



**Auditor of State
Betty Montgomery**

VILLAGE OF ANTWERP
PAULDING COUNTY

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**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

Village of Antwerp
Paulding County
118 N. Main Street, P.O. Box 1046
Antwerp, Ohio 45813-1046

To the Village Council:

We have audited the accompanying financial statements of the Village of Antwerp, Paulding County, (the Village) as of and for the years ended December 31, 2002 and 2001. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of the Village as of December 31, 2002 and 2001, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 8, 2003 on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audits.

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

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

August 8, 2003

**VILLAGE OF ANTWERP
PAULDING COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2002**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
Cash Receipts:				
Property Tax and Other Local Taxes	\$46,284	\$125,125		\$171,409
Special Assessments		21,007		21,007
Intergovernmental Receipts	65,606	102,906	\$43,157	211,669
Charges for Services		37,648		37,648
Fines, Licenses, and Permits	46,933	1,930		48,863
Earnings on Investments	8,433	1,199		9,632
Miscellaneous	2,675	10,804		13,479
Total Cash Receipts	169,931	300,619	43,157	513,707
Cash Disbursements:				
Current:				
Security of Persons and Property	1,485	212,854		214,339
Public Health Services		50,351		50,351
Leisure Time Activities	8,067			8,067
Community Environment	1,180			1,180
Transportation		30,680		30,680
General Government	90,867			90,867
Debt Service:				
Principal Payments		159,653		159,653
Interest Payments		6,635		6,635
Capital Outlay	29,635	75,289	50,068	154,992
Total Cash Disbursements	131,234	535,462	50,068	716,764
Total Receipts Over/(Under) Disbursements	38,697	(234,843)	(6,911)	(203,057)
Other Financing Receipts and (Disbursements):				
Sale of Bonds or Notes		127,000		127,000
Transfers-In		83,100		83,100
Transfers-Out	(87,162)			(87,162)
Total Other Financing Receipts/(Disbursements)	(87,162)	210,100		122,938
Excess of Cash Disbursements and Other Financing Disbursements Over Cash Receipts and Other Financing Receipts	(48,465)	(24,743)	(6,911)	(80,119)
Fund Cash Balances, January 1	71,581	187,016	6,911	265,508
Fund Cash Balances, December 31	\$23,116	\$162,273		\$185,389
Reserves for Encumbrances, December 31	\$5,771			\$5,771

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

**VILLAGE OF ANTWERP
PAULDING COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL PROPRIETARY AND SIMILAR FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2002**

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Agency</u>	
Operating Cash Receipts:			
Charges for Services	\$415,326		\$415,326
Operating Cash Disbursements:			
Personal Services	119,687		119,687
Travel/Transportation	1,573		1,573
Contractual Services	68,340		68,340
Supplies and Materials	33,529		33,529
Capital Outlay	130,596		130,596
Total Operating Cash Disbursements	353,725		353,725
Operating Income	61,601		61,601
Non-Operating Cash Receipts:			
Proceeds from Notes and Bonds	60,000		60,000
Other Non-Operating Receipts	4,937	\$56,065	61,002
Total Non-Operating Cash Receipts	64,937	56,065	121,002
Non-Operating Cash Disbursements:			
Debt Service	110,869		110,869
Other Non-Operating Cash Disbursements		56,786	56,786
Total Non-Operating Cash Disbursements	110,869	56,786	167,655
Excess of Receipts Over/(Under) Disbursements Before Interfund Transfers	15,669	(721)	14,948
Transfers-In	4,062		4,062
Net Receipts Over/(Under) Disbursements	19,731	(721)	19,010
Fund Cash Balances, January 1	202,991	3,007	205,998
Fund Cash Balances, December 31	<u>\$222,722</u>	<u>\$2,286</u>	<u>\$225,008</u>
Reserve for Encumbrances, December 31			

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

**VILLAGE OF ANTWERP
PAULDING COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2001**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
Cash Receipts:				
Property Tax and Other Local Taxes	\$41,262	\$111,404		\$152,666
Special Assessments		19,481		19,481
Intergovernmental Receipts	71,758	72,178	\$7,310	151,246
Charges for Services		35,265		35,265
Fines, Licenses, and Permits	64,386	2,290		66,676
Earnings on Investments	15,214	2,139		17,353
Miscellaneous	10,751	11,718		22,469
Total Cash Receipts	203,371	254,475	7,310	465,156
Cash Disbursements:				
Current:				
Security of Persons and Property	3,305	181,542		184,847
Public Health Services		47,544		47,544
Leisure Time Activities	6,417			6,417
Community Environment	390			390
Transportation		31,014		31,014
General Government	107,395	225		107,620
Debt Service:				
Principal Payments		152,000		152,000
Interest Payments		7,764		7,764
Capital Outlay	17,114	206,202	399	223,715
Total Cash Disbursements	134,621	626,291	399	761,311
Total Receipts Over/(Under) Disbursements	68,750	(371,816)	6,911	(296,155)
Other Financing Receipts and (Disbursements):				
Sale of Bonds or Notes		187,653		187,653
Transfers-In		65,000		65,000
Transfers-Out	(65,000)			(65,000)
Total Other Financing Receipts/(Disbursements)	(65,000)	252,653		187,653
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	3,750	(119,163)	6,911	(108,502)
Fund Cash Balances, January 1	67,831	306,179		374,010
Fund Cash Balances, December 31	\$71,581	\$187,016	\$6,911	\$265,508
Reserves for Encumbrances, December 31		\$49,003		\$49,003

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

**VILLAGE OF ANTWERP
PAULDING COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL PROPRIETARY AND SIMILAR FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2001**

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Agency</u>	
Operating Cash Receipts:			
Charges for Services	\$405,655		\$405,655
Operating Cash Disbursements:			
Personal Services	110,765		110,765
Travel/Transportation	1,964		1,964
Contractual Services	81,012		81,012
Supplies and Materials	43,943		43,943
Capital Outlay	103,278		103,278
Total Operating Cash Disbursements	340,962		340,962
Operating Income	64,693		64,693
Non-Operating Cash Receipts:			
Intergovernmental Receipts	15,000		15,000
Other Non-Operating Receipts	4,407	\$78,105	82,512
Total Non-Operating Cash Receipts	19,407	78,105	97,512
Non-Operating Cash Disbursements:			
Debt Service	111,065		111,065
Other Non-Operating Cash Disbursements		78,004	78,004
Total Non-Operating Cash Disbursements	111,065	78,004	189,069
Net Receipts Over/(Under) Disbursements	(26,965)	101	(26,864)
Fund Cash Balances, January 1	229,956	2,906	232,862
Fund Cash Balances, December 31	\$202,991	\$3,007	\$205,998
Reserve for Encumbrances, December 31			

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

**VILLAGE OF ANTWERP
PAULDING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

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

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

B. Basis of Accounting

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

C. Cash and Investments

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

Certificates of deposit are valued at cost.

D. Fund Accounting

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

1. General Fund

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

2. Special Revenue Funds

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

**VILLAGE OF ANTWERP
PAULDING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(Continued)**

EMS Fund - This fund receives local taxes and charges for services to provide EMS service for the Village residents.

Police Fund - This fund receives local taxes to provide police service for the Village.

3. Capital Project Funds

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

Ohio Public Works Commission Fund - This fund receives money from OPWC for the payment of architect fees and construction of water and sewer lines.

4. Enterprise Funds

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

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

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

5. Fiduciary Funds (Agency Funds)

Funds for which the Village is acting in an agency capacity are classified as agency funds. The Village had the following significant fiduciary fund:

Mayor's Court Fund - Receives fine money generated by the Village Mayor's Court. The money is distributed to the Village General fund, the State Treasurer, or other appropriate agencies.

E. Budgetary Process

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

1. Appropriations

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

**VILLAGE OF ANTWERP
PAULDING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(Continued)**

2. Estimated Resources

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

3. Encumbrances

The Ohio Revised Code requires the Village to reserve (encumber) appropriations when commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated. The Village did not encumber all commitments required by Ohio law. The budgetary presentations have been adjusted to include material items that should have been encumbered.

A summary of 2002 and 2001 budgetary activity appears in Note 3.

F. Property, Plant and Equipment

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

G. Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the Village's basis of accounting.

2. EQUITY IN POOLED CASH AND INVESTMENTS

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

	<u>2002</u>	<u>2001</u>
Demand deposits	\$242,690	\$282,378
Certificates of deposit	167,707	189,128
Total deposits	<u>\$410,397</u>	<u>\$471,506</u>

Deposits are either (1) insured by the Federal Depository Insurance Corporation, (2) collateralized by securities specifically pledged by the financial institution to the Village.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2002 and 2001 follows:

**VILLAGE OF ANTWERP
PAULDING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(Continued)**

2002 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$173,460	\$169,931	(\$3,529)
Special Revenue	335,183	510,719	175,536
Capital Projects	20,000	43,157	23,157
Enterprise	327,825	484,325	156,500
Total	<u>\$856,468</u>	<u>\$1,208,132</u>	<u>\$351,664</u>

2002 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$222,664	\$224,167	(\$1,503)
Special Revenue	444,042	535,462	(91,420)
Capital Projects	20,000	50,068	(30,068)
Enterprise	419,616	464,594	(44,978)
Total	<u>\$1,106,322</u>	<u>\$1,274,291</u>	<u>(\$167,969)</u>

2001 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$180,649	\$203,371	\$22,722
Special Revenue	347,265	507,128	159,863
Capital Projects		7,310	7,310
Enterprise	497,679	425,062	(72,617)
Total	<u>\$1,025,593</u>	<u>\$1,142,871</u>	<u>\$117,278</u>

2001 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$236,168	\$199,621	\$36,547
Special Revenue	535,710	675,294	(139,584)
Capital Projects		399	(399)
Enterprise	435,620	452,027	(16,407)
Total	<u>\$1,207,498</u>	<u>\$1,327,341</u>	<u>(\$119,843)</u>

4. COMPLIANCE

- The Village received the benefits of CDBG funding in the amount of \$15,000 in 2001 and \$13,946 in Issue II and \$29,211 in OPWC in 2002. These funds were not recorded on the Villages records as required by Ohio Revised Code § 5705.42.

**VILLAGE OF ANTWERP
PAULDING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(Continued)**

- Some of the Village transactions did not include prior certification or a then and now certification from the Clerk as required by Ohio Revised Code § 5705.41(D). In addition, the Village had \$49,003 in outstanding purchase commitments as of December 31, 2001 and \$5,771 as of December 31, 2002 that were not certified at year end.
- Contrary to Ohio Revised Code § 5705.10 the following funds had deficit balances throughout 2002 and 2001 and in some instances at year end, by the amounts indicated:

Fund	Maximum Deficit During 2002 and 2001	Deficit at December 31, 2002	Deficit at December 31, 2001
Street Construction, Maintenance and Repair Fund	\$1,868		
Police Fund	75,200		\$14,343
Permissive Tax Fund	7,606		
Street Lighting Fund	8,107		
Water Debt Fund	21,995		
Sewer Debt Fund	61,600		
Water Capital Improvement Fund	15,994	\$14,643	4,595

- Contrary to Ohio Revised Code § 5705.41(B) the following funds had expenditures that exceeded appropriations:

Fund	Appropriations	Expenditures	Variances
December 31, 2001			
EMS Fund	\$150,872	\$325,243	(\$174,371)
Police Fund	177,175	191,696	(14,521)
Water Fund	118,408	148,309	(29,901)
Sewer Fund	161,108	209,864	(48,756)
Capital Improvement Fund	56,700	78,855	(22,155)
December 31, 2002			
General Fund	\$222,664	\$224,167	(\$1,503)
Cemetery Fund	6,395	12,847	(6,452)
Police Fund	163,383	200,850	(37,467)
Street Lighting Fund	18,000	23,627	(5,627)
Issue II Fund	20,000	50,068	(30,068)
Water Fund	152,365	218,823	(66,458)
EMS Fund	65,000	185,269	(120,269)

**VILLAGE OF ANTWERP
PAULDING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(Continued)**

5. PROPERTY TAX

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

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

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

6. DEBT

Debt outstanding at December 31, 2002 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Ohio Water Development Authority Loan	\$204,285	6.12%
Ohio Public Works Commission Loan	42,643	
Water Works System Bonds	231,000	7.375%
Sanitary Sewer System Bonds	770,000	5%
Water Plant Improvements Loan	60,000	3.53%
EMS Building Loan	127,000	3.5%
Total	<u><u>\$1,434,928</u></u>	

The Ohio Water Development Authority (OWDA) loan relates to a water and sewer plant expansion project that was mandated by the Ohio Environmental Protection Agency. The loan will be repaid in semiannual installments of \$13,957, including interest, over 15 years. The loan is collateralized by water and sewer receipts.

The Ohio Public Works Commission (OPWC) loan relates to a water and sewer plant expansion project that was mandated by the Ohio Environmental Protection Agency. The loan will be repaid in semiannual installments of \$1,523, over 20 years. The loan is collateralized by water and sewer receipts.

The Water Works System Bonds relates to a water plant expansion project. The bonds will be repaid in annual installments over 40 years. The loan is collateralized by water and sewer receipts.

The Sanitary Sewer System Bonds relates to a sewer plant expansion project. The bonds will be repaid in annual installments over 40 years. The loan is collateralized by water and sewer receipts.

**VILLAGE OF ANTWERP
PAULDING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(Continued)**

The Water Plant improvement Loan is for upgrades and improvements to the Water Plant. The loan will be repaid in one installment of \$62,118 including interest in 2003.

The EMS building loan is a bond anticipation note for the construction of a new EMS building and will be renewed annually. The loan is collateralized by EMS revenues.

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

Year ending December 31:	OWDA Loan	OPWC Loan	Waterworks Systems Bonds	Sanitary Sewer Bonds	Water Plant Improvement Loan	EMS Building Loan
2003	\$13,957	\$1,523	\$22,036	\$64,400	\$62,118	\$131,445
2004	27,914	3,046	21,668	62,200		
2005	27,914	3,046	22,299	61,950		
2006	27,914	3,046	21,856	61,650		
2007	27,914	3,046	22,414	62,300		
2008 through 2012	139,570	15,230	109,809	310,400		
2013 through 2017	13,959	13,706	109,330	310,250		
2018 through 2022			109,846	295,400		
Subsequent			21,475			
Total	<u>\$279,142</u>	<u>\$42,643</u>	<u>\$460,733</u>	<u>\$1,228,550</u>	<u>\$62,118</u>	<u>\$131,445</u>

7. RETIREMENT SYSTEMS

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

Contribution rates are also prescribed by the Ohio Revised Code. For 2002 and 2001, OP&F participants contributed 10 percent of their wages. The Village contributed an amount equal to 19.5 percent of police participant wages. Members of OPERS contributed 8.5 percent of their wages. The Village contributed an amount equal to 13.55 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2002.

8. RISK MANAGEMENT

Risk Pool Membership

The Village belongs to the Ohio Government Risk Management Plan (the Plan), an unincorporated non-profit association with approximately 600 governmental entity members providing a formalized, jointly administered self-insurance risk management program and other administrative services.

Pursuant to § 2744.081 of the Ohio Revised Code, the Plan is deemed a separate legal entity. The Plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverage, modified for each member's needs. The Plan pays judgments, settlements and other expenses resulting from covered claims that exceed the member's deductible.

**VILLAGE OF ANTWERP
PAULDING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(Continued)**

The Plan uses conventional insurance coverages and reinsures these coverages. Effective September 1, 2002, the Plan retains 5 percent of the premium and losses on the first \$500,000 casualty treaty (up to \$25,000 of a loss) and 5 percent of the first \$1,000,000 property treaty (up to \$50,000 of a loss). The Plan also participates in a loss corridor in its first \$500,000 casualty reinsurance. The corridor includes losses paid between 55 percent and 65 percent of premiums earned under this treaty. (Reinsurance coverage would resume after a paid loss ratio of 65 percent is exceeded.) The individual members are only responsible for their self-retention (deductible) amounts, which vary from member to member.



**Auditor of State
Betty Montgomery**

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

Village of Antwerp
Paulding County
118 N. Main Street, P.O. Box 1046
Antwerp, Ohio 45813-1046

To the Village Council:

We have audited the accompanying financial statements of the Village of Antwerp, Paulding County, (the Village) as of and for the years ended December 31, 2002 and 2001, and have issued our report thereon dated August 8, 2003. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Village's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audits and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in accompanying schedule of findings as items 2002-001 through 2002-004. We also noted certain immaterial instances of noncompliance that we have reported to management of the Village in a separate letter dated August 8, 2003.

Internal Control over Financial Reporting

In planning and performing our audits, we considered the Village's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Village's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. The reportable condition is described in the accompanying schedule of findings as item 2002-005.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe the reportable condition described above is not a material weakness. We also noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Village in a separate letter dated August 8, 2003.

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

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

August 8, 2003

**VILLAGE OF ANTWERP
PAULDING COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2002 AND 2001**

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

FINDING NUMBER 2002-001

Noncompliance Citation

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

This section also provides two exceptions to the above requirements:

- A. Then and Now Certificate - if no certificate is furnished as required, upon receipt of the fiscal officer's certificate that a sufficient sum was, both at the time of the purchase order or contract and at the time of the certificate, appropriated and free of any previous encumbrance, Council may authorize the issuance of a check in payment of the amount due upon such contract or order by resolution within 30 days from the receipt of such certificate, if such expenditure is otherwise valid.

- B. If the amount involved is less than \$1000 (\$3000 effective April 2003), the fiscal officer may authorize it to be paid without the affirmation of Council, if such expenditure is otherwise valid.

Twenty-eight percent of the transactions tested did not include certification of the Clerk. In addition, the Village had \$49,003 in outstanding purchase commitments as of December 31, 2001 and \$5,771 as of December 31, 2002 that were not certified at year end. The accompanying financial statements have been adjusted to reflect the \$49,003 as an outstanding encumbrance in the Special Revenue Funds as of December 31, 2001 and the \$5,771 as an outstanding encumbrance in the General Fund at December 31, 2002.

Certification is not only required by Ohio law but is also a key control in the disbursement process to help assure that purchase commitments receive prior approval and to help reduce the possibility of Village funds being over expended. To improve controls over disbursements we recommend all Village disbursements receive prior certification of the Clerk and the Village Council periodically review the expenditures made to ensure they are certified by the Clerk and recorded against appropriations.

FINDING NUMBER 2002-002

Noncompliance Citation

Ohio Revised Code § 5705.10 states that money paid into any fund shall be used only for the purposes for which such fund was established.

The existence of a deficit fund balance in any fund indicates that money from another fund or funds has been used to pay obligations of the fund or funds carrying the deficit balance. The following funds were found to have deficit balances throughout the audit period and in some instances at year end, by the amounts indicated:

**FINDING NUMBER 2002-002
 (Continued)**

Fund	Maximum Deficit During 2002 and 2001	Deficit at December 31, 2002	Deficit at December 31, 2001
Street Construction, Maintenance and Repair Fund	\$1,868		
Police Fund	75,200		\$14,343
Permissive Tax Fund	7,606		
Street Lighting Fund	8,107		
Water Debt Fund	21,995		
Sewer Debt Fund	61,600		
Water Capital Improvement Fund	15,994	\$14,643	4,595

The Village should make transfers or advances from the General Fund, or reduce planned expenditures as necessary to avoid deficit fund balances.

FINDING NUMBER 2002-003

Noncompliance Citation

Ohio Revised Code § 5705.41(B) states that no subdivision shall make any expenditure of money unless it has been lawfully appropriated as provided in such chapter.

Actual expenditures exceeded approved appropriations in the following funds at the legal level of control (fund level):

Fund	Appropriations	Expenditures	Variances
December 31, 2001			
EMS Fund	\$150,872	\$325,243	(\$174,371)
Police Fund	177,175	191,696	(14,521)
Water Fund	118,408	148,309	(29,901)
Sewer Fund	161,108	209,864	(48,756)
Capital Improvement Fund	56,700	78,855	(22,155)
December 31, 2002			
General Fund	\$222,664	\$224,167	(\$1,503)
Cemetery Fund	6,395	12,847	(6,452)
Police Fund	163,383	200,850	(37,467)
Street Lighting Fund	18,000	23,627	(5,627)
Issue II Fund	20,000	50,068	(30,068)
Water Fund	152,365	218,823	(66,458)
EMS Fund	65,000	185,269	(120,269)

**FINDING NUMBER 2002-003
(Continued)**

The Village Clerk and Council should review appropriations prior to processing and approving expenditures. Expenditures should only be made for which there are sufficient appropriations. Appropriations should be increased as needed, and if necessary amend the corresponding estimated resources.

FINDING NUMBER 2002-004

Noncompliance Citation

Ohio Revised Code § 5705.42 states that when the United States government or the State or any department division, agency, authority or unit thereof makes a grant or loan of money to any political subdivision of this state to aid in paying the cost of any program, activity or function of such subdivision, or enters into an agreement with the subdivision for the making of any such grant or loan of money, the amount thereof is deemed appropriated for such purposes by the taxing authority of the subdivision, and is deemed in the process of collection within the meaning of § 5705.41, of the Ohio Revised Code.

In 2001 the Village was the beneficiary of \$15,000 of CDBG money that was sent directly to the vendor by the Maumee Planning Commission. During 2002 the Village received \$13,946 in Issue II money and \$29,211 in Ohio Public Works Funding that was sent directly to the vendor by Paulding County and the OPWC. This activity was not recorded on the ledgers of the Village. The accompanying financial statements have been adjusted to reflect the amounts in the Capital Project and Enterprise Funds.

We recommend the Village record all benefits received from State and Federal Grants as a memo receipt and expenditure on the Village's records, request an amended certificate of estimated resources for these funds and the Council approve a corresponding appropriation for the expenditure.

FINDING NUMBER 2002-005

Reportable Condition

The following deficiencies were noted: 1) The Village did not record OPWC, CDBG and Issue II activity on the Village books, 2) Some Village disbursements were not certified, 3) There were several funds with deficit fund balances throughout the audit period, 4) Some funds had disbursements in excess of appropriations, and 5) Prior audit adjustments were not posted to the Village books.

All these deficiencies indicate a lack of or insufficient monitoring of financial activity by the Village Council. Monitoring of these finances by Council is a key control to ensure Village funds are not wasted, misused or stolen.

To ensure the records are up to date, accurate and in balance Council should: 1) review the records to ensure all activity of the Village is recorded, 2) ensure all disbursements are certified prior to approving the expenditures, 3) ensure there is enough money available in each fund prior to approving expenditures, 4) ensure appropriations are sufficient to support planned disbursements, and 5) ensure all audit adjustments are posted to the Village books.

To assist in their reviews, Council should be provided with the following: monthly financial statements that include comparisons of budget and actual receipts and disbursements, copies of all invoices and related purchase orders, and the monthly reconciliation of the books to the bank along with support for all reconciling items.

**VILLAGE OF ANTWERP
PAULDING COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2002 AND 2000**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain:</i>
2000-30263-001	Finding for recovery for overpayment of salaries.	Yes	
2000-30263-002	ORC § 5705.42 failure to record OPWC monies	No	Finding has not been corrected and has been repeated in this report as item 2002-004.
2000-30263-003	ORC § 5705.41(D) failure to certify expenditures	No	Finding has not been corrected and has been repeated in this report as item 2002-001.
2000-30263-004	ORC § 5705.10 deficit fund balances	No	Finding has not been corrected and has been repeated in this report as item 2002-002.
2000-30263-005	ORC § 5705.41(B) expenditures in excess of appropriations.	No	Finding has not been corrected and has been repeated in this report as item 2002-003.
2000-30263-006	ORC § 5705.39 appropriations exceeding estimated resources.	No	Improvement has been made reducing this item to a management letter comment.
2000-30263-007	Recommendation for improved financial monitoring by Council.	No	Finding has not been corrected and has been repeated in this report as item 2002-005.



**Auditor of State
Betty Montgomery**

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140

Telephone 614-466-4514
800-282-0370

Facsimile 614-466-4490

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
SEPTEMBER 9, 2003**