budget Commission by \$20,000 in the Capital Projects Funds.
- In 2018, Actual Receipts in the budgetary note to the financial statements were understated by \$41,454 in the Enterprise Funds.
- In 2017, Actual Receipts in the budgetary note to the financial statements were understated by \$474,203 and \$3,493 in the General and Capital Projects Funds, respectively.
- In 2018, Appropriation Authority in the budgetary note to the financial statements did not agree to amounts approved by \$41,454 and \$39,762 in the Enterprise and Agency Funds, respectively.
- In 2017, Appropriation Authority in the budgetary note to the financial statements did not agree to amounts approved by \$3,493 in the Capital Projects Funds.
- In 2018, Budgetary Expenditures in the budgetary note to the financial statements were understated by \$41,454 and \$40,000 in the Enterprise and Agency Funds, respectively.
- In 2017, Budgetary Expenditures in the budgetary note to the financial statements were understated by \$23,493 in the Capital Projects Funds.

These errors were the result of inadequate policies and procedures in reviewing the financial statements. As a result, the Village's financial statements and notes to the financial statements did not correctly reflect the financial activity of the Village. The accompanying financial statements and notes to the financial statements have been adjusted to correct these and other errors. Additional errors were noted in smaller relative amounts.

To help ensure the Village's financial statements and notes to the statements are complete and accurate, the Village should adopt policies and procedures, including a final review of the statements and notes by the Fiscal Officer and Council, to identify and correct errors and omissions. In addition, the Fiscal Officer should also review the Auditor of State's Village Handbook which contains a chart of accounts as well as Bulletin 2011-004 for guidance on GASB Statement No. 54.

Officials' Response:

The Fiscal Officer and the Accounting Software Provider are taking steps to correct the mapping of transactions to the financial statements and the notes to the financial statements to ensure amounts are properly reported.

VILLAGE OF ANTWERP, OHIO
PAULDING COUNTY
P.O. Box 1046
Antwerp, Ohio 45813-1046

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2018 AND 2017

Finding Number	Finding Summary	Status	Additional Information
2016-001	Material weakness and noncompliance on Ohio Rev. Code 5705.10(D) for monies posted to incorrect funds.	Corrective action taken and finding is fully corrected.	
2016-002	Ohio Water Development Authority (OWDA) Loan Agreement § 4.3 for not charging sufficient rates to generate adequate revenues to cover debt payments and water operating costs.	Corrective action taken and finding is fully corrected.	
2016-003	This finding was first reported in 2009. Material weakness for lack of monitoring of financial transactions resulting in errors in the financial statements.	Not corrected and reissued as finding 2018-002 in this report.	The Village Officials are aware of this issue and are taking steps to correct it. The Fiscal Officer plans to review future postings of financial activity to make sure they are properly reported in the accounting ledgers and financial statements.

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OHIO AUDITOR OF STATE
KEITH FABER



VILLAGE OF ANTWERP

PAULDING COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
JUNE 20, 2019