



Dave Yost • Auditor of State

VILLAGE OF ANTWERP
PAULDING COUNTY

TABLE OF CONTENTS

TITLE	PAGE
Independent Auditor's Report	1
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Cash Basis) - All Governmental Fund Types - For the Year Ended December 31, 2014	3
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Cash Basis) - All Proprietary and Fiduciary Fund Types - For the Year Ended December 31, 2014	4
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Cash Basis) - All Governmental Fund Types - For the Year Ended December 31, 2013	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, 2013	6
Notes to the Financial Statements	7
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	17
Schedule of Findings.....	19
Schedule of Prior Audit Findings	23

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

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

To the Members of Council:

Report on the Financial Statements

We have audited the accompanying financial statements and related notes of the Village of Antwerp, Paulding County, Ohio, (the Village) as of and for the years ended December 31, 2014 and 2013.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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, 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 permitted 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, 2014 and 2013, or 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 combined cash balances of the Village of Antwerp, Paulding County, Ohio, as of December 31, 2014 and 2013, and its combined cash receipts and disbursements 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 April 30, 2015, 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.



Dave Yost
Auditor of State

Columbus, Ohio

April 30, 2015

**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, 2014**

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts			
Property and Other Local Taxes	\$45,129	\$134,859	\$179,988
Municipal Income Tax	274,672		274,672
Intergovernmental	43,292	103,892	147,184
Special Assessments		15,081	15,081
Charges for Services		69,096	69,096
Fines, Licenses and Permits	34,427	1,280	35,707
Earnings on Investments	2,353	1,107	3,460
Miscellaneous	37,473	3,136	40,609
<i>Total Cash Receipts</i>	<u>437,346</u>	<u>328,451</u>	<u>765,797</u>
Cash Disbursements			
Current:			
Security of Persons and Property	634	330,184	330,818
Public Health Services		390	390
Leisure Time Activities	37,469		37,469
Community Environment	1,410		1,410
Transportation		67,416	67,416
General Government	164,898	3,267	168,165
Capital Outlay	46,925	68,461	115,386
Debt Service:			
Principal Retirement		2,638	2,638
<i>Total Cash Disbursements</i>	<u>251,336</u>	<u>472,356</u>	<u>723,692</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>186,010</u>	<u>(143,905)</u>	<u>42,105</u>
Other Financing Receipts (Disbursements)			
Transfers In		154,000	154,000
Transfers Out	(194,000)		(194,000)
Other Financing Uses		(15,027)	(15,027)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(194,000)</u>	<u>138,973</u>	<u>(55,027)</u>
<i>Net Change in Fund Cash Balances</i>	(7,990)	(4,932)	(12,922)
<i>Fund Cash Balances, January 1</i>	<u>172,832</u>	<u>314,452</u>	<u>487,284</u>
Fund Cash Balances, December 31			
Restricted		253,326	253,326
Committed		56,194	56,194
Assigned	60,736		60,736
Unassigned	104,106		104,106
<i>Fund Cash Balances, December 31</i>	<u>\$164,842</u>	<u>\$309,520</u>	<u>\$474,362</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, 2014**

	Proprietary Fund Type	Fiduciary Fund Type	Totals
	Enterprise	Agency	(Memorandum Only)
Operating Cash Receipts			
Charges for Services	\$588,239		\$588,239
Miscellaneous	1,375		1,375
<i>Total Operating Cash Receipts</i>	<u>589,614</u>		<u>589,614</u>
Operating Cash Disbursements			
Personal Services	236,113		236,113
Employee Fringe Benefits	385		385
Contractual Services	131,237		131,237
Supplies and Materials	49,265	\$379	49,644
Capital Outlay	10,273		10,273
<i>Total Operating Cash Disbursements</i>	<u>427,273</u>	<u>379</u>	<u>427,652</u>
<i>Operating Income (Loss)</i>	<u>162,341</u>	<u>(379)</u>	<u>161,962</u>
Non-Operating Receipts (Disbursements)			
Intergovernmental	426		426
Sale of Notes	470,469		470,469
Miscellaneous Receipts	3,860		3,860
Principal Retirement	(642,591)		(642,591)
Interest and Other Fiscal Charges	(33,647)		(33,647)
Other Financing Sources		39,322	39,322
Other Financing Uses		(36,962)	(36,962)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(201,483)</u>	<u>2,360</u>	<u>(199,123)</u>
<i>Income (Loss) before Transfers</i>	<u>(39,142)</u>	<u>1,981</u>	<u>(37,161)</u>
Transfers In	40,000		40,000
<i>Net Change in Fund Cash Balances</i>	<u>858</u>	<u>1,981</u>	<u>2,839</u>
<i>Fund Cash Balances, January 1</i>	<u>208,001</u>	<u>2,763</u>	<u>210,764</u>
<i>Fund Cash Balances, December 31</i>	<u>\$208,859</u>	<u>\$4,744</u>	<u>\$213,603</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 GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2013**

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
Cash Receipts				
Property and Other Local Taxes	\$46,146	\$136,551		\$182,697
Municipal Income Tax	251,402			251,402
Intergovernmental	43,617	118,286	\$234,480	396,383
Special Assessments		15,682		15,682
Charges for Services		92,982		92,982
Fines, Licenses and Permits	11,480	365		11,845
Earnings on Investments	2,500	992		3,492
Miscellaneous	45,165	10,857	1,350	57,372
<i>Total Cash Receipts</i>	<u>400,310</u>	<u>375,715</u>	<u>235,830</u>	<u>1,011,855</u>
Cash Disbursements				
Current:				
Security of Persons and Property	120	307,111		307,231
Public Health Services		530		530
Leisure Time Activities	34,212			34,212
Community Environment	1,220			1,220
Transportation		68,799		68,799
General Government	197,585	2,214		199,799
Capital Outlay	49,651	60,607	263,683	373,941
Debt Service:				
Principal Retirement		1,673		1,673
<i>Total Cash Disbursements</i>	<u>282,788</u>	<u>440,934</u>	<u>263,683</u>	<u>987,405</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>117,522</u>	<u>(65,219)</u>	<u>(27,853)</u>	<u>24,450</u>
Other Financing Receipts (Disbursements)				
Sale of Notes			37,730	37,730
Transfers In		118,000	32,608	150,608
Transfers Out	(183,000)			(183,000)
Advances In	46,724			46,724
Advances Out		(4,239)	(42,485)	(46,724)
Other Financing Uses		(14,238)		(14,238)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(136,276)</u>	<u>99,523</u>	<u>\$27,853</u>	<u>(8,900)</u>
<i>Net Change in Fund Cash Balances</i>	<u>(18,754)</u>	<u>34,304</u>		<u>15,550</u>
<i>Fund Cash Balances, January 1</i>	<u>191,586</u>	<u>280,148</u>		<u>471,734</u>
Fund Cash Balances, December 31				
Restricted		259,908		259,908
Committed		54,544		54,544
Assigned	104,816			104,816
Unassigned	68,016			68,016
<i>Fund Cash Balances, December 31</i>	<u>\$172,832</u>	<u>\$314,452</u>		<u>\$487,284</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, 2013**

	Proprietary Fund Type	Fiduciary Fund Type	Totals
	Enterprise	Agency	(Memorandum Only)
Operating Cash Receipts			
Charges for Services	\$547,672		\$547,672
Miscellaneous	14,717		14,717
<i>Total Operating Cash Receipts</i>	<u>562,389</u>		<u>562,389</u>
Operating Cash Disbursements			
Personal Services	227,053		227,053
Employee Fringe Benefits	547		547
Contractual Services	126,787		126,787
Supplies and Materials	40,976	\$224	41,200
Capital Outlay	19,269		19,269
<i>Total Operating Cash Disbursements</i>	<u>414,632</u>	<u>224</u>	<u>414,856</u>
<i>Operating Income (Loss)</i>	<u>147,757</u>	<u>(224)</u>	<u>147,533</u>
Non-Operating Receipts (Disbursements)			
Intergovernmental	477		477
Sale of Notes	563,808		563,808
Miscellaneous Receipts	4,322		4,322
Principal Retirement	(731,986)		(731,986)
Interest and Other Fiscal Charges	(37,734)		(37,734)
Other Financing Sources		14,407	14,407
Other Financing Uses		(12,107)	(12,107)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(201,113)</u>	<u>2,300</u>	<u>(198,813)</u>
<i>Income (Loss) before Transfers</i>	(53,356)	2,076	(51,280)
Transfers In	151,707		151,707
Transfers Out	(119,315)		(119,315)
<i>Net Change in Fund Cash Balances</i>	(20,964)	2,076	(18,888)
<i>Fund Cash Balances, January 1</i>	<u>228,965</u>	<u>687</u>	<u>229,652</u>
<i>Fund Cash Balances, December 31</i>	<u>\$208,001</u>	<u>\$2,763</u>	<u>\$210,764</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, 2014 AND 2013**

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, and 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.

B. 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.

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.

The Village values certificates of deposit 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 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 Fund:

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

**VILLAGE OF ANTWERP
PAULDING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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:

Cleveland and Washington Streets Pavement Improvement Project Fund – This fund receives proceeds from an Ohio Public Works Commission Grant and Loan. The proceeds are being used to repave Cleveland and Washington Streets.

South Erie Street Waterline Project Fund - This fund receives proceeds from an Ohio Public Works Commission Grant. The proceeds are being used to replace waterlines on South Erie Street.

Train Depot Building Fund - This fund receives proceeds from grants passed through Ohio Department of Transportation. The grants originated from the United States Department of Transportation grant and the Ohio Cultural Facilities Commission. The proceeds were used to restore the Village train depot building.

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.

Sewer 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 accounts for the financial activity of the Village's Mayor's 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, 2014 AND 2013
(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. 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 2014 and 2013 budgetary activity appears in Note 3.

F. 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.

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.

**VILLAGE OF ANTWERP
PAULDING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

G. 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.

H. 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:

	2014	2013
Demand deposits	\$550,247	\$563,328
Certificates of deposit	137,718	134,720
Total deposits	\$687,965	\$698,048

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, 2014 AND 2013
(Continued)**

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2014 and 2013 follows:

2014 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$439,194	\$437,346	(\$1,848)
Special Revenue	491,852	482,451	(9,401)
Enterprise	1,128,369	1,104,369	(24,000)
Total	<u>\$2,059,415</u>	<u>\$2,024,166</u>	<u>(\$35,249)</u>

2014 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$460,715	\$445,336	\$15,379
Special Revenue	516,736	487,383	29,353
Enterprise	1,153,910	1,103,511	50,399
Total	<u>\$2,131,361</u>	<u>\$2,036,230</u>	<u>\$95,131</u>

2013 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$444,996	\$447,034	\$2,038
Special Revenue	495,821	493,715	(2,106)
Capital Projects	306,168	306,168	
Enterprise	1,282,577	1,282,703	126
Total	<u>\$2,529,562</u>	<u>\$2,529,620</u>	<u>\$58</u>

2013 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$495,115	\$465,788	\$29,327
Special Revenue	480,513	459,411	21,102
Capital Projects	263,683	306,168	(42,485)
Enterprise	1,217,959	1,303,667	(85,708)
Total	<u>\$2,457,270</u>	<u>\$2,535,034</u>	<u>(\$77,764)</u>

Contrary to Ohio law, budgetary expenditures exceeded appropriation authority in the Waste Water Reserve fund and the Water Reserve fund by \$63,000 and \$23,707, respectively, for the year ended December 31, 2013. Also contrary to Ohio law, variances were noted when comparing approved appropriations to amounts posted in the system in the Train Depot fund, Waste Water Reserve fund, and the Water Reserve fund in the amounts of \$42,485, \$63,000, and \$23,707, respectively, for the year ended December 31, 2013.

**VILLAGE OF ANTWERP
PAULDING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013
(Continued)**

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.

6. DEBT

Debt outstanding at December 31, 2014 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Promissory Notes (short term)	\$470,469	2%
Promissory Notes (long term)	72,733	4.79%
Ohio Public Works Commission Loans	202,811	0%
Ohio Water Development Authority Loan	619,360	2.2% - 2.75%
Total	<u>\$1,365,373</u>	

The short-term promissory notes used for various purposes including the construction, furnishing, and equipping an 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 2015. 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 held by the Antwerp Exchange Bank. Semi-annual payments of \$13,169 are required with the loan on maturing on August 1, 2017. Charges for services are used to repay this note.

**VILLAGE OF ANTWERP
PAULDING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013
(Continued)**

6. DEBT (Continued)

There are five 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 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 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 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 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 \$695 are required with the final payment due on December 31, 2041.

There are three 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 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 third 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.

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.

Amortization of the above debt, including \$127,084 interest, is scheduled as follows:

Year ending December 31:	Short Term Promissory Notes	Long Term Promissory Note	Ohio Water Development Authority Loans	Ohio Public Works Commission Loans	Total
2015	\$470,469	\$26,339	\$60,709	\$13,966	\$571,483
2016		26,339	56,621	13,966	96,926
2017		26,339	56,621	12,443	95,403
2018			56,621	10,920	67,541
2019			56,621	10,920	67,541
2020-2024			283,104	54,601	337,705
2025-2029			169,863	54,601	224,464
2030-2034				22,364	22,364
2035-2039				6,946	6,946
2040-2044				2,084	2,084
Total	<u>\$470,469</u>	<u>\$79,017</u>	<u>\$740,160</u>	<u>\$202,811</u>	<u>\$1,492,457</u>

**VILLAGE OF ANTWERP
PAULDING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013
(Continued)**

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, 2013 thru July 1, 2013, plan members were required to contribute 10.0% of their annual covered salary. From July 2, 2013 thru June 30, 2014, OP&F plan members were required to contribute 10.75% of their covered salary. From July 1, 2014 thru December 31, 2014 OP&F plan members were required to contribute 11.5% of their covered salary. For 2014 and 2013, the Village contributed to OP&F an amount equal to 19.5% of full-time police members' wages. For 2014 and 2013, 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, 2014.

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 Villages. PEP provides property and casualty coverage for its members. York Risk Pooling Services, Inc. (formerly known as American Risk Pooling Consultants, Inc.), 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 ARPCO. Member Villages 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, 2013, 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 accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2012 and 2013 (the latest information available):

**VILLAGE OF ANTWERP
PAULDING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013
(Continued)**

8. RISK MANAGEMENT (Continued)

	<u>2012</u>	<u>2013</u>
Assets	\$34,389,569	\$34,411,883
Liabilities	<u>(14,208,353)</u>	<u>(12,760,194)</u>
Net Position	<u>\$20,181,216</u>	<u>\$21,651,689</u>

At December 31, 2012 and 2013, respectively, the liabilities above include approximately \$13.1 million and \$11.6 million of estimated incurred claims payable. The assets above also include approximately \$12.6 million and \$11.1 million of unpaid claims to be billed to approximately 475 member governments in the future, as of December 31, 2012 and 2013, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2013, 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>Contributions to PEP</u>	
<u>2012</u>	<u>2013</u>
\$22,067	\$27,620

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.

9. INTERFUND TRANSACTIONS

A. Interfund transfers for the year ended December 31, 2014 and 2013, consisted of the following, as reported on the fund statements:

For the Year Ended December 31, 2014:

	<u>Transfers Out</u>
	General Fund
Transfers in to:	
Special Revenue Funds	\$ 154,000
Proprietary Funds	40,000
Total	<u>\$ 194,000</u>

**VILLAGE OF ANTWERP
PAULDING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013
(Continued)**

9. INTERFUND TRANSACTIONS (Continued)

For the Year Ended December 31, 2013:

	Transfers Out		
	General Fund	Proprietary Funds	Total
Transfers in to:			
Special Revenue Funds	\$ 118,000		\$ 118,000
Capital Projects Funds		\$32, 608	32,608
Proprietary Funds	65,000	86,707	151,707
Total	\$ 183,000	\$ 119,315	\$302,315

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. In 2014 and 2013, This also included using unrestricted receipts collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. In 2013, this also included moving receipts restricted to enterprise fund operations, which collect the receipts, to the enterprise debt service funds as debt payments become due and to enterprise projects funds to a Capital Projects fund for waterline construction.

B. During 2013, the following advances were returned to the General Fund.

To the General Fund From:	Amount
Special Revenue Fund:	
Safe Routes to School Fund	\$4,239
Capital Projects Fund:	
Train Depot Building Fund	42,485
Total Advances	\$46,724



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

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

To the Members of 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 Village of Antwerp, Paulding County, Ohio, (the Village) as of and for the years ended December 31, 2014 and 2013, and the related notes to the financial statements and have issued our report thereon dated April 30, 2015 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 opinion 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.

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or a combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Village's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider findings 2014-001 through 2014-003 and 2014-006 described in the accompanying schedule of findings 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 2014-004 through 2014-006.

Village's Response to Findings

The Village's responses to the findings identified in our audit are described in the accompanying schedule of findings. We did not 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 communication is not suitable for any other purpose.



Dave Yost
Auditor of State

Columbus, Ohio

April 30, 2015

**VILLAGE OF ANTWERP
PAULDING COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2014 AND 2013**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2014-001

Material Weakness

Fund Classification

Governmental Accounting Standards Board (GASB) Statement No. 54 established criteria for reporting governmental fund balances based on constraints placed upon the use of resources reported in the governmental funds. The five classifications are nonspendable, restricted, committed, assigned, and unassigned.

The 2015 and 2014 annual appropriation measures for the General Fund were adopted prior to December 31, 2014 and 2013 in the amounts of \$457,496 and \$468,937, respectively. Estimated receipts for the General Fund were \$396,760 and \$364,121 as of December 31, 2014 and 2013, respectively. A portion of the General Fund balance, \$60,736 and \$104,816 at December 31, 2014 and 2013, respectively, were needed to cover these differences. These amounts should have been recognized as assigned for subsequent year's budget instead of being classified as unassigned.

Misclassification in the fund balances occurred since the Fiscal Officer did not follow Auditor of State Bulletin 2011-004 regarding the classification of fund balances in accordance with GASB No. 54.

Adjustments of \$60,736 and \$104,816 were made to change the fund balance of the General Fund at December 31, 2014 and 2013, respectively, to reclassify the fund balance from unassigned fund balance to assigned fund balance in the Village's financial statements.

In order to ensure the Village's governmental fund balances are reported in accordance with GASB 54, we recommend the Village review Auditor of State Bulletin 2011-004.

Officials' Response:

General Fund "assigned" will be corrected on future statements.

FINDING NUMBER 2014-002

Material Weakness

Monitoring of Financial Statements

Accurate financial reporting is the responsibility of the Fiscal Officer and is essential to ensure the information provided to the readers of the financial statements accurately reflects the Village's activity.

The Village lack of a policy regarding financial review contributed to the following errors occurring without detection:

FINDING NUMBER 2014-002 (Continued)

- Water Fund debt service principal payments of \$160,498 in 2014 were recorded as debt service interest payments.
- Waste Water Fund debt service principal payments of \$448,704 in 2014 were recorded as debt service interest payments

Adjustments were made to the Village’s accounting records and the accompanying financial statements to correct these errors.

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:

Posting errors will be corrected on future statements.

FINDING NUMBER 2014-003

Material Weakness

Posting of Estimated Receipts

Sound accounting practices provide that budgeted revenues posted to the Village’s ledgers be based on amounts formally reviewed and approved by the Council.

Estimated receipts recorded in the Village’s ledgers differed from amounts approved by the Council and submitted to the County Budget Commission in the following funds:

Funds	Approved Estimated Receipts	Posted Estimated Receipts	Variance
For the Year Ended December 31, 2013			
Water Fund	\$524,888	\$499,371	\$25,517
Waste Water Fund	762,400	737,922	24,478

These errors occurred in the posting of estimated receipts since the Fiscal Officer did not compare the total posted to the certificate of estimated resources and there was not an adequate review by the Council Members. The budgetary note to the financial statements was corrected to reflect the approved amounts.

We also noted immaterial variances between the certificate of estimated resources and the amounts posted, ranging from \$30 to \$4,579 in nine other funds as of December 31, 2013. The Emergency Management Services Fund had an immaterial variance of \$21,487 between the certificate of estimated resources and the amounts posted as of December 31, 2014.

Failure to accurately reflect budgetary figures in the accounting system could result in management basing their financial decisions on inaccurate information, which could possibly result in deficit spending.

FINDING NUMBER 2014-003 (Continued)

We recommend the Fiscal Officer compare the amounts posted to the certificate of estimated resources when posting the estimated receipts. We further recommend the Council periodically review the budgetary reports to ensure the correct amounts have been posted.

Officials' Response:

Budget input will be corrected on future statements.

FINDING NUMBER 2014-004

Noncompliance Citation

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.

Operating income of \$314,207 and \$284,621 generated in 2014 and 2013, respectively, from water charges were not adequate to provide for payments required to remit the Village's debt obligations of \$63,352 for 2014 and \$63,495 for 2013 to OWDA. 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:

Rate schedules have been increased to correct this issue over the next three years.

FINDING NUMBER 2014-005

Noncompliance Citation

Ohio Rev. 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, 2013:

	Total Appropriations	Total Disbursements	Variance
Waste Water Reserve Fund	\$0	\$63,000	\$63,000
Water Reserve Fund		23,707	23,707

Management did not sufficiently monitor budget versus actual reports to ensure disbursements did not exceed Council approved appropriations.

FINDING NUMBER 2014-005 (Continued)

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.

Officials' Response:

Posting errors will be corrected for future audits.

FINDING NUMBER 2014-006

Noncompliance Citation and Material Weakness

Ohio Rev. Code §5705.40 provides any appropriation measure may be amended or supplemented if the entity complies with the same laws used in making the original appropriation.

The appropriations recorded in the Village's ledgers differed from the legally adopted appropriation amounts approved by Council and submitted to the County Budget Commission in the following funds:

Funds	Council Approved Appropriation Amount	Posted Appropriation Amounts	Variance
For the Year Ended December 31, 2013			
Train Depot Fund	\$98,287	\$55,802	\$42,485
Waste Water Reserve Fund		63,000	63,000
Water Reserve Fund		23,707	23,707

These errors occurred in the posting of appropriations since the Officials did not approve and file all appropriations with the County Auditor and there was not an adequate review of the budgetary reports by the Council Members. The budgetary note to the financial statements was corrected to reflect the approved amounts.

We also noted other funds with immaterial variances during the comparison of the Village Council approved appropriations to the total appropriations posted in the disbursement ledger. Variances in three other funds at December 31, 2014 ranged from \$2,920 to \$17,988 and in six other funds at December 31, 2013 ranged from \$3,339 to \$21,508.

We recommend all appropriations be approved and filed with the County Auditor prior to posting to the accounting system so expenditures can be monitored and compliance with the Ohio Revised Code can be attained. We also recommend the Council review budget versus actual reports and compare posted appropriations to the appropriation measure approved by Council.

Officials' Response:

Posting errors will be corrected for future audits.

**VILLAGE OF ANTWERP
PAULDING COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2014 AND 2013**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2012-001	Material weakness due related to GASB 54 fund misclassifications.	No	Not Corrected. Reissued as finding 2014-001 in this report.
2012-002	Material weakness due to lack of monitoring of financial transactions.	No	Not Corrected. Reissued as finding 2014-002 in this report.
2012-003	Ohio Water Development Authority Cooperation Agreement for not charging water rates sufficient to cover debt obligations.	No	Not Corrected. Reissued as finding 2014-004 in this report.

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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 19, 2015**