



Dave Yost • Auditor of State



VILLAGE OF ANTWERP  
PAULDING COUNTY

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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 Village 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, 2012 and 2011.

### ***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 of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03; 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, which is an accounting basis other than accounting principles generally accepted in the United States of America, to satisfy requirements.

The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

***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, 2012 and 2011, or changes in financial position 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 Village of Antwerp, Paulding County, Ohio as of December 31, 2012 and 2011, 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 permits, described in Note 1.

***Emphasis of Matter***

As discussed in Note 1 to the financial statements, during 2011 the Village adopted new accounting guidance in Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. Our opinion is not modified with respect to this matter.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated June 4, 2013, 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

June 4, 2013

**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, 2012**

	<b>General</b>	<b>Special Revenue</b>	<b>Capital Projects</b>	<b>Totals (Memorandum Only)</b>
<b>Cash Receipts</b>				
Property and Other Local Taxes	\$43,639	\$132,779		\$176,418
Municipal Income Tax	257,378	219		257,597
Intergovernmental	43,260	106,351	\$263,625	413,236
Special Assessments		15,136		15,136
Charges for Services		108,308		108,308
Fines, Licenses and Permits	26,185	1,049		27,234
Earnings on Investments	3,101	710		3,811
Miscellaneous	27,068	1,883		28,951
<i>Total Cash Receipts</i>	<u>400,631</u>	<u>366,435</u>	<u>263,625</u>	<u>1,030,691</u>
<b>Cash Disbursements</b>				
Current:				
Security of Persons and Property	33	328,230		328,263
Public Health Services		568		568
Leisure Time Activities	36,545			36,545
Community Environment	1,000			1,000
Transportation		55,583		55,583
General Government	186,866	2,332		189,198
Capital Outlay	18,039	44,712	267,383	330,134
Debt Service:				
Principal Retirement		354		354
<i>Total Cash Disbursements</i>	<u>242,483</u>	<u>431,779</u>	<u>267,383</u>	<u>941,645</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>158,148</u>	<u>(65,344)</u>	<u>(3,758)</u>	<u>89,046</u>
<b>Other Financing Receipts (Disbursements)</b>				
Sale of Notes			858	858
Transfers In		110,000		110,000
Transfers Out	(185,000)			(185,000)
Advances In		4,239	2,900	7,139
Advances Out	(7,139)			(7,139)
Other Financing Uses		(13,487)		(13,487)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(192,139)</u>	<u>100,752</u>	<u>\$3,758</u>	<u>(87,629)</u>
<i>Net Change in Fund Cash Balances</i>	<u>(33,991)</u>	<u>35,408</u>		<u>1,417</u>
<i>Fund Cash Balances, January 1</i>	<u>225,577</u>	<u>244,740</u>		<u>470,317</u>
<b>Fund Cash Balances, December 31</b>				
Restricted		232,879		232,879
Committed		47,269		47,269
Assigned	105,511			105,511
Unassigned	86,075			86,075
<i>Fund Cash Balances, December 31</i>	<u>\$191,586</u>	<u>\$280,148</u>		<u>\$471,734</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, 2012**

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	<u>Totals</u>
	Enterprise	Agency	(Memorandum Only)
<b>Operating Cash Receipts</b>			
Charges for Services	\$580,416		\$580,416
Miscellaneous	6,720		6,720
<i>Total Operating Cash Receipts</i>	<u>587,136</u>		<u>587,136</u>
<b>Operating Cash Disbursements</b>			
Personal Services	205,328		205,328
Employee Fringe Benefits	29,077		29,077
Contractual Services	142,442		142,442
Supplies and Materials	44,245	\$1,869	46,114
<i>Total Operating Cash Disbursements</i>	<u>421,092</u>	<u>1,869</u>	<u>422,961</u>
<i>Operating Income (Loss)</i>	<u>166,044</u>	<u>(1,869)</u>	<u>164,176</u>
<b>Non-Operating Receipts (Disbursements)</b>			
Intergovernmental	479		479
Sale of Notes	655,271		655,271
Miscellaneous Receipts	4,337		4,337
Capital Outlay	(27,990)		(27,990)
Principal Retirement	(848,422)		(848,422)
Interest and Other Fiscal Charges	(45,192)		(45,192)
Other Financing Sources	800	30,731	31,531
Other Financing Uses	(500)	(31,625)	(32,125)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(261,217)</u>	<u>(894)</u>	<u>(262,111)</u>
<i>Loss before Transfers in</i>	(95,173)	(2,763)	(97,936)
Transfers In	75,000		75,000
<i>Net Change in Fund Cash Balances</i>	(20,173)	(2,763)	(22,936)
<i>Fund Cash Balances, January 1</i>	<u>249,138</u>	<u>3,449</u>	<u>252,587</u>
<i>Fund Cash Balances, December 31</i>	<u>\$228,965</u>	<u>\$687</u>	<u>\$229,652</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, 2011**

	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Totals (Memorandum Only)</u>
<b>Cash Receipts</b>				
Property and Other Local Taxes	\$45,415	\$140,657		\$186,072
Municipal Income Tax	253,105	161		253,266
Intergovernmental	76,685	104,006	\$170,214	350,905
Special Assessments		16,882		16,882
Charges for Services		95,260		95,260
Fines, Licenses and Permits	58,362	2,526		60,888
Earnings on Investments	3,481	661		4,142
Miscellaneous	5,743	7,296		13,039
<i>Total Cash Receipts</i>	<u>442,791</u>	<u>367,449</u>	<u>170,214</u>	<u>980,454</u>
<b>Cash Disbursements</b>				
Current:				
Security of Persons and Property	691	307,844		308,535
Public Health Services		513		513
Leisure Time Activities	28,957			28,957
Community Environment	1,245			1,245
Transportation		52,210		52,210
General Government	181,279	2,885		184,164
Capital Outlay	7,695	32,144	243,630	283,469
Debt Service:				
Principal Retirement		23,256		23,256
Interest and Fiscal Charges		581		581
<i>Total Cash Disbursements</i>	<u>219,867</u>	<u>419,433</u>	<u>243,630</u>	<u>882,930</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>222,924</u>	<u>(51,984)</u>	<u>(73,416)</u>	<u>97,524</u>
<b>Other Financing Receipts (Disbursements)</b>				
Sale of Notes			55,848	55,848
Transfers In	5,825	107,500		113,325
Transfers Out	(172,500)		(5,825)	(178,325)
Advances In			16,824	16,824
Advances Out	(16,824)			(16,824)
Other Financing Uses		(13,970)		(13,970)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(183,499)</u>	<u>93,530</u>	<u>66,847</u>	<u>(23,122)</u>
<i>Net Change in Fund Cash Balances</i>	39,425	41,546	(6,569)	74,402
<i>Fund Cash Balances, January 1</i>	<u>186,152</u>	<u>203,194</u>	<u>\$6,569</u>	<u>395,915</u>
<b>Fund Cash Balances, December 31</b>				
Restricted		209,921		209,921
Committed		34,819		34,819
Assigned	56,521			56,521
Unassigned	169,056			169,056
<i>Fund Cash Balances, December 31</i>	<u>\$225,577</u>	<u>\$244,740</u>		<u>\$470,317</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, 2011**

	<b>Proprietary Fund Type</b>	<b>Fiduciary Fund Type</b>	<b>Totals</b>
	Enterprise	Agency	(Memorandum Only)
<b>Operating Cash Receipts</b>			
Charges for Services	\$562,392		\$562,392
Miscellaneous	5,530		5,530
<i>Total Operating Cash Receipts</i>	<u>567,922</u>		<u>567,922</u>
<b>Operating Cash Disbursements</b>			
Personal Services	171,207		171,207
Employee Fringe Benefits	31,734		31,734
Contractual Services	118,819		118,819
Supplies and Materials	31,759	\$163	31,922
<i>Total Operating Cash Disbursements</i>	<u>353,519</u>	<u>163</u>	<u>353,682</u>
<i>Operating Income (Loss)</i>	<u>214,403</u>	<u>(163)</u>	<u>214,240</u>
<b>Non-Operating Receipts (Disbursements)</b>			
Intergovernmental	482		482
Sale of Notes	747,402		747,402
Miscellaneous Receipts	12,026		12,026
Capital Outlay	(10,054)		(10,054)
Principal Retirement	(936,811)		(936,811)
Interest and Other Fiscal Charges	(53,008)		(53,008)
Other Financing Sources	1,500	76,258	77,758
Other Financing Uses	(300)	(76,078)	(76,378)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(238,763)</u>	<u>180</u>	<u>(238,583)</u>
<i>Income (Loss) before Transfers</i>	<u>(24,360)</u>	<u>17</u>	<u>(24,343)</u>
Transfers In	<u>65,000</u>		<u>65,000</u>
<i>Net Change in Fund Cash Balances</i>	<u>40,640</u>	<u>17</u>	<u>40,657</u>
<i>Fund Cash Balances, January 1</i>	<u>208,498</u>	<u>3,432</u>	<u>211,930</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$249,138</u></u>	<u><u>\$3,449</u></u>	<u><u>\$252,587</u></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, 2012 AND 2011**

**1. Summary of Significant Accounting Policies**

**A. Description of the Entity**

The constitution and laws of the State of Ohio establish the rights and privileges of the Village of Antwerp, Paulding County, Ohio (the Village), as a body corporate and politic. A publicly-elected six-member Council directs the Village. The Village provides water and sewer utilities, park operations, police services, fire protection services and emergency medical services.

The Village participates in the Public Entities Pool of Ohio public risk pool. Note 9 to the financial statements provide additional information for this entity.

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

**B. Accounting Basis**

These financial statements follow the accounting basis the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. The Village recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the Auditor of State prescribes or permits.

**C. Deposits and Investments**

The Village's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

Certificates of deposit are valued at cost.

**D. Fund Accounting**

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

**1. General Fund**

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

**2. Special Revenue Funds**

These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Village had the following significant Special Revenue Funds:

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

**VILLAGE OF ANTWERP  
PAULDING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2012 AND 2011  
(Continued)**

**1. Summary of Significant Accounting Policies (Continued)**

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

**3. Capital Project Funds**

These funds account for 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:

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

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

Utility Improvement Fund - This fund receives loan proceeds from the Ohio Water Development Authority to finance a utility plant expansion. A utility surcharge recorded in this fund will repay this loan.

**5. Fiduciary Funds**

Fiduciary funds include private purpose trust funds and agency funds. Trust funds account for assets held under a trust agreement for individuals, private organizations, or other governments which are not available to support the Village's own programs.

Agency funds are purely custodial in nature and are used to hold resources for individuals, organizations or other governments. The Village disburses these funds as directed by the individual, organization or other government. The Village's agency fund account for the financial activity of the Village's Mayor Court.

VILLAGE OF ANTWERP  
PAULDING COUNTY

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2012 AND 2011  
(Continued)

1. **Summary of Significant Accounting Policies (Continued)**

**E. Budgetary Process**

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

**1. Appropriations**

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

**2. Estimated Resources**

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

**3. Encumbrances**

The Ohio Revised Code requires the Village to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year.

A summary of 2012 and 2011 budgetary activity appears in Note 4.

**F. Fund Balance**

In 2011 the Village adopted Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, which had no effect on fund balances. Fund balance is divided into five classifications based primarily on the extent to which the Village must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

**1. Nonspendable**

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

**2. Restricted**

Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

**VILLAGE OF ANTWERP  
PAULDING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2012 AND 2011  
(Continued)**

**1. Summary of Significant Accounting Policies (Continued)**

**3. Committed**

Council can *commit* amounts via formal action (resolution). The Village must adhere to these commitments unless the Council amends the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

**4. Assigned**

Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by Village Council or a Village official delegated that authority by resolution, or by State Statute.

**5. Unassigned**

Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The Village applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

**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. Change in Net Assets/Fund Equity**

For fiscal year 2011, the Village changed the classification of its Stormsewer fund from Special Revenue to Enterprise Fund Type to better reflect its purpose. This change had the following effect on fund balances previously reported:

	<b>Fund Balance at December 31, 2010</b>	<b>Change in Fund Classification</b>	<b>Adjusted Fund Balance at January 1, 2011</b>
Special Revenue	\$242,963	(\$39,769)	\$203,194
Enterprise	168,729	39,769	208,498

**VILLAGE OF ANTWERP  
PAULDING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2012 AND 2011  
(Continued)**

**3. 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:

	2012	2011
Demand deposits	\$569,491	\$593,805
Certificates of deposit	131,895	129,099
Total deposits	\$701,386	\$722,904

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

**4. Budgetary Activity**

Budgetary activity for the years ending December 31, 2012 and 2011 follows:

2012 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$400,200	\$400,631	\$431
Special Revenue	488,992	480,674	(8,318)
Capital Projects	267,383	267,383	
Enterprise	1,335,974	1,323,023	(12,951)
Total	\$2,492,549	\$2,471,711	(\$20,838)

2012 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$456,721	\$434,622	\$22,099
Special Revenue	494,701	445,266	49,435
Capital Projects	267,383	267,383	
Enterprise	1,356,397	1,343,196	13,201
Total	\$2,575,202	\$2,490,467	\$84,735

2011 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$448,094	\$448,616	\$522
Special Revenue	496,165	474,949	(21,216)
Capital Projects	242,886	242,886	
Enterprise	1,430,014	1,394,332	(35,682)
Total	\$2,617,159	\$2,560,783	(\$56,376)

**VILLAGE OF ANTWERP  
PAULDING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2012 AND 2011  
(Continued)**

**4. Budgetary Activity (Continued)**

2011 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$413,989	\$409,191	\$4,798
Special Revenue	491,290	433,403	57,887
Capital Projects	249,455	249,455	
Enterprise	1,418,578	1,353,692	64,886
Total	\$2,573,312	\$2,445,741	\$127,571

**5. Property Tax**

Real property taxes become a lien on January 1 preceding the October 1 date for which the Council adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. The financial statements include homestead and rollback amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

Public utilities are also taxed on personal and real property located within the Village

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

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

**6. 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.

**7. Debt**

Debt outstanding at December 31, 2012 was as follows:

	Principal	Interest Rate
Promissory Notes (short-term)	\$655,271	2 - 3%
Promissory Notes (long-term)	115,833	5%
Ohio Public Works Commission Loans	192,049	0%
Ohio Water Development Authority Loans	709,101	2.2% - 6.1%
Total	\$1,672,254	

**VILLAGE OF ANTWERP  
PAULDING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2012 AND 2011  
(Continued)**

**7. Debt (Continued)**

The short-term promissory notes used for various purposes including the construction, furnishing, and equipping a emergency medical service building in 2001, expansion of the water and sewer systems in 1984, water plant improvements and the construction of a waste water lift station and the retirement of sanitary sewer bonds. These notes are held by the Antwerp Exchange Bank and mature at various dates throughout 2013. 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.

There are four 20 year non interest loans from the Ohio Public Works Commission (OWPC). 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 Village also has one thirty year non-interest loan that was used to finance a waterline replacement along East River Street. Semi-annual payments \$1,389 are required with the final payment due on December 31, 2041. The Village is also financing a street paving project on Cleveland and Washington Street through OPWC. As of December 31, 2012 the Village has drawn \$858 from OWPC in loan proceeds for this project. Repayment amounts have not been established. This loan is not included in the amortization schedule.

There are 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.

The Village paid off a OWDA loan on December 4, 2012, obtained in 1997 for \$268,994, to finance a water system improvement project mandated by the Ohio Environmental Agency.

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 interest of \$173,768 is scheduled as follows:

**VILLAGE OF ANTWERP  
PAULDING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2012 AND 2011  
(Continued)**

**7. Debt (Continued)**

Year Ending <u>31-Dec-12</u>	Short- Term Promissory <u>Notes</u>	Long Term Promissory <u>Notes</u>	Ohio Water Development Authority <u>Loans</u>	Ohio Public Works Commission <u>Loans</u>	<u>Total</u>
2013	\$655,271	\$26,339	\$63,495	\$12,037	\$757,142
2014		26,339	63,352	12,037	101,728
2015		26,339	60,708	12,037	99,084
2016		26,339	56,621	12,037	94,997
2017		26,339	56,621	10,514	93,474
2018–2022			283,105	44,954	328,059
2023-2027			283,105	44,954	328,059
2028–2032				30,814	30,814
2033–2037				6,945	6,945
2038-2041				<u>4,862</u>	<u>4,862</u>
Total	<u>\$655,271</u>	<u>\$131,695</u>	<u>\$867,007</u>	<u>\$191,191</u>	<u>\$1,845,164</u>

**8. 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 2012 and 2011, OP&F participants contributed 10% of their wages. For 2012 and 2011 the Village contributed to OP&F an amount equal to 19.5% of full-time police members' wages. For 2012 and 2011 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, 2012.

**9. Risk Management**

The Village is exposed to various risks of property and casualty losses, and injuries to employees.

The Village insures against injuries to employees through the Ohio Bureau of Worker's Compensation.

The Village belongs to the Public Entities Pool of Ohio (PEP), a risk-sharing pool available to Ohio local governments. PEP provides property and casualty coverage for its members. American Risk Pooling Consultants, Inc. (ARPCO), a division of York Insurance Services Group, Inc. (York), functions as the administrator of PEP and provides underwriting, claims, loss control, risk management, and reinsurance services for PEP. PEP is a member of the American Public Entity Excess Pool (APEEP), which is also administered by ARPCO. Member governments pay annual contributions to fund PEP. PEP pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

**VILLAGE OF ANTWERP  
PAULDING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2012 AND 2011  
(Continued)**

**9. Risk Management (Continued)**

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, 2010, PEP retained \$350,000 for casualty claims and \$150,000 for property claims.

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

Financial Position

PEP's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2011 and 2010 (the latest information available):

	<u>2011</u>	<u>2010</u>
Assets	\$33,362,404	\$34,952,010
Liabilities	<u>(14,187,273)</u>	<u>(14,320,812)</u>
Net Assets	<u>\$19,175,131</u>	<u>\$20,631,198</u>

At December 31, 2011 and 2010, respectively, the liabilities above include approximately \$13 million and \$12.9 million of estimated incurred claims payable. The assets above also include approximately \$12.1 million and \$12.4 million of unpaid claims to be billed to approximately 455 member governments in the future, as of December 31, 2011 and 2010, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2012, the Village's share of these unpaid claims collectible in future years is approximately \$20,000.

Based on discussions with PEP, the expected rates PEP charges to compute member contributions, which are used to pay claims as they become due, are not expected to change significantly from those used to determine the historical contributions detailed below. By contract, the annual liability of each member is limited to the amount of financial contributions required to be made to PEP for each year of membership.

<u>Contributions to PEP</u>	
<u>2012</u>	<u>2011</u>
\$22,067	\$20,882

**VILLAGE OF ANTWERP  
PAULDING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2012 AND 2011  
(Continued)**

**9. Risk Management (Continued)**

After one year of membership, a member may withdraw on the anniversary of the date of joining PEP, if the member notifies PEP in writing 60 days prior to the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's contribution. Withdrawing members have no other future obligation to PEP. Also upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim occurred or was reported prior to the withdrawal.

**10. Interfund Transactions**

The General fund advanced \$4,239 to the Safe Routes to School project, (Special Revenue Fund) in 2012, and \$2,900 and \$16,824 to the Train Depot restoration project (Capital Projects Fund) in 2012 and 2011 respectively to provide temporary cash flow. These advances will be repaid when anticipated grant revenues are received.



# Dave Yost • Auditor of State

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

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

To the Village Council:

We have audited in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the Village of Antwerp, Paulding County, Ohio (the Village), as of and for the years ended December 31, 2012 and 2011, and the related notes to the financial statements, and have issued our report thereon dated June 4, 2013 wherein we noted the Village followed accounting financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 permit, described in Note 1 and wherein the Village adopted Governmental Accounting Standards Board Statement No. 54 in 2011

### ***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. We consider findings 2012-001 and 2012-002 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 an instance of noncompliance or other matters we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2012-003.

***Entity's Response to Findings***

The Village's responses to the findings identified in our audit are described in the accompanying schedule of findings. We did not audit the Village's responses and, accordingly, we express no opinion on them.

***Purpose of this Report***

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Village's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Village's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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

**Dave Yost**  
Auditor of State

June 4, 2013

VILLAGE OF ANTWERP  
PAULDING COUNTY

SCHEDULE OF FINDINGS  
DECEMBER 31, 2012 AND 2011

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

FINDING NUMBER 2012-001

**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 Village reported the fund balance of its Emergency Vehicle Replacement Fund as “restricted” instead of “committed.” “Committed” fund balances are established for specific purposes pursuant to constraints imposed by formal action of Village council. Council approved by ordinance to set aside a portion (\$75) of each charge for emergency medical services (EMS) toward EMS vehicle replacement. This action commits the use of the fund balance.

In addition, the 2013 and 2012 annual appropriation measures for the General fund were adopted prior to December 31, 2012 and 2011 in the amounts of \$479,111 and \$456,721. Estimated receipts for the General fund were \$373,600 and \$400,200. A portion of the general fund balance, \$105,511 and \$56,521 at December 31, 2012 and 2011, 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

Adjustments were made to reclassify the fund balance of the Emergency Vehicle Replacement Fund of \$47,270 and \$34,819 at December 31, 2012 and 2011 from “Restricted” to “Committed” and \$105,511 and \$56,521 of the General fund balance at December 31, 2012 and 2011 from “Unassigned” to “Assigned” 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:**

Management will review the requirements of GASB Statement No. 54 and adopt corrective procedures.

FINDING NUMBER 2012-002

**Material Weakness – Financial Reporting**

The following errors were noted in the financial statements that required audit adjustments:

- Emergency Services Fund debt service principal payments of \$22,675 in 2011 were recorded as debt service interest payments.
- Water Fund debt service interest payments of \$11,089 in 2011 and \$21,141 in 2012 were recorded as debt service principal payments.
- Waste Water Fund debt service principal payments of \$648,523 in 2011 and \$588,232 in 2012 were recorded as debt service interest payments.

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

**FINDING NUMBER 2012-002  
(Continued)**

Sound financial reporting is the responsibility of the fiscal officer and the governing board and is essential to ensure the information provided to the readers of the financial statements is complete and accurate.

To ensure the Village's financial statements and notes to the statements are complete and accurate, the Village should adopt policies and procedures, including a final review of the statements and notes by the Fiscal Officer and the audit committee, to identify and correct errors and omissions. In addition, the Fiscal Officer should also review the Auditor of State's Village handbook which contains a chart of accounts. This may help to ensure all accounts are being properly posted to the financial statements.

**Officials' Response:**

Management will review financial classifications within its financial system and determine the necessary corrective procedures.

**FINDING NUMBER 2012-003**

**Noncompliance Citation**

**Ohio Water Development Authority (OWDA) Cooperation Agreement for Construction Maintenance and Operation of State Waste Project § 4.3** states 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.

Operating income of \$39,894 and \$81,901 generated in 2012 and 2011, respectively, from water charges were not adequate to provide for payments required to remit the Village's debt obligations of \$91,552 for 2012 and \$91,255 for 2011 to OWDA. As a result, the Village has 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:**

Management will review financial activity of its water operations and consider any necessary changes.

**VILLAGE OF ANTWERP  
PAULDING COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2012 AND 2011**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain</i></b>
2010-001	A finding for recovery against Ohio Revised Code § 2949.094A for not remitting \$815 in court fines and cost due to the State of Ohio.	No	Partially corrected and reissued in the management letter.
2010-002	Ohio Revised Code § 5705.41(B) for disbursements over appropriations in certain funds.	Yes	
2010-003	Ohio Revised Code § 5705.41(D)(1) for Fiscal Officer not certifying disbursements.	Yes	
2010-004	Recommended debt transactions be monitored for correct classification on financial statements.	No	Not corrected and reissued as Finding 2012-002 in this report.

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# Dave Yost • Auditor of State

**VILLAGE OF ANTWERP**

**PAULDING COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
JUNE 25, 2013**