



**VILLAGE OF ANTWERP
PAULDING COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDING DECEMBER 31, 2009 AND 2010



Dave Yost • Auditor of State

VILLAGE OF ANTWERP
PAULDING COUNTY

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

To the Village Council:

As you are aware, the Auditor of State's Office (AOS) must modify the *Independent Accountants' Report* we provide on your financial statements due to an interpretation from the American Institute of Certified Public Accountants (AICPA). While AOS does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. Our Report includes an adverse opinion relating to GAAP presentation and measurement requirements, but does not imply the amounts the statements present are misstated under the non-GAAP basis you follow. The AOS report also includes an opinion on the financial statements you prepared using the cash basis and financial statement format the AOS permits.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost
Auditor of State

April 26, 2010

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Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Village of Antwerp
Paulding County
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, 2010 and 2009. 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 audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure 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 our audit provides a reasonable basis for our opinion.

As described more fully in Note 1, the Village has prepared these financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

Instead of the combined funds the accompanying financial statements present, GAAP require presenting entity wide statements and also presenting the Village's larger (i.e. major) funds separately. While the Village does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to GAAP presentation requirements. The Auditor of State permits, but does not require villages to reformat their statements. The Village has elected not to follow GAAP statement formatting requirements. The following paragraph does not imply

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the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2010 and 2009 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2010 and 2009, or its changes in financial position or cash flows, where applicable for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of the Village of Antwerp, Paulding County, as of December 31, 2010 and 2009, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The Village has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 26, 2011, 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. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.



Dave Yost
Auditor of State

April 26, 2011

**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, 2010**

	Governmental Fund Types			Totals (Memorandum Only)
	General	Special Revenue	Capital Projects	
Cash Receipts:				
Property and Local Taxes	\$48,523	\$135,028		\$183,551
Municipal Income Tax	234,867	34		234,901
Intergovernmental	41,035	102,879		143,914
Special Assessments		26,833		26,833
Charges for Services		123,735		123,735
Fines, Licenses and Permits	54,789	1,615		56,404
Earnings on Investments	1,243	315		1,558
Miscellaneous	12,042	7,947		19,989
	392,499	398,386		790,885
Cash Disbursements:				
Current:				
Security of Persons and Property	4,381	323,640		328,021
Public Health Services		501		501
Leisure Time Activities	26,807			26,807
Community Environment	1,316			1,316
Transportation		89,900		89,900
General Government	215,273	58		215,331
Debt Service:				
Redemption of Principal		57,285		57,285
Interest and Fiscal Charges		9,636		9,636
Capital Outlay	7,003	34,936	\$175,972	217,911
	254,780	515,956	175,972	946,708
Total Cash Receipts Over/(Under) Cash Disbursements	137,719	(117,570)	(175,972)	(155,823)
Other Financing Receipts / (Disbursements):				
Proceeds from Sale of Public Debt:				
Sale of Notes		23,256		23,256
Transfers-In		97,500	23,525	121,025
Transfers-Out	(221,025)		(11,307)	(232,332)
Advances-In			7,232	7,232
Advances-Out	(7,232)			(7,232)
Other Financing Uses		(14,586)		(14,586)
	(228,257)	106,170	158,104	36,017
Excess of Cash Disbursements and Other Financiaing Disbursements Over Cash Receipts and Other Financing Receipts	(90,538)	(11,400)	(17,868)	(119,806)
Fund Cash Balances, January 1	276,690	254,363	24,437	555,490
Fund Cash Balances, December 31	\$186,152	\$242,963	\$6,569	\$435,684

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 FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2010**

	<u>Proprietary Fund Types</u>	<u>Fiduciary Fund Types</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Agency</u>	
Operating Cash Receipts:			
Charges for Services	\$488,358		\$488,358
Miscellaneous	3,481		3,481
	<u>491,839</u>		<u>491,839</u>
Operating Cash Disbursements:			
Personal Services	168,641		168,641
Transportation	648		648
Contractual Services	123,812		123,812
Supplies and Materials	31,433		31,433
	<u>324,534</u>		<u>324,534</u>
Operating Income	<u>167,305</u>		<u>167,305</u>
Non-Operating Cash Receipts:			
Earnings on Investments	2,073		2,073
Sale of Notes	839,908		839,908
Other Non-Operating Cash Receipts	400	\$52,786	53,186
	<u>842,381</u>	<u>52,786</u>	<u>895,167</u>
Non-Operating Cash Disbursements:			
Capital Outlay	61,074		61,074
Redemption of Principal	976,124		976,124
Interest and Other Fiscal Charges	70,895		70,895
Other Non-Operating Cash Disbursements		55,087	55,087
	<u>1,108,093</u>	<u>55,087</u>	<u>1,163,180</u>
Excess of Disbursements Over Receipts Before Interfund Transfers	(98,407)	(2,301)	(100,708)
Transfers-In	<u>111,307</u>		<u>111,307</u>
Net Receipts Over/(Under) Disbursements	12,900	(2,301)	10,599
Fund Cash Balances, January 1	<u>155,829</u>	<u>5,733</u>	<u>161,562</u>
Fund Cash Balances, December 31	<u>\$168,729</u>	<u>\$3,432</u>	<u>\$172,161</u>

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, 2009**

	Governmental Fund Types			Totals (Memorandum Only)
	General	Special Revenue	Capital Projects	
Cash Receipts:				
Property and Local Taxes	\$47,638	\$139,644		\$187,282
Municipal Income Tax	225,527	132		225,659
Intergovernmental	72,397	109,625		182,022
Special Assessments		26,365		26,365
Charges for Services		133,425		133,425
Fines, Licenses and Permits	74,159	2,769		76,928
Earnings on Investments	2,134	636		2,770
Miscellaneous	5,333	699	\$10,100	16,132
	<u>427,188</u>	<u>413,295</u>	<u>10,100</u>	<u>850,583</u>
Total Cash Receipts				
Cash Disbursements:				
Current:				
Security of Persons and Property	782	308,430		309,212
Public Health Services		485		485
Leisure Time Activities	23,907			23,907
Transportation		103,579		103,579
General Government	181,869	428		182,297
Debt Service:				
Redemption of Principal		71,382		71,382
Interest and Fiscal Charges		11,302		11,302
Capital Outlay	4,051	52,437	48,622	105,110
	<u>210,609</u>	<u>548,043</u>	<u>48,622</u>	<u>807,274</u>
Total Cash Disbursements				
Total Cash Receipts Over/(Under) Cash Disbursements	<u>216,579</u>	<u>(134,748)</u>	<u>(38,522)</u>	<u>43,309</u>
Other Financing Receipts / (Disbursements):				
Proceeds from Sale of Public Debt:				
Sale of Notes		39,020		39,020
Transfers-In		125,000	26,625	151,625
Transfers-Out	(147,700)			(147,700)
Advances-In			16,643	16,643
Advances-Out	(16,643)			(16,643)
Other Financing Sources	2,116			2,116
Other Financing Uses		(14,241)		(14,241)
	<u>(162,227)</u>	<u>149,779</u>	<u>62,959</u>	<u>50,511</u>
Total Other Financing Receipts / (Disbursements)				
Excess of Cash Receipts and Other Financing Receipts Over Cash Disbursements and Other Financing Disbursements	54,352	15,031	24,437	93,820
Fund Cash Balances, January 1	<u>222,338</u>	<u>239,332</u>	<u></u>	<u>461,670</u>
Fund Cash Balances, December 31	<u>\$276,690</u>	<u>\$254,363</u>	<u>\$24,437</u>	<u>\$555,490</u>

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 FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2009**

	Proprietary Fund Types	Fiduciary Fund Types	Totals (Memorandum Only)
	Enterprise	Agency	
Operating Cash Receipts:			
Charges for Services	\$483,215		\$483,215
Miscellaneous	2,852		2,852
Total Operating Cash Receipts	<u>486,067</u>		<u>486,067</u>
Operating Cash Disbursements:			
Personal Services	178,150		178,150
Transportation	1,282		1,282
Contractual Services	162,721		162,721
Supplies and Materials	41,158		41,158
Total Operating Cash Disbursements	<u>383,311</u>		<u>383,311</u>
Operating Income	<u>102,756</u>		<u>102,756</u>
Non-Operating Cash Receipts:			
Earnings on Investments	1,748		1,748
Sale of Notes	340,559		340,559
Other Non-Operating Cash Receipts	1,800	\$83,206	85,006
Total Non-Operating Cash Receipts	<u>344,107</u>	<u>83,206</u>	<u>427,313</u>
Non-Operating Cash Disbursements:			
Capital Outlay	24,368		24,368
Redemption of Principal	466,281		466,281
Interest and Other Fiscal Charges	83,328		83,328
Other Non-Operating Cash Disbursements	600	87,814	88,414
Total Non-Operating Cash Disbursements	<u>574,577</u>	<u>87,814</u>	<u>662,391</u>
Excess of Disbursements Over Receipts Before Interfund Transfers	(127,714)	(4,608)	(132,322)
Transfers-In	22,700		22,700
Transfers-Out	(26,625)		(26,625)
Net Disbursements Over Receipts	(131,639)	(4,608)	(136,247)
Fund Cash Balances, January 1	<u>287,468</u>	<u>10,341</u>	<u>297,809</u>
Fund Cash Balances, December 31	<u>\$155,829</u>	<u>\$5,733</u>	<u>\$161,562</u>

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, 2010 AND 2009**

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, (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 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. Accounting Basis

These financial statements follow the accounting basis the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. The Village 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 Auditor of State prescribes or permits.

C. 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.

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 reports all financial resources except those required to be accounted for in another fund.

2. Special Revenue Funds

These funds account for proceeds from specific sources (other than from private-purpose 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, 2010 AND 2009
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

Emergency Medical Services Fund - This fund receives property tax levy money to provide emergency medical services to the Village residents.

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

3. Capital Project Funds

These funds account for receipts restricted to acquiring or constructing major capital projects (except those financed through enterprise or trust funds). The Village had the following significant Capital Projects Fund:

West Daggett Street/Stone Street Waterline Project Fund – This fund receives proceeds from an Ohio Public Works Commission Loan. The proceeds are being used to replace waterlines on West Daggett Street and Stone Street.

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.

Waste Water 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.

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 account for financial activity of the Village's Mayor Court.

E. Budgetary Process

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

**VILLAGE OF ANTWERP
PAULDING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function level of control, and appropriations may not exceed estimated resources. The Village Council must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. 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 also 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 re-appropriated in the subsequent year. The Village did not encumber all commitments required by Ohio law.

A summary of 2010 and 2009 budgetary activity appears in Note 3.

F. 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.

G. 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>2010</u>	<u>2009</u>
Demand deposits	\$481,978	\$593,745
Certificates of deposit	125,867	123,307
Total deposits	<u>\$607,845</u>	<u>\$717,052</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
DECEMBER 31, 2010 AND 2009
(Continued)**

3. Budgetary Activity

Budgetary activity for the years ending December 31, 2010 and 2010 follows:

2010 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$382,995	\$392,499	\$9,504
Special Revenue	544,302	519,142	(25,160)
Capital Projects	652,856	169,411	(483,445)
Enterprise	827,379	1,445,527	618,148
Total	\$2,407,532	\$2,526,579	\$119,047

2010 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$495,163	\$483,037	\$12,126
Special Revenue	614,820	530,542	84,278
Capital Projects	693,338	187,279	506,059
Enterprise	779,837	1,432,627	(652,790)
Total	\$2,583,158	\$2,633,485	(\$50,327)

2009 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$416,437	\$429,304	\$12,867
Special Revenue	562,999	577,315	14,316
Capital Projects	382,408	73,059	(309,349)
Enterprise	691,193	852,874	161,681
Total	\$2,053,037	\$1,932,552	(\$120,485)

2009 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$385,769	\$374,952	\$10,817
Special Revenue	599,175	562,284	36,891
Capital Projects	300,250	48,622	251,628
Enterprise	743,083	984,513	(241,430)
Total	\$2,028,277	\$1,970,371	\$57,906

**VILLAGE OF ANTWERP
PAULDING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009
(Continued)**

3. Budgetary Activity (Continued)

Contrary to Ohio law, budgetary expenditures exceeded appropriations authority in the Water Fund by \$136,492, Waste Water Fund by \$517,098, and the East River Street Waterline Fund by \$3,045 for the year ended December 31, 2010. Also, budgetary expenditures exceeded appropriations authority in the Water Fund by \$137,972, Waste Water Fund by \$103,513, Emergency Medical Services Fund by \$8,448 and in the Street Lighting Fund by \$5,795 for the year ended December 31, 2009.

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.

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.

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 Central Collection Agency (CCA) either monthly or quarterly, as required. Corporations and other individual taxpayers pay estimated taxes quarterly and file a declaration annually.

6. Debt

Debt outstanding at December 31, 2010 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Promissory Notes (short-term)	\$863,164	2.5 - 3%
Promissory Note (long-term)	155,037	4.79%
Ohio Public Works Commission Loans	178,144	0%
Ohio Water Development Authority Loans	845,852	2.2-6.1%
Total	<u><u>\$2,042,197</u></u>	

**VILLAGE OF ANTWERP
PAULDING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009
(Continued)**

6. Debt (Continued)

The short-term promissory notes used for various purposes including the construction, furnishing, and equipping a emergency medical service building in 2001, 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 2011. Assets (the EMS building), water and sewer revenues have pledged as collateral for these notes.

The long-term promissory note was used to make improvements to the storm sewer in 1984. This is also held by the Antwerp Exchange Bank payable on maturity on August 1, 2017. Charges for services are used to repay this note.

There are four 20 year non interest loans from the Ohio Public Works Commission. 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 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 is being used to finance a waterline replacement along US 424 East River Street. The total loan amount of the project is \$117,625. As of December 31, 2010 the Village has drawn \$20,486 from OWPC in loan proceeds for this project. Repayment amounts have not been established. This loan is not included in the amortization schedule.

There are four loans from the Ohio Water Development Authority (OWDA).

The first loan, obtained in 1997 for \$268,994, financed a water system improvement project mandated by the Ohio Environmental Agency. The loan is for 15 years repayable in semi-annual installments of \$13,957 till its maturity date on January 1, 2013.

The second 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 third was acquired in 2003 for \$25,000 to assist the Village in the cost of preliminary engineering plans for improvements in the drinking water system. The loan is for 10 years and repayable in annual installments of \$2,500 plus interest until its maturity date on January 1, 2015.

The fourth 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 until its maturity date on July 1, 2015.

On November 4, 2010, the Village obtained a one year note from Antwerp Exchange Bank in the amount of \$546,828 which was used to pay off the remaining sanitary sewer bonds.

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

**VILLAGE OF ANTWERP
PAULDING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009
(Continued)**

Year Ending	Short Term Promissory	Long-Term Promissory Notes	Ohio Water Development Authority Loans	Ohio Public Works Commission Loans	Total
2011	\$885,250	\$26,339	\$91,695	\$9,939	\$1,013,223
2012		26,339	91,552	9,939	127,830
2013		26,339	63,495	9,939	99,773
2014		26,339	63,351	9,939	99,629
2015		26,339	60,708	9,939	96,986
2016- 2020		74,015	283,105	39,033	396,153
2011- 2025			283,105	34,465	317,570
2026- 2030			113,242	34,465	147,707
Total	<u>\$885,250</u>	<u>\$205,710</u>	<u>\$1,050,253</u>	<u>\$157,658</u>	<u>\$2,298,871</u>

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 2010 and 2009, OP&F participants contributed 10% of their wages. For 2010 and 2009, the Village contributed to OP&F an amount equal to 19.5% of full-time police members' wages. For 2010 and 2009, 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, 2010.

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. American Risk Pooling Consultants, Inc. (ARPCO), a division of 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

**VILLAGE OF ANTWERP
PAULDING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009
(Continued)**

8. Risk Management (Continued)

Excess Pool (APEEP), which is also administered by ARPCO. 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, 2009, PEP retained \$350,000 for casualty claims and \$150,000 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 accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2009 and 2008 (the latest information available):

	<u>2009</u>	<u>2008</u>
Assets	\$36,374,898	\$35,769,535
Liabilities	<u>(15,256,862)</u>	<u>(15,310,206)</u>
Net Assets	<u>\$21,118,036</u>	<u>\$20,459,329</u>

At December 31, 2009 and 2008, respectively, the liabilities above include approximately \$14.1 million and \$13.7 million of estimated incurred claims payable. The assets above also include approximately \$13.7 million and \$12.9 million of unpaid claims to be billed to approximately 447 member governments in the future, as of December 31, 2009 and 2008, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2010, the Village's share of these unpaid claims collectible in future years is approximately \$20,000.

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>Contributions to PEP</u>	
<u>2010</u>	<u>2009</u>
\$21,354	\$21,343

**VILLAGE OF ANTWERP
PAULDING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009
(Continued)**

8. Risk Management (Continued)

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.

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INDEPENDENT ACCOUNTANTS' 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 the financial statements of the Village of Antwerp, Paulding County (the Village) as of and for the years ended December 31, 2010 and 2009, and have issued our report thereon dated April 26, 2011, wherein we noted the Village followed accounting practices the Auditor of State prescribes or permits rather than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Village's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of opining on the effectiveness of the Village's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Village's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. Therefore, we cannot assure that we have identified all deficiencies, significant deficiencies or material weaknesses. However, as described in the accompanying schedule of findings we identified a certain deficiency in internal control over financial reporting, that we consider a material weakness.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial

statements will not be prevented, or detected and timely corrected. We consider finding 2010-004 described in the accompanying schedule of findings to be a material weakness.

Compliance and Other Matters

As part of reasonably assuring whether the Village's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion 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 2010-001 through 2010-003.

We also noted certain matters not requiring inclusion in this report that we reported to the Village's management in a separate letter dated April 26, 2011.

We intend this report solely for the information and use of management, the audit committee, the Village Council and others within the Village. We intend it for no one other than these specified parties.



Dave Yost
Auditor of State

April 26, 2011

**VILLAGE OF ANTWERP
PAULDING COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2010 AND 2009**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2010-001

Finding for Recovery – Repaid Under Audit

Ohio Revised Code § 2949.094(A) requires the court in which any person is convicted of or pleads guilty to any moving violation shall impose an additional court cost of ten dollars upon the offender. The court shall not waive the payment of the ten dollars unless the court determines that the offender is indigent and waives the payment of all court costs imposed upon the indigent offender.

These costs are to be transmitted as follows:

- Thirty-five per cent to the state treasury of which ninety-seven per cent shall be credited to the drug law enforcement fund created under section 5502.68 of the Revised Code and the remaining three per cent shall be credited to the justice program services fund created under section 5502.67 of the Revised Code;
- Fifteen per cent to the county court's indigent drivers alcohol treatment fund that was created by the county under division (H) of section 4511.191 of the Revised Code;
- Fifty per cent to the state treasury to be credited to the indigent defense support fund created pursuant to section 120.08 of the Revised Code.

In accordance with Ohio Rev. Code § 2949.091(A), prior to its amendment on October 16, 2009, the Mayor's Court had one hundred sixty three court cases in 2009 in which the \$10 cost was collected from defendants for a total amount of \$1,630. Pursuant to the above-referenced section, the Mayor's Court should have remitted fifty percent of this amount to the state treasury to the credit of the indigent defense support fund. The Mayor's Court, however, failed to remit this payment.

In accordance with the foregoing facts and pursuant to Ohio Rev. Code § 117.28, a finding for recovery for public monies collected but unaccounted for is hereby issued against the Village of Antwerp Mayor's Court in the amount of \$815 and in favor of the State of Ohio Indigent Defense Support fund.

The Village issued a check (#30993) to the Treasurer of the State of Ohio on April 26, 2011 for \$815.

FINDING NUMBER 2010-002

Noncompliance Citation

Ohio Revised Code 5705.41(B) prohibits a subdivision from making an expenditure unless it has been properly appropriated. The following funds had disbursements in excess of appropriations at December 31:

	Total Appropriations	Total Disbursements	Variance
<u>2009</u>			
Emergency Medical Services Fund	\$115,650	\$124,098	(\$8,448)
Street Lighting Fund	19,500	25,295	(5,795)
Water Fund	503,044	641,016	(137,972)
Waste Water Fund	239,385	342,897	(103,513)
<u>2010</u>			
East River Street Waterline Fund	34,397	37,441	(3,045)
Water Fund	494,661	591,153	(136,492)
Waste Water Fund	324,376	841,474	(517,098)

Expenditures in excess of appropriations may result in deficit spending. We recommend expenditures and appropriations be reviewed frequently by the Council and the necessary adjustments be made to reduce the possibility of expenditures exceeding appropriations. These adjustments should be formally approved by the Council in the minutes and the Fiscal Officer should only make amendments to the appropriations ledger based on these formally documented approvals.

FINDING NUMBER 2010-003

Noncompliance Citation

Ohio Revised Code § 5705.41(D)(1) states that no subdivision or taxing unit shall make any contract or give any order involving the expenditure of money unless there is attached thereto a certificate of the fiscal officer of the subdivision that the amount required for the order or contract has been lawfully appropriated for such purpose and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances. Every such contract made without such a certificate shall be void, and no warrant shall be issued in payment of any amount due thereon.

There are several exceptions to the requirement stated above that a fiscal officer's certificate must be obtained prior to a subdivision or taxing authority entering into a contract or order involving the expenditure of money. The main exceptions are: "then and now" certificates, blanket certificates, and super blanket certificates, each of which are provided for in sections 5705.41(D)(1) and 5705.41(D)(3), respectively, of the Ohio Revised Code

1. **"Then and Now" Certificate** – If the fiscal officer can certify that both at the time that the contract or order was made ("then"), and at the time the fiscal officer is completing the certification ("now"), that sufficient funds were available or in the process of collection, to the credit of an appropriate fund free from any previous encumbrances, the Village Council can authorize the drawing of a warrant for the payment of the amount due. The Village Council has thirty days from the receipt of the "then and now" certificate to approve payment by ordinance or resolution.

Amounts of less than \$3,000 may be paid by the fiscal officer without a resolution or ordinance upon completion of the "then and now" certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the Village Council.

2. **Blanket Certificate** – Fiscal officers may prepare “blanket” certificates for a certain sum of money not in excess of an amount established by resolution or ordinance adopted by a majority of the members of the legislative authority against any specific line item account over a period not running beyond the end of the current fiscal year. The blanket certificates may, but need not, be limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time for any one particular line item appropriation.
3. **Super Blanket Certificate** – The Village Council may also make expenditures and contracts for any amount from a specific line-item appropriation account in a specified fund upon certification of the fiscal officer for most professional services, fuel, oil, food items, and any other specific recurring and reasonably predictable operating expense. This certification may, but need not, be limited to a specific vendor. This certification is not to extend beyond the current year. More than one super blanket certificate may be outstanding at a particular time for any line item appropriation.

Fifty percent of the transactions tested were not certified by the fiscal officer at the time the commitment was incurred and there was no evidence the Village followed the aforementioned exceptions. Failure to properly certify the availability of funds can result in overspending funds and negative cash fund balances.

Unless the exceptions noted above are used, prior certification is not only required by statute but is a key control in the disbursement process to assure purchase commitments receive prior approval. To improve controls over disbursements and to help reduce the possibility of the Village’s funds exceeding budgetary spending limitations, we recommend the Fiscal Officer certify the funds are or will be available prior to obligation by the Village. When prior certification is not possible, “then and now” certification should be used.

FINDING NUMBER 2010-004

Material Weakness – Financial Reporting

As a result of the audit procedures performed, the following errors were noted in the financial statements that required audit adjustments:

- The Village refinanced promissory notes in the Water Fund of \$189,002 in 2009 and \$173,562 in 2010 and in the Waste Water Fund of \$120,664 in 2009 and \$533,544 in 2010. The Village did not record the payment of the refinanced promissory notes amount due or the note proceeds revenues received in the 2009 and 2010 within the Water Fund and Waste Water Fund.
- The Water Reserve Fund balance of \$23,707 and Waste Water Reserve Fund balance of \$63,000 were classified as a Debt Service Funds instead of an Enterprise Funds on the 2009 and 2010 financial statements.
- Emergency Services Fund debt service principal payments of \$53,971 in 2009 and \$39,020 in 2010 were recorded as debt service interest payments.
- Payments made to and received from townships surrounding the Village during 2009 for Emergency Medical Service contracts in the amount of \$25,153 were not recorded on the Village 2009 financial statements.
- Ohio Public Works Commission loan proceeds in the amount of \$19,691 in 2009 and \$138,655 in 2010 were recorded as Intergovernmental Revenues instead of Debt Proceeds in the Capital Projects Fund.

- The Village did not include the fund balance of the Mayors Court Checking Account at December 31, 2009 of \$5,733 or at December 31, 2010 of \$3,432 as an Agency fund on the 2009 and 2010 financial statements.

The Village made these adjustments to their accounting records and the accompanying financial statements.

Sound financial reporting is the responsibility of the fiscal officer and the governing board and is essential to ensure the information provided to the readers of the financial statements is complete and accurate. To 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 audit committee, to identify and correct errors and omissions. In addition, the Fiscal Officer should also review the Auditor of State's Village handbook which contains a chart of accounts. This may help to ensure all accounts are being properly posted to the financial statements.

Officials' Response:

We did not receive a response from Officials to the findings reported above.

**VILLAGE OF ANTWERP
PAULDING COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2010 AND 2009**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2008-001	Ohio Revised Code §5705.10: Deficit fund balances at December 31, 2007.	Yes	
2008-002	Ohio Revised Code §5705.41(B): Actual expenditures exceeded approved appropriations.	No	Reissued as Finding 2010-002 in this report
2008-003	Ohio Revised Code §733.28: Non posting of pass through payments from Ohio Water Development Authority.	Yes	
2008-004	Ohio Revised Code §5705.41(D): Non certification of expenditures by Fiscal Officer.	No	Reissued as Finding 2010-003 in this report
2008-005	Ohio Revised Code §5705.36(A) (4): Fund appropriations exceeded fund actual resources.	Yes	
2008-006	Ohio Revised Code §5705.39: Fund appropriations exceeded fund estimated resources	Yes	
2008-007	Ohio Revised Code §731.14: Non-bidding of contracts subject to competitive bid procedures	Yes	

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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
MAY 17, 2011**