



Dave Yost • Auditor of State

VILLAGE OF ARCHBOLD
FULTON COUNTY

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Dave Yost • Auditor of State

Village of Archbold
Fulton County
300 North Defiance Street
Archbold, Ohio 43502-1161

To the Village Council:

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

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Dave Yost
Auditor of State

August 31, 2011

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Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Village of Archbold
Fulton County
300 North Defiance Street
Archbold, Ohio 43502-1161

To the Village Council:

We have audited the accompanying financial statements of the Village of Archbold, Fulton County, Ohio (the Village), as of and for the years ended December 31, 2010 and 2009. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

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

Instead of the combined funds the accompanying financial statements present, GAAP require presenting entity wide statements and also presenting the Village's larger (i.e. major) funds separately. While the Village does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to GAAP presentation requirements. The Auditor of State permits, but does not require villages to reformat their statements. The Village has elected not to follow GAAP statement formatting requirements. The following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated August 31, 2011, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

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

Dave Yost
Auditor of State

August 31, 2011

**VILLAGE OF ARCHBOLD
FULTON COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2010**

	<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 and Other Local Taxes	\$618,846				\$618,846
Municipal Income Tax	2,876,113	\$578,243			3,454,356
Intergovernmental	1,001,164	303,383		\$240,000	1,544,547
Special Assessments			\$295,248	6,052	301,300
Charges for Services	573,155	137,424			710,579
Fines, Licenses and Permits	12,592	75			12,667
Earnings on Investments	12,731	3,542		13,720	29,993
Miscellaneous	94,461	106,441		20,445	221,347
Total Cash Receipts	<u>5,189,062</u>	<u>1,129,108</u>	<u>295,248</u>	<u>280,217</u>	<u>6,893,635</u>
Cash Disbursements:					
Current:					
Security of Persons and Property	1,318,417				1,318,417
Public Health Services	18,302	40,479			58,781
Leisure Time Activities		530,457			530,457
Community Environment	414,341	450,000		629,180	1,493,521
Basic Utility Service	285,661				285,661
Transportation		631,016			631,016
General Government	847,857	23,404			871,261
Debt Service:					
Redemption of Principal		1,950,000	190,000	400,000	2,540,000
Interest and Fiscal Charges		105,678	104,774		210,452
Capital Outlay				1,627,506	1,627,506
Total Cash Disbursements	<u>2,884,578</u>	<u>3,731,034</u>	<u>294,774</u>	<u>2,656,686</u>	<u>9,567,072</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>2,304,484</u>	<u>(2,601,926)</u>	<u>474</u>	<u>(2,376,469)</u>	<u>(2,673,437)</u>
Other Financing Receipts / (Disbursements):					
Proceeds from Sale of Public Debt:					
Sale of Bonds		1,902,012			1,902,012
Other Debt Proceeds		21,990			21,990
Transfers-In		390,000		2,350,000	2,740,000
Transfers-Out	(2,740,000)				(2,740,000)
Advances-In	736				736
Advances-Out			(736)		(736)
Other Financing Sources	330,937	400,000		43,102	774,039
Other Financing Uses	(14,228)	(34,631)		(63,642)	(112,501)
Total Other Financing Receipts / (Disbursements)	<u>(2,422,555)</u>	<u>2,679,371</u>	<u>(736)</u>	<u>2,329,460</u>	<u>2,585,540</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<u>(118,071)</u>	<u>77,445</u>	<u>(262)</u>	<u>(47,009)</u>	<u>(87,897)</u>
Fund Cash Balances, January 1	<u>2,360,026</u>	<u>350,488</u>	<u>30,384</u>	<u>1,473,448</u>	<u>4,214,346</u>
Fund Cash Balances, December 31	<u>\$2,241,955</u>	<u>\$427,933</u>	<u>\$30,122</u>	<u>\$1,426,439</u>	<u>\$4,126,449</u>
Reserve for Encumbrances, December 31	<u>\$20,299</u>	<u>\$42,439</u>		<u>\$1,364,298</u>	<u>\$1,427,036</u>

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

**VILLAGE OF ARCHBOLD
FULTON COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - ALL PROPRIETARY AND FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2010**

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Agency</u>	
Operating Cash Receipts:			
Charges for Services	<u>\$2,949,883</u>		<u>\$2,949,883</u>
Operating Cash Disbursements:			
Personal Services	1,071,316		1,071,316
Contractual Services	428,680		428,680
Supplies and Materials	<u>673,766</u>		<u>673,766</u>
Total Operating Cash Disbursements	<u>2,173,762</u>		<u>2,173,762</u>
Operating Income	<u>776,121</u>		<u>776,121</u>
Non-Operating Cash Receipts:			
Earnings on Investments	15,106	\$21	15,127
Sale of Bonds	1,801,906		1,801,906
Miscellaneous Receipts	115,219		115,219
Other Non-Operating Cash Receipts	<u>60,000</u>	<u>15,000</u>	<u>75,000</u>
Total Non-Operating Cash Receipts	<u>1,992,231</u>	<u>15,021</u>	<u>2,007,252</u>
Non-Operating Cash Disbursements:			
Capital Outlay	693,302		693,302
Redemption of Principal	1,850,000		1,850,000
Interest and Other Fiscal Charges	100,990		100,990
Other Non-Operating Cash Disbursements	<u>336,956</u>		<u>336,956</u>
Total Non-Operating Cash Disbursements	<u>2,981,248</u>		<u>2,981,248</u>
Excess of Receipts Over/(Under) Disbursements Before Interfund Transfers	(212,896)	15,021	(197,875)
Transfers-In	75,000		75,000
Transfers-Out	<u>(75,000)</u>		<u>(75,000)</u>
Net Cash Receipts Over/(Under) Cash Disbursements	(212,896)	15,021	(197,875)
Fund Cash Balances, January 1	<u>2,019,482</u>	<u>9,709</u>	<u>2,029,191</u>
Fund Cash Balances, December 31	<u>\$1,806,586</u>	<u>\$24,730</u>	<u>\$1,831,316</u>
Reserve for Encumbrances, December 31	<u>\$276,076</u>		<u>\$276,076</u>

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

**VILLAGE OF ARCHBOLD
FULTON COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2009**

	<u>Governmental Fund Types</u>				<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	
Cash Receipts:					
Property and Other Local Taxes	\$628,778				\$628,778
Municipal Income Tax	3,052,206	\$614,936			3,667,142
Intergovernmental	1,027,415	328,364			1,355,779
Special Assessments			\$293,914	\$6,321	300,235
Charges for Services	606,817	133,236			740,053
Fines, Licenses and Permits	13,553				13,553
Earnings on Investments	21,619	2,490		55,703	79,812
Miscellaneous	55,914	38,215		94,339	188,468
Total Cash Receipts	<u>5,406,302</u>	<u>1,117,241</u>	<u>293,914</u>	<u>156,363</u>	<u>6,973,820</u>
Cash Disbursements:					
Current:					
Security of Persons and Property	1,257,931				1,257,931
Public Health Services	18,761	41,257			60,018
Leisure Time Activities		554,824			554,824
Community Environment	10,872	3,250		630,921	645,043
Basic Utility Service	287,000				287,000
Transportation		680,389			680,389
General Government	781,142	12,710			793,852
Debt Service:					
Redemption of Principal		2,200,000	175,000	469,322	2,844,322
Interest and Fiscal Charges		73,608	115,295		188,903
Capital Outlay				2,966,085	2,966,085
Total Cash Disbursements	<u>2,355,706</u>	<u>3,566,038</u>	<u>290,295</u>	<u>4,066,328</u>	<u>10,278,367</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>3,050,596</u>	<u>(2,448,797)</u>	<u>3,619</u>	<u>(3,909,965)</u>	<u>(3,304,547)</u>
Other Financing Receipts / (Disbursements):					
Proceeds from Sale of Public Debt:					
Sale of Notes		2,171,527			2,171,527
Other Debt Proceeds		6,349			6,349
Transfers-In		415,000		2,561,650	2,976,650
Transfers-Out	(2,915,000)			(2,801)	(2,917,801)
Advances-In			736		736
Advances-Out	(736)				(736)
Other Financing Sources	361,584			49,198	410,782
Other Financing Uses	(13,923)	(73,861)		(62,117)	(149,901)
Total Other Financing Receipts / (Disbursements)	<u>(2,568,075)</u>	<u>2,519,015</u>	<u>736</u>	<u>2,545,930</u>	<u>2,497,606</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<u>482,521</u>	<u>70,218</u>	<u>4,355</u>	<u>(1,364,035)</u>	<u>(806,941)</u>
Fund Cash Balances, January 1	<u>1,877,505</u>	<u>280,270</u>	<u>26,029</u>	<u>2,837,483</u>	<u>5,021,287</u>
Fund Cash Balances, December 31	<u>\$2,360,026</u>	<u>\$350,488</u>	<u>\$30,384</u>	<u>\$1,473,448</u>	<u>\$4,214,346</u>
Reserve for Encumbrances, December 31	<u>\$85,971</u>	<u>\$999</u>		<u>\$220,524</u>	<u>\$307,494</u>

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

**VILLAGE OF ARCHBOLD
FULTON COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - ALL PROPRIETARY AND FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2009**

	<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	<u>\$2,831,937</u>		<u>\$2,831,937</u>
Operating Cash Disbursements:			
Personal Services	1,047,005		1,047,005
Contractual Services	498,460		498,460
Supplies and Materials	<u>745,743</u>		<u>745,743</u>
Total Operating Cash Disbursements	<u>2,291,208</u>		<u>2,291,208</u>
Operating Income	<u>540,729</u>		<u>540,729</u>
Non-Operating Cash Receipts:			
Earnings on Investments	47,742	\$14	47,756
Sale of Notes	2,070,683		2,070,683
Miscellaneous Receipts	242,079		242,079
Other Non-Operating Cash Receipts	<u>62,870</u>		<u>62,870</u>
Total Non-Operating Cash Receipts	<u>2,423,374</u>	14	<u>2,423,388</u>
Non-Operating Cash Disbursements:			
Capital Outlay	547,254		547,254
Redemption of Principal	2,680,678		2,680,678
Interest and Other Fiscal Charges	86,409		86,409
Other Non-Operating Cash Disbursements	<u>335,430</u>		<u>335,430</u>
Total Non-Operating Cash Disbursements	<u>3,649,771</u>		<u>3,649,771</u>
Excess of Cash Receipts Over/(Under) Cash Disbursements Before Interfund Transfers	(685,668)	14	(685,654)
Transfers-In	77,801		77,801
Transfers-Out	<u>(136,650)</u>		<u>(136,650)</u>
Net Receipts Over/(Under) Disbursements	(744,517)	14	(744,503)
Fund Cash Balances, January 1	<u>2,763,999</u>	9,695	<u>2,773,694</u>
Fund Cash Balances, December 31	<u>\$2,019,482</u>	<u>\$9,709</u>	<u>\$2,029,191</u>
Reserve for Encumbrances, December 31	<u>\$389,276</u>		<u>\$389,276</u>

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

**VILLAGE OF ARCHBOLD
FULTON COUNTY**

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

1. Summary of Significant Accounting Policies

A. Description of the Entity

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

The Archbold Community Improvement Corporation (the Corporation) acts as the agency and instrumentality of the Village. The Corporation is comprised of seven trustees and four officers. The Trustees are appointed by the Mayor and include individuals from local businesses which have an interest in economic development. Three of the four officers are permanent members of Village management and the fourth is an at-large position. The activity of the Corporation is reflected in the Special Revenue Type.

The Village participates in the Ohio Government Risk Management Plan and in the Buckeye Ohio Risk Management Agency, Inc. public entity risk pools. Note 8 to the financial statements provides additional information for these entities.

The Village's management believes these financial statements present all activities for which the Village is financially accountable, except for the land which is held in the name of the Corporation. Note 10 to the financial statements describes this asset.

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.

The Village values certificates of deposit and U.S. government agency securities at cost. The money market mutual fund is recorded at share values the investment fund reports.

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:

**VILLAGE OF ARCHBOLD
FULTON COUNTY**

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

1. Summary of Significant Accounting Policies (Continued)

1. General Fund

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

2. Special Revenue Funds

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

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

Parks and Recreation Fund – This fund receives local income tax and charges for service monies for the purpose of providing leisure time activities for the general public and maintaining the Village parks.

3. Debt Service Funds

These funds account for resources the Village accumulates to pay bond and note debt. The Village had the following significant Debt Service Funds

Special Assessment Quail Meadows Fund – This fund receives special assessment revenue for the repayment of special assessment bond issues.

Special Assessment – North Pointe II – This fund receives special assessment revenue for the repayment of special assessment bond issues.

Special Assessment – Primrose and Lugbill – This fund receives special assessment revenue for the repayment of special assessment bond issues.

4. Capital Project Funds

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

Capital Projects Fund – This fund receives general fund transfers for various construction and improvement projects.

5. 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:

**VILLAGE OF ARCHBOLD
FULTON COUNTY**

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

1. Summary of Significant Accounting Policies (Continued)

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.

6. Fiduciary Funds

Fiduciary funds include agency funds. Agency funds are purely custodial in nature and are used to hold resources for individuals, organizations, or other governments. The Village disburses these funds as directed by the individual, organization or other government. The Village's Agency Fund accounts for monies collected by residents in the Lowell E. Short's Fifth Addition subdivision for installation of new sidewalks.

E. Budgetary Process

The Ohio Revised Code requires that each fund be budgeted annually.

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function, and object 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. 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 individual commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated.

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

F. Property, Plant, and Equipment

The Village records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

**VILLAGE OF ARCHBOLD
FULTON COUNTY**

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

1. Summary of Significant Accounting Policies (Continued)

G. Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

2. Equity in Pooled Deposits and Investments

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

	2010	2009
Demand deposits	\$552,166	\$877,670
Certificates of deposit	450,800	1,400,800
Total deposits	1,002,966	2,278,470
Money Market Mutual Funds	2,453,344	1,052,400
U.S. Government Agency Securities	2,501,455	2,912,667
Total investments	4,954,799	3,965,067
Total deposits and investments	\$5,957,765	\$6,243,537

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

Investments: The Federal Reserve holds the Village's U.S. Government Agency securities in book-entry form in the name of the Village's financial institution. The financial institution maintains records identifying the Village as owner of these securities. The investment in the money market mutual fund is not evidenced by securities that exist in physical or book-entry form.

3. Budgetary Activity

Budgetary activity for the years ending December 31, 2010 and 2009 follows:

2010 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$5,145,529	\$5,520,735	\$375,206
Special Revenue	3,906,981	3,843,110	(63,871)
Debt Service	295,514	295,248	(266)
Capital Projects	2,868,669	2,673,319	(195,350)
Enterprise	4,975,614	5,017,114	41,500
Fiduciary	15	15,021	15,006
Total	\$17,192,322	\$17,364,547	\$172,225

**VILLAGE OF ARCHBOLD
FULTON COUNTY**

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

3. Budgetary Activity (Continued)

2010 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$6,135,770	\$5,659,105	\$476,665
Special Revenue	4,145,214	3,808,104	337,110
Debt Service	295,514	295,510	4
Capital Projects	4,147,524	4,084,626	62,898
Enterprise	6,369,036	5,506,086	862,950
Total	<u>\$21,093,058</u>	<u>\$19,353,431</u>	<u>\$1,739,627</u>

2009 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$5,783,295	\$5,767,886	(\$15,409)
Special Revenue	4,036,296	3,710,117	(326,179)
Debt Service	290,293	294,650	4,357
Capital Projects	3,300,233	2,767,211	(533,022)
Enterprise	5,048,861	5,333,112	284,251
Fiduciary	25	14	(11)
Total	<u>\$18,459,003</u>	<u>\$17,872,990</u>	<u>(\$586,013)</u>

2009 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$6,486,078	\$5,371,336	\$1,114,742
Special Revenue	4,242,887	3,640,898	601,989
Debt Service	290,295	290,295	
Capital Projects	6,181,947	4,351,770	1,830,177
Enterprise	7,304,665	6,466,905	837,760
Total	<u>\$24,505,872</u>	<u>\$20,121,204</u>	<u>\$4,384,668</u>

4. Property Tax

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

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.

**VILLAGE OF ARCHBOLD
FULTON COUNTY**

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

5. Local Income Tax

The Village levies a municipal income tax of 1.5 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 either monthly or quarterly, as required. Corporations and other individual taxpayers pay estimated taxes quarterly and file a declaration annually.

6. Debt

Debt outstanding at December 31, 2010 was as follows:

	Principal	Interest Rate
General Obligation Bonds	\$3,700,000	Various
Special Assessment Bonds	\$1,620,000	Various
Total	\$5,320,000	

The General Obligation Bonds were issued (1) to pay costs of improving Woodland and Memorial Parks and (2) to pay a portion of the costs of improving and expanding the Village's wastewater treatment plant. The bonds were issued in 2010 and will mature in 2030. The Parks and Recreation Fund will pay for 51 percent of the debt, and the Sewer Fund will pay for the remaining 49 percent. Debt payments will be made semi-annually.

The Village's taxing authority collateralized the bonds.

The Special Assessment Bonds consist of sewer and street improvements, which are payable from the proceeds of tax assessments against individual property owners. However, the Village does pledge its full faith and credit and revenues to the payment of the debt charges on such bonds.

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

	General Obligation Bonds	Special Assessment Bonds
Year ending December 31:		
2011	\$272,610	\$288,384
2012	268,410	276,846
2013	264,210	270,269
2014	265,010	273,291
2015	266,748	210,459
2016-2020	1,341,717	635,900
2021-2025	1,366,580	137,551
2026-2030	1,300,458	
Total	\$5,345,743	\$2,092,700

**VILLAGE OF ARCHBOLD
FULTON COUNTY**

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

7. Retirement Systems

The Village's certified Fire Fighters and full-time Police Officers belong to the Police and Fire Pension Fund (OP&F). Other employees belong to the Ohio Public Employees Retirement System (OPERS). OP&F and OPERS are cost-sharing, multiple-employer plans. The Ohio Revised Code prescribes these plans' benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2010 and 2009, OP&F participants contributed 10% of their wages. For 2010 and 2009, the Village contributed to OP&F an amount equal to 19.5% of full-time police members' wages and 24% of full-time fire fighters' wages, respectively. For 2010 and 2009, OPERS members contributed 10% of their gross salaries and the Village contributed an amount equaling 14% of participants' gross salaries. The Village has paid all contributions required through December 31, 2010.

Social Security

Effective July 1, 1991, all officials and employees not otherwise covered by OPERS have an option to become a member of the Social Security System. As of December 31, 2010, certain volunteer firefighters have elected to contribute to social security. The volunteer firefighters liability is 6.2% of wages.

8. Risk Management

Risk Pool Membership

Ohio Plan Risk Management, Inc.

Prior to 2009, the Village belonged to the Ohio Government Risk Management Plan (the "Plan"), a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to Ohio governments ("Members"). The Plan was legally separate from its member governments.

On January 1, 2009, through an internal reorganization, the Plan created three separate non-profit corporations including:

- Ohio Plan Risk Management, Inc. (OPRM) - formerly known as the Ohio Risk Management Plan;
- Ohio Plan Healthcare Consortium, Inc. (OPHC) - formerly known as the Ohio Healthcare Consortium; and
- Ohio Plan, Inc. - mirrors the oversight function previously performed by the Board of Directors. The Board of Trustees consists of eleven (11) members that include appointed and elected officials from member organizations.

**VILLAGE OF ARCHBOLD
FULTON COUNTY**

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

8. Risk Management (Continued)

Pursuant to Section 2744.081 of the Ohio Revised Code, the plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages to its members sold through fourteen appointed independent agents in the State of Ohio. These coverage programs, referred to as Ohio Plan Risk management (“OPRM”), are developed specific to each member’s risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member’s exposure to loss, except OPRM retains 40% (17.5% through October 31, 2010 and 15% through October 31, 2009) of the premium and losses on the first \$250,000 casualty treaty and 10% of the first \$1,000,000 property treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 761 and 725 members as of December 31, 2010 and 2009. The Village participates in this coverage.

The Plan formed the Ohio Plan Healthcare Consortium (“OPHC”), as authorized by Section 9.833 of the Ohio Revised Code. The OPHC was established to provide cost effective employee benefit programs for Ohio political sub-divisions and is a self-funded, group purchasing consortium that offers medical, dental, vision and prescription drug coverage as well as life insurance for its members. The OPHC is sold through seventeen appointed independent agents in the State of Ohio. Coverage programs are developed specific to each member’s healthcare needs and the related premiums for coverage are determined through the application of uniform underwriting criteria. Variable plan options are available to members. These plans vary primarily by deductibles, coinsurance levels, office visit co-pays and out-of pocket maximums. OPHC had 65 and 60 members as of December 31, 2010 and 2009. The Village does not participate in this coverage.

Plan members are responsible to notify the Plan of their intent to renew coverage by their renewal date. If a member chooses not to renew with the Plan, they have no other financial obligation to the Plan, but still need to promptly notify the Plan of any potential claims occurring during their membership period. The former member’s covered claims, which occurred during their membership period, remain the responsibility of the Plan.

Settlement amounts did not exceed insurance coverage for the past three fiscal years.

The Pool’s audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2010 and 2009, and include amounts for both OPRM and OPHC.

	2010		2009	
	OPRM	OPHC	OPRM	OPHC
Assets	\$12,036,541	\$1,355,131	\$11,176,186	\$1,358,802
Liabilities	(4,845,056)	(1,055,096)	(4,852,485)	(1,253,617)
Members’ Equity	<u>\$7,191,485</u>	<u>\$300,035</u>	<u>\$6,323,701</u>	<u>\$105,185</u>

You can read the complete audited financial statements for OPRM and OPHC at the Plan’s website, www.ohioplan.org.

**VILLAGE OF ARCHBOLD
FULTON COUNTY**

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

8. Risk Management (Continued)

Buckeye Ohio Risk Management Agency

The Village is also a member of the Buckeye Ohio Risk Management Agency, Inc. (the Pool). The Pool assumes the risk of loss up to the limits of the Village of Archbold's Employee Health Plan policy. The Pool may make supplemental assessments if the experience of the overall pool is unfavorable. The Pool covers the following risks:

- Medical benefits;
- Prescription drug; and
- Dental benefits

The Pool reported the following summary of assets and actuarially-measured liabilities available to pay those liabilities as of December 31:

	2010	2009
Assets	\$3,813,990	\$5,427,920
Liabilities	\$3,297,768	\$3,116,190

9. Contractual Commitments

The Village had the following construction projects outstanding as of December 31, 2010:

Projects	Amount
E. Williams and N. Lincoln Street Improvements	\$29,179
Fulton Steet, S. Defiance Street Project	5,114
Concrete Street Improvements	12,129
Misc Sidewalk Improvements	2,663
North Point Estates Phase II Resurface	8,828
Lafayette Street Extention	1,293,077
South Street Improvements	51,734
Clear Well Valve Chamber	193,600
SCADA System Upgrade	37,070
N. Lincoln and W. Barre Rd Sidewalk Improvements	2,105
Total	\$1,635,499

10. Archbold Community Improvement Corporation

The Archbold Community Improvement Corporation (the Corporation) owns land which was purchased by the Village in the name of the Corporation. In the event this land is sold, all proceeds will revert to the Village. The appraised value of this land totals \$633,400 as of December 31, 2010. The Village paid the Corporation \$400,000 in 2010. The amount was part of a \$450,000 loan made by the Corporation to a local business.

**VILLAGE OF ARCHBOLD
FULTON COUNTY**

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

11. Related Party Transactions

Jeff Fryman, a Council Member, is part owner of Black Swamp Equipment. Black Swamp Equipment is a local company that sells various supplies, machine parts, and rental of small equipment. In 2010 and 2009, the Village purchased \$7,145 and \$18,526, respectively, in various supplies, equipment rentals, and small parts. The purchases were approved at arm's length, with full knowledge by Village officials of Mr. Fryman's interest. Mr. Fryman took no part in the deliberation or decision by Village officials with respect to the purchases.



Dave Yost • Auditor of State

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

Village of Archbold
Fulton County
300 North Defiance Street
Archbold, Ohio 43502-1161

To the Village Council:

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

Internal Control Over Financial Reporting

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

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and timely corrected. We consider finding 2010-001 described in the accompanying schedule of findings to be a material weakness.

Compliance and Other Matters

As part of reasonably assuring whether the Village's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

The Village's response to the finding identified in our audit is described in the accompanying schedule of findings. We did not audit the Village's response and, accordingly, we express no opinion on it.

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

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

Dave Yost
Auditor of State

August 31, 2011

**VILLAGE OF ARCHBOLD
FULTON COUNTY**

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

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

Material Weakness

Financial Reporting

As a result of the audit procedures performed, we identified the following expenditure classification errors in the Capital Projects fund:

Capital outlay expenditures included payments of debt principal amounts of \$469,322 in 2009 and costs incurred by the Village engineer's office for planning and other services related to various projects in the amounts of \$630,921 in 2009 and \$629,180 in 2010. The debt payments should have been recorded as debt service redemption of principal expenditures. Costs incurred by the Village engineer's office should have been recorded as community environment type expenditures.

Adjustments to correct these errors were posted to the accompanying financial statements.

Sound financial reporting is the responsibility of the Finance Director and Council 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 Finance Director and Village Council, to identify and correct errors and omissions. The Finance Director should also review and Village Handbook's chart of accounts to ensure all accounts are being properly posted to the financial statements.

Officials' Response:

Village officials have implemented corrective procedures.

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Dave Yost • Auditor of State

VILLAGE OF ARCHBOLD

FULTON 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 20, 2011