



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

VILLAGE OF ANTWERP
PAULDING COUNTY

TABLE OF CONTENTS

TITLE	PAGE
Report of Independent Accountants	1
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – All Governmental Fund Types – For the Year Ended December 31, 2000	3
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – All Proprietary and Similar Fiduciary Fund Types – For the Year Ended December 31, 2000	4
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – All Governmental Fund Types – For the Year Ended December 31, 1999	5
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – All Proprietary and Similar Fiduciary Fund Types – For the Year Ended December 31, 1999	6
Notes to the Financial Statements	7
Report of Independent Accountants on Compliance and on Internal Control Required by <i>Government Auditing Standards</i>	17
Schedule of Findings	19
Schedule of Prior Audit Findings	25

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REPORT OF INDEPENDENT ACCOUNTANTS

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

To the Village Council:

We have audited the accompanying financial statements of the Village of Antwerp (the Village) as of and for the years ended December 31, 2000 and 1999. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of the Village as of December 31, 2000 and 1999, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 22, 2001, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audits.

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

Jim Petro
Auditor of State

August 22, 2001

**VILLAGE OF ANTWERP
PAULDING COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2000**

	<u>Governmental Fund Types</u>				Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	
Cash Receipts:					
Property Tax and Other Local Taxes	\$41,901	\$113,173	\$24,047		\$179,121
Special Assessments		19,993			19,993
Intergovernmental Receipts	51,086	240,651		\$40,978	332,715
Charges for Services		39,861			39,861
Fines, Licenses, and Permits	159,241	6,368			165,609
Miscellaneous	17,893	12,326			30,219
	<u>270,121</u>	<u>432,372</u>	<u>24,047</u>	<u>40,978</u>	<u>767,518</u>
Cash Disbursements:					
Current:					
Security of Persons and Property	5,026	186,185			191,211
Public Health Services	568	38,688			39,256
Leisure Time Activities	7,693				7,693
Community Environment	1,144				1,144
Transportation		23,002			23,002
General Government	93,565	1,008			94,573
Debt Service:					
Principal Payments		8,127	23,493		31,620
Interest Payments			1,739		1,739
Capital Outlay	14,934	195,755		40,978	251,667
	<u>122,930</u>	<u>452,765</u>	<u>25,232</u>	<u>40,978</u>	<u>641,905</u>
Total Receipts Over/(Under) Disbursements	<u>147,191</u>	<u>(20,393)</u>	<u>(1,185)</u>		<u>125,613</u>
Other Financing Receipts/(Disbursements):					
Sale of Bonds or Notes		124,000			124,000
Transfers-In		111,000			111,000
Transfers-Out	(111,000)				(111,000)
	<u>(111,000)</u>	<u>235,000</u>			<u>124,000</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	36,191	214,607	(1,185)		249,613
Fund Cash Balances, January 1	31,640	91,572	1,185		124,397
Fund Cash Balances, December 31	<u>\$67,831</u>	<u>\$306,179</u>			<u>\$374,010</u>
Reserves for Encumbrances, December 31		<u><u>\$49,003</u></u>			<u><u>\$49,003</u></u>

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

**VILLAGE OF ANTWERP
PAULDING COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL PROPRIETARY AND SIMILAR FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2000**

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Agency</u>	
Operating Cash Receipts:			
Charges for Services	\$391,509		391,509
Operating Cash Disbursements:			
Personal Services	112,467		112,467
Travel/Transportation	1,631		1,631
Contractual Services	65,679		65,679
Supplies and Materials	54,469		54,469
Capital Outlay	73,520		73,520
Total Operating Cash Disbursements	307,766		307,766
Operating Income	83,743		83,743
Non-Operating Cash Receipts:			
Other Non-Operating Receipts	4,986	\$199,218	204,204
Non-Operating Cash Disbursements:			
Debt Service	111,509		111,509
Other Non-Operating Cash Disbursements		198,968	198,968
Total Non-Operating Cash Disbursements	111,509	198,968	310,477
Net Receipts Over/(Under) Disbursements	(22,780)	250	(22,530)
Fund Cash Balances, January 1	252,736	2,656	255,392
Fund Cash Balances, December 31	\$229,956	\$2,906	\$232,862
Reserve for Encumbrances, December 31			

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

**VILLAGE OF ANTWERP
PAULDING COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 1999**

	<u>Governmental Fund Types</u>				Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	
Cash Receipts:					
Property Tax and Other Local Taxes	\$43,248	\$89,442	\$24,490		\$157,180
Special Assessments		19,186			19,186
Intergovernmental Receipts	68,877	80,331		\$26,529	175,737
Charges for Services		43,590			43,590
Fines, Licenses, and Permits	37,121	283			37,404
Miscellaneous	14,544	12,805			27,349
	<u>163,790</u>	<u>245,637</u>	<u>24,490</u>	<u>26,529</u>	<u>460,446</u>
Cash Disbursements:					
Current:					
Security of Persons and Property	1,731	159,434			161,165
Public Health Services	570	37,238			37,808
Leisure Time Activities	7,270				7,270
Community Environment	681				681
Transportation		41,331			41,331
General Government	87,733	306			88,039
Debt Service:					
Principal Payments			29,971		29,971
Interest Payments			3,388		3,388
Capital Outlay	17,927	62,542		26,529	106,998
	<u>115,912</u>	<u>300,851</u>	<u>33,359</u>	<u>26,529</u>	<u>476,651</u>
Total Receipts Over/(Under) Disbursements	<u>47,878</u>	<u>(55,214)</u>	<u>(8,869)</u>		<u>(16,205)</u>
Other Financing Receipts/(Disbursements):					
Transfers-In		50,000			50,000
Transfers-Out	(50,000)				(50,000)
Total Other Financing Receipts/(Disbursements)	<u>(50,000)</u>	<u>50,000</u>			
Excess of Cash Disbursements and Other Financing Disbursements Over Cash Receipts and Other Financing Receipts	(2,122)	(5,214)	(8,869)		(16,205)
Fund Cash Balances, January 1	<u>33,762</u>	<u>96,786</u>	<u>10,054</u>		<u>140,602</u>
Fund Cash Balances, December 31	<u>\$31,640</u>	<u>\$91,572</u>	<u>\$1,185</u>		<u>\$124,397</u>
Reserves for Encumbrances, December 31					

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

**VILLAGE OF ANTWERP
PAULDING COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL PROPRIETARY AND SIMILAR FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 1999**

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Agency</u>	
Operating Cash Receipts:			
Charges for Services	\$400,050		400,050
Operating Cash Disbursements:			
Personal Services	98,867		98,867
Travel/Transportation	3,045		3,045
Contractual Services	68,206		68,206
Supplies and Materials	33,638		33,638
Capital Outlay	100,325		100,325
Total Operating Cash Disbursements	304,081		304,081
Operating Income	95,969		95,969
Non-Operating Cash Receipts:			
Other Non-Operating Receipts	8,549	\$46,020	54,569
Non-Operating Cash Disbursements:			
Debt Service	113,277		113,277
Other Non-Operating Cash Disbursements		45,677	45,677
Total Non-Operating Cash Disbursements	113,277	45,677	158,954
Net Receipts Over/(Under) Disbursements	(8,759)	343	(8,416)
Fund Cash Balances, January 1	261,495	2,313	263,808
Fund Cash Balances, December 31	\$252,736	\$2,656	\$255,392
Reserve for Encumbrances, December 31			

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

**VILLAGE OF ANTWERP
PAULDING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

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

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

B. Basis of Accounting

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

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

C. Cash and Investments

Certificates of deposit, are valued at cost.

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

D. Fund Accounting

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

1. General Fund

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

2. Special Revenue Fund

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

**VILLAGE OF ANTWERP
PAULDING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

2. Special Revenue Fund (Continued)

State Litter Control Fund - This fund receives FEMA grant money for the construction of water and sewer lines.

Police Fund - This fund receives local tax money for operation and upkeep of Village Police Department.

3. Debt Service Fund

These funds are used to accumulate resources for the payment of bonds and note indebtedness. The Village had the following significant debt service fund:

Fire Truck - This fund received local tax money to pay for a fire truck.

4. Capital Project Funds

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

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

5. Enterprise Funds

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

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

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

6. Fiduciary Funds (Agency Fund)

Trust funds are used to account for resources restricted by legally binding trust agreements. If the agreement requires the Village to maintain the corpus of the trust, the fund is classified as a nonexpendable trust fund. Other trust funds are classified as expendable. Funds for which the Village is acting in an agency capacity are classified as agency funds. The Village had the following significant fiduciary fund:

**VILLAGE OF ANTWERP
PAULDING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

6. Fiduciary Funds (Agency Fund) (Continued)

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

E. Budgetary Process

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

1. Appropriations

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

2. Estimated Resources

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

3. Encumbrances

The Ohio Revised Code requires the Village to reserve (encumber) appropriations when commitments are made. With the exception of one encumbrance outstanding at December 31, 2000, encumbrances outstanding at year end are carried over, and need not be reappropriated. The Village did not encumber all commitments required by Ohio law.

A summary of 2000 and 1999 budgetary activity appears in Note 3.

F. Property, Plant and Equipment

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

G. Unpaid Vacation and Sick Leave

Employees are entitled to cash payments for unused vacation and sick leave in certain circumstances, such as upon leaving employment. Unpaid vacation and sick leave are not reflected as liabilities under the cash basis of accounting used by the Village.

**VILLAGE OF ANTWERP
PAULDING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

2. EQUITY IN POOLED CASH AND INVESTMENTS

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

	<u>2000</u>	<u>1999</u>
Cash on hand	\$175	\$25
Demand deposits	417,569	190,636
Certificates of deposit	<u>189,128</u>	<u>189,128</u>
Total deposits and investments	<u>\$606,872</u>	<u>\$379,789</u>

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

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2000 and 1999 follows:

2000 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$148,000	\$270,121	\$122,121
Special Revenue	646,676	667,372	20,696
Debt Service	23,362	24,047	685
Capital Projects		40,978	40,978
Enterprise	<u>401,390</u>	<u>396,495</u>	<u>(4,895)</u>
Total	<u>\$1,219,428</u>	<u>\$1,399,013</u>	<u>\$179,585</u>

2000 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$147,350	\$233,930	(\$86,580)
Special Revenue	552,869	501,768	51,101
Debt Service	33,360	25,232	8,128
Capital Projects	55,000	40,978	14,022
Enterprise	<u>413,035</u>	<u>419,275</u>	<u>(6,240)</u>
Total	<u>\$1,201,614</u>	<u>\$1,221,183</u>	<u>(\$19,569)</u>

**VILLAGE OF ANTWERP
PAULDING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

3. BUDGETARY ACTIVITY (Continued)

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$123,300	\$163,790	\$40,490
Special Revenue	262,206	295,637	33,431
Debt Service	22,748	24,490	1,742
Capital Projects		26,529	26,529
Enterprise	349,771	408,599	58,828
Total	\$758,025	\$919,045	\$161,020

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$133,876	\$165,912	(\$32,036)
Special Revenue	222,380	300,851	(78,471)
Debt Service		33,359	(33,359)
Capital Projects		26,529	(26,529)
Enterprise	245,457	417,358	(171,901)
Total	\$601,713	\$944,009	(\$342,296)

4. COMPLIANCE

- The Village received the benefits of Issue II funding in the amount of \$40,978 in 2000 and \$26,529 in 1999 that were not recorded on the Village's records as required by Ohio Revised Code § 5705.42.
- Some of the Village transactions did not include prior certification or a then and now certification from the Clerk as required by Ohio Revised Code § 5705.41(D). In addition, the Village had \$49,003 in outstanding purchase commitments as of December 31, 2000 that were not certified and as a result will be improperly charged against 2001 appropriations.
- Contrary to Ohio Revised Code § 5705.10 the following funds had deficit balances throughout 1999 and 2000 and in some instances at year end, by the amounts indicated:

**VILLAGE OF ANTWERP
PAULDING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

4. COMPLIANCE (Continued)

<u>Fund</u>	<u>Maximum Deficit During 1999 and 2000</u>	<u>Deficit at December 31, 2000</u>	<u>Deficit at December 31, 1999</u>
Street Construction, Maintenance and Repair Fund	\$33,323.01	\$ 1,075.85	\$22,713.69
Street Lighting Fund	20,884.37	5,943.48	12,794.41
Police Fund	73,476.89		38,383.20
Water Fund	11,801.13		
Water Debt Service Fund	21,995.00	21,995.00	6,049.20
Sewer Debt Service Fund	61,600.00	61,600.00	28,339.98

The Village plans to alleviate these deficits through an increase of taxes, change of revenue allocation, and monitoring of the budget.

- Contrary to Ohio Revised Code § 5705.41(B) there were 58 instances, throughout all funds, in which expenditures exceeded appropriations at the legal level of control (fund-function-object), in amounts ranging from \$8 to \$66,000. In addition, at year end, actual expenditures exceeded approved appropriations in the following funds:

<u>Fund</u>	<u>Disbursements</u>	<u>Appropriations</u>	<u>Variances</u>
<u>December 31, 2000</u>			
General Fund	\$233,930	\$147,350	(\$86,580)
Street Construction, Maintenance and Repair Fund	39,087	20,000	(19,087)
Permissive Tax Fund	26,000	20,000	(6,000)
Fire Fund	34,090	32,000	(2,090)
Cemetery Fund	6,192	5,300	(892)
Police Fund	172,486	138,069	(34,417)
Street Light Fund	13,131	13,000	(131)
Sewer Fund	139,759	121,005	(18,754)

**VILLAGE OF ANTWERP
PAULDING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

4. COMPLIANCE (Continued)

<u>Fund</u>	<u>Disbursements</u>	<u>Appropriations</u>	<u>Variances</u>
<u>December 31, 1999</u>			
General Fund	\$165,912	\$133,876	(\$32,036)
SCMR Fund	51,691	38,475	(13,216)
FEMA Fund	9,236		(9,236)
Permissive Tax Fund	10,125		(10,125)
Fire Fund	35,138	31,125	(4,013)
COPS Grant Fund	5,873		(5,873)
Cemetery Fund	6,815	4,725	(2,090)
Police Fund	128,542	79,455	(49,087)
Street Light Fund	13,637	9,750	(3,887)
Fire Truck Debt Service Fund	33,359		(33,359)
Issue II Fund	26,529		(26,529)
Water Fund	196,516	107,641	(88,875)
Sewer Fund	106,042	101,816	(4,226)
Water Debt Service	22,290		(22,290)
Sewer Debt Service	61,550		(61,550)

- Contrary to Ohio Revised Code § 5705.39 appropriations exceeded estimated revenue in the following funds by the amounts indicated:

2000	Police Fund	\$6,950
	Street Light Fund	6,794
	Fire Truck Debt Service Fund	8,813
	Issue II Fund	55,000
	Water Fund	3,789
	Sewer Debt Service Fund	800
1999	Street Construction, Maintenance and Repair Fund	7,949
	Street Light Fund	18,612

**VILLAGE OF ANTWERP
PAULDING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

5. PROPERTY TAX

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

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

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

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

6. DEBT

Debt outstanding at December 31, 2000 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Ohio Water Development Authority Loan	\$238,941	6.12%
Ohio Public Works Commission Loan	50,257	0%
Water Works System Bond	240,000	7.375%
Sanitary Sewer System Bonds	812,000	5%
Police Cruiser Loan	14,000	5.5%
EMS Building Loan	110,000	5.5%
	<u> </u>	
Total	<u>\$1,465,198</u>	

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

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

**VILLAGE OF ANTWERP
PAULDING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

6. DEBT (Continued)

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

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

The Police Cruiser loan relates to the purchase of a police cruiser. The loan will be repaid in one installment of \$14,770 including interest in 2001.

The EMS building loan relates is for a new EMS building. The loan will be repaid in annual installments of \$9,207 including interest over 20 years. The loan is collateralized by EMS revenues.

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

Year ending December 31:	OWDA Loan	OPWC Loan	Waterworks Systems Bond	Sanitary Sewer Bonds	Police Cruiser Loan	EMS Building Loan
2001	\$27,914	\$3,046	\$21,700	\$61,600	\$14,770	\$9,207
2002	27,914	3,046	22,405	62,550		9,207
2003	27,914	3,046	22,036	62,400		9,207
2004	27,914	3,046	21,668	62,200		9,207
2005	27,914	3,046	22,299	61,950		9,207
Subsequent	209,345	35,027	394,730	1,040,000		138,107
Total	<u>\$348,915</u>	<u>\$50,257</u>	<u>\$504,838</u>	<u>\$1,350,700</u>	<u>\$14,770</u>	<u>\$184,142</u>

7. RETIREMENT SYSTEMS

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

Contribution rates are also prescribed by the Ohio Revised Code. For 2000 and 1999, members of OP&F contributed 10% of their wages to the OP&F. The Village contributed an amount equal to 19.5% of their wages. PERS members contributed 8.5% of their gross salaries. The Village contributed an amount equal to 13.55% and 10.84% of participants' gross salaries for 1999 and 2000, respectively. The Village has paid all contributions required through December 31, 2000.

**VILLAGE OF ANTWERP
PAULDING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

8. RISK MANAGEMENT

The Village has obtained commercial insurance for the following risks:

- General Liability;
- Public Entity Management Liability;
- Law Enforcement Liability;
- Automobile Liability;
- Automobile Physical Damage;
- Property;
- Inland Marine;
- Crime; and
- Equipment Breakdown Coverage.

The Village also provides health insurance and dental and vision coverage to full-time employees through a private carrier.

9. CONTINGENT LIABILITIES

Amounts received from grantor agencies are subject to audit and adjustment by the grantor, principally the federal government. Any disallowed costs may require refunding to the grantor. Amounts which may be disallowed, if any, are not presently determinable. However, based on prior experience, management believes such refunds, if any, would not be material.

10. CONTRACTUAL COMMITMENT

The Village had an outstanding commitment at December 31, 2000 in the amount of \$49,003 for a Storm Sewer Project. Payments for this contract will be paid out of the Street and FEMA Funds.



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

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

To the Village Council:

We have audited the accompanying financial statements of the Village of Antwerp (the Village) as of and for the years ended December 31, 2000 and 1999, and have issued our report thereon dated August 22, 2001. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Village's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audits and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in accompanying schedule of findings as items 2000-30263-001, 2000-30263-002, 2000-30263-003, 2000-30263-004, 2000-30263-005 and 2000-30263-006. We also noted certain immaterial instances of noncompliance that we have reported to management of the Village in a separate letter dated August 22, 2001.

Internal Control Over Financial Reporting

In planning and performing our audits, we considered the Village's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted an instance involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgement, could adversely affect the Village's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. The reportable condition is described in the accompanying schedule of findings as item 2000-30263-007.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe the reportable condition described above is not a material weakness. We also noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Village in a separate letter dated August 22, 2001.

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

Jim Petro
Auditor of State

August 22, 2001

VILLAGE OF ANTWERP
PAULDING COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2000 AND 1999

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

FINDING NUMBER 2000-30263-001

Finding for Recovery

State ex rel. McClure v. Hagerman, 155 Ohio St. 320 (1951) provides that expenditures made by a governmental unit should serve a public purpose.

On May 10, 1999, the Village Council approved a resolution changing the standard work week for the police employees from 44 hours to 43 hours, Council subsequently approved making this change retroactive to February 1, 1999. Carole Fillmore, Village Clerk retroactively compensated police employees Joyce Carr and Matthew McDougal for all hours in excess of 40 hours per week, rather than those hours in excess of 43 per week, at time and half for the period February 1, 1999 through April 14, 1999. These employees had already been paid straight time for these hours, which resulted in them receiving double time and half for all hours worked in excess of 40. This resulted in Joyce Carr receiving \$478.21 and Matthew McDougal receiving \$579.15 in compensation over what had been authorized by the Village Council. In addition, the Clerk compensated Mr. McDougal twice for 9 hours worked on February 15, 1999 resulting in a total over compensation of \$652.05 for Mr. McDougal.

Ohio Revised Code § 117.28 states that when an audit report sets forth that any public money has been illegally expended, the Village's legal counsel may institute civil action to recover the money illegally expended.

In accordance with the forgoing facts a finding for recovery is hereby returned against Carol Fillmore, Village Clerk and the Cincinnati Insurance Company, her surety, jointly and severally, in the amount of \$1,130.26, Joyce Carr in the amount of \$478.21 and Matthew McDougal, in the amount of \$652.05 in favor of the Villages Treasury.

FINDING NUMBER 2000-30263-002

Noncompliance Citation

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

In 1999 and 2000, the Village was the beneficiary of a \$26,529 and \$40,978 of Ohio Public Works Funding, that was sent directly to the vendor by the OPWC. This activity was not recorded on the ledgers of the Village. The accompanying financial statements were adjusted to reflect the amount in the Capital Project Fund.

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

FINDING NUMBER 2000-30263-003

Noncompliance Citation

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

This section also provides two exceptions to the above requirements:

- A. Then and Now Certificate - if no certificate is furnished as required, upon receipt of the fiscal officer's certificate that a sufficient sum was, both at the time of the purchase order or contract and at the time of the certificate, appropriated and free of any previous encumbrance, Council may authorize the issuance of a check in payment of the amount due upon such contract or order by resolution within 30 days from the receipt of such certificate, if such expenditure is otherwise valid.
- B. If the amount involved is less than \$1000, the fiscal officer may authorize it to be paid without the affirmation of Council, if such expenditure is otherwise valid.

Thirty-eight percent of the transactions tested did not include prior certification or a then and now certification from the Clerk. In addition, the Village had \$49,003 in outstanding purchase commitments as of December 31, 2000 that were not certified and as a result will be improperly charged against 2001 appropriations. The accompanying financial statements were adjusted to reflect the \$49,003 as an outstanding encumbrance in the Special Revenue Funds as of December 31, 2000.

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

FINDING NUMBER 2000-30263-004

Noncompliance Citation

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

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

**FINDING NUMBER 2000-30263-004
 (Continued)**

Fund	Maximum Deficit During 1999 and 2000	Deficit at December 31, 2000	Deficit at December 31, 1999
Street Construction, Maintenance and Repair Fund	\$33,323.01	\$ 1,075.85	\$22,713.69
Street Lighting Fund	20,884.37	5,943.48	12,794.41
Police Fund	73,476.89		38,383.20
Water Fund	11,801.13		
Water Debt Service Fund	21,995.00	21,995.00	6,049.20
Sewer Debt Service Fund	61,600.00	61,600.00	28,339.98

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

FINDING NUMBER 2000-30263-005

Noncompliance Citation

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

There were 58 instances noted, throughout all funds, in which expenditures exceeded appropriations at the legal level of control (fund-function-object), in amounts ranging from \$8 to \$66,000. In addition, at year end, actual expenditures exceeded approved appropriations in the following funds:

Fund	Disbursements	Appropriations	Variances
December 31, 2000			
General Fund	\$233,930	\$147,350	(\$86,580)
Street Construction, Maintenance and Repair Fund	39,087	20,000	(19,087)
Permissive Tax Fund	26,000	20,000	(6,000)
Fire Fund	34,090	32,000	(2,090)
Cemetery Fund	6,192	5,300	(892)
Police Fund	172,486	138,069	(34,417)
Street Light Fund	13,131	13,000	(131)
Sewer Fund	139,759	121,005	(18,754)
General Fund	165,912	133,876	(32,036)

FINDING NUMBER 2000-30263-005
 (Continued)

Fund	Disbursements	Appropriations	Variances
December 31, 1999			
SCMR Fund	\$51,691	\$38,475	(\$13,216)
FEMA Fund	9,236		(9,236)
Permissive Tax Fund	10,125		(10,125)
Fire Fund	35,138	31,125	(4,013)
COPS Grant Fund	5,873		(5,873)
Cemetery Fund	6,815	4,725	(2,090)
Police Fund	128,542	79,455	(49,087)
Street Light Fund	13,637	9,750	(3,887)
Fire Truck Debt Service Fund	33,359		(33,359)
Issue II Fund	26,529		(26,529)
Water Fund	196,516	107,641	(88,875)
Sewer Fund	106,042	101,816	(4,226)
Water Debt Service	22,290		(22,290)
Sewer Debt Service	61,550		(61,550)

The Clerk should not issue checks for expenditures that would exceed appropriations. The Clerk should inform Council of the insufficiency of appropriations, and whether current resources permit an increase to appropriations. The Council should determine if they wish to increase appropriations and if needed, obtain an amended certificate of estimated resources.

FINDING NUMBER 2000-30263-006

Noncompliance Citation

Ohio Revised Code § 5705.39 provides that appropriations from each fund shall not exceed the estimated revenue.

Appropriations exceeded estimated revenue in the following funds by the amounts indicated:

2000	
Police Fund	\$6,950
Street Light Fund	6,794
Fire Truck Debt Service Fund	8,813
Issue II Fund	55,000
Water Fund	3,789
Sewer Debt Service Fund	800
1999	
Street Construction, Maintenance and Repair Fund	7,949
Street Light Fund	18,612

FINDING NUMBER 2000-30263-006
(Continued)

The Village should review its estimated resources prior to approving appropriations or any subsequent amendments, to ensure estimated resources are sufficient to support the planned appropriations. If resources are not sufficient the Village should either request a revised certificate of estimated resources, if additional resources have been identified or reduced planned appropriations.

FINDING NUMBER 2000-30263-007

Reportable Condition - Financial Monitoring by Council

1) Two Village employees were improperly compensated during 1999, 2) The Village did not record OPWC activity on the Village records, 3) Some Village disbursements were not properly certified, 4) There were several funds with deficit balances through out the audit period and at year end, 5) Most funds had disbursements in excess of appropriations, 6) There were several funds with appropriations in excess of estimated resources, and 7) Appropriation changes were approved after year end and in some instances were not posted to the Village's accounting system.

All of these deficiencies indicate a lack of or insufficient monitoring of financial activity by the Village Council. Monitoring of finances by Council is a key control to ensure Village funds are not wasted, misused or stolen. To ensure the records are up to date, accurate and in balance Council should: 1) review employee compensation to ensure they are appropriately compensated, 2) review the records to ensure all activity of the Village is recorded, 3) ensure that all disbursements are certified prior to approving the expenditure, 4) ensure there is enough money available in each fund prior to approving expenditures, 5) ensure that appropriations are sufficient to support planned disbursements, 6) ensure that resources are sufficient prior to approving appropriations, and 7) Approve all appropriations modifications prior to year end and prior to any accounts having disbursements in excess of appropriations. To assist the Council with their review the Clerk/Treasurer should provide them with monthly financial statements that include comparisons of budget and actual receipts and disbursements, all bills to be paid along with supporting documentation and the monthly reconciliation of the books to the bank along with documentation to support all reconciling items.

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**VILLAGE OF ANTWERP
PAULDING COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2000 AND 1999**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain:</i>
1998-30263-001	ORC § 5705.09(F) failure to establish required funds.	No	Improvement has been made reducing this finding to a management letter comment.
1998-30263-002	ORC § 5705.10 deficit fund balances.	No	Finding has not been corrected and is repeated in this report.
1998-30263-003	ORC § 5705.39 appropriations in excess of estimated resources.	No	Finding has not been corrected and is repeated in this report.
1998-30263-004	ORC § 5705.42 failure to include OPWC funding on Village records.	No	Finding has not been corrected and is repeated in this report.
1998-30263-005	ORC § 5705.41(B) expenditures in excess of appropriations.	No	Finding has not been corrected and is repeated in this report.
1998-30263-006	ORC § 5705.41(D) failure to certify expenditures.	No	Finding has not been corrected and is repeated in this report.
1998-30263-007	Recommendation for improved financial monitoring by Council.	No	Finding has not been corrected and is repeated in this report.
1998-30263-008	OMB Circular A-87 \$60,000 questioned cost for grant expenditures with in sufficient documentation.	N/A	Finding no longer applicable grant was completed in prior audit period.
1998-30263-009	Davis Bacon Act failure to provide evidence of payment of prevailing wages.	N/A	Finding no longer applicable grant was completed in prior audit period.



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VILLAGE OF ANTWERP

PAULDING COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
SEPTEMBER 6, 2001**