



Mary Taylor, CPA  
Auditor of State



VILLAGE OF ARCHBOLD  
FULTON COUNTY

TABLE OF CONTENTS

TITLE	PAGE
Cover Letter .....	1
Independent Accountants' Report.....	3
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental Fund Types - For the Year Ended December 31, 2008.....	5
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, 2008.....	6
Notes to the Financial Statements .....	7
Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i> .....	17
Schedule of Prior Audit Findings.....	19

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**Mary Taylor, CPA**  
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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**Mary Taylor, CPA**  
Auditor of State

September 1, 2009

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# Mary Taylor, CPA

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 year ended December 31, 2008. 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 year ended December 31, 2008 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, 2008, or its changes in financial position or cash flows, where applicable for the year then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of the Village of Archbold, Fulton County, as of December 31, 2008, and its combined cash receipts and disbursements for the year 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 September 1, 2009, 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 cursive script that reads "Mary Taylor".

**Mary Taylor, CPA**  
Auditor of State

September 1, 2009

**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, 2008**

	Governmental Fund Types				Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	
<b>Cash Receipts:</b>					
Property and Local Taxes	\$1,007,215				\$1,007,215
Municipal Income Tax	3,485,256	\$700,841			4,186,097
Intergovernmental	403,075	265,133			668,208
Special Assessments			\$297,118	\$6,590	303,708
Charges for Services	522,857	126,575			649,432
Fines, Licenses and Permits	15,105				15,105
Earnings on Investments	80,099	3,415		103,107	186,621
Miscellaneous	86,437	50,174		37,064	173,675
<b>Total Cash Receipts</b>	<b>5,600,044</b>	<b>1,146,138</b>	<b>297,118</b>	<b>146,761</b>	<b>7,190,061</b>
<b>Cash Disbursements:</b>					
Current:					
Security of Persons and Property	1,291,979				1,291,979
Public Health Services	10,500	68,493			78,993
Leisure Time Activities		659,499			659,499
Community Environment	22,090			573,875	595,965
Basic Utility Service	278,584				278,584
Transportation		604,771			604,771
General Government	1,095,618	71,247			1,166,865
Debt Service:					
Redemption of Principal		2,500,000	175,000		2,675,000
Interest and Fiscal Charges		86,258	125,660		211,918
Capital Outlay				2,956,933	2,956,933
<b>Total Cash Disbursements</b>	<b>2,698,771</b>	<b>3,990,268</b>	<b>300,660</b>	<b>3,530,808</b>	<b>10,520,507</b>
<b>Total Cash Receipts Over/(Under) Cash Disbursements</b>	<b>2,901,273</b>	<b>(2,844,130)</b>	<b>(3,542)</b>	<b>(3,384,047)</b>	<b>(3,330,446)</b>
<b>Other Financing Receipts / (Disbursements):</b>					
Proceeds from Sale of Public Debt:					
Sale of Notes		2,450,000			2,450,000
Sale of Fixed Assets		5,578			5,578
Transfers-In		374,150		2,936,137	3,310,287
Transfers-Out	(3,307,713)			(900,278)	(4,207,991)
Other Financing Sources	310,494			53,829	364,323
Other Financing Uses	(9,780)	(46,625)		(62,099)	(118,504)
<b>Total Other Financing Receipts / (Disbursements)</b>	<b>(3,006,999)</b>	<b>2,783,103</b>		<b>2,027,589</b>	<b>1,803,693</b>
Excess of Cash Disbursements and Other Financing Disbursements Over Cash Receipts and Other Financing Receipts	(105,726)	(61,027)	(3,542)	(1,356,458)	(1,526,753)
Fund Cash Balances, January 1	1,983,231	341,297	29,571	4,193,941	6,548,040
<b>Fund Cash Balances, December 31</b>	<b>\$1,877,505</b>	<b>\$280,270</b>	<b>\$26,029</b>	<b>\$2,837,483</b>	<b>\$5,021,287</b>
Reserve for Encumbrances, December 31	\$16,179	\$95,972		\$805,700	\$917,851

*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, 2008**

	Proprietary Fund Type	Fiduciary Fund Type	Totals (Memorandum Only)
	Enterprise	Agency	
<b>Operating Cash Receipts:</b>			
Charges for Services	\$2,655,441		\$2,655,441
<b>Operating Cash Disbursements:</b>			
Personal Services	1,025,982		1,025,982
Contractual Services	371,231		371,231
Supplies and Materials	618,837		618,837
Total Operating Cash Disbursements	2,016,050		2,016,050
Operating Income	639,391		639,391
<b>Non-Operating Cash Receipts:</b>			
Earnings on Investments	97,295	\$26	97,321
Sale of Notes	2,900,000		2,900,000
Miscellaneous Receipts	97,261		97,261
Other Non-Operating Cash Receipts	60,720		60,720
Total Non-Operating Cash Receipts	3,155,276	26	3,155,302
<b>Non-Operating Cash Disbursements:</b>			
Capital Outlay	93,147		93,147
Redemption of Principal	3,900,000		3,900,000
Interest and Other Fiscal Charges	134,916		134,916
Other Non-Operating Cash Disbursements	271,082		271,082
Total Non-Operating Cash Disbursements	4,399,145		4,399,145
Excess of Cash Receipts Over/(Under) Cash Disbursements Before Interfund Transfers	(604,478)	26	(604,452)
Transfers-In	897,704		897,704
Net Cash Receipts Over Cash Disbursements	293,226	26	293,252
Fund Cash Balances, January 1	2,470,773	9,669	2,480,442
<b>Fund Cash Balances, December 31</b>	<b>\$2,763,999</b>	<b>\$9,695</b>	<b>\$2,773,694</b>
Reserve for Encumbrances, December 31	\$368,455		\$368,455

*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, 2008**

**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 (the Village), as a body corporate and politic. A publicly-elected six-member Council governs the Village. The Village provides refuse, water, and sewer utilities; park operations; and 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 made up 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 Fund Type.

The Village participates in the Ohio Government Risk Management Plan and the Buckeye Ohio Risk Management Agency, Inc. public entity risk pools. Note 9 to the financial statements provide 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 11 to the financial statements describe 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. Treasury Notes at cost. The Huntington Trust Investment fund is recorded at share values the investment fund reports.

**VILAGE OF ARCHBOLD  
FULTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2008  
(Continued)**

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

**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 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 assessments for the repayment of special assessments bond issues.

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

Special Assessment – Primrose and Lugbill – This fund receives special assessments for the repayment of special assessments 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 proceeds of general obligation notes and general fund transfers for various construction and improvement projects.

**VILAGE OF ARCHBOLD  
FULTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2008  
(Continued)**

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

**D. Fund Accounting (Continued)**

**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:

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 (except certain agency funds) 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.

**VILAGE OF ARCHBOLD  
FULTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2008  
(Continued)**

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

**E. Budgetary Process (Continued)**

A summary of 2008 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.

**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:

	<u>2008</u>
Demand deposits	\$2,548,824
Certificates of deposit	500,800
Total deposits	<u>3,049,624</u>
Huntinton Investments:	
Money Market Mutual Funds	1,267,800
Federal Home Loan Bank	602,500
Federal Farm Credit Bank	252,422
Federal Home Loan Mortgage Association	705,753
Federal National Mortgage Association	<u>1,916,882</u>
Total investments	<u>4,745,357</u>
Total deposits and investments	<u><u>\$7,794,981</u></u>

**Deposits:** Deposits are insured by the Federal Deposit Insurance Corporation; collateralized by securities specifically pledged by the financial institution to the Village; or collateralized by the financial institution's public entity deposit pool.

**Investments:** A financial institution's trust department holds the Village's equity securities in book-entry form in the Village's name. The investment in the money market mutual fund is not evidenced by security that exist in physical or book-entry form.

**VILAGE OF ARCHBOLD  
FULTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2008  
(Continued)**

**3. Budgetary Activity**

Budgetary activity for the year ending 2008 follows:

2008 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$6,088,171	\$5,910,538	(\$177,633)
Special Revenue	4,166,155	3,975,866	(190,289)
Debt Service	300,661	297,118	(3,543)
Capital Projects	3,266,590	3,136,727	(129,863)
Enterprise	6,889,275	6,708,421	(180,854)
Total	\$20,710,852	\$20,028,670	(\$682,182)

2008 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$6,934,307	\$6,032,443	\$901,864
Special Revenue	4,396,373	4,132,865	263,508
Debt Service	300,661	300,660	1
Capital Projects	7,067,535	5,298,885	1,768,650
Enterprise	8,366,711	6,783,650	1,583,061
Total	\$27,065,587	\$22,548,503	\$4,517,084

**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.

**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.

**VILAGE OF ARCHBOLD  
FULTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2008  
(Continued)**

**6. Long Term Debt**

Debt outstanding at December 31, 2008 was as follows:

	Principal	Interest Rate
Special Assesment Bonds	\$1,985,000	Various

The Special Assessment Bonds consist of sewer and street improvement issues 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:

Year ending December 31:	Special Assessment Bonds
2009	\$290,294
2010	294,776
2011	288,384
2012	276,846
2013	270,269
2014-2018	954,291
2019-2023	287,066
2024	15,844
Total	\$2,677,770

**7. Short Term Debt**

The Village's short-term obligation at December 31, 2008 was as follows:

	Principal	Interest Rate
Bond Anticipation Notes, Series 2008	\$5,350,000	2.95%

These notes were issued in anticipation of the issuance of bonds (i) to pay costs of improving Woodland and Memorial Parks and (ii) to pay a portion of the costs of improving the Village's sanitary sewer system. The Village's taxing authority collateralizes General Obligation Notes. Notes mature on May 20, 2009.

**VILAGE OF ARCHBOLD  
FULTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2008  
(Continued)**

**8. 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 2008, OP&F participants contributed 10 % of their wages. For 2008, 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 2008, OPERS members contributed 10% of their gross salaries and the Village contributed an amount equaling 14% respectively, of participants' gross salaries. The Village has paid all contributions required through December 31, 2008.

**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, 2008, certain volunteer firefighters have elected to contribute to social security. The volunteer firefighters liability is 6.2% of wages.

**9. Risk Management**

**Risk Pool Membership**

**Ohio Government Risk Management Plan**

The Library belongs 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 over 550 Ohio governments ("Members").

Pursuant to Section 2744.081 of the Ohio Revised Code, the Plan is a separate legal entity. The Plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages, modified for each Member's needs. The Plan pays judgments, settlements and other expenses resulting from covered claims that exceed the Member's deductible.

The Plan issues its own policies and reinsures the Plan with A- VII or better rated carriers, except the Plan retains the lesser of 15% or \$37,500 of casualty losses and the lesser of 10% or \$100,000 of property losses. Individual Members are only responsible for their self-retention (deductible) amounts, which vary from member to member.

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.

**VILAGE OF ARCHBOLD  
FULTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2008  
(Continued)**

**9. Risk Management – (Continued)**

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:

	2008	2007
Assets	\$10,471,114	\$11,136,455
Liabilities	(5,286,781)	(4,273,553)
Members' Equity	\$5,184,333	\$6,862,902

You can read the complete audited financial statements for The Ohio Government Risk Management Plan at the Plan's website, [www.ohioplan.org](http://www.ohioplan.org).

**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 (the latest information available):

	2007
Assets	\$4,621,669
Actuarial Liabilities	\$3,257,875

**10. Contractual Commitments**

The Village had the following construction projects outstanding as of December 31, 2008:

Projects	Amount
Nolan Parkway Storm Sewer Project	\$346,000
Lime Slaking System	141,734
Biosolids Lagoon Project	127,705
Waste Water Treatment Plant Road Improvements	119,036
Union Street Improvements	95,393
Lawrence/Lafayette Street Improvements	55,785
Lafayette Storm Sewer Project	31,593
<b>Total</b>	<b>\$917,246</b>

**VILAGE OF ARCHBOLD  
FULTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2008  
(Continued)**

**11. Archbold Community Improvement Corporation - Land**

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 \$613,000 as of December 31, 2008.

**12. Related Party Transactions**

Larry Baus, a Council Member, is owner of Car1. Car1 is a local, used car dealer who sold the Village a used Saturn for the Administrator totaling \$14,295 in 2008. The purchase was approved at arm's length, with full knowledge by Village officials, of Mr. Baus's interest, and Mr. Baus took no part in the deliberation or decision by Village officials with respect to the purchase.

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 2008, the Village purchased \$8,063 in various supplies and parts such as brackets, mower parts, spark plugs, paint rollers, etc. The purchases were approved at arm's length, with full knowledge by Village officials, of Mr. Fryman's interest, and Mr. Fryman took no part in the deliberation or decision by Village officials with respect to the purchases.

**13. Subsequent Events**

The bond anticipation notes (BAN) stipulated in Note 7 above were renewed in May 2009 for \$4,200,000. The BAN's will mature in May 2010.

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# Mary Taylor, CPA

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 year ended December 31, 2008, and have issued our report thereon dated September 1, 2009, wherein we noted the Village prepared its financial statements using accounting practices the Auditor of State prescribes or permits rather than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in 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 expressing our opinion on the financial statements, but not to opine 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.

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

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the Village's internal control will not prevent or detect a material financial statement misstatement.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all internal control deficiencies that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

### **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*.

We did note certain noncompliance matters that we reported to the Village's management in a separate letter dated September 1, 2009.

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

A handwritten signature in cursive script that reads "Mary Taylor".

**Mary Taylor, CPA**  
Auditor of State

September 1, 2009

**VILLAGE OF ARCHBOLD  
FULTON COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2008**

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>
2007-001	ORC § 5705.41(D) – Improper Certification of Expenditures	Yes	
2007-002	Village of Archbold Resolution 75-29 – Allocation of Interest Earnings	Yes	





**Mary Taylor, CPA**  
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  
OCTOBER 6, 2009**