



Dave Yost • Auditor of State

VILLAGE OF ANTWERP
PAULDING COUNTY

TABLE OF CONTENTS

TITLE	PAGE
Independent Auditor's Report	1
Prepared by Management:	
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Cash Basis) – All Governmental Fund Types – For the Year Ended December 31, 2016	5
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Cash Basis) – All Proprietary and Fiduciary Fund Types – For the Year Ended December 31, 2016	6
Notes to the Financial Statements For the Year Ended December 31, 2016	7
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Cash Basis) – All Governmental Fund Types – For the Year Ended December 31, 2015	16
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Cash Basis) – All Proprietary and Fiduciary Fund Types – For the Year Ended December 31, 2015	17
Notes to the Financial Statements For the Year Ended December 31, 2015	18
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	27
Schedule of Findings.....	29
Summary Schedule of Prior Audit Findings (Prepared by Management)	32

This page intentionally left blank.



Dave Yost • Auditor of State

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, 2016 and 2015.

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 1 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, 2016 and 2015, 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, 2016 and 2015, 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 1.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 7, 2018, 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.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

Dave Yost
Auditor of State

Columbus, Ohio

February 7, 2018

This page intentionally blank

**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, 2016**

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
Cash Receipts				
Property and Other Local Taxes	\$46,296	\$188,479		\$234,775
Municipal Income Tax	308,175			308,175
Intergovernmental	38,436	208,668	\$205,167	452,271
Special Assessments		14,976		14,976
Charges for Services		115,596		115,596
Fines, Licenses, and Permits	44,499	1,555		46,054
Earnings on Investments	2,044	882		2,926
Miscellaneous	6,060	3,753		9,813
<i>Total Cash Receipts</i>	<u>445,510</u>	<u>533,909</u>	<u>205,167</u>	<u>1,184,586</u>
Cash Disbursements				
Current:				
Security of Persons and Property	320	338,748		339,068
Public Health Services	1,575	386		1,961
Leisure Time Activities	40,627			40,627
Community Environment	1,287			1,287
Transportation		49,550		49,550
General Government	154,202	2,975		157,177
Capital Outlay	25,213	233,137	263,183	521,533
Debt Service:				
Principal Retirement		182,922		182,922
Interest and Fiscal Charges		14,056		14,056
<i>Total Cash Disbursements</i>	<u>223,224</u>	<u>821,774</u>	<u>263,183</u>	<u>1,308,181</u>
<i>Excess of Cash Receipts Over (Under) Cash Disbursements</i>	<u>222,286</u>	<u>(287,865)</u>	<u>(58,016)</u>	<u>(123,595)</u>
Other Financing Receipts (Disbursements)				
Other Debt Proceeds		202,197	58,016	260,213
Transfers In		105,500		105,500
Transfers Out	(145,500)			(145,500)
Other Financing Sources		(15,395)		(15,395)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(145,500)</u>	<u>292,302</u>	<u>\$58,016</u>	<u>204,818</u>
<i>Net Change in Fund Cash Balances</i>	76,786	4,437		81,223
<i>Fund Cash Balances, January 1</i>	<u>174,637</u>	<u>338,110</u>		<u>512,747</u>
Fund Cash Balances, December 31				
Restricted		246,378		246,378
Committed		96,169		96,169
Assigned	81,007			81,007
Unassigned	170,416			170,416
<i>Fund Cash Balances, December 31</i>	<u>\$251,423</u>	<u>\$342,547</u>		<u>\$593,970</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, 2016**

	Proprietary Fund Type	Fiduciary Fund Type	Totals
	Enterprise	Agency	(Memorandum Only)
Operating Cash Receipts			
Charges for Services	\$630,052		\$630,052
Miscellaneous	5,626		5,626
<i>Total Operating Cash Receipts</i>	<u>635,678</u>		<u>635,678</u>
Operating Cash Disbursements			
Personal Services	230,813		230,813
Transportation	728		728
Contractual Services	196,527		196,527
Supplies and Materials	42,794	\$444	43,238
Capital Outlay	17,756		17,756
<i>Total Operating Cash Disbursements</i>	<u>488,618</u>	<u>444</u>	<u>489,062</u>
<i>Operating Income (Loss)</i>	<u>147,060</u>	<u>(444)</u>	<u>146,616</u>
Non-Operating Receipts (Disbursements)			
Intergovernmental	449		449
Sale of Notes	281,583		281,583
Miscellaneous	4,117		4,117
Principal Retirement	(453,877)		(453,877)
Interest and Other Fiscal Charges	(25,160)		(25,160)
Other Financing Sources		45,767	45,767
Other Financing Uses	1,000	(47,443)	(46,443)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(191,888)</u>	<u>(1,676)</u>	<u>(193,564)</u>
<i>Loss Before Transfers</i>	<u>(44,828)</u>	<u>(2,120)</u>	<u>(46,948)</u>
Transfers In	40,000		40,000
<i>Net Change in Fund Cash Balances</i>	<u>(4,828)</u>	<u>(2,120)</u>	<u>(6,948)</u>
<i>Fund Cash Balances, January 1</i>	<u>133,592</u>	<u>4,174</u>	<u>137,766</u>
<i>Fund Cash Balances, December 31</i>	<u>\$128,764</u>	<u>\$2,054</u>	<u>\$130,818</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, 2016**

1. Summary of Significant Accounting Policies

A. Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Village of Antwerp, Paulding County, Ohio (the Village) as a body corporate and politic. 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.

The Village participates in the Public Entities Pool of Ohio public entity risk pool. Note 8 to the financial statements provide additional information for this entity.

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

B. 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.

C. Accounting Basis.

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.

D. 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.

E. Fund Accounting

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

**VILLAGE OF ANTWERP
PAULDING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016
(Continued)**

1. General Fund

The General Fund accounts for and reports all financial resources not accounted for and reported in another fund.

2. 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:

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

Fire Levy Fund – This fund receives property taxes, grants, and donations for providing fire services to residents of the Village.

3. 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 Funds:

Woodcox Street Waterline Replacement Project – This fund receives proceeds from the Ohio Public Works Commission (OPWC). The proceeds are being used to replace waterlines on Woodcox Street.

Safe Route to Schools Project – This fund receives proceeds from the Ohio Department of Transportation (ODOT). The proceeds are being used to put in sidewalks around the local school district.

4. 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 receives charges for services from residents to cover water service costs.

Wastewater Fund - This fund receives charges for services from residents to cover sewer service costs.

5. 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.

**VILLAGE OF ANTWERP
PAULDING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016
(Continued)**

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's agency fund accounts for the financial activity of the Village's Mayor's Court.

F. Budgetary Process

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

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund 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.

2. 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.

3. 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 2016 budgetary activity appears in Note 3.

G. 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:

1. Nonspendable

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

2. 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.

**VILLAGE OF ANTWERP
PAULDING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016
(Continued)**

3. 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.

4. 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.

5. 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.

H. Property, Plant, and Equipment

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

I. 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.

2. Equity in Pooled 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:

	<u>2016</u>
Demand deposits	\$582,033
Certificates of deposit	142,555
Cash on Hand	200
Total deposits	<u><u>\$724,788</u></u>

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

**VILLAGE OF ANTWERP
PAULDING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016
(Continued)**

3. Budgetary Activity

Budgetary activity for the years ending December 31, 2016 follows:

2016 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$445,510	\$445,510	
Special Revenue	841,706	841,606	(\$100)
Capital Projects	263,183	263,183	
Enterprise	962,879	962,827	(52)
Agency	45,767	45,767	
Total	<u>\$2,559,044</u>	<u>\$2,558,893</u>	<u>(\$152)</u>

2016 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$369,689	\$368,724	\$965
Special Revenue	852,633	837,169	15,464
Capital Projects	266,613	263,183	3,430
Enterprise	987,980	967,655	20,325
Agency	48,932	47,887	1,045
Total	<u>\$2,525,848</u>	<u>\$2,484,618</u>	<u>\$41,230</u>

4. Property Tax

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.

5. Local Income Tax

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.

**VILLAGE OF ANTWERP
PAULDING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016
(Continued)**

6. Debt

Debt outstanding at December 31, 2016 was as follows:

	Principal	Interest Rate
Promissory Notes (short term)	\$281,583	2%
Promissory Notes (long term)	334,262	3.2% - 4.79%
Ohio Public Works Commission Loans	256,753	0%
Ohio Water Development Authority Loans	560,490	2.75%
Emergency Medical Services (EMS) Cots and Lift Chair Leases	37,000	4.99%
Total	\$1,470,088	

The short-term promissory notes 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 pledged as collateral for these notes.

The long-term promissory notes were used to make improvements to the storm sewer in 1984 and to purchase a new fire truck in 2015. These are held by the Antwerp Exchange Bank. Semi-annual payments of \$13,169 are required with the storm sewer loan which matures on August 1, 2017. Charges for services are used to repay this note. Semi-annual payments of \$55,466 are required with the fire truck loan which matures on September 15, 2020. Fire truck levy monies are used to repay this note.

There are six 20 year non-interest loans from the Ohio Public Works Commission (OPWC). Two of these loans 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 was used to finance water line replacements on North Main Street. Semi-annual payments of \$1,523 are required with the final payment due on January 1, 2017. The fourth loan was used to finance the resurfacing of West Daggett Street. Semi-annual payments of \$354 are required with the final due on December 31, 2032. The fifth loan was used to finance the paving of Cleveland and Washington Streets. Semi-annual payments of \$965 are required with the final due on December 31, 2033. The sixth loan 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 also has one thirty year non-interest OPWC loan 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 December 31, 2041.

There are two loans from the Ohio Water Development Authority (OWDA). The first loan 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. Operating income from water charges were not adequate to provide for the Village's OWDA debt obligation. The second loan started in 2016 to finance improvements on the collection pump station and waste water treatment plan improvements. The Village has been approved for up to \$325,262 but it has only drawn down \$26,180. There is no amortization schedule available at this time.

**VILLAGE OF ANTWERP
PAULDING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016
(Continued)**

Operating income from water charges were not adequate to provide for the Village's OWDA debt obligation. This is contrary to Ohio Water Development Authority (OWDA) Cooperation Agreement for Construction Maintenance and Operation of State Waste Project.

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

Amortization of the above debt, including \$125,212 interest, is scheduled as follows:

Year ending December 31:	Short Term	Long Term	OPWC		
	Promissory	Promissory	Loans	OWDA Loans	EMS Lease
	Notes	Notes			
2017	\$287,196	\$97,511	\$16,642	\$56,621	\$38,874
2018		71,266	15,119	56,621	
2019		71,266	15,119	56,621	
2020		71,266	15,119	56,621	
2021		15,800	15,119	56,621	
2022-2026		36,358	75,595	283,105	
2027-2031			68,702	56,620	
2032-2036			29,088		
2037-2041			6,250		
Total	\$287,196	\$363,467	\$256,753	\$622,830	\$38,874

7. Retirement Systems

The Village's full-time Police Officers belong to the Police and Fire Pension Fund (OP&F). Other employees belong to the Ohio Public Employees Retirement System (OPERS). OP&F and OPERS are cost-sharing, multiple-employer plans. The Ohio Revised Code prescribes these plans' benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For OP&F from January 1, 2016 thru December 31, 2016, plan members were required to contribute 12.25% of their annual covered salary. For 2016, the Village contributed to OP&F an amount equal to 19.5% of full-time police members' wages. For 2016, 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, 2016.

8. 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

**VILLAGE OF ANTWERP
PAULDING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016
(Continued)**

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, 2016, 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, 2016.

	<u>2016</u>
Assets	\$42,182,281
Liabilities	<u>(13,396,700)</u>
Net Position	<u>\$28,785,581</u>

At December 31, 2016, the liabilities above include approximately 12.0 million of estimated incurred claims payable. The assets above also include approximately \$11.5 million of unpaid claims to be billed. The Pool's membership increased to 520 members in 2016. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2016, the Village's share of these unpaid claims collectible in future years is approximately \$18,000.

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>2016 Contributions to PEP</u>
\$28,692

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.

**VILLAGE OF ANTWERP
PAULDING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016
(Continued)**

9. Interfund Transfers

Interfund transfers for the year ended December 31, 2016, consisted of the following, as reported on the fund statements:

For the year ended December 31, 2016:

<u>Fund</u>	<u>Amount</u>
General Fund Transfer Out to:	
Street Construction Fund	\$12,000
Police Fund	87,500
Street Lighting Fund	6,000
Water Fund	<u>40,000</u>
Total General Fund Transfers	<u><u>\$145,500</u></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.

10. Subsequent Events

In 2017, the Village was awarded \$87,725 in Ohio Public Works Commission (OPWC) loans and \$87,725 in OPWC grants to fund the water treatment plan improvement project.

The Village is also taking on a wastewater treatment plant and lift station improvements which will be funded with approximate financing of \$199,999 from OPWC grants; \$123,100 from Ohio Water Development Authority (OWDA) grants, and \$325,262 from Ohio Environmental Protection Agency (EPA) Water Pollution Control Loan Fund (WPCLF). A portion of the project may qualify for approximately \$50,000 in principal forgiveness.

11. Compliance

Contrary to Ohio Rev. Code § 5705.10, Ohio Department of Transportation grant proceeds and capital outlay disbursements were misposted to a Special Revenue fund instead of a Capital Projects Fund.

Contrary to Ohio Water Development Authority (OWDA) Cooperation Agreement for Construction Maintenance and Operation of State Waste Project § 4.3, water rates were not sufficient enough to cover the Village's OWDA debt payments.

**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, 2015**

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
Cash Receipts				
Property and Other Local Taxes	\$46,052	\$137,791		\$183,843
Municipal Income Tax	286,160			286,160
Intergovernmental	43,382	116,484	\$85,306	245,172
Special Assessments		15,432		15,432
Charges for Services		135,556		135,556
Fines, Licenses, and Permits	52,328	1,601		53,929
Earnings on Investments	2,260	907		3,167
Miscellaneous	10,472	4,203		14,675
<i>Total Cash Receipts</i>	<u>440,654</u>	<u>411,974</u>	<u>85,306</u>	<u>937,934</u>
Cash Disbursements				
Current:				
Security of Persons and Property	2,225	349,312		351,537
Public Health Services		405		405
Leisure Time Activities	40,233			40,233
Community Environment	1,237			1,237
Transportation		66,496		66,496
General Government	180,340	2,765		183,105
Capital Outlay	16,824	400,135	137,443	554,402
Debt Service:				
Principal Retirement		2,638		2,638
<i>Total Cash Disbursements</i>	<u>240,859</u>	<u>821,751</u>	<u>137,443</u>	<u>1,200,053</u>
<i>Excess of Cash Receipts Over (Under) Cash Disbursements</i>	<u>199,795</u>	<u>(409,777)</u>	<u>(52,137)</u>	<u>(262,119)</u>
Other Financing Receipts (Disbursements)				
Sale of Notes		250,000		250,000
Other Debt Proceeds		74,000	52,137	126,137
Transfers In		130,000		130,000
Transfers Out	(190,000)			(190,000)
Other Financing Sources		(15,633)		(15,633)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(190,000)</u>	<u>438,367</u>	<u>\$52,137</u>	<u>300,504</u>
<i>Net Change in Fund Cash Balances</i>	9,795	28,590		38,385
<i>Fund Cash Balances, January 1</i>	<u>164,842</u>	<u>309,520</u>		<u>474,362</u>
Fund Cash Balances, December 31				
Restricted		259,191		259,191
Committed		78,919		78,919
Unassigned	174,637			174,637
<i>Fund Cash Balances, December 31</i>	<u>\$174,637</u>	<u>\$338,110</u>		<u>\$512,747</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, 2015**

	Proprietary Fund Type	Fiduciary Fund Type	Totals
	Enterprise	Agency	(Memorandum Only)
Operating Cash Receipts			
Charges for Services	\$602,104		\$602,104
Miscellaneous	10,283		10,283
<i>Total Operating Cash Receipts</i>	<u>612,387</u>		<u>612,387</u>
Operating Cash Disbursements			
Personal Services	237,958		237,958
Transportation	1,025		1,025
Contractual Services	178,483		178,483
Supplies and Materials	39,593	\$503	40,096
Capital Outlay	91,771		91,771
<i>Total Operating Cash Disbursements</i>	<u>548,830</u>	<u>503</u>	<u>549,333</u>
<i>Operating Income (Loss)</i>	<u>63,557</u>	<u>(503)</u>	<u>63,054</u>
Non-Operating Receipts (Disbursements)			
Intergovernmental	454		454
Sale of Notes	375,128		375,128
Miscellaneous	3,849		3,849
Principal Retirement	(548,893)		(548,893)
Interest and Other Fiscal Charges	(29,362)		(29,362)
Other Financing Sources		55,601	55,601
Other Financing Uses		(55,668)	(55,668)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(198,824)</u>	<u>(67)</u>	<u>(198,891)</u>
<i>Loss Before Transfers</i>	<u>(135,267)</u>	<u>(570)</u>	<u>(135,837)</u>
Transfers In	60,000		60,000
<i>Net Change in Fund Cash Balances</i>	<u>(75,267)</u>	<u>(570)</u>	<u>(75,837)</u>
<i>Fund Cash Balances, January 1</i>	<u>208,859</u>	<u>4,744</u>	<u>213,603</u>
<i>Fund Cash Balances, December 31</i>	<u>\$133,592</u>	<u>\$4,174</u>	<u>\$137,766</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, 2015**

1. Summary of Significant Accounting Policies

A. Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Village of Antwerp, Paulding County, Ohio (the Village) as a body corporate and politic. 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.

The Village participates in the Public Entities Pool of Ohio public entity risk pool. Note 8 to the financial statements provide additional information for this entity.

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

B. 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.

C. Accounting Basis.

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.

D. 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.

E. Fund Accounting

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

**VILLAGE OF ANTWERP
PAULDING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015
(Continued)**

1. General Fund

The General Fund accounts for and reports all financial resources not accounted for and reported in another fund.

2. 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:

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

Fire Levy Fund – This fund receives property taxes, grants, and donations for providing fire services to residents of the Village.

3. 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 Funds:

Woodcox Street Waterline Replacement Project – This fund receives proceeds from the Ohio Public Works Commission (OPWC). The proceeds are being used to replace waterlines on Woodcox Street.

Safe Route to Schools Project – This fund receives proceeds from the Ohio Department of Transportation (ODOT). The proceeds are being used to put in sidewalks around the local school district.

4. 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 receives charges for services from residents to cover water service costs.

Wastewater Fund - This fund receives charges for services from residents to cover sewer service costs.

5. 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.

**VILLAGE OF ANTWERP
PAULDING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015
(Continued)**

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's agency fund accounts for the financial activity of the Village's Mayor's Court.

F. Budgetary Process

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

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund 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.

2. 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.

3. 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 2015 budgetary activity appears in Note 3.

G. 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:

1. Nonspendable

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

2. 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.

VILLAGE OF ANTWERP
PAULDING COUNTY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015
(Continued)

3. 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.

4. 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.

5. 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.

H. Property, Plant, and Equipment

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

I. 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.

2. Equity in Pooled 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:

	2015
Demand deposits	\$510,042
Certificates of deposit	140,271
Cash on hand	200
Total deposits	<u>\$650,513</u>

**VILLAGE OF ANTWERP
PAULDING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015
(Continued)**

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

3. Budgetary Activity

Budgetary activity for the years ending December 31, 2015 follows:

2015 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$413,918	\$440,654	\$26,736
Special Revenue	855,780	865,974	10,194
Capital Projects	137,444	137,443	(1)
Enterprise	1,063,906	1,051,818	(12,088)
Agency	51,846	55,601	3,755
Total	\$2,522,894	\$2,551,490	\$28,596

2015 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$447,390	\$430,859	\$16,531
Special Revenue	862,148	837,384	24,764
Capital Projects	137,444	137,443	1
Enterprise	1,161,689	1,127,085	34,604
Agency	56,218	56,171	47
Total	\$2,664,889	\$2,588,942	\$75,947

4. Property Tax

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.

5. Local Income Tax

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.

**VILLAGE OF ANTWERP
PAULDING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015
(Continued)**

Corporations and other individual taxpayers pay estimated taxes quarterly and file a declaration annually.

6. Debt

Debt outstanding at December 31, 2015 was as follows:

	Principal	Interest Rate
Promissory Notes (short term)	\$375,128	2%
Promissory Notes (long term)	299,591	3.2% - 4.79%
Ohio Public Works Commission Loans	240,982	0%
Ohio Water Development Authority Loans	575,388	2.75%
Emergency Medical Services (EMS) Cots and Lift Chair Leases	74,000	4.99%
Total	\$1,565,089	

The short-term promissory notes 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 2016. Water and sewer revenues have pledged as collateral for these notes.

The long-term promissory notes were used to make improvements to the storm sewer in 1984 and to purchase a new fire truck in 2015. These are held by the Antwerp Exchange Bank. Semi-annual payments of \$13,169 are required with the storm sewer loan which matures on August 1, 2017. Charges for services are used to repay this note. Semi-annual payment of \$55,466 is required with the fire truck loan which matures on September 15, 2020. Fire truck levy monies are used to repay this note.

There are six 20 year non interest loans from the Ohio Public Works Commission (OPWC). Two of these loans 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 was used to finance water line replacements on North Main Street. Semi-annual payments of \$1,523 are required with the final payment due on January 1, 2017. The fourth loan was used to finance the resurfacing of West Daggett Street. Semi-annual payments of \$354 are required with the final due on December 31, 2032. The fifth loan was used to finance the paving of Cleveland and Washington Streets. Semi-annual payments of \$965 are required with the final due on December 31, 2033. The sixth loan was used to finance the Woodcox Street waterline project. The Village only drew down \$52,137 of the loan as of the end of 2015. There is no amortization schedule available at this time. The Village also has one thirty year non-interest OPWC loan 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 December 31, 2041.

There are two loans from the Ohio Water Development Authority (OWDA). The first loan 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 was acquired in 2004 for \$40,000 to assist the Village in detail design of the elevated storage tank as an improvement to the water system. The loan is for 10 years and repayable in annual installments of \$4,000 plus interest. The loan was paid off in 2015.

**VILLAGE OF ANTWERP
PAULDING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015
(Continued)**

Operating income from water charges were not adequate to provide for the Village's OWDA debt obligation. This is contrary to Ohio Water Development Authority (OWDA) Cooperation Agreement for Construction Maintenance and Operation of State Waste Project.

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

Amortization of the above debt, including \$145,641 interest, is scheduled as follows:

Year ending December 31:	Short Term	Long Term	OPWC		
	Promissory	Promissory	Loans	OWDA Loans	EMS Lease
	Notes	Notes			
2016	\$382,634	\$81,805	\$13,966	\$56,621	\$38,874
2017		81,711	12,443	56,621	38,874
2018		55,466	10,920	56,621	
2019		55,466	10,920	56,621	
2020		55,467	10,920	56,621	
2021-2025			54,601	283,105	
2026-2030			54,601	113,241	
2031-2035			12,832		
2036-2040			6,946		
2041			696		
Total	\$382,634	\$329,915	\$188,845	\$679,451	\$77,748

7. Retirement Systems

The Village's full-time Police Officers belong to the Police and Fire Pension Fund (OP&F). Other employees belong to the Ohio Public Employees Retirement System (OPERS). OP&F and OPERS are cost-sharing, multiple-employer plans. The Ohio Revised Code prescribes these plans' benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For OP&F from January 1, 2015 thru July 1, 2015, plan members were required to contribute 11.5% of their annual covered salary. From July 1, 2015 thru December 31, 2015, OP&F plan members were required to contribute 12.25% of their covered salary. For 2015, the Village contributed to OP&F an amount equal to 19.5% of full-time police members' wages. For 2015, 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, 2015.

8. 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,

**VILLAGE OF ANTWERP
PAULDING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015
(Continued)**

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, 2015, 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, 2015:

	<u>2015</u>
Assets	\$38,307,677
Liabilities	<u>(12,759,127)</u>
Net Position	<u>\$25,548,550</u>

At December 31, 2015, respectively, the liabilities above include approximately \$11.5 million of estimated incurred claims payable. The assets above also include approximately \$11.0 million of unpaid claims to be billed. The Pool's membership increased from 488 members in 2014 to 499 members in 2015. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2015, 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>2015</u>
\$30,290

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.

**VILLAGE OF ANTWERP
PAULDING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015
(Continued)**

9. Interfund Transactions

Interfund transfers for the year ended December 31, 2015, consisted of the following, as reported on the fund statements:

For the year ended December 31, 2015:

<u>Fund</u>	<u>Amount</u>
General Fund Transfer Out to:	
Street Construction Fund	\$12,000
Police Fund	110,000
Street Lighting Fund	8,000
Water Fund	55,000
Trash Fund	5,000
Total General Fund Transfers	<u><u>\$190,000</u></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.

10. Compliance

Contrary to Ohio Rev. Code § 5705.10, Ohio Department of Transportation grant proceeds and capital outlay disbursements were misposted to a Special Revenue fund instead of a Capital Projects Fund and Motor Vehicle Registration monies were misposted to the Special Revenue Permissive Fund instead of being allocated to the Special Revenue Street Construction and State Highway Funds.

Contrary to Ohio Water Development Authority (OWDA) Cooperation Agreement for Construction Maintenance and Operation of State Waste Project § 4.3, water rates were not sufficient enough to cover the Village's OWDA debt payments.



Dave Yost • Auditor of State

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, 2016 and 2015, and the related notes to the financial statements and have issued our report thereon dated February 7, 2018 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 certain deficiencies in internal control, described in the accompanying schedule of findings that we consider material weaknesses. We consider findings 2016-001 and 2016-003 to be material weaknesses.

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 instances of noncompliance or other matters we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2016-001 and 2016-002.

Entity'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 audit the Village's responses 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.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

Dave Yost
Auditor of State

Columbus, Ohio

February 7, 2018

VILLAGE OF ANTWERP
PAULDING COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2016 AND 2015

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

FINDING NUMBER 2016-001

Material Noncompliance and Material Weakness

Ohio Rev. Code § 5705.10(D) provides that all revenue derived from a source other than the general property tax and which the law prescribes shall be used for a particular purpose, is to be paid into a special fund for such purpose. Further, Ohio Rev. Code § 5705.10(I) requires all money paid into any fund be used only for the purpose for which such fund is established.

- The January 2015 Motor Vehicle Registration monies, totaling \$894, were misposted to the Special Revenue Permissive Tax Fund instead of to the Special Revenue Street Construction Fund (\$827) and Special Revenue State Highway Fund (\$67).
- Ohio Department of Transportation grant proceeds and capital outlay disbursements in the Special Revenue Safe Route to Schools Fund in the amount of \$33,169 in 2015 and \$160,428 in 2016 should have been posted to a Capital Projects fund.

These errors were a result of inadequate policies and procedures in monitoring financial transactions. Adjustments were made to the financial statements, notes to the financial statements, and accounting records to correct these posting errors.

To help prevent monies from being used for purposes other than those prescribed by law, we recommend the Fiscal Officer review all financial transactions to make sure they are included in the proper fund and account codes as specified in the Ohio Revised Code and the Village Handbook issued by the Auditor of State.

Officials' Response:

This error occurred in January 2015 when the prior Fiscal Officer was employed. There has been no posting errors in subsequent postings.

FINDING NUMBER 2016-002

Material Noncompliance

Ohio Water Development Authority (OWDA) Cooperation Agreement for Construction Maintenance and Operation of State Waste Project § 4.3 provides that the Village will prescribe and charge rates for the services of the water and sewer system that shall result in pledged revenues at least adequate to provide for payments required to remit its debt obligation payments to OWDA.

The Village Council failed to review and revise the water rates to ensure compliance with the OWDA agreement.

The operating income generated from water charges amounted to \$78,401 in 2016 and \$7,577 in 2015. These amounts were not adequate to provide the required payments to remit to OWDA the Village's total debt obligations of \$144,813, which included OWDA debt of \$56,621 for 2016, and \$168,322, which included OWDA debt of \$60,709 for 2015. As a result, the Village had to allocate a portion of its income tax revenues to the Water Fund to help subsidize its debt obligations.

We recommend the Village Council review the Village's water operations in order to determine if additional rate increases are needed to generate an adequate amount of revenues to provide for payments to meet its debt obligation to OWDA.

Officials' Response:

Water rates increased in 2017 which was enough to cover the debt payments. There were no transfers made in 2017.

FINDING NUMBER 2016-003

Material Weakness

Financial Reporting

The Village's management is responsible for the fair presentation of the financial statements. In addition, GASB Statement No. 54 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 noted in the financial statements that required audit adjustments:

- The unassigned General Fund balance was overstated and assigned fund balance for subsequent year appropriations was understated by \$81,007 in 2016
- Debt principal payments in the Enterprise Water fund were misposted to debt service interest and other fiscal charges instead of debt service principal by \$138,377 and \$114,372 in 2015 and 2016, respectively.
- Debt principal payments in the Enterprise Waste Water fund were misposted to debt service interest and other fiscal charges instead of debt service principal by \$376,063 and \$301,834 in 2015 and 2016, respectively.
- The actual receipts for the 2016 Special Revenue Funds in the budgetary note was understated by \$110,000.

These errors were a result of inadequate policies and procedures in reviewing the financial statements. The accompanying financial statements, notes to the financial statements, and accounting records were adjusted to correct these and other errors. Additional errors were noted in smaller relative amounts.

Sound financial reporting is the responsibility of the Fiscal Officer and the Village Council and is essential to ensure the information provided to the readers of the financial statements is complete and accurate.

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 the finance committee to identify and correct errors and omissions. In addition, the Fiscal Officer should also review the Auditor of State's (AOS) Village handbook which contains a chart of accounts as well as AOS Bulletin 2011-004 for guidance on GASB 54.

Officials' Response:

The first and last bullet point will be corrected when completing future financial statements and notes to the financial statements. Bullet point two and three were mapping errors on the financial statements of the Village's accounting software

**VILLAGE OF ANTWERP
PAULDING COUNTY**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2016 AND 2015**

Finding Number	Finding Summary	Status	Additional Information
2014-001	Material weakness over fund balance classification.	Not corrected. Reissued as finding 2016-003.	This comment was reissued primarily due to the Fiscal Officer not being aware of the fund balance classification requirements. The current Fiscal Officer was new in 2014. The Fiscal Officer will review prior audit report for fund balance classifications.
2014-002	Material weakness over monitoring of the financial statements.	Not Corrected. Reissued as finding 2016-003.	This comment was reissued primarily due to the prior Fiscal Officer not making corrections to the fiscal ledgers. The current Fiscal Officer was new in 2014. The Fiscal Officer will review prior audit report reclassifications and Village Handbook to ensure proper postings in future.
2014-003	Material weakness over posting of estimated receipts.	Corrective action taken and finding is fully corrected.	
2014-004	Material noncompliance on Ohio Water Development Authority (OWDA) Cooperation Agreement for Construction, Maintenance and Operation of State Waste Project § 4.3 for not generating enough income to make debt payments.	Not Corrected. Reissued as finding 2016-002.	This comment was reissued primarily due to not increasing utility rates. The current Fiscal Officer was new in 2014. Utility rates were increased in 2017 and will be increased again in 2018 and 2019.
2014-005	Material noncompliance on Ohio Rev. Code § 5705.41(B) for disbursements exceeding appropriations.	Corrective action taken and finding is fully corrected.	
2014-006	Material weakness and noncompliance on Ohio Rev. Code § 5705.40 for posted appropriations not matching approved appropriations.	Corrective action taken and finding is fully corrected.	



Dave Yost • Auditor of State

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
FEBRUARY 22, 2018