

VILLAGE OF ANTWERP
PAULDING COUNTY, OHIO

AUDITED FINANCIAL STATEMENTS
FOR THE YEARS ENDED
DECEMBER 31, 2006 AND 2005



Mary Taylor, CPA
Auditor of State

Members of Village Council
Village of Antwerp
P.O. Box 1046
Antwerp, Ohio 45813

We have reviewed the *Independent Auditor's Report* of the Village of Antwerp, Paulding County, prepared by E. S. Evans and Company, for the audit period January 1, 2005 through December 31, 2006. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

Mary Taylor

Mary Taylor, CPA
Auditor of State

April 14, 2008

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VILLAGE OF ANTWERP
PAULDING COUNTY, OHIO

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E.S. Evans and Company

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January 25, 2008

INDEPENDENT AUDITOR'S REPORT

Village of Antwerp
Paulding County, Ohio

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, 2006 and 2005. 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 Government Auditing Standards issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our 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 requires presenting entity wide statements and also to present its larger (i.e. major) funds separately. While the Village does not follow GAAP, generally accepted auditing standards require 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 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 year ended December 31, 2006 and 2005 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, 2006 and 2005, or their changes in financial position or cash flows of its proprietary funds for the year 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 as of December 31, 2006 and 2005, 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 January 25, 2008, 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

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VILLAGE OF ANTWERP
PAULDING COUNTY, OHIO

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,
AND CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL
FUND TYPES

For the Year Ended December 31, 2006

	Governmental Fund Types		Totals
	General	Special Revenue	(Memorandum Only)
<u>Cash Receipts:</u>			
Local Taxes	\$ 72,867	\$ 118,293	\$ 191,160
Income Tax	17,597	-	17,597
Special Assessments	-	25,160	25,160
Intergovernmental Revenues	57,247	117,009	174,256
Charge for Services	-	72,753	72,753
Fines, Licenses, and Permits	52,573	2,238	54,811
Interest Revenues	6,847	798	7,645
Miscellaneous	95	12,906	13,001
Total Cash Receipts	207,226	349,157	556,383
<u>Cash Disbursements:</u>			
Current -			
Security of Persons and Property	2,051	249,037	251,088
Public Health and Welfare	-	361	361
Community Environment	378	-	378
Leisure Time Activities	5,987	-	5,987
Transportation	-	65,494	65,494
General Government	128,923	2,265	131,188
Debt Service:			
Redemption of Principal	-	104,000	104,000
General Interest and Fiscal Charges	-	4,000	4,000
Capital Outlay	1,051	66,705	67,756
Total Cash Disbursements	138,390	491,862	630,252
Total Cash Receipts Over/(Under)			
Cash Disbursements	68,836	(142,705)	(73,869)
<u>Other Financing Receipts and Disbursements</u>			
Transfers In	-	25,000	25,000
Transfers Out	(25,000)	-	(25,000)
Sale of Notes and Bonds	-	93,000	93,000
Total Other Financing and Disbursements	(25,000)	118,000	93,000
Excess Cash Receipts and Other Financing Receipts over (Under) Cash Disbursements and Other Financing Disbursements			
	43,836	(24,705)	19,131
<u>Fund Cash Balance - January 1, 2006</u>	4,454	94,760	99,214
<u>Fund Cash Balance - December 31, 2006</u>	\$ 48,290	\$ 70,055	\$ 118,345

The accompanying notes are an integral part
of these financial statements.

VILLAGE OF ANTWERP
PAULDING COUNTY, OHIO

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,
AND CHANGES IN FUND CASH BALANCE - PROPRIETARY FUND TYPES
AND SIMILAR FIDUCIARY FUNDS

For the Year Ended December 31, 2006

	Proprietary Fund Type	Fiduciary Fund Type	Totals
	Enterprise	Agency	(Memorandum Only)
<u>Operating Cash Receipts:</u>			
Charges for Services	\$ 541,156	\$ -	\$ 541,156
<u>Operating Cash Disbursements:</u>			
Personnel Services	159,053	-	159,053
Travel/Transportation	1,005	-	1,005
Contractual Services	118,144	-	118,144
Material and Supplies	60,276	-	60,276
Capital Outlay	873,280	-	873,280
Total Operating Cash Disbursements	1,211,758	-	1,211,758
Excess of Operating Cash Receipts Over/ (Under) Operating Cash Disbursements	(670,602)	-	(670,602)
<u>Non-Operating Cash Receipts/(Disbursements):</u>			
Non-Operating Receipts:			
Sale of Bonds or Notes	708,044	-	708,044
Other Non-Operating Receipts	197,392	71,008	268,400
Non-Operating Disbursements:			
Debt Service:			
Redemption of Principal	(116,614)	-	(116,614)
General Interest and Fiscal Charges	(62,002)	-	(62,002)
Other Non-Operating Disbursements	-	(71,008)	(71,008)
Net Non-Operating Cash Receipts/ (Disbursements)	726,820	-	726,820
Excess of Net Cash Receipts Over/(Under) Disbursements	56,218	-	56,218
<u>Fund Cash Balance - January 1, 2006</u>	314,751	433	315,184
<u>Fund Cash Balance - December 31, 2006</u>	\$ 370,969	\$ 433	\$ 371,402

The accompanying notes are an integral part
of these financial statements.

VILLAGE OF ANTWERP
PAULDING COUNTY, OHIO

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,
AND CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL
FUND TYPES AND SIMILAR FIDUCIARY FUNDS

For the Year Ended December 31, 2005

	Governmental Fund Types		Totals
	General	Special Revenue	(Memorandum Only)
<u>Cash Receipts:</u>			
Local Taxes	\$ 60,493	\$ 126,699	\$ 187,192
Special Assessments	-	24,387	24,387
Intergovernmental Revenues	46,348	219,509	265,857
Charge for Services	-	57,511	57,511
Fines, Licenses, and Permits	60,108	2,298	62,406
Interest Revenues	4,457	518	4,975
Miscellaneous	33,907	3,430	37,337
Total Cash Receipts	205,313	434,352	639,665
<u>Cash Disbursements:</u>			
Current -			
Security of Persons and Property	1,059	240,698	241,757
Public Health and Welfare	-	371	371
Community Environment	258	-	258
Leisure Time Activities	7,015	-	7,015
Transportation	-	50,208	50,208
General Government	96,266	3,944	100,210
Debt Service:			
Redemption of Principal	-	120,046	120,046
General Interest and Fiscal Charges	-	3,045	3,045
Capital Outlay	37,592	170,723	208,315
Total Cash Disbursements	142,190	589,035	731,225
Total Cash Receipts Over/(Under)			
Cash Disbursements	63,123	(154,683)	(91,560)
<u>Other Financing Receipts and Disbursements</u>			
Transfers In	-	79,398	79,398
Transfers Out	(79,398)	-	(79,398)
Sale of Notes and Bonds	-	105,000	105,000
Total Other Financing and Disbursements	(79,398)	184,398	105,000
Excess Cash Receipts and Other Financing Receipts over (Under) Cash Disbursements and Other Financing Disbursements	(16,275)	29,715	13,440
<u>Fund Cash Balance - January 1, 2005</u>	20,729	65,045	85,774
<u>Fund Cash Balance - December 31, 2005</u>	\$ 4,454	\$ 94,760	\$ 99,214

The accompanying notes are an integral part
of these financial statements.

VILLAGE OF ANTWERP
PAULDING COUNTY, OHIO

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,
AND CHANGES IN FUND CASH BALANCE - PROPRIETARY FUND TYPES
AND SIMILAR FIDUCIARY FUNDS

For the Year Ended December 31, 2005

	Proprietary Fund Type	Fiduciary Fund Type	Totals
	Enterprise	Agency	(Memorandum Only)
<u>Operating Cash Receipts:</u>			
Charges for Services	\$ 453,503	\$ 580	\$ 454,083
<u>Operating Cash Disbursements:</u>			
Personnel Services	147,210	-	147,210
Travel/Transportation	1,190	-	1,190
Contractual Services	84,196	350	84,546
Material and Supplies	32,578	-	32,578
Capital Outlay	38,285	-	38,285
Total Operating Cash Disbursements	303,459	350	303,809
Excess of Operating Cash Receipts Over/ (Under) Operating Cash Disbursements	150,044	230	150,274
<u>Non-Operating Cash Receipts/(Disbursements):</u>			
<u>Non-Operating Receipts:</u>			
Sale of Bonds or Notes	55,000	-	55,000
Other Non-Operating Receipts	-	62,898	62,898
<u>Non-Operating Disbursements:</u>			
Debt Service:			
Redemption of Principal	(109,206)	-	(109,206)
General Interest and Fiscal Charges	(64,457)	-	(64,457)
Other Non-Operating Disbursements	-	(62,898)	(62,898)
Net Non-Operating Cash Receipts/ (Disbursements)	(118,663)	-	(118,663)
Excess of Net Cash Receipts Over/(Under) Disbursements	31,381	230	31,611
<u>Fund Cash Balance - January 1, 2005</u>	283,370	203	283,573
<u>Fund Cash Balance - December 31, 2005</u>	\$ 314,751	\$ 433	\$ 315,184

The accompanying notes are an integral part
of these financial statements.

VILLAGE OF ANTWERP
PAULDING COUNTY, OHIO

NOTES TO FINANCIAL STATEMENTS

December 31, 2006 and 2005

Note 1 - Summary of Significant Accounting Policies

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 political and corporate body. A publicly-elected six-member Council governs the Village. The Village provides general governmental services including public safety, street maintenance, and water and sewer facilities.

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

Basis of Accounting

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

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

Cash and Investments

The Village maintains one checking account, as well as certificates of deposit which are all valued at cost.

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:

General Fund

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

VILLAGE OF ANTWERP
PAULDING COUNTY, OHIO

NOTES TO FINANCIAL STATEMENTS
December 31, 2006 and 2005

Note 1 - Summary of Significant Accounting Policies - (continued)

Fund Accounting - (continued)

Special Revenue Funds

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

Street Construction, Maintenance and Repair Fund – This fund receives gasoline tax and motor vehicle tax money for construction, maintaining and repairing Village streets.

EMS Fund – This fund receives local taxes and charges for service to provide Emergency Medical Services to Village residents.

Police Fund – This fund receives local taxes to provide police services for the Village.

Enterprise Funds

Enterprise 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 the cost of providing this utility.

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

Sewer Debt Fund – This fund receives money from the water/sewer funds to pay related debts of the Village.

Fiduciary Funds (Agency Funds)

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

Mayor's Court Fund – This fund receives the money generated by the Village Mayor's Court. The money is distributed to the Village's general fund, the State Treasurer, or other appropriate agencies.

Cemetery Fund – This fund receives property taxes from Paulding County designated for the Cemetery Association and remits these taxes to them.

VILLAGE OF ANTWERP
PAULDING COUNTY, OHIO

NOTES TO FINANCIAL STATEMENTS
December 31, 2006 and 2005

Note 1 - Summary of Significant Accounting Policies - (continued)

Budgetary Process

The Ohio Revised Code requires that each fund be budgeted.

Estimated Resources

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

Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund or function level of control, and appropriations may not exceed estimated resources. Village Council must annually approve appropriation measures and subsequent amendments. Unencumbered appropriations lapse at year end.

Encumbrances

The Ohio Revised Code requires the Village to reserve (encumber) appropriations when commitments are made. Encumbrances outstanding at year end are canceled and reappropriated in the subsequent year. The Village did not encumber all commitments required by Ohio law.

A summary of 2006 and 2005 budgetary activity appears in Note 3.

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.

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.

VILLAGE OF ANTWERP
PAULDING COUNTY, OHIO

NOTES TO FINANCIAL STATEMENTS
December 31, 2006 and 2005

Note 2 – Equity in Pooled Cash

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

		2006		2005	
Demand Deposits	\$	322,040	\$	246,691	
Certificates of Deposit		167,707		167,707	
Total Deposits	\$	489,747	\$	414,398	

Deposits are insured by the Federal Depository Insurance Corporation; or collateralized by the financial institution's public entity deposit pool.

Note 3 – Budgetary Activity

Budgetary activity for the years ending December 31, 2006 and 2005 follows:

2006 Budgeted vs. Actual Receipts

Fund Type		Budgeted Receipts		Actual Receipts		Variance
General	\$	117,236	\$	207,226	\$	89,990
Special Revenue		503,828		467,157		(36,671)
Enterprise		1,804,660		1,446,592		(358,068)
	\$	2,425,724	\$	2,120,975	\$	(304,749)

2006 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type		Appropriation Authority		Budgetary Expenditures		Variance
General	\$	111,122	\$	163,390	\$	(52,268)
Special Revenue		1,530,729		491,862		1,038,867
Enterprise		1,572,496		1,390,374		182,122
	\$	3,214,347	\$	2,045,626	\$	1,168,721

VILLAGE OF ANTWERP
PAULDING COUNTY, OHIO

NOTES TO FINANCIAL STATEMENTS
December 31, 2006 and 2005

Note 3 – Budgetary Activity – (continued)

2005 Budgeted vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$ 125,317	\$ 205,313	\$ 79,996
Special Revenue	442,650	618,750	176,100
Enterprise	1,760,779	508,503	(1,252,276)
	<u>\$ 2,328,746</u>	<u>\$ 1,332,566</u>	<u>\$ (996,180)</u>

2005 Budgeted vs. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$ 199,743	\$ 221,588	\$ (21,845)
Special Revenue	689,923	589,035	100,888
Enterprise	1,618,002	477,122	1,140,880
	<u>\$ 2,507,668</u>	<u>\$ 1,287,745</u>	<u>\$ 1,219,923</u>

Note 4 - Property Tax

Real property taxes become a lien on January 1 preceding the October 1 date for which the Village Council adopts 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 State pays the Village amounts equaling these deductions. The Village includes these with Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half payment 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.

Property owners assess tangible personal property tax. They must file a list of tangible 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 the Village's behalf.

VILLAGE OF ANTWERP
PAULDING COUNTY, OHIO

NOTES TO FINANCIAL STATEMENTS
December 31, 2006 and 2005

Note 5 - Debt Obligations

Debt outstanding at December 31, 2006 was as follows:

	Principal	Interest Rate
EMS Building Loan	\$ 82,000	4.40%
Ohio Public Works Commission	30,459	0.00%
Water Works System Bonds	209,000	7.375%
Ohio Water Development Authority - Water Sys Improve	136,744	6.12%
Water Plant Improvements Loan	50,650	4.10%
Ohio Water Development Authority - Water Plant Planning	20,000	0.00%
Ohio Water Development Authority - Water Plant Design	35,000	0.00%
Sanitary Sewer System Bonds	666,000	5.00%
Ohio Water Development Authority - Water System Improvements	655,394	2.75%
Total	\$ 1,885,247	

The EMS Building Loan is a bond anticipation loan for the construction, furnishing, and equipping a medical service building in 2001. The loan is held by the Antwerp Exchange Bank at 4.40% interest payable at maturity on October 19, 2007.

The Ohio Public Works Commission loan was an interest free loan obtained in the amount of \$60,918 to finance water line replacements. Semi-annual payments are due in the amount of \$1,523 over a 20 year period, with the final payment due January 1, 2017.

Water Works System First Mortgage Revenue Bonds were issued in 1984 in the amount of \$280,000 at 7.375% payable over forty years. Annual principal payments range from \$6,000 to \$20,000 annually through 2023.

Water System Improvement Loan from the Ohio Water Development Authority was originally acquired in 1997 for \$268,994. The loan was for 15 years, repayable in semi annual payments of ranging from \$9,773 to \$13,150 plus interest thru 2013. The loan interest rate is 6.12%.

Water Plant Improvements Loan is a bond anticipation note from the Antwerp Exchange Bank for \$50,650 due on August 15, 2007. The note carries an interest rate of 4.10%.

Ohio Water Development Authority loan for \$25,000 was to assist the Village in the cost of preliminary engineering plans for improvements in the drinking water system. The loan is at 0% and repayable in ten equal annual installments of \$2,500 each, with the final payment due in 2014.

Ohio Water Development Authority loan is to assist the Village in detail design of the elevated storage tank as an improvement to the drinking water system. The loan is for \$50,000 of which only \$40,000 had been drawn at December 31, 2006. The loan is to be repaid in ten equal annual installments at 0% interest, with the final installment due July 1, 2015.

VILLAGE OF ANTWERP
PAULDING COUNTY, OHIO

NOTES TO FINANCIAL STATEMENTS
December 31, 2006 and 2005

Note 5 - Debt Obligations – (continued)

Sanitary Sewer System Bonds are First Mortgage Revenue Bonds issued in 1984, for \$1,069,700 with an interest rate of 5%. Bonds are repayable over forty years with principal payments ranging from \$29,000 to \$57,000, with the final payment due in 2023.

The Ohio Water Development Authority agreed to finance the Village water towers and water line improvements with a loan of \$899,005 payable over twenty years beginning July 1, 2008, with interest at 2.75%. At December 31, 2006 the Village has drawn down \$655,394.

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

Year Ending December 31:	EMS Building Loan	OPWC Loan	Water Works System Bonds	OWDA Water Sys Improve Loan	Water Plant Improv Loan
2007	\$ 84,870	\$ 3,046	\$ 23,299	\$ 27,914	\$ 52,438
2008	-	3,046	22,898	27,914	-
2009	-	3,046	22,308	27,914	-
2010	-	3,046	22,717	27,914	-
2011	-	3,046	22,054	27,914	-
2012-2016	-	15,229	108,574	27,914	-
2017-2021	-	-	105,712	-	-
2022-2024	-	-	44,425	-	-
Totals	\$ <u>84,870</u>	\$ <u>30,459</u>	\$ <u>371,987</u>	\$ <u>167,484</u>	\$ <u>52,438</u>

Year Ending December 31:	OWDA Water Plant Planning Loan	OWDA Water Plant Design Loan	Sanitary Sewer System Bonds	Water System Improvements	TOTAL
2007	\$ -	\$ -	\$ 62,300	\$ -	\$ 276,903
2008	2,500	5,000	61,850	29,592	151,558
2009	2,500	5,000	62,350	59,183	182,356
2010	2,500	5,000	61,750	59,183	182,391
2011	2,500	5,000	62,100	59,183	182,301
2012-2016	10,000	15,000	310,400	295,915	843,219
2017-2021	-	-	310,350	295,915	843,219
2022-2024	-	-	47,250	120,284	120,284
Totals	\$ <u>20,000</u>	\$ <u>35,000</u>	\$ <u>978,350</u>	\$ <u>919,255</u>	\$ <u>2,782,231</u>

VILLAGE OF ANTWERP
PAULDING COUNTY, OHIO

NOTES TO FINANCIAL STATEMENTS
December 31, 2006 and 2005

Note 6 – Retirement Systems

Ohio Public Employees Retirement System (OPERS)

The Village's employees, excluding the Village's uniformed Police employees, belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple employer plan. The Ohio Revised Code prescribes the plan's retirement benefits, including postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2006 and 2005, OPERS members contributed 9.0 and 8.5 percent, respectively, of their gross salary. The Village contributed an amount equal to 13.70 percent for 2006 and 13.55 percent for 2005 of participants' gross salaries. The Village has paid all required contributions through December 31, 2006.

Police and Firemen's Disability and Pension Fund

The Village of Antwerp uniformed police employees participate in the police and firemen's disability and pension fund. This is a multi-employer cost sharing public employees' retirement system created by the State of Ohio. The fund provides pension disability and health care to qualified police personnel and survivors and death benefits to qualified spouses, children and dependent parents.

Employees contribute 10.0 percent of gross salaries and the employer contributes 19.5 percent of gross salaries. The Village has paid all required contributions through December 31, 2006.

Note 7 - Pending Litigation

The Village is a defendant in a lawsuit. In this action, the plaintiffs are alleging a violation of civil rights. The Village has retained legal counsel to contest this case vigorously.

The Plaintiff has alleged damages in excess of twenty million dollars plus attorney fees. Should the outcome be unfavorable to the Village, it could exceed the insurance coverage amount.

Although the outcome is not presently determinable, the resolution of this matter could have a material effect on the Village's financial statements, should the Courts rule in complete favor of the plaintiff.

Legal Counsel believes that that this case is frivolous and will defend the Village vigorously.

VILLAGE OF ANTWERP
PAULDING COUNTY, OHIO

NOTES TO FINANCIAL STATEMENTS
December 31, 2006 and 2005

Note 8 – Subsequent Events/Commitments

Subsequent to December 31, 2006 the Village has made commitments for several Capital Improvements. These commitments are summarized below:

Water Tower and Improvements	\$	191,254
Ohio Department of Transportation		
Village's share of U.S. 24 project		86,780
Sanitary Sewer Pump Station		118,408
Sewer Improvements		416,820
	\$	<u>813,262</u>

The funding for these projects are:

Remaining Loan Draws From OWDA	\$	191,254
For Water Improvements		
Local Bank Financial		139,159
Village Funds		207,829
Grant From Ohio Public Works Commission		275,000
	\$	<u>813,242</u>

Note 9 - Risk Management

Risk Pool Membership

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 or Ohio (PEP), a risk-sharing pool available to Ohio local governments. PEP provides property and casualty coverage for its members. PEP is a member of the American Public Entity Excess Pool (APEEP). Member governments pay annual contributions to fund PEP. PEP pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

VILLAGE OF ANTWERP
PAULDING COUNTY, OHIO

NOTES TO FINANCIAL STATEMENTS
December 31, 2006 and 2005

Note 9 - Risk Management – (compliance)

Casualty Coverage

For an occurrence prior to January 1, 2006 PEP retains casualty risks up to \$250,000 per occurrence, including claim adjustment expenses. PEP pays a percentage of its contributions to APEEP. APEEP reinsures claims exceeding \$250,000, up to \$1,750,000 per claim and \$10,000,000 in the aggregate per year. For an occurrence on or subsequent to January 1, 2006, the Pool retains casualty risk up to \$350,000 per occurrence, including loss adjustment expenses. Claims exceeding \$350,000 are reinsured with APEEP in an amount not to exceed \$2,650,000 for each claim and \$10,000,000 in the aggregate per year. Governments can elect up to \$10,000,000 in additional coverage with the General Reinsurance Corporation, through contracts with PEP.

If losses exhaust PEP's retained earnings, APEEP provides excess of funds available coverage up to \$5,000,000 per year, subject to a per-claim limit of \$2,000,000 (for claims prior to January 1, 2006) or \$3,000,000 (for claims on or after January 1, 2006) as noted above.

Property Coverage

Through 2004, PEP retained property risks, including automobile physical damage, up to \$100,000 on any specific loss in any one occurrence. The Travelers Indemnity Company reinsured losses exceeding \$100,000 up to \$500 million per occurrence.

Beginning in 2005, Travelers reinsures specific losses exceeding \$250,000 up to \$600 million per occurrence. APEEP reinsures members for specific losses exceeding \$100,000 up to \$250,000 per occurrence, subject to an annual aggregate loss payment. Travelers provides aggregate stop-loss coverage based upon the combined members' total insurable values. If the stop loss is reached by payment of losses between \$100,000 and \$250,000. Travelers will reinsure specific losses exceeding \$100,000 up to their \$600 million per occurrence limit. The aggregate stop-loss limit for 2006 was \$1,901,127.

The aforementioned casualty and property reinsurance agreements do not discharge PEP's primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective government.

Property and casualty settlements did not exceed insurance coverage for the past three fiscal years.

VILLAGE OF ANTWERP
PAULDING COUNTY, OHIO

NOTES TO FINANCIAL STATEMENTS
December 31, 2006 and 2005

Note 9 - Risk Management – (compliance)

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, 2006 and 2005:

<u>Casualty Coverage</u>	<u>2006</u>	<u>2005</u>
Assets	\$ 30,997,868	\$ 29,719,675
Liabilities	(15,875,741)	(15,994,168)
Member's Equity	<u>\$ 15,122,127</u>	<u>\$ 13,725,507</u>
<u>Property Coverage</u>	<u>2006</u>	<u>2005</u>
Assets	\$ 5,125,326	\$ 4,443,332
Liabilities	(863,163)	(1,068,245)
Member's Equity	<u>\$ 4,262,163</u>	<u>\$ 3,375,087</u>

At December 31, 2006 and 2005, respectively, casualty coverage liabilities noted above include approximately \$14.4 million and \$14.3 million of estimated incurred claims payable. The Casualty Coverage assets and retained earnings above also include approximately \$14.4 million and \$14.3 million of unpaid claims to be billed to approximately 447 member governments in the future, as of December 31, 2006 and 2005, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. The Village's share of these unpaid claims collectible in future years is approximately \$6,000. This payable includes the subsequent year's contribution due if the Village terminates participation, as described in the last paragraph below.

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.

VILLAGE OF ANTWERP
PAULDING COUNTY, OHIO

NOTES TO FINANCIAL STATEMENTS
December 31, 2006 and 2005

Note 10 - Compliance

Contrary to Ohio Revised Code §5705.10 the following funds had deficit balances throughout 2006 and 2005 and in some instances at year end, by the amounts indicated:

Fund	Maximum Deficit During 2006 and 2005	Deficit at December 31, 2006	Deficit at December 31, 2005
General Fund	\$ 18,638	\$ -	\$ -
Street Fund	17,524	-	-
Police Fund	99,487	80,974	51,501
Permissive Tax	134	-	-
EMS Fund	7,270	7,270	-

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

Fund	Appropriations	Expenditures	Variances
<u>December 31, 2005:</u>			
Street Maintenance	\$ 40,736	\$ 50,208	\$ (9,472)
Fire Fund	49,200	72,369	(23,169)
EMS	84,500	270,779	(186,279)
<u>December 31, 2006:</u>			
General Fund	\$ 111,122	\$ 163,390	\$ (52,268)
State Highway	8,000	8,862	(862)
Fire Fund	49,200	58,461	(9,261)
Permissive Tax	9,000	23,360	(14,360)
EMS	81,000	189,910	(108,910)

In 2005, the original Enterprise Fund appropriations exceed the estimated revenues by \$74,426.

Contrary to Ohio law, the Village did not record all "on behalf of" loans and grants on the Village financial records, nor were loan refinancings properly recorded.

VILLAGE OF ANTWERP
PAULDING COUNTY, OHIO

NOTES TO FINANCIAL STATEMENTS
December 31, 2006 and 2005

Note 11 – Local Income Tax

The Village levies a municipal income tax of one percent (1.00%) on substantially all earned income arising from employment, residency, or business activities within the Village as well as certain income of residents earned outside the Village. This tax was effective August 1, 2006.

Employers within the Village withhold income tax on employee compensation and remit the tax to the Village either monthly or quarterly, as required. Corporations and other individual taxpayers pay estimated taxes quarterly and file a declaration annually. The Village has a contract with City of Cleveland - Central Collection Agency to collect income tax on behalf of the Village.

Note 12 - Fiscal Watch

As of December 31, 2005 the Auditor of State placed the Village on a fiscal watch, as provide in the Ohio Revised Code 118.02 and 118.03.

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Steven D. Hooker, CPA • John E. Klay, CPA

January 25, 2008

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY
GOVERNMENT AUDITING STANDARDS**

Village of Antwerp
Paulding County, Ohio

We have audited the financial statements of the Village of Antwerp, Paulding County, Ohio, (the Village) as of and for the years ended December 31, 2006 and 2005, and have issued our report thereon dated January 25, 2008, wherein we noted the Village followed accounting practices the Auditor of State prescribes 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 Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Village of Antwerp's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Village of Antwerp's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Village of Antwerp's internal control over financial reporting.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Village of Antwerp's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that a misstatement of the Village of Antwerp's financial statements that is more than inconsequential will not be prevented or detected by the Village's internal control.

We consider the following deficiencies described in the accompanying Schedule of Findings to be significant deficiencies in internal control over financial reporting: 2006-001, 2006-002, 2006-003 and 2006-004.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Village of Antwerp's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe none of the significant deficiencies described above are material weaknesses.

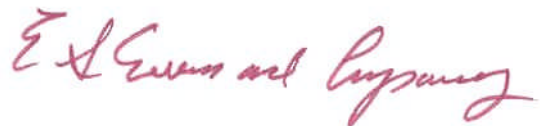
We also noted certain internal control matters that we reported to the Village of Antwerp's management in separate letter dated January 25, 2008.

Compliance and Other Matters

As part of reasonably assuring whether the Village of Antwerp'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 have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under Government Auditing Standards and are described in the accompanying schedule of findings as items 2006-001, 2006-002 and 2006-003.

In a separate letter to the Village of Antwerp's management dated January 25, 2008, we reported other matters related to noncompliance.

We intend this report solely for the information and use of management of the Village of Antwerp and the Auditor of State of Ohio. It is not intended for anyone other than these specified parties.

A handwritten signature in red ink, appearing to read "E. J. ... and ...", is located in the lower right quadrant of the page.

VILLAGE OF ANTWERP
PAULDING COUNTY, OHIO

SCHEDULE OF FINDINGS
December 31, 2006 and 2005

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

Finding Number 2006 – 001– Noncompliance Citation and Significant Deficiency

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

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

Fund	Maximum Deficit During 2006 and 2005	Deficit at December 31, 2006	Deficit at December 31, 2005
General Fund	\$ 18,638	-	-
Street Fund	17,524	\$ -	\$ -
Police Fund	99,487	80,974	51,501
Permissive Tax	134	-	-
EMS Fund	7,270	7,270	-

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

Village Response -

The Village is aware of the deficit fund balance and will and has now been making transfers from the General Fund to reduce and avoid Deficit Fund balances.

VILLAGE OF ANTWERP
PAULDING COUNTY, OHIO

SCHEDULE OF FINDINGS
December 31, 2006 and 2005

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

Finding Number 2006 – 002 – Noncompliance Citation and Significant Deficiency

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

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

<u>Fund</u>	<u>Appropriations</u>	<u>Expenditures</u>	<u>Variances</u>
<u>December 31, 2005:</u>			
Street Maintenance	\$ 40,736	\$ 50,208	\$ (9,472)
Fire Fund	49,200	72,369	(23,169)
EMS	84,500	145,923	(61,423)
<u>December 31, 2006:</u>			
General Fund	111,122	163,390	(52,268)
State Highway	8,000	8,862	(862)
Fire Fund	49,200	58,461	(9,261)
Permissive Tax	9,000	23,360	(14,360)
EMS	81,000	189,910	(108,910)

The Village amended appropriations several times during the year but such amendments were not submitted to the County Auditor and no new amended certificate was issued. According, such Village passed amendments did not become official with such supplemented or amended certificate from the County budget Commission.

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

Village Response -

We are aware now of Code 5705.41 and making amended appropriations where necessary and supplying the information to the County Auditor for amended certificate. Being new, as of 8/1/07 I am being more aware of processing expenditures where the appropriation has been adjusted or increased.

VILLAGE OF ANTWERP
PAULDING COUNTY, OHIO

SCHEDULE OF FINDINGS
December 31, 2006 and 2005

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

Finding Number 2006 – 003 – Noncompliance Citation and Significant Deficiency

Ohio Revised Code Section 733.28 requires that the Village Clerk/Treasurer maintain the books of the Village and exhibit accurate statements of monies received and expended. In addition, Chapter 5075 of the Revised Code sets forth a scheme that provides for a uniform budget and appropriation process in order to assure that a government entity expends no more than it expects to receive in revenue. In order to accomplish this end, all appropriations must be accounted to and from each appropriate fund. While federal and state loans and grants are deemed appropriated and in the process of collection so as to be available for expenditure, they must still be recorded per O.R.C. 5075.42. Thus, a mechanism is still required to account for receipt and expenditure. That mechanism is an amendment of, or a supplement to, the entity's estimated resources, or its appropriation measure, which shall comply with all provisions of law governing the taxing authority in making an original appropriation per O.R.C. 5705.40. An original appropriation measure must be passed by the taxing authority, and any amendment of, or supplement to, that measure also requires legislative action per O.R.C. 5705.38.

The Village undertook a project to improve the drinking water, which included replacing a water tower and various water lines in the Village. The source of funds for this project was a loan from Ohio Water Development Authority for \$889,005 and a grant of \$275,000 from the Ohio Public Works Commission. As work progressed invoices were approved by the Village and sent to the Ohio Water Development Authority for payment. No amounts were received by the Village nor were any disbursements paid by the Village. However, Auditor of State Bulletin 2000-008 and 2002-004 prescribe recording these transactions as receipts and disbursements when the Village applies for a project and has administrative responsibilities. During 2006, the OWDA paid contractors \$197,392 from the OPWC grant and \$655,394 from the OWDA loan. Such payments were not recorded by the Village as receipts or disbursements. The accompanying financial statements were adjusted to reflect these amounts in the Enterprise Fund as Capital Outlay and Sale of Bonds or Notes.

The Village has a bond anticipation Note for the Water Plant Improvements which is due and payable annually. Each year the Village pays part of the notes and reissues the remaining balance. The Village does not record the full balance of the loan being reissued but only the amount paid in cash. The Village should record the re-issued amount as loan proceeds and a loan payment. This has been properly reflected in the audited financial statements in the enterprise fund. The Village also has another note for the EMS building which is renewed annually and also not recorded except for the cash payment against the principal and interest. This has also been properly reflected in the audited financial statements in the special revenue fund.

We recommend the Village record all benefits received from state or federal grants as well as loan refinancings as a memo receipt and expenditure at the time acquired and expended on the Village's records and appropriate funds for the expenditures. In addition, Village management should review Auditor of State Bulletins 2000-008 and 2002-004. In addition, we recommend that the Village Clerk/Treasurer accurately maintain the Village's accounting records in accordance with the Ohio Administrative Code Section 117-9-01 and utilize the Village Officer's Handbook for additional guidance.

VILLAGE OF ANTWERP
PAULDING COUNTY, OHIO

SCHEDULE OF FINDINGS
December 31, 2006 and 2005

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

Finding Number 2006 – 003 – Noncompliance Citation and Significant Deficiency – (continued)

Village Response -

I will review the Village Officer Handbook and Ohio Administrative Code 117-9-01 regarding recording all loan monies received and expended. I now am aware of the bond needing to be recorded as the full balance reissued each year and not only the amount paid in cash. I will work with Michelle Schaefer, State Auditor regarding these transactions.

Finding Number 2006 – 004 – Significant Deficiency

In 2006, EMS revenues were down by \$18,633 over 2005. In reviewing the revenues, we found that little to no receipts were received during the last half of 2006. From information obtained, we determined that EMS billings for services were either not being submitted to the insurance carriers or were pending for additional information. We found over \$9,078 in potential claims not processed or not being followed up when additional information was required. It appeared that the EMS runs sheets were available for billing, but nobody was filing the claims.

We recommend the Village put controls into place to account for the run sheets as well as to timely bill the insurance companies. There seems to be a significant monitoring problem in regard to the EMS billings and additional oversight by the Village Administrator and/or Village Council is recommended.

Village Response -

We now have personnel in place regarding EMS billings and also will be more aware of the EMS run deposits on a monthly basis.

VILLAGE OF ANTWERP
PAULDING COUNTY, OHIO

SCHEDULE OF PRIOR AUDIT FINDINGS

December 31, 2006 and 2005

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:
2004-001	5705.10 Deficit in Fund Balances	NO	Finding has not been corrected and has been repeated in this report as finding 2006-001.
2004-002	5705.41(B) Expenditures in Excess of Appropriations	NO	Finding has not been corrected and has been repeated in this report as finding 2006-002.



Mary Taylor, CPA
Auditor of State

VILLAGE OF ANTWERP

PAULDING COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
APRIL 24, 2008