



**VILLAGE OF ARCHBOLD
FULTON COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 1999-1998



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**VILLAGE OF ARCHBOLD
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REPORT OF INDEPENDENT ACCOUNTANTS

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, 1999 and 1998. 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 generally accepted auditing standards 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, 1999 and 1998, 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 31, 2000 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.

This report is intended solely for the information and use of the finance committee, management and 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.

A handwritten signature in black ink, appearing to read "Jim Petro", with a large, stylized flourish at the end.

Jim Petro
Auditor of State

August 31, 2000

**VILLAGE OF ARCHBOLD
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	\$4,050,921	\$419,211			\$4,470,132
Special Assessments			\$228,831	\$16,489	245,320
Intergovernmental Receipts	297,217	179,401			476,618
Charges for Services	150,578	42,287			192,865
Fines, Licenses, and Permits	18,589	75			18,664
Earnings on Investments	75,013	11,910		38,488	125,411
Miscellaneous	48,005	63,886		155,265	267,156
Total Cash Receipts	<u>4,640,323</u>	<u>716,770</u>	<u>228,831</u>	<u>210,242</u>	<u>5,796,166</u>
Cash Disbursements:					
Current:					
Security of Persons and Property	694,950	37,541			732,491
Public Health Services	6,187				6,187
Leisure Time Activities		344,568			344,568
Community Environment	15,670				15,670
Basic Utility Services	213,643				213,643
Transportation		376,267			376,267
General Government	559,285	175			559,460
Debt Service:					
Principal Payments			130,000	1,100,000	1,230,000
Interest Payments			150,355	49,582	199,937
Capital Outlay	142,978	260,907		2,071,167	2,475,052
Total Cash Disbursements	<u>1,632,713</u>	<u>1,019,458</u>	<u>280,355</u>	<u>3,220,749</u>	<u>6,153,275</u>
Total Receipts Over/(Under) Disbursements	<u>3,007,610</u>	<u>(302,688)</u>	<u>(51,524)</u>	<u>(3,010,507)</u>	<u>(357,109)</u>
Other Financing Receipts/(Disbursements):					
Sale of Bonds or Notes				700,000	700,000
Sale of Fixed Assets				10,020	10,020
Transfers-In		300,000		2,650,000	2,950,000
Advances-In	500		1,525		2,025
Transfers-Out	(2,950,000)				(2,950,000)
Advances-Out	(1,525)		(500)		(2,025)
Other Sources	243,689			10,818	254,507
Other Uses	(42,547)	(59,595)		(44,248)	(146,390)
Total Other Financing Receipts/(Disbursements)	<u>(2,749,883)</u>	<u>240,405</u>	<u>1,025</u>	<u>3,326,590</u>	<u>818,137</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	257,727	(62,283)	(50,499)	316,083	461,028
Fund Cash Balances, January 1	1,019,658	329,130	157,448	698,007	2,204,243
Fund Cash Balances, December 31	<u>\$1,277,385</u>	<u>\$266,847</u>	<u>\$106,949</u>	<u>\$1,014,090</u>	<u>\$2,665,271</u>
Reserves for Encumbrances, December 31	\$141,885	\$3,443		\$831,661	\$976,989

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

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

	Proprietary Fund Types
	Enterprise
Operating Cash Receipts:	
Charges for Services	\$2,171,592
Total Operating Cash Receipts	2,171,592
Operating Cash Disbursements:	
Personal Services	794,780
Contractual Services	272,995
Supplies and Materials	333,340
Capital Outlay	79,964
Total Operating Cash Disbursements	1,481,079
Operating Income	690,513
Non-Operating Cash Receipts:	
Intergovernmental Receipts	293
Other Non-Operating Receipts	122,719
Total Non-Operating Cash Receipts	123,012
Non-Operating Cash Disbursements:	
Debt Service	130,800
Other Non-Operating Cash Disbursements	170,864
Total Non-Operating Cash Disbursements	301,664
Excess of Receipts Over Disbursements Before Interfund Transfers	511,861
Transfers-In	120,000
Transfers-Out	(120,000)
Net Receipts Over Disbursements	511,861
Fund Cash Balances, January 1	470,860
Fund Cash Balances, December 31	\$982,721
Reserve for Encumbrances, December 31	\$29,572

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

VILLAGE OF ARCHBOLD
COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 1998

	Governmental Fund Types				Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	
Cash Receipts:					
Property Tax and Other Local Taxes	\$3,470,997	\$351,214			\$3,822,211
Special Assessments			\$196,359	\$17,018	213,377
Intergovernmental Receipts	339,672	236,146		100,000	675,818
Charges for Services	146,989	35,790			182,779
Fines, Licenses, and Permits	16,474	132			16,606
Earnings on Investments	68,143	9,935		15,211	93,289
Miscellaneous	127,025	62,972		282,667	472,664
Total Cash Receipts	4,169,300	696,189	196,359	414,896	5,476,744
Cash Disbursements:					
Current:					
Security of Persons and Property	630,599				630,599
Public Health Services	18,676	33,600			52,276
Leisure Time Activities		313,475			313,475
Community Environment	19,274				19,274
Basic Utility Services	207,996				207,996
Transportation		404,752			404,752
General Government	507,986				507,986
Debt Service:					
Principal Payments			100,000	3,615,000	3,715,000
Interest Payments			108,480	149,332	257,812
Capital Outlay	50,107	117,243		3,023,058	3,190,408
Total Cash Disbursements	1,434,638	869,070	208,480	6,787,390	9,299,578
Total Receipts Over/(Under) Disbursements	2,734,662	(172,881)	(12,121)	(6,372,494)	(3,822,834)
Other Financing Receipts/(Disbursements):					
Sale of Bonds or Notes				2,705,000	2,705,000
Sale of Fixed Assets				392,075	392,075
Transfers-In		225,000		2,635,000	2,860,000
Advances-In	2,655		500	20,000	23,155
Transfers-Out	(2,860,000)				(2,860,000)
Advances-Out	(500)		(2,655)		(3,155)
Other Sources	237,396		6,319		243,715
Other Uses	(32,223)	(49,358)		(57,861)	(139,442)
Total Other Financing Receipts/(Disbursements)	(2,652,672)	175,642	4,164	5,694,214	3,221,348
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	81,990	2,761	(7,957)	(678,280)	(601,486)
Fund Cash Balances, January 1	937,668	326,369	165,405	1,376,287	2,805,729
Fund Cash Balances, December 31	\$1,019,658	\$329,130	\$157,448	\$698,007	\$2,204,243
Reserves for Encumbrances, December 31	\$23,559	\$19		\$64,208	\$87,786

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

**VILLAGE OF ARCHBOLD
 COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
 CHANGES IN FUND CASH BALANCES - ALL PROPRIETARY FUND TYPES
 FOR THE YEAR ENDED DECEMBER 31, 1998**

	Proprietary Fund Types
	Enterprise
Operating Cash Receipts:	
Charges for Services	\$2,083,122
Total Operating Cash Receipts	2,083,122
Operating Cash Disbursements:	
Personal Services	789,261
Contractual Services	321,619
Supplies and Materials	362,448
Capital Outlay	185,980
Total Operating Cash Disbursements	1,659,308
Operating Income	423,814
Non-Operating Cash Receipts:	
Intergovernmental Receipts	440
Other Non-Operating Receipts	90,727
Total Non-Operating Cash Receipts	91,167
Non-Operating Cash Disbursements:	
Debt Service	126,414
Other Non-Operating Cash Disbursements	164,274
Total Non-Operating Cash Disbursements	290,688
Excess of Receipts Over Disbursements Before Interfund Advances	224,293
Advances-Out	(20,000)
Net Receipts Over Disbursements	204,293
Fund Cash Balances, January 1	266,567
Fund Cash Balances, December 31	\$470,860
Reserve for Encumbrances, December 31	\$2,502

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

**VILLAGE OF ARCHBOLD
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Village of Archbold, Fulton 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), and police services.

The Archbold Community Improvement Corporation (the Corporation) - The Corporation will constitute and act 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-largest position. The activity of the Revolving Loan Fund is blended in the Special Revenue Funds.

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

Certificates of deposit are valued at cost.

D. Fund Accounting

The Village uses fund accounting to segregate cash that is 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 ARCHBOLD
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)

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

Park and Recreation Fund - This fund receives local taxes and charges for services money for the purpose of providing leisure time activities for the general public and maintaining Village parks.

3. Debt Service Fund

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

General Obligation Fund - This fund receives special assessments for the repayment of special assessment bond issues.

4. Capital Project Funds

This fund is 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:

Other Capital Projects Fund - This fund received proceeds of general obligation bonds and notes along with transfers from the general fund. The proceeds are being used to pay for the construction and improvement of various projects.

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.

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 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.

**VILLAGE OF ARCHBOLD
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)**

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. Encumbrances outstanding at year end are carried over, and need not be reappropriated.

A summary of 1999 and 1998 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.

2. EQUITY IN POOLED CASH

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

	<u>1999</u>	<u>1998</u>
Demand deposits	\$497,192	\$874,303
Certificates of deposit	<u>3,150,800</u>	<u>1,800,800</u>
Total deposits	<u>\$3,647,992</u>	<u>\$2,675,103</u>

Deposits are either (1) insured by the Federal Depository Insurance Corporation, (2) collateralized by securities specifically pledged by the financial institution to the Village, or (3) collateralized by the financial institution's public entity deposit pool.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 1999 and 1998 follows:

VILLAGE OF ARCHBOLD
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)

1999 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$4,308,995	\$4,884,012	\$575,017
Special Revenue	966,600	1,016,770	50,170
Debt Service	239,368	228,831	(10,537)
Capital Projects	3,537,073	3,581,080	44,007
Enterprise	2,532,318	2,414,604	(117,714)
Total	<u>\$11,584,354</u>	<u>\$12,125,297</u>	<u>\$540,943</u>

1999 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$5,289,484	\$4,767,145	\$522,339
Special Revenue	1,253,319	1,082,496	170,823
Debt Service	280,855	280,355	500
Capital Projects	4,212,290	4,096,658	115,632
Enterprise	2,701,102	1,932,315	768,787
Total	<u>\$13,737,050</u>	<u>\$12,158,969</u>	<u>\$1,578,081</u>

1998 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$4,098,700	\$4,406,696	\$307,996
Special Revenue	884,600	921,189	36,589
Debt Service	256,185	202,678	(53,507)
Capital Projects	5,945,637	6,146,971	201,334
Enterprise	2,214,325	2,174,289	(40,036)
Total	<u>\$13,399,447</u>	<u>\$13,851,823</u>	<u>\$452,376</u>

1998 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$4,825,873	\$4,350,420	\$475,453
Special Revenue	1,203,490	918,447	285,043
Debt Service	268,135	208,480	59,655
Capital Projects	7,096,698	6,909,459	187,239
Enterprise	2,439,427	1,952,498	486,929
Total	<u>\$15,833,623</u>	<u>\$14,339,304</u>	<u>\$1,494,319</u>

VILLAGE OF ARCHBOLD
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)

4. 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.

5. DEBT

Debt outstanding at December 31, 1999 was as follows:

	Principal	Interest Rate
General Obligation Bonds	\$830,000	5.05%
Special Assessment Bonds	2,260,000	4.10%
General Obligation Notes	700,000	6.94%
Total	\$3,790,000	

Special assessment bonds consist of sewer and street improvement issues which are payable from the proceeds of tax assessments against individual property owners.

General obligation bonds consist of Water System Improvement series. General obligation bonds are direct obligation of the Village for which its full faith, credit and resources are pledged and are payable from taxes levied on all taxable property in the Village.

Short term general obligation notes outstanding at December 31, 1999 consists of Various Purpose Improvements Notes, Series 1999, dated March 27, 1999. These Notes become due on March 27, 2000.

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

VILLAGE OF ARCHBOLD
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)

Year ending December 31:	General Obligation Bonds	General Obligation Notes	Special Assessment Bonds
2000	\$126,508	\$728,541	\$265,203
2001	132,342		231,120
2002	127,735		222,255
2003	128,128		215,640
2004	128,227		219,970
Subsequent	386,900		2,430,520
Total	<u>\$1,029,840</u>	<u>\$728,541</u>	<u>\$3,584,708</u>

6. RETIREMENT SYSTEMS

The Village's law enforcement officers belong to the Police and Firemen's Disability and Pension Funds (PFDPF). Other full-time employees belong to the Public Employees Retirement System (PERS) of Ohio. PFDPF 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 1999 and 1998, members of PFDPF contributed 10% of their wages to the PFDPF. 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% of participants' gross salaries. The Village has paid all contributions required through December 31, 1999.

7. RISK MANAGEMENT

The Village has obtained commercial insurance for the following risks:

- Comprehensive property and general liability
- Vehicles
- Errors and omissions

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



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**REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE AND ON
INTERNAL CONTROL 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 accompanying financial statements of the Village of Archbold, Fulton County, Ohio, (the Village) as of and for the years ended December 31, 1999 and 1998, and have issued our report thereon dated August 31, 2000. We conducted our audits in accordance with generally accepted auditing standards 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 no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to management of the Village in a separate letter dated August 31, 2000.

Internal Control Over Financial Reporting

In planning and performing our audits, we considered 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. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. 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. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we 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 31, 2000.

Village of Archbold
Fulton County
Report of Independent Accountants on Compliance and on
Internal Control Required by *Government Auditing Standards*
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This report is intended for the information and use of the finance committee, management, and Village Council, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, appearing to read "Jim Petro", with a large, stylized flourish at the end.

Jim Petro
Auditor of State

August 31, 2000



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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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 26, 2000**