



**VILLAGE OF ATTICA
SENECA COUNTY
Regular Audit
For the Years Ended December 31, 2018 and 2017**

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Vienna, WV 26105
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KEITH FABER



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Members of Council
Village of Attica
20 S. Main Street
Attica, OH 44807

We have reviewed the *Independent Auditor's Report* of the Village of Attica, Seneca County, prepared by Perry & Associates, Certified Public Accountants, A.C., for the audit period January 1, 2017 through December 31, 2018. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Village of Attica is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Keith Faber".

Keith Faber
Auditor of State
Columbus, Ohio

September 6, 2019

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VILLAGE OF ATTICA
SENECA COUNTY

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INDEPENDENT AUDITOR'S REPORT

June 21, 2019

Village of Attica
Seneca County
20 S. Main Street
Attica, OH 44807

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 Attica**, Seneca County, (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 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.

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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 Attica, Seneca County as of December 31, 2018 and 2017, and 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 June 21, 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.



Perry and Associates
Certified Public Accountants, A.C.
Marietta, Ohio

**VILLAGE OF ATTICA
SENECA COUNTY**

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

	<u>General</u>	<u>Special Revenue</u>	<u>Totals (Memorandum Only)</u>
Cash Receipts			
Property and Other Local Taxes	\$ 32,257	\$ 92,599	\$ 124,856
Intergovernmental	47,574	49,552	97,126
Charges for Services	-	6,558	6,558
Fines, Licenses and Permits	20	5,610	5,630
Earnings on Investments	578	194	772
Miscellaneous	4,704	14,320	19,024
<i>Total Cash Receipts</i>	<u>85,133</u>	<u>168,833</u>	<u>253,966</u>
Cash Disbursements			
Current:			
Security of Persons and Property	17,215	95,390	112,605
Leisure Time Activities	1,066	30,257	31,323
Transportation	-	40,170	40,170
General Government	54,665	-	54,665
Debt Service:			
Principal Retirement	4,836	1,527	6,363
Interest and Fiscal Charges	3,251	1,027	4,278
<i>Total Cash Disbursements</i>	<u>81,033</u>	<u>168,371</u>	<u>249,404</u>
<i>Excess of Receipts Over Disbursements</i>	<u>4,100</u>	<u>462</u>	<u>4,562</u>
Other Financing Receipts (Disbursements)			
Advances In	25,000	35,000	60,000
Advances Out	(35,000)	(25,000)	(60,000)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(10,000)</u>	<u>10,000</u>	<u>-</u>
<i>Net Change in Fund Cash Balances</i>	(5,900)	10,462	4,562
<i>Fund Cash Balances, January 1</i>	<u>119,599</u>	<u>112,455</u>	<u>232,054</u>
Fund Cash Balances, December 31			
Restricted	-	122,917	122,917
Unassigned	113,699	-	113,699
<i>Fund Cash Balances, December 31</i>	<u>\$ 113,699</u>	<u>\$ 122,917</u>	<u>\$ 236,616</u>

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

**VILLAGE OF ATTICA
SENECA COUNTY**

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

	Enterprise
Operating Cash Receipts:	
Charges for Services	\$ 753,811
<i>Total Operating Cash Receipts</i>	753,811
Operating Cash Disbursements:	
Personal Services	130,593
Employee Fringe Benefits	58,515
Contractual Services	129,526
Supplies and Materials	118,166
<i>Total Operating Cash Disbursements</i>	436,800
<i>Operating Income</i>	317,011
Non-Operating Cash Receipts (Disbursements):	
Miscellaneous Receipts	602
Capital Outlay	(18,548)
Principal Retirement	(87,776)
Interest and Other Fiscal Charges	(124,086)
<i>Total Non-Operating Cash Receipts (Disbursements)</i>	(229,808)
<i>Net Change in Fund Cash Balances</i>	87,203
<i>Fund Cash Balances, January 1</i>	729,626
<i>Fund Cash Balances, December 31</i>	\$ 816,829

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

Village of Attica, Ohio
Seneca County
Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 1 - Reporting Entity

The Village of Attica (the Village), Seneca 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. The Village operates under a council/mayor form of government. Elected officials include six council members, and a Mayor. The Village provides general government services, including maintenance of Village streets. The Attica-Venice-Reed Fire District provides fire protection and the Attica-Venice-Reed EMS services (each is its own separate entity, not governed by the Village of Attica).

Public Entity Risk Pools

The Village participates in a public entity risk pool. Note 7 to the financial statements provides additional information for this entity. This organization is:

Public Entity Risk Pool:

The Village belongs to the Public Entities Pool of Ohio (PEP), a risk-sharing pool available to Ohio local governments.

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 Funds:

Street Construction Maintenance and Repair This fund receives gasoline tax monies from the State of Ohio for construction and repair of Village streets.

State Highway Fund Monies from gas tax revenue to fund Village State highways (US RTE. 224 and S. R. 4) for construction and repair of Village streets.

Parks and Recreation Fund This fund received monies from two separate voted levy millage for the operations and maintenance of the Village's parks.

Permissive Motor Vehicle License Tax This fund receives State and Local monies from approved vehicle license fees and is used for street construction and repairs.

Village of Attica, Ohio
Seneca County
Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 2 - Summary of Significant Accounting Policies (Continued)

Police Levy Fund This fund receives tax monies from two separate voted levy millage for police protection. And: Police Law Enforcement Training: for training of law enforcement employees of the Village of Attica.

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 Operations Fund This fund accounts for the provision of water treatment and distribution to the residents of Attica, Caroline, and Siam and commercial users located within the Village.

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

Water Capital Fund This fund provides for water enterprise improvements.

Sewer Capital Fund This fund provides for sanitary sewer enterprise improvements. Just recently (2017) completion of a 3 lagoon wastewater facility and the repayment of debt to the Ohio Public Works Commission for the construction of the lagoons from an OPWC loan. Grants were obtained in 2016 from CDBG and OPWC to aid in the construction costs.

Water Debt Service Fund This fund pays the debt of the Village for the water treatment, supply, distribution system to the USDA/RD Agency from monies loan to the Village for construction. These loans will be retired in years 2047 and 2048.

Water Debt Reserve Fund This fund (from service charges from resident's/water consumers) is a set-aside fund to accumulate for a ten-year period, monies needed to make the last years' payments of the USDA/RD water system loan. Retires in years 2047 and 2048. Once accumulated after ten years, the monies revert back into the water operations fund. These monies can be used (with USDA/RD approval) for water enterprise improvements, if needed.

Enterprise Reserve Fund Surplus funds from water operations to pay for water enterprise improvements, when the Village feels it has ample surplus monies to do so.

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 be budgeted annually.

Village of Attica, Ohio
Seneca County
Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 2 - Summary of Significant Accounting Policies (Continued)

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

A summary of 2018 budgetary activity appears in Note 3.

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. Interest on Certificates of Deposit and Checking Account earned is recognized and recorded when received. All investments are approved by Council.

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.

Village of Attica, Ohio
Seneca County
Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 2 - Summary of Significant Accounting Policies (Continued)

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 - Budgetary Activity

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

2018 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 100,278	\$ 85,133	\$ (15,145)
Special Revenue	195,746	168,833	(26,913)
Enterprise	757,672	754,413	(3,259)
Total	\$ 1,053,696	\$ 1,008,379	\$ (45,317)

2018 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 100,278	\$ 81,033	\$ 19,245
Special Revenue	195,746	168,371	27,375
Enterprise	757,672	667,210	90,462
Total	\$ 1,053,696	\$ 916,614	\$ 137,082

Village of Attica, Ohio
Seneca County
Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 4 – Deposits and Investments

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

	<u>2018</u>
Demand deposits	\$ 923,445
Certificates of deposit	<u>130,000</u>
Total deposits	<u>\$ 1,053,445</u>

Deposits

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

Note 5 – Taxes

Property Taxes

Real property taxes become a lien on January 1 preceding the October 1 date for which the Council adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. The financial statements include homestead and rollback 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.

Note 6 – Interfund Balances

Advances

Outstanding advances at December 31, 2018 consisted of \$10,000 advanced to Police Operations fund to provide working capital for operations. This has since been repaid.

Note 7 - 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.

Village of Attica, Ohio
Seneca County
Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 7 - Risk Management (Continued)

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, 2018, 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, 2018.

	<u>2018</u>
Assets	\$44,452,326
Liabilities	(13,004,011)
Net Position	\$31,448,315

At December 31, 2018 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 2018. 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 \$13,000.

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> \$37,950
--

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 8 - Defined Benefit Pension Plans

Ohio Public Employees Retirement System

Some 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.

Village of Attica, Ohio
Seneca County
Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 8 - Defined Benefit Pension Plans (Continued)

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

Ohio Police and Fire Retirement System

Some of the Village's certified Fire Fighters and 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% of their wages. The Village contributed to OP&F an amount equal to 19.5% 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 members in the Traditional Pension Plan and Combined Plan was 4.0 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 – Debt

Debt outstanding at December 31, 2018 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Village Hall Loan	\$ 126,352	3.3%
Water System USDA Series A	2,154,802	4.3%
Water System USDA Series B	442,601	4.5%
Water System USDA Series 2007	198,801	4.1%
OPWC CP32I	23,493	0.0%
OPWC CT58H	45,765	0.0%
OPWC CT67R	1,730,966	0.0%
OWDA 5589	116,194	2.0%
Total	<u>\$ 4,838,974</u>	

The Village Hall Loan relates to a loan from Sutton Bank to construct the new Village Hall. The loan is paid in monthly installments of \$887 including interest at a rate of 3.3% over 30 years.

USDA Series A loan relates to the construction and maintenance of the Village water supply and treatment. The loan is paid in yearly installments of \$128,000 including interest at a rate of 4.3% over 40 years.

Village of Attica, Ohio
Seneca County
Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 10 – Debt (Continued)

USDA Series B loan relates to the construction and maintenance of the Village water supply and treatment. The loan is paid in yearly installments of \$27,000 including interest at a rate of 4.5% over 40 years.

USDA Series 2007 loan relates to the construction and maintenance of the Village water supply and treatment. The loan is paid in yearly installments of \$11,000 including interest at a rate of 4.1% over 40 years.

The OPWC Loan CP32I relates to the Mill Street waterline replacement project. The loan will be repaid in semiannual installments of \$1,567 at an interest rate of 0% over 20 years.

The OPWC Loan CT58H relates to the improvement and construction of a wastewater treatment plant. The loan will be repaid in semiannual installments of \$1,990 at an interest rate of 0% over 20 years.

The OPWC Loan CT67R relates to the improvement and construction of a wastewater treatment plant. The loan will be repaid in semiannual installments of \$29,338 at an interest rate of 0% over 30 years.

The OWDA Loan 5589 relates to the improvement and construction of a wastewater treatment plant. The loan will be repaid in semiannual installments of \$3,337 including interest at a rate of 2.0% over 30 years. The loan is collateralized by water and sewer receipts. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

Amortization

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

Year ending December 31:	Village Hall Loan	USDA Series A	USDA Series B	USDA Series 2007
2019	\$ 10,641	\$ 128,379	\$ 27,217	\$ 11,901
2020	10,641	128,415	27,089	11,848
2021	10,641	128,483	27,251	11,891
2022	10,641	128,379	27,091	11,826
2023	10,641	128,407	27,222	59,417
2024-2028	53,205	642,165	135,897	59,462
2029-2033	31,923	642,132	135,819	59,322
2034-2038	-	642,102	135,850	59,445
2039-2043	-	642,159	135,857	59,399
2044-2048	-	642,093	135,900	-
Total	<u>\$ 138,333</u>	<u>\$ 3,852,714</u>	<u>\$ 815,193</u>	<u>\$ 344,511</u>

Village of Attica, Ohio
Seneca County
Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 10 – Debt (Continued)

Year ending December 31:	<u>OPWC CP32I</u>	<u>OPWC CT58H</u>	<u>OPWC CT67R</u>	<u>OWDA 5589</u>
2019	\$ 3,132	\$ 3,979	\$ 29,338	\$ 6,674
2020	3,132	3,979	58,676	6,674
2021	3,132	3,979	58,676	6,674
2022	3,132	3,979	58,676	6,674
2023	3,132	3,979	58,676	6,674
2024-2028	7,833	19,897	293,384	33,367
2029-2033	-	5,970	293,384	33,367
2034-2038	-	-	293,385	33,367
2039-2043	-	-	293,385	10,010
2044-2048	-	-	293,386	-
Total	<u>\$ 23,493</u>	<u>\$ 45,765</u>	<u>\$ 1,730,966</u>	<u>\$ 143,480</u>

Note 11 – Contingent Liabilities

Management believes there is a potential lawsuit from a resident over the current flat rate of sewer rate being charged to that residence. This began in year 2016 and has not progressed any further at this point that we are aware of. We believe that the resolution of this matter will not materially or adversely affect the Village's financial condition.

**VILLAGE OF ATTICA
SENECA COUNTY**

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

	<u>General</u>	<u>Special Revenue</u>	<u>Totals (Memorandum Only)</u>
Cash Receipts			
Property and Other Local Taxes	\$ 36,572	\$ 99,150	\$ 135,722
Intergovernmental	41,108	44,768	85,876
Charges for Services	-	9,111	9,111
Fines, Licenses and Permits	40	14,847	14,887
Earnings on Investments	502	171	673
Miscellaneous	2,993	5,802	8,795
<i>Total Cash Receipts</i>	<u>81,215</u>	<u>173,849</u>	<u>255,064</u>
Cash Disbursements			
Current:			
Security of Persons and Property	16,285	99,242	115,527
Public Health Services	1,974	-	1,974
Leisure Time Activities	-	28,371	28,371
Transportation	-	51,946	51,946
General Government	53,036	-	53,036
Capital Outlay	-	8,750	8,750
Debt Service:			
Principal Retirement	4,680	1,480	6,160
Interest and Fiscal Charges	3,408	1,074	4,482
<i>Total Cash Disbursements</i>	<u>79,383</u>	<u>190,863</u>	<u>270,246</u>
<i>Net Change in Fund Cash Balances</i>	1,832	(17,014)	<u>(15,182)</u>
<i>Fund Cash Balances, January 1</i>	<u>117,767</u>	<u>129,469</u>	<u>247,236</u>
Fund Cash Balances, December 31			
Restricted	-	112,455	112,455
Unassigned	119,599	-	119,599
<i>Fund Cash Balances, December 31</i>	<u>\$ 119,599</u>	<u>\$ 112,455</u>	<u>\$ 232,054</u>

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

**VILLAGE OF ATTICA
SENECA COUNTY**

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

	Enterprise
Operating Cash Receipts:	
Charges for Services	\$ 752,518
<i>Total Operating Cash Receipts</i>	752,518
Operating Cash Disbursements:	
Personal Services	124,965
Employee Fringe Benefits	56,220
Contractual Services	134,190
Supplies and Materials	114,137
<i>Total Operating Cash Disbursements</i>	429,512
<i>Operating Income</i>	323,006
Non-Operating Cash Receipts (Disbursements):	
Intergovernmental	137,124
Miscellaneous Receipts	4,147
Capital Outlay	(178,026)
Principal Retirement	(57,876)
Interest and Other Fiscal Charges	(126,010)
<i>Total Non-Operating Cash Receipts (Disbursements)</i>	(220,641)
<i>Net Change in Fund Cash Balances</i>	102,365
<i>Fund Cash Balances, January 1</i>	627,261
<i>Fund Cash Balances, December 31</i>	\$ 729,626

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

Village of Attica, Ohio
Seneca County
Notes to the Financial Statements
For the Year Ended December 31, 2017

Note 1 - Reporting Entity

The Village of Attica (the Village), Seneca 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. The Village operates under a council/mayor form of government. Elected officials include six council members, and a Mayor. The Village provides general government services, including maintenance of Village streets. The Attica-Venice-Reed Fire District provides fire protection and the Attica-Venice-Reed EMS services (each is its own separate entity, not governed by the Village of Attica).

Public Entity Risk Pools

The Village participates in a public entity risk pool. Note 6 to the financial statements provides additional information for this entity. This organization is:

Public Entity Risk Pool:

The Village belongs to the Public Entities Pool of Ohio (PEP), a risk-sharing pool available to Ohio local governments.

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 Funds:

Street Construction Maintenance and Repair This fund receives gasoline tax monies from the State of Ohio for construction and repair of Village streets.

State Highway Fund Monies from gas tax revenue to fund Village State highways (US RTE. 224 and S. R. 4) for construction and repair of Village streets.

Parks and Recreation Fund This fund received monies from two separate voted levy millage for the operations and maintenance of the Village's parks.

Permissive Motor Vehicle License Tax This fund receives State and Local monies from approved vehicle license fees and is used for street construction and repairs.

Village of Attica, Ohio
Seneca County
Notes to the Financial Statements
For the Year Ended December 31, 2017

Note 2 - Summary of Significant Accounting Policies (Continued)

Police Levy Fund This fund receives tax monies from two separate voted levy millage for police protection. And: Police Law Enforcement Training: for training of law enforcement employees of the Village of Attica.

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 Operations Fund This fund accounts for the provision of water treatment and distribution to the residents of Attica, Caroline, and Siam and commercial users located within the Village.

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

Water Capital Fund This fund provides for water enterprise improvements.

Sewer Capital Fund This fund provides for sanitary sewer enterprise improvements. Just recently (2017) completion of a 3 lagoon wastewater facility and the repayment of debt to the Ohio Public Works Commission for the construction of the lagoons from an OPWC loan. Grants were obtained in 2016 from CDBG and OPWC to aid in the construction costs.

Water Debt Service Fund This fund pays the debt of the Village for the water treatment, supply, distribution system to the USDA/RD Agency from monies loan to the Village for construction. These loans will be retired in years 2047 and 2048.

Water Debt Reserve Fund This fund (from service charges from resident's/water consumers) is a set-aside fund to accumulate for a ten-year period, monies needed to make the last years' payments of the USDA/RD water system loan. Retires in years 2047 and 2048. Once accumulated after ten years, the monies revert back into the water operations fund. These monies can be used (with USDA/RD approval) for water enterprise improvements, if needed.

Enterprise Reserve Fund Surplus funds from water operations to pay for water enterprise improvements, when the Village feels it has ample surplus monies to do so.

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 be budgeted annually.

Village of Attica, Ohio
Seneca County
Notes to the Financial Statements
For the Year Ended December 31, 2017

Note 2 - Summary of Significant Accounting Policies (Continued)

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

A summary of 2017 budgetary activity appears in Note 3.

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. Interest on Certificates of Deposit and Checking Account earned is recognized and recorded when received. All investments are approved by Council.

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.

Village of Attica, Ohio
Seneca County
Notes to the Financial Statements
For the Year Ended December 31, 2017

Note 2 - Summary of Significant Accounting Policies (Continued)

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 - Budgetary Activity

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

2017 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 76,575	\$ 81,215	\$ 4,640
Special Revenue	170,681	173,849	3,168
Enterprise	946,272	893,789	(52,483)
Total	\$ 1,193,528	\$ 1,148,853	\$ (44,675)

2017 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 76,575	\$ 79,383	\$ (2,808)
Special Revenue	165,181	190,863	(25,682)
Enterprise	946,272	791,424	154,848
Total	\$ 1,188,028	\$ 1,061,670	\$ 126,358

Village of Attica, Ohio
Seneca County
Notes to the Financial Statements
For the Year Ended December 31, 2017

Note 4 – Deposits and Investments

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

	<u>2017</u>
Demand deposits	\$ 831,680
Certificates of deposit	<u>130,000</u>
Total deposits	<u>\$ 961,680</u>

Deposits

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

Note 5 – Taxes

Property Taxes

Real property taxes become a lien on January 1 preceding the October 1 date for which the Council adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. The financial statements include homestead and rollback 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.

Note 6 - 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 Attica, Ohio
Seneca County
Notes to the Financial Statements
For the Year Ended December 31, 2017

Note 6 - Risk Management (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.

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

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 \$13,000.

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>2017 Contributions to PEP</u> \$38,056
--

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 7 - Defined Benefit Pension Plans

Ohio Public Employees Retirement System

Some 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%, of their gross salaries and the Village contributed an amount equaling 14%, of participants' gross salaries. The Village has paid all contributions required through December 31, 2017.

Village of Attica, Ohio
Seneca County
Notes to the Financial Statements
For the Year Ended December 31, 2017

Note 7 - Defined Benefit Pension Plans (Continued)

Ohio Police and Fire Retirement System

Some of the Village's certified Fire Fighters and 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% of their wages. The Village contributed to OP&F an amount equal to 19.5% of full-time police members' wages. The Village has paid all contributions required through December 31, 2017.

Note 8 - Postemployment Benefits

Both OPERS and OP&F offer cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for members in the Traditional Pension Plan and Combined Plan was 4.0 percent during calendar year 2017. 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 9 – Debt

Debt outstanding at December 31, 2017 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Village Hall Loan	\$ 132,725	3.3%
Water System USDA Series A	2,190,200	4.3%
Water System USDA Series B	449,500	4.5%
Water System USDA Series 2007	202,300	4.1%
OPWC CP32I	26,625	0.0%
OPWC CP904	1,282	0.0%
OPWC CT58H	49,743	0.0%
OPWC CT67R	1,760,303	0.0%
OWDA 5589	120,435	2.0%
Total	<u>\$ 4,933,113</u>	

The Village Hall Loan relates to a loan from Sutton Bank to construct the new Village Hall. The loan is paid in monthly installments of \$887 including interest at a rate of 3.3% over 30 years.

USDA Series A loan relates to the construction and maintenance of the Village water supply and treatment. The loan is paid in yearly installments of \$128,000 including interest at a rate of 4.3% over 40 years.

USDA Series B loan relates to the construction and maintenance of the Village water supply and treatment. The loan is paid in yearly installments of \$27,000 including interest at a rate of 4.5% over 40 years.

Village of Attica, Ohio
Seneca County
Notes to the Financial Statements
For the Year Ended December 31, 2017

Note 9 – Debt (Continued)

USDA Series 2007 loan relates to the construction and maintenance of the Village water supply and treatment. The loan is paid in yearly installments of \$11,000 including interest at a rate of 4.1% over 40 years.

The OPWC Loan CP32I relates to the Mill Street waterline replacement project. The loan will be repaid in semiannual installments of \$1,567 at an interest rate of 0% over 20 years.

The OPWC Loan CT58H relates to the improvement and construction of a wastewater treatment plant. The loan will be repaid in semiannual installments of \$1,990 at an interest rate of 0% over 20 years.

The OPWC Loan CT67R relates to the improvement and construction of a wastewater treatment plant. The loan will be repaid in semiannual installments of \$29,338 at an interest rate of 0% over 30 years.

The OWDA Loan 5589 relates to the improvement and construction of a wastewater treatment plant. The loan will be repaid in semiannual installments of \$3,337 including interest at a rate of 2.0% over 30 years. The loan is collateralized by water and sewer receipts. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

Amortization

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

Year ending December 31:	Village Hall Loan	USDA Series A	USDA Series B	USDA Series 2007
2018	\$ 10,641	\$ 128,484	\$ 27,128	\$ 11,845
2019	10,641	128,379	27,217	11,901
2020	10,641	128,415	27,089	11,848
2021	10,641	128,483	27,251	11,891
2022	10,641	128,379	27,091	11,826
2023-2027	53,205	642,134	27,222	59,417
2028-2032	42,604	642,129	135,897	59,462
2033-2037	-	642,168	135,819	59,322
2038-2042	-	642,052	135,850	59,445
2043-2047	-	642,129	135,857	59,399
2048-2052	-	128,436	135,900	-
Total	<u>\$ 149,014</u>	<u>\$ 3,981,188</u>	<u>\$ 842,321</u>	<u>\$ 356,356</u>

Village of Attica, Ohio
Seneca County
Notes to the Financial Statements
For the Year Ended December 31, 2017

Note 9 – Debt (Continued)

Year ending December 31:	OPWC CP904	OPWC CP32I	OPWC CT58H	OPWC CT67R	OWDA 5589
2018	\$ 1,282	\$ 3,132	\$ 3,979	\$ 29,338	\$ 6,673
2019	-	3,132	3,979	58,677	6,673
2020	-	3,132	3,979	58,677	6,673
2021	-	3,132	3,979	58,677	6,673
2022	-	3,132	3,979	58,677	6,673
2023-2027	-	10,963	19,897	293,380	33,367
2028-2032	-	-	9,949	293,384	33,367
2033-2037	-	-	-	293,385	33,367
2038-2042	-	-	-	293,385	20,020
2043-2047	-	-	-	293,385	-
2048-2052	-	-	-	29,338	-
Total	<u>\$ 1,282</u>	<u>\$ 26,625</u>	<u>\$ 49,743</u>	<u>\$ 1,760,303</u>	<u>\$ 153,487</u>

Note 10 – Contingent Liabilities

Management believes there is a potential lawsuit from a resident over the current flat rate of sewer rate being charged to that residence. This began in year 2016 and has not progressed any further at this point that we are aware of. We believe that the resolution of this matter will not materially or adversely affect the Village's financial condition.



Certified Public Accountants, A.C.

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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**

June 21, 2019

Village of Attica
Seneca County
20 S. Main Street
Attica, OH 44807

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 Attica**, Seneca County (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 June 21, 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 a 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 preceding paragraph and was not designed to identify all deficiencies in internal control 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.

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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 no instances of noncompliance or other matter we must report under *Government Auditing Standards*.

We did note certain matters not requiring inclusion in this report that we reported to the Village's management in a separate letter dated June 21, 2019.

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 communication is not suitable for any other purpose.



Perry and Associates
Certified Public Accountants, A.C.
Marietta, Ohio

OHIO AUDITOR OF STATE KEITH FABER



VILLAGE OF ATTICA

SENECA 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
SEPTEMBER 19, 2019**