

***VILLAGE OF ARLINGTON  
HANCOCK COUNTY, OHIO***

***AUDIT REPORT***

***FOR THE YEAR ENDED DECEMBER 31, 2008***

***Charles E. Harris and Associates, Inc.***  
**Certified Public Accountants and Government Consultants**





Mary Taylor, CPA  
Auditor of State

Village Council  
Village of Arlington  
204 N. Main Street  
P. O. Box 699  
Arlington, Ohio 45814

We have reviewed the *Report of Independent Accountants* of the Village of Arlington, Hancock County, prepared by Charles E. Harris & Associates, Inc., for the audit period January 1, 2008 to December 31, 2008. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Village of Arlington is responsible for compliance with these laws and regulations.

*Mary Taylor*

Mary Taylor, CPA  
Auditor of State

October 9, 2009

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**VILLAGE OF ARLINGTON  
HANCOCK COUNTY  
12/31/08  
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***Charles E. Harris & Associates, Inc.***  
*Certified Public Accountants*

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**REPORT OF INDEPENDENT ACCOUNTANTS**

Village of Arlington  
204 N. Main Street  
P.O. Box 699  
Hancock County  
Arlington, Ohio 45814

To the Village Council:

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Village of Arlington, Hancock County (the Village) as of and for the year ended December 31, 2008, which collectively comprise the Village's basic financial statements as listed in the table of contents. 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 *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit 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 audit provides a reasonable basis for our opinion.

As discussed in Note 2, the accompanying financial statements and notes follow the cash accounting basis. This is comprehensive accounting basis other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash basis financial position of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of the Village, as of December 31, 2008, and the respective changes in cash basis financial position and the respective budgetary comparison for the General Fund and major special revenue funds thereof for the year then ended in conformity with the basis of accounting Note 2 describes.

Management's Discussion and Analysis is not a required part of the basic financial statements, but is supplementary information the Governmental Accounting Standards Board requires. We have applied certain limited procedures, which consisted principally on inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

In accordance with *Government Auditing Standards*, we have also issued a report dated July 16, 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. That report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. It does not opine on the internal control over financial reporting or on compliance. 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.

*Charles E. Harris & Associates, Inc.*  
July 16, 2009

Village of Arlington, Hancock County  
Management's Discussion and Analysis  
For the Year Ended December 31, 2008  
Unaudited

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This discussion and analysis of the Village of Arlington's (the Village) financial performance provides an overall review of the Village's financial activities for the year ended December 31, 2008, within the limitations of the Village's cash basis accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the Village's financial performance.

### **Highlights**

Key highlights for 2008 are as follows:

Total net assets of Village decreased by \$13,683.

The Village's general receipts are primarily property and income taxes and unrestricted grants. General receipts represent 85 percent of the total cash received for governmental activities during the year.

The water, sanitary sewer, and swimming pool operations are the Village's most significant business-type activities. These activities accounted for 96 percent of all business-type activity revenues and 94 percent of expenditures.

### **Using the Basic Financial Statements**

This annual report is presented in a format consistent with the presentation requirements of Governmental Accounting Standards Board Statement (GASB) No. 34, as applicable to the Village's cash basis of accounting.

### **Report Components**

The statement of net assets and the statement of activities provide information about the cash activities of the Village as a whole.

Fund financial statements provide a greater level of detail. Funds are created and maintained on the financial records of the Village as a way to segregate money whose use is restricted to a particular specified purpose. These statements present financial information by fund, presenting funds with the largest balances or most activity in separate columns.

The notes to the financial statements are an integral part of the government-wide and fund financial statements and provide expanded explanation and detail regarding the information reported in the statements.

### **Basis of Accounting**

The basis of accounting is a set of guidelines that determine when financial events are recorded. The Village has elected to present its financial statements on a cash basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles. Under the Village's cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

As a result of using the cash basis of accounting, certain assets and their related revenues (such as accounts receivable) and certain liabilities and their related expenses (such as accounts payable) are not recorded in the financial statements. Therefore, when reviewing the financial information and discussion within this report, the reader must keep in mind the limitations resulting from the use of the cash basis of accounting.

### **Reporting the Village as a Whole**

The statement of net assets and the statement of activities reflect how the Village did financially during 2008, within the limitations of cash basis accounting. The statement of net assets presents the cash balances and investments of the governmental and business-type activities of the Village at year end. The statement of activities compares cash disbursements with program receipts for each governmental program and business-type activity. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function or business-type activity draws from the Village's general receipts.

These statements report the Village's cash position and the changes in cash position. Keeping in mind the limitations of the cash basis of accounting, these changes can be one way of measuring the Village's financial health. Over time, increases or decreases in the Village's cash position is one indicator of whether the Village's financial health is improving or deteriorating. When evaluating the Village's financial condition, other nonfinancial factors should be considered as well, such as the Village's property tax base, the condition of the Village's capital assets and infrastructure, the extent of the Village's debt obligations, the reliance on non-local financial resources for operations, and the need for continued growth in the major local revenue sources such as property and income taxes.

In the statement of net assets and the statement of activities, the Village is divided into two types of activities:

Governmental activities. Most of the Village's basic services are reported here, including police, fire, streets and parks. State and federal grants, charges for services and income and property taxes finance most of these activities. Benefits provided through governmental activities are not necessarily paid for by the people receiving them.

Business-type activity. The Village's significant business-type activities include the provision of water and sanitary sewer and operations of the Village swimming pool. Business-type activities are financed by a fee charged to the customers receiving the service.

### **Reporting the Village's Most Significant Funds**

Fund financial statements provide detailed information about the Village's major funds and not the Village as a whole. The Village establishes separate funds to better manage its many activities and to help demonstrate that the money which is restricted as to how it may be used is being spent for the intended purpose. The funds of the Village are split into two categories: governmental and proprietary.

Governmental Funds - Most of the Village's activities are reported in governmental funds. The governmental fund financial statements provide a detailed view of the Village's governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the Village's programs. The Village's significant governmental funds are presented on the financial statements in separate columns. The information for non-major funds (funds whose activity or balances are not large enough to warrant separate reporting) is combined and presented in total in a single column. The Village's major governmental funds are the General Fund, Street Construction Maintenance and Repair Fund, State Highway Fund, General Obligation Bond Retirement Fund, and Fire Equipment Fund. For reporting purposes, the Flood Disaster Relief Fund and the Arlington/Wilch Project Fund are included in the "Other Governmental Funds" column due to the temporary nature of the funds. The programs reported in governmental funds are closely related to those reported in the governmental activities section of the entity-wide statements.

Village of Arlington, Hancock County  
Management's Discussion and Analysis  
For the Year Ended December 31, 2008  
Unaudited

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Proprietary Funds – When the Village charges customers for the services it provides, these services are generally reported in proprietary funds. When the services are provided to the general public, the activity is reported as an enterprise fund. The Village has three major enterprise funds, the Water Operating Fund, Sewer Operating Fund, and Swimming Pool Fund.

**The Village as a Whole**

Table 1 provides a summary of the Village's net assets for 2008 compared to 2007 on cash basis:

Table 1  
**Net Assets**

	Governmental Activities		Business-Type Activities		Total	
	2008	2007	2008	2007	2008	2007
<b>Assets</b>						
Cash and Cash						
Equivalents	\$ 417,091	\$ 317,340	\$ 401,612	\$ 515,046	\$ 818,703	\$ 832,386
Total Assets	417,091	317,340	401,612	515,046	818,703	832,386
<b>Net Assets</b>						
Restricted for:						
Capital Outlay	98,284	22,078	-	-	98,284	22,078
Debt Service	2,089	712	-	-	2,089	712
Other Purposes	153,364	144,488	-	-	153,364	144,488
Unrestricted	163,354	150,062	401,612	515,046	564,966	665,108
Total Net Assets	\$ 417,091	\$ 317,340	\$ 401,612	\$ 515,046	\$ 818,703	\$ 832,386

Village of Arlington, Hancock County  
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Table 2 reflects the changes in net assets in 2008 compared to 2007.

Table 2  
**Changes in Net Assets**

	Governmental Activities 2008	Governmental Activities 2007	Business Type Activities 2008	Business Type Activities 2007
<b>Receipts:</b>				
<b>Program Receipts:</b>				
Charges for Services and Sales	\$ 29,204	\$ 30,894	\$ 385,423	\$ 381,114
Operating Grants and Contributions	250	13,496	-	-
Capital Grants and Contributions	69,230	-	-	-
<b>Total Program Receipts</b>	<b>98,684</b>	<b>44,390</b>	<b>385,423</b>	<b>381,114</b>
<b>General Receipts:</b>				
Property and Other Local Taxes	93,059	91,289	-	-
Special Assessments	60,771	56,890	-	-
Income Taxes	161,369	151,871	-	-
Grants and Entitlements Not Restricted to Specific Programs	136,040	121,649	-	-
Interest	28,730	33,872	-	-
Proceeds from Loan	-	200,000	-	-
Extraordinary Item	70,805	-	-	-
Miscellaneous	20,462	22,494	14,843	-
<b>Total General Receipts</b>	<b>571,236</b>	<b>678,065</b>	<b>14,843</b>	<b>-</b>
<b>Total Receipts</b>	<b>669,920</b>	<b>722,455</b>	<b>400,266</b>	<b>381,114</b>
<b>Disbursements:</b>				
Security of Persons and Property	160,568	169,120	-	-
Public Health Services	7,253	7,069	-	-
Leisure Time Activities	8,411	1,310	-	-
Transportation	102,935	74,623	-	-
General Government	99,197	94,422	-	-
Capital Outlay	121,199	307,233	-	-
Principal Retirement	75,687	49,969	-	-
Interest and Fiscal Charges	22,536	17,661	-	-
Other Governmental	5,514	15,841	-	-
Water Operations	-	-	248,538	208,001
Sewer Operations	-	-	99,868	112,364
Swimming Pool	-	-	63,927	46,577
Sewage Bond Retirement	-	-	25,400	26,150
Park Operations	-	-	39,281	45,606
Apple Grove Maintenance	-	-	3,555	394
<b>Total Disbursements</b>	<b>603,300</b>	<b>737,248</b>	<b>480,569</b>	<b>439,092</b>
Excess (Deficiency) Before Transfers	66,620	(14,793)	(80,303)	(57,978)
Transfers	33,131	(64,700)	(33,131)	64,700
<b>Increase in Net Assets</b>	<b>99,751</b>	<b>(79,493)</b>	<b>(113,434)</b>	<b>6,722</b>
Net Assets, January 1	317,340	396,833	515,046	508,324
<b>Net Assets, December 31</b>	<b>\$ 417,091</b>	<b>\$ 317,340</b>	<b>\$ 401,612</b>	<b>\$ 515,046</b>

Village of Arlington, Hancock County  
Management's Discussion and Analysis  
For the Year Ended December 31, 2008  
Unaudited

Governmental program receipts represent 15 percent of total governmental receipts and are primarily comprised of restricted intergovernmental receipts such as motor vehicle license and gas tax money, building permits, special assessments for street repair and street lighting and charges to surrounding townships for fire services provided under contract.

General governmental receipts represent 85 percent of the Village's total governmental receipts, and of this amount, approximately 55 percent are local taxes. State and federal grants and entitlements make up 24 percent of the Village's general receipts. Interest and other receipts make up the remaining 21 percent.

Disbursements for general government represent the overhead costs of running the Village and the support services provided for the other Village activities.

Security of persons and property are the costs of police and fire protection, and street lighting. Transportation is the cost of maintaining the roads and alleys.

**Governmental Activities**

The Statement of Activities shows the major services provided by the Village in the first column. The next column identifies the costs of providing these services. The next three columns of the Statement entitled Program Receipts identify amounts paid by people who are directly charged for the service and grants received by the Village that must be used to provide a specific service. The Net Receipt (Disbursement) column compares the program receipts to the cost of the service. This "net cost" amount represents the cost of the service which ends up being paid from money provided by local taxpayers. These net costs are paid from the general receipts which are presented at the bottom of the Statement. A comparison between 2008 and 2007 total cost of services and the net cost is presented in Table 3.

Table 3  
**Governmental Activities**

	Total Cost Of Services 2008	Net Cost of Services 2008	Total Cost Of Services 2007	Net Cost of Services 2007
Security of Persons and Property	\$ 160,568	\$ 131,114	\$ 169,120	\$ 124,830
Public Health Services	7,253	7,253	7,069	7,069
Leisure Time Activities	8,411	8,411	1,310	1,310
Transportation	102,935	102,935	74,623	74,623
General Government	99,197	99,197	94,422	94,322
Capital Outlay	121,199	50,394	307,233	307,233
Principal Retirement	75,687	75,687	49,969	49,969
Interest and Fiscal Charges	22,536	22,536	17,661	17,661
Other	5,514	5,514	15,841	15,841
<b>Total Expenses</b>	<b>\$ 603,300</b>	<b>\$ 503,041</b>	<b>\$ 737,248</b>	<b>\$ 692,858</b>

### **Business-Type Activities**

With the exception of Swimming Pool and Park operations, the business-type activities are supported by charges for services. Transfers from the General Fund are necessary to support the Swimming Pool and Park operations.

### **The Village's Funds**

Total governmental funds had receipts and other financing sources of \$844,420 and disbursements and other financing uses of \$744,669. The greatest change within governmental funds occurred within the Other Governmental Funds due to a transfer from the Water Fund and Water Rotary Fund to the Arlington/Wilch Project Fund.

### **General Fund Budgeting Highlights**

The Village's budget is prepared according to Ohio law and is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund.

Final disbursements and other financing uses were budgeted at \$340,670 while actual disbursements and other financing uses were \$298,967. Beginning in 2008, the Village changed the budgeting procedure. Rather than appropriating all available resources, the original budget was based on the Certificate of Estimated Resources submitted to the Hancock County Auditor in July 2007. As needed, funds were appropriated from carry-over balances.

### **Capital Assets and Debt Administration**

#### **Capital Assets**

The Village does not record its capital assets and infrastructure on the financial statements.

#### **Debt**

At December 31, 2008, the Village's outstanding debt included \$200,000 in general obligation bonds issued for swimming pool improvements and construction of the Village hall, and \$1,641,956 in a combination of mortgage revenue bonds, OPWC and OWDA loans issued to finance utility system construction and improvements, and a commercial loan for the fire truck purchased in 2007. For further information regarding the Village's debt, refer to the notes to the basic financial statements.

### **Current Issues**

The challenge for all Villages is to provide quality services to the public while staying within the restrictions imposed by limited, and in some cases shrinking, funding. The Village relies heavily on local taxes and has very little industry to support the tax base. The Village of Arlington is a rural village located in southern Hancock County. The Village serves approximately 1,300 citizens and employs two full time and approximately 20-25 seasonal employees. The Village receives the majority of its funding from property and income taxes and charges for services from its utility systems.

Village of Arlington, Hancock County  
Management's Discussion and Analysis  
For the Year Ended December 31, 2008  
Unaudited

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**Contacting the Village's Financial Management**

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the Village's finances and to reflect the Village's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Donna Corbin, Fiscal Officer, Village of Arlington, 204 N. Main Street, P.O. Box 699, Arlington, Ohio 45814-0699.

**Village of Arlington, Hancock County**  
*Statement of Net Assets - Cash Basis*  
 December 31, 2008

	Governmental Activities	Business - Type Activities	Total
<b>Assets</b>			
Equity in Pooled Cash and Cash Equivalents	\$ 417,091	\$ 401,612	\$ 818,703
<i>Total Assets</i>	\$ 417,091	\$ 401,612	\$ 818,703
<b>Net Assets</b>			
Restricted for:			
Capital Projects	\$ 98,284	\$ -	\$ 98,284
Debt Service	2,089	-	2,089
Other Purposes	153,364	-	153,364
Unrestricted	163,354	401,612	564,966
<i>Total Net Assets</i>	\$ 417,091	\$ 401,612	\$ 818,703

See accompanying notes to the basic financial statements

**Village of Arlington, Hancock County**  
*Statement of Activities -Cash Basis*  
For the Year Ended December 31, 2008

	Program Cash Receipts				Net (Disbursements) Receipts and Changes in Net Assets		
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
<b>Governmental Activities</b>							
Security of Persons and Property	\$ 160,568	\$ 29,204	\$ 250	\$ -	\$ (131,114)	\$ -	\$ (131,114)
Public Health Services	7,253	-	-	-	(7,253)	-	(7,253)
Leisure Time Activities	8,411	-	-	-	(8,411)	-	(8,411)
Transportation	102,935	-	-	-	(102,935)	-	(102,935)
General Government	99,197	-	-	-	(99,197)	-	(99,197)
Capital Outlay	121,199	-	-	69,230	(51,969)	-	(51,969)
Other	5,514	-	-	-	(5,514)	-	(5,514)
Debt Service:							
Principal	75,687	-	-	-	(75,687)	-	(75,687)
Interest and Fiscal Charges	22,536	-	-	-	(22,536)	-	(22,536)
<i>Total Governmental Activities</i>	<u>603,300</u>	<u>29,204</u>	<u>250</u>	<u>69,230</u>	<u>(504,616)</u>	<u>-</u>	<u>(504,616)</u>
<b>Business Type Activities</b>							
Water Operations	248,538	226,233	-	-	-	(22,305)	(22,305)
Sewer Operations	99,868	98,809	-	-	-	(1,059)	(1,059)
Swimming Pool	63,927	20,903	-	-	-	(43,024)	(43,024)
Sewage Bond Retirement	25,400	26,500	-	-	-	1,100	1,100
Park Operations	39,281	11,783	-	-	-	(27,498)	(27,498)
Apple Grove Maintenance	3,555	1,195	-	-	-	(2,360)	(2,360)
<i>Total Business Type Activities</i>	<u>480,569</u>	<u>385,423</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(95,146)</u>	<u>(95,146)</u>
<b>Total</b>	<u>\$ 1,083,869</u>	<u>\$ 414,627</u>	<u>\$ 250</u>	<u>\$ 103,450</u>	<u>(504,616)</u>	<u>(95,146)</u>	<u>(599,762)</u>
<b>General Receipts</b>							
Property and Other Local Taxes					93,059	-	93,059
Special Assessments					60,771	-	60,771
Municipal Income Taxes					161,369	-	161,369
Grants and Entitlements not Restricted to Specific Programs					136,040	-	136,040
Interest					28,730	-	28,730
Miscellaneous					20,462	14,843	35,305
<i>Total General Receipts</i>					<u>500,431</u>	<u>14,843</u>	<u>515,274</u>
Transfers					33,131	(33,131)	-
<b>Total General Receipts and Transfers</b>					<u>533,562</u>	<u>(18,288)</u>	<u>363,160</u>
Extraordinary Item					<u>70,805</u>	<u>-</u>	<u>70,805</u>
Change in Net Assets					99,751	(113,434)	(13,683)
<i>Net Assets Beginning of Year</i>					<u>317,340</u>	<u>515,046</u>	<u>832,386</u>
<i>Net Assets End of Year</i>					<u>\$ 417,091</u>	<u>\$ 401,612</u>	<u>\$ 818,703</u>

See accompanying notes to the basic financial statements

**Village of Arlington, Hancock County**  
*Statement of Cash Basis Assets and Fund Balances*  
*Governmental Funds*  
*December 31, 2008*

	General	Street Construction Maintenance and Repair	State Highway	General Obligation Bond Retirement	Fire Equipment Fund	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>							
Equity in Pooled Cash and Cash Equivalents	\$ 163,354	\$ 13,643	\$ 47,169	\$ 2,089	\$ 9,283	\$ 181,553	\$ 417,091
<i>Total Assets</i>	<u>\$ 163,354</u>	<u>\$ 13,643</u>	<u>\$ 47,169</u>	<u>\$ 2,089</u>	<u>\$ 9,283</u>	<u>\$ 181,553</u>	<u>\$ 417,091</u>
<b>Fund Balances</b>							
Reserved:							
Reserved for Encumbrances	\$ 2,766	\$ 947	\$ -	\$ -	\$ -	\$ 83,398	\$ 87,111
Unreserved:							
Undesignated, Reported in:							
General Fund	160,588	-	-	-	-	-	160,588
Special Revenue Funds	-	12,696	47,169	-	-	86,003	145,868
Debt Service Fund	-	-	-	2,089	-	-	2,089
Capital Projects Funds	-	-	-	-	\$ 9,283	12,152	21,435
<i>Total Fund Balances</i>	<u>\$ 163,354</u>	<u>\$ 13,643</u>	<u>\$ 47,169</u>	<u>\$ 2,089</u>	<u>\$ 9,283</u>	<u>\$ 181,553</u>	<u>\$ 417,091</u>

See accompanying notes to the basic financial statements

**Village of Arlington, Hancock County**  
*Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances*  
 Governmental Funds  
 For the Year Ended December 31, 2008

	General	Street Construction Maintenance and Repair	State Highway	General Obligation Bond Retirement	Arlington/Wilch Street Project Fund	Fire Equipment Fund	Other Governmental Funds	Total Governmental Funds
<b>Receipts</b>								
Property and Other Local Taxes	\$ 50,121	\$ -	\$ -	\$ -	\$ -	\$ 42,938	\$ -	\$ 93,059
Municipal Income Taxes	161,369	-	-	-	-	-	-	161,369
Intergovernmental	56,472	61,700	5,003	-	69,230	6,805	77,115	276,325
Special Assessments	-	-	-	-	-	-	60,771	60,771
Charges for Services	-	-	-	-	-	-	28,246	28,246
Fines, Licenses and Permits	958	-	-	-	-	-	-	958
Earnings on Investments	27,230	1,000	500	-	-	-	-	28,730
Miscellaneous	-	10,525	-	-	-	15	250	10,790
<i>Total Receipts</i>	<u>296,150</u>	<u>73,225</u>	<u>5,503</u>	<u>-</u>	<u>69,230</u>	<u>49,758</u>	<u>166,382</u>	<u>660,248</u>
<b>Disbursements</b>								
Current:								
Security of Persons and Property	27,347	-	-	-	-	22,952	110,269	160,568
Public Health Services	7,253	-	-	-	-	-	-	7,253
Leisure Time Activities	-	-	-	-	-	-	8,411	8,411
Transportation	7,133	88,469	7,333	-	-	-	-	102,935
General Government	99,167	-	-	-	-	-	30	99,197
Capital Outlay	13,418	1,203	-	-	69,230	-	37,348	121,199
Debt Service:								
Principal Retirement	-	-	-	45,000	-	30,687	-	75,687
Interest and Fiscal Charges	-	-	-	13,623	-	8,913	-	22,536
<i>Total Disbursements</i>	<u>154,318</u>	<u>89,672</u>	<u>7,333</u>	<u>58,623</u>	<u>69,230</u>	<u>62,552</u>	<u>156,058</u>	<u>597,786</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	141,832	(16,447)	(1,830)	(58,623)	-	(12,794)	10,324	62,462
<b>Other Financing Sources (Uses)</b>								
Transfers In	-	15,000	-	60,000	-	-	89,000	164,000
Transfers Out	(130,869)	-	-	-	-	-	-	(130,869)
Advances In	5,500	-	-	-	-	-	5,000	10,500
Advances Out	(5,500)	-	-	-	-	-	(5,000)	(10,500)
Other Financing Sources	7,843	-	-	-	-	-	1,829	9,672
Other Financing Uses	(5,514)	-	-	-	-	-	-	(5,514)
<i>Total Other Financing Sources (Uses)</i>	<u>(128,540)</u>	<u>15,000</u>	<u>-</u>	<u>60,000</u>	<u>-</u>	<u>-</u>	<u>90,829</u>	<u>37,289</u>
<i>Net Change in Fund Balances</i>	13,292	(1,447)	(1,830)	1,377	-	(12,794)	101,153	99,751
<i>Fund Balances Beginning of Year</i>	<u>150,062</u>	<u>15,090</u>	<u>48,999</u>	<u>712</u>	<u>-</u>	<u>22,077</u>	<u>80,400</u>	<u>317,340</u>
<i>Fund Balances End of Year</i>	<u>\$ 163,354</u>	<u>\$ 13,643</u>	<u>\$ 47,169</u>	<u>\$ 2,089</u>	<u>\$ -</u>	<u>\$ 9,283</u>	<u>\$ 181,553</u>	<u>\$ 417,091</u>

See accompanying notes to the basic financial statements

**Village of Arlington, Hancock County**  
*Statement of Receipts, Disbursements and Changes  
In Fund Balance - Budget and Actual -Budget Basis  
General Fund  
For the Year Ended December 31, 2008*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Receipts</b>				
Property and Other Local Taxes	\$ 53,500	\$ 53,500	\$ 50,121	\$ (3,379)
Municipal Income Taxes	150,000	150,000	161,369	11,369
Intergovernmental	65,360	65,360	56,222	(9,138)
Charges for Services	-	-	250	250
Fines, Licenses and Permits	2,500	2,500	958	(1,542)
Earnings on Investments	28,000	28,000	27,230	(770)
<i>Total receipts</i>	<u>299,360</u>	<u>299,360</u>	<u>296,150</u>	<u>(3,210)</u>
<b>Disbursements</b>				
Current:				
Security of Persons and Property	30,000	30,000	28,447	1,553
Public Health Services	8,000	8,000	7,253	747
Transportation	7,800	7,750	7,133	617
General Government	138,161	137,711	100,833	36,878
Capital Outlay	-	13,500	13,418	82
<i>Total Disbursements</i>	<u>183,961</u>	<u>196,961</u>	<u>157,084</u>	<u>39,877</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>115,399</u>	<u>102,399</u>	<u>139,066</u>	<u>36,667</u>
<b>Other Financing Sources (Uses)</b>				
Transfers Out	(113,000)	(133,709)	(130,869)	2,840
Advances In	-	-	5,500	5,500
Advances Out	-	-	(5,500)	(5,500)
Other Financing Sources	5,000	5,000	7,843	2,843
Other Financing Uses	(10,000)	(10,000)	(5,514)	4,486
<i>Total Other Financing Sources (Uses)</i>	<u>(118,000)</u>	<u>(138,709)</u>	<u>(128,540)</u>	<u>10,169</u>
<i>Net Change in Fund Balance</i>	(2,601)	(36,310)	10,526	46,836
<i>Fund Balance Beginning of Year</i>	144,698	144,698	144,698	-
Prior Year Encumbrances Appropriated	5,364	5,364	5,364	-
<i>Fund Balance End of Year</i>	<u>\$ 147,461</u>	<u>\$ 113,752</u>	<u>\$ 160,588</u>	<u>\$ 46,836</u>

See accompanying notes to the basic financial statements

**Village of Arlington, Hancock County**  
**Statement of Receipts, Disbursements and Changes**  
**In Fund Balance - Budget and Actual -Budget Basis**  
**Street Construction Maintenance and Repair Fund**  
**For the Year Ended December 31, 2008**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Receipts</b>				
Intergovernmental	\$ 62,800	\$ 62,800	\$ 61,700	\$ (1,100)
Earnings on Investments	1,500	1,500	1,000	(500)
Miscellaneous	7,700	7,700	10,525	2,825
<i>Total receipts</i>	<u>72,000</u>	<u>72,000</u>	<u>73,225</u>	<u>1,225</u>
<b>Disbursements</b>				
Current:				
Transportation	71,951	96,451	89,416	7,035
Capital Outlay	1,800	1,300	1,203	97
<i>Total Disbursements</i>	<u>73,751</u>	<u>97,751</u>	<u>90,619</u>	<u>7,132</u>
<i>Excess of Receipts Over/(Under) Disbursements</i>	(1,751)	(25,751)	(17,394)	8,357
<b>Other Financing Sources</b>				
Transfers In	-	15,000	15,000	-
<i>Total Other Financing Sources (Uses)</i>	<u>-</u>	<u>15,000</u>	<u>15,000</u>	<u>-</u>
<i>Net Change in Fund Balance</i>	(1,751)	(10,751)	(2,394)	8,357
<i>Fund Balance Beginning of Year</i>	9,007	9,007	9,007	-
Prior Year Encumbrances Appropriated	6,083	6,083	6,083	-
<i>Fund Balance End of Year</i>	<u>\$ 13,339</u>	<u>\$ 4,339</u>	<u>\$ 12,696</u>	<u>\$ 8,357</u>

See accompanying notes to the basic financial statements

**Village of Arlington, Hancock County**  
*Statement of Receipts, Disbursements and Changes*  
*In Fund Balance - Budget and Actual -Budget Basis*  
*State Highway Fund*  
*For the Year Ended December 31, 2008*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Receipts</b>				
Intergovernmental	\$ 5,800	\$ 5,800	\$ 5,003	\$ (797)
Earnings on Investments	200	200	500	300
<i>Total receipts</i>	<u>6,000</u>	<u>6,000</u>	<u>5,503</u>	<u>(497)</u>
<b>Disbursements</b>				
Current:				
Transportation	6,000	10,000	7,333	2,667
<i>Total Disbursements</i>	<u>6,000</u>	<u>10,000</u>	<u>7,333</u>	<u>2,667</u>
<i>Net Change in Fund Balance</i>	-	(4,000)	(1,830)	2,170
<i>Fund Balance Beginning of Year</i>	48,824	48,824	48,824	-
Prior Year Encumbrances Appropriated	175	175	175	-
<i>Fund Balance End of Year</i>	<u>\$ 48,999</u>	<u>\$ 44,999</u>	<u>\$ 47,169</u>	<u>\$ 2,170</u>

See accompanying notes to the basic financial statements

**Village of Arlington, Hancock County**  
*Statement of Fund Net Assets - Cash Basis*  
*Proprietary Funds*  
*December 31, 2008*

	Business-Type Activities				
	Water Operating Fund	Sewer Operating Fund	Swimming Pool Fund	Other Enterprise Funds	Total Enterprise Funds
<b>Assets</b>					
Equity in Pooled Cash and Cash Equivalents	<u>\$ 127,041</u>	<u>\$ 215,084</u>	<u>\$ 75</u>	<u>\$ 59,412</u>	<u>\$ 401,612</u>
<b>Net Assets</b>					
Unrestricted	<u>\$ 127,041</u>	<u>\$ 215,084</u>	<u>\$ 75</u>	<u>\$ 59,412</u>	<u>\$ 401,612</u>

See accompanying notes to the basic financial statements

**Village of Arlington, Hancock County**  
*Statement of Cash Receipts,  
Disbursements and Changes in Fund Net Assets - Cash Basis  
Proprietary Funds  
For the Year Ended December 31, 2008*

	Business-Type Activities				Total Enterprise Funds
	Water Operating Fund	Sewer Operating Fund	Swimming Pool Fund	Other Enterprise Funds	
<b>Operating Receipts</b>					
Charges for Services	\$ 226,233	\$ 98,809	\$ 20,903	\$ 38,978	\$ 384,923
<i>Total Operating Receipts</i>	<u>226,233</u>	<u>98,809</u>	<u>20,903</u>	<u>38,978</u>	<u>384,923</u>
<b>Operating Disbursements</b>					
Personal Services	24,296	20,981	21,471	4,145	70,893
Employee Fringe Benefits	5,083	5,167	3,392	640	14,282
Contractual Services	33,304	17,960	9,797	2,159	63,220
Supplies and Materials	46,330	39,489	23,931	14,380	124,130
Other	-	-	-	150	150
<i>Total Operating Disbursements</i>	<u>109,013</u>	<u>83,597</u>	<u>58,591</u>	<u>21,474</u>	<u>272,675</u>
<i>Operating Income (Loss)</i>	117,220	15,212	(37,688)	17,504	112,248
<b>Non-Operating Receipts (Disbursements)</b>					
Other Non-Operating Receipts	-	-	-	500	500
Capital Outlay	(31,775)	(16,271)	(5,336)	(21,362)	(74,744)
Principal Payments	(82,672)	-	-	(15,000)	(97,672)
Other Financing Sources	-	-	-	14,843	14,843
Interest and Fiscal Charges	(25,078)	-	-	(10,400)	(35,478)
<i>Total Non-Operating Receipts(Disbursements)</i>	<u>(139,525)</u>	<u>(16,271)</u>	<u>(5,336)</u>	<u>(31,419)</u>	<u>(192,551)</u>
<i>Income/(Loss) before Transfers and Advances</i>	(22,305)	(1,059)	(43,024)	(13,915)	(80,303)
Transfers In	-	-	43,000	12,869	55,869
Transfers Out	(72,000)	-	-	(17,000)	(89,000)
Advances In	-	-	-	500	500
Advances Out	-	-	-	(500)	(500)
<i>Change in Net Assets</i>	(94,305)	(1,059)	(24)	(18,046)	(113,434)
<i>Net Assets Beginning of Year</i>	<u>221,346</u>	<u>216,143</u>	<u>99</u>	<u>77,458</u>	<u>515,046</u>
<i>Net Assets End of Year</i>	<u>\$ 127,041</u>	<u>\$ 215,084</u>	<u>\$ 75</u>	<u>\$ 59,412</u>	<u>\$ 401,612</u>

See accompanying notes to the basic financial statements

Village of Arlington, Hancock County  
Notes to the Financial Statements  
For the Year Ended December 31, 2008

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**Note 1 – Reporting Entity**

The Village of Arlington, Hancock County, Ohio (the Village), is a body politic and corporate 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 six-member Council elected at large for four-year terms. One Council member serves as Council President based on a majority vote of Council. The Mayor is elected to a four-year term.

The reporting entity is comprised of the primary government, component units, and other organizations that were included to ensure that the financial statements are not misleading.

**A. Primary Government**

The primary government consists of all funds, departments, boards and agencies that are not legally separate from the Village. The Village provides general government services, water and sewer utilities, maintenance of Village streets, and park operations. The Hancock County Sheriff is contracted for police services. The Village residents approved a tax levy, which along with charges for services to the various surrounding townships and transfers from the General Fund, support a volunteer Fire Department.

**B. Component Units**

Component units are legally separate organizations for which the Village is financially accountable. The Village is financially accountable for an organization if the Village appoints a voting majority of the organization's governing board and (1) the Village is able to significantly influence the programs or services performed or provided by the organization; or (2) the Village is legally entitled to or can otherwise access the organization's resources; the Village is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide support to, the organization; or the Village is obligated for the debt of the organization. The Village is also financially accountable for any organizations that are fiscally dependent of the Village in that the Village approves their budget, the issuance of their debt or the levying of their taxes. Component units also include legally separate, tax-exempt entities whose resources are for the direct benefit of the Village, are accessible to the Village, and are significant in amount to the Village.

Based on the above criteria, the Village has no component units.

The financial statements exclude the following entities, which perform activities within the Village's boundaries for the benefit of its residents, because the Village is not financially accountable for these entities nor are they fiscally dependent on the Village:

Arlington Local School District  
Appleseed Joint Ambulance District

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

Village of Arlington, Hancock County  
Notes to the Financial Statements  
For the Year Ended December 31, 2008

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**Note 2 – Summary of Significant Accounting Policies**

As discussed further in Note 2.C, these financial statements are presented on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. In the government-wide financial statements and the fund financial statements for the proprietary funds, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied, to the extent they are applicable to the cash basis of accounting, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails. The Village does not apply FASB statements issued after November 30, 1989, to its business-type activities and to its enterprise funds. Following are the more significant of the Village's accounting policies.

**A. Basis of Presentation**

The Village's basic financial statements consist of government-wide financial statements, including a statement of net assets and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

**Government-Wide Financial Statements**

The statement of net assets and the statement of activities display information about the Village as a whole. These statements include the financial activities of the primary government. The statements distinguish between those activities of the Village that are governmental and those that are considered business-type. Governmental activities generally are financed through taxes, intergovernmental receipts or other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

The statement of net assets presents the cash balance of the governmental and business-type activities of the Village at year end. The statement of activities compares disbursements with program receipts for each of the Village's governmental and business-type activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the Village is responsible. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function or business-type activity is self-financing on a cash basis or draws from the Village's general receipts.

**Fund Financial Statements**

During the year, the Village segregates transactions related to certain Village functions or activities in separate funds to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Village at this more detailed level. The focus of governmental and enterprise fund financial statements is on major funds. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column.

Proprietary fund statements distinguish operating transactions from non-operating transactions. Operating receipts generally result from exchange transactions such as charges for services directly relating to the funds' principal services. Operating disbursements include costs of sales and services and administrative costs. The fund statements report all other receipts and disbursements as non-operating.

Village of Arlington, Hancock County  
Notes to the Financial Statements  
For the Year Ended December 31, 2008

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B. Fund Accounting

The Village uses fund accounting to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. Funds are used to segregate resources that are restricted as to use. The funds of the Village are divided into two categories governmental and proprietary.

Governmental Funds

The Village classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants), and other non-exchange transactions as governmental funds. The Village's major governmental funds are the General Fund, Street Construction, Maintenance and Repair Fund, State Highway Fund, General Obligation Bond Retirement Fund and Fire Equipment Fund.

The General Fund is used to account for all financial resources, except those required to be accounted for in another fund. The General Fund balance is available to the Village for any purpose provided it is expended or transferred according to the general laws of Ohio. The Street Construction Maintenance and Repair Fund and the State Highway Fund receive motor vehicle and gasoline license taxes for the upkeep and maintenance of Village streets and alleys. The General Obligation Bond Retirement Fund receives transfers from the General Fund to pay principal and interest payments on bonds issued for the construction of the Village Townhall and replacement of the Village swimming pool. The Fire Equipment Fund receives property taxes and State grants for purchasing and maintaining fire equipment. The other governmental funds of the Village account for grants and other resources whose use is restricted to a particular purpose.

Proprietary Funds

The Village classifies funds financed primarily from user charges for goods or services as proprietary. Proprietary funds are classified as enterprise funds.

Enterprise Funds - Enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services. The Village's major enterprise funds are the water, sewer and swimming pool funds.

Water Fund - The Water Fund accounts for the provision of water to the residents and commercial users located within the Village.

Sewer Fund - The Sewer Fund accounts for the provision of sanitary sewer services to the residents and commercial users within the Village.

Swimming Pool Fund - The Swimming Pool Fund accounts for the operations of the Village swimming pool.

C. Basis of Accounting

The Village's financial statements are prepared using the cash basis of accounting. Receipts are recorded in the Village's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred.

As a result of the use of this cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities

Village of Arlington, Hancock County  
Notes to the Financial Statements  
For the Year Ended December 31, 2008

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and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements.

D. Budgetary Process

All funds are legally required to be budgeted and appropriated. The major documents prepared are the certificate of estimated resources, and the appropriations ordinance, both of which are prepared on the budgetary basis of accounting. The certificate of estimated resources establishes a limit on the amount the Village Council may appropriate.

The appropriations ordinance is the Village Council's authorization to spend resources and sets limits on cash disbursements plus encumbrances at the level of control selected by the Village Council. The legal level of control has been established at the object level for all funds.

The certificate of estimated resources may be amended during the year if projected increases or decreases in receipts are identified by the Fiscal Officer. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the amended certificated of estimated resources in effect at the time final appropriations were passed by the Village Council.

The appropriations ordinance is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation ordinance for that fund that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Village Council during the year.

E. Cash and Investments

To improve cash management, cash received by the Village is pooled and invested. Individual fund integrity is maintained through Village records. Interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents".

Investments of the cash management pool and investments with an original maturity of three months or less at the time of purchase are presented on the financial statements as cash equivalents. Investments with an initial maturity of more than three months that were not purchased from the pool are reported as investments.

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

During 2008, the Village invested in non-negotiable certificates of deposit.

Interest earnings are allocated to Village funds according to State statutes, grant requirements, or debt related restrictions. Interest receipts credited to the General Fund during 2008 was \$27,230 which includes \$23,604 assigned from other Village funds.

Village of Arlington, Hancock County  
Notes to the Financial Statements  
For the Year Ended December 31, 2008

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F. Restricted Assets

Cash, cash equivalents and investments are reported as restricted when limitations on their use change the nature or normal understanding of their use. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments, or imposed by law through constitutional provisions or enabling legislation. The Village had no restricted assets at December 31, 2008.

G. Inventory and Prepaid Items

The Village reports disbursements for inventories and prepaid items when paid. These items are not reflected as assets in the accompanying financial statements.

H. Capital Assets

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

I. Inter-fund Receivables/Payables

The Village reports advances-in and advances-out for inter-fund loans. These items are not reflected as assets and liabilities in the accompanying financial statements. The Village had no outstanding advances at December 31, 2008.

J. Accumulated Leave

In certain circumstances, such as upon leaving employment or retirement, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the Village's cash basis of accounting.

K. Employer Contributions to Cost-Sharing Pension Plans

The Village recognizes the disbursement for their employer contributions to cost-sharing pension plans when they are paid. As described in Notes 8 and 9, the employer contributions include portions for pension benefits and for post-retirement health care benefits.

L. Long-Term Obligations

The Village's cash basis financial statements do not report liabilities for bonds or other long-term obligations. Proceeds of debt are reported when the cash is received and principal and interest payments are reported when paid.

M. Net Assets

Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net assets restricted for other purposes include resources restricted for uses required by the funding source.

The Village's policy is to first apply restricted resources when an obligation is incurred for purposes for which both restricted and unrestricted net assets are available.

Village of Arlington, Hancock County  
Notes to the Financial Statements  
For the Year Ended December 31, 2008

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N. Fund Balance Reserves

The Village reserves any portion of fund balances which is not available for appropriation or which is legally segregated for a specific future use. Unreserved fund balance indicates that portion of fund balance which is available for appropriation in future periods. Fund balance reserves have been established for encumbrances.

O. Inter-fund Transactions

Transfers between governmental and business-type activities on the government-wide financial statements are reported in the same manner as general receipts.

Exchange transactions between funds are reported as receipts in the seller funds and as disbursements in the purchaser funds. Subsidies from one fund to another without a requirement for repayment are reported as inter-fund transfers. Inter-fund transfers are reported as other financing sources/uses in governmental funds and after non-operating receipts/disbursements in proprietary funds. Repayments from funds responsible for particular disbursements to the funds that initially paid for them are not presented in the financial statements.

P. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of management and are either unusual in nature or infrequent in occurrence.

In August 2007, the Village experienced a major flood event. The Flood Disaster Relief Fund was established to track expenses paid by the Village and reimbursements received from the Federal and State Emergency Management Agencies. In 2008, \$70,805 was received from FEMA as a reimbursement of 75% (Federal) and 12.5% (State) for expenses incurred by the Village.

**Note 3 – Budgetary Basis of Accounting**

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budgetary Basis presented for the General Fund, the Street Construction Maintenance and Repair Fund, and the State Highway Fund is prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference between the budgetary basis and the cash basis is outstanding year end encumbrances are treated as cash disbursements (budgetary basis) rather than as a reservation of fund balance (cash basis). The encumbrances outstanding at year end (budgetary basis) amounted to \$2,766 for the General Fund and \$947 for the Street Construction, Maintenance and Repair Fund.

**Note 4 – Deposits and Investments**

Monies held by the Village are classified by State statute into three categories.

Active monies are public monies determined to be necessary to meet current demands upon the Village treasury. Active monies must be maintained either as cash in the Village treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Village of Arlington, Hancock County  
Notes to the Financial Statements  
For the Year Ended December 31, 2008

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Inactive deposits are public deposits that Council has identified as not required for use within the current five year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts, including passbook accounts.

Interim monies held by the Village can be deposited or invested in the following securities:

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2 percent and be marked to market daily, and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio or Ohio local governments;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio).

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. An investment must mature within five years from the date of purchase, unless matched to a specific obligation or debt of the Village, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions.

At year end, the Village had no undeposited cash on hand.

Village of Arlington, Hancock County  
Notes to the Financial Statements  
For the Year Ended December 31, 2008

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Deposits

Custodial credit risk is the risk that in the event of bank failure, the Village will not be able to recover deposits or collateral securities that are in the possession of an outside party. In 2008, the minimum FDIC coverage was increased from \$100,000 to \$250,000. At year end, \$1,183 of the Village's bank balances of \$841,299 were exposed to custodial credit risk because those deposits are uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the Village's name.

The Village has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the Village or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secured.

**Note 5 – Income Taxes**

The Village levies a one percent income tax whose proceeds are placed into the General Fund. The Village levies and collects the tax on all income earned within the Village as well as on incomes of residents earned outside the Village. In the latter case, the Village allows a credit of the lesser of actual taxes paid to another city or one percent of the taxable income. Employers within the Village are required to withhold income tax on employee earnings and remit the tax to the Village at least quarterly. Corporations and other individual taxpayers are also required to pay their estimated tax at least quarterly and file a final return annually.

**Note 6 – Property Taxes**

Property taxes include amounts levied against all real property, public utility property, and tangible personal property located in the Village. Real property tax receipts received in 2008 represent the collection of 2007 taxes. Real property taxes received in 2008 were levied after October 1, 2007, on the assessed values as of January 1, 2007, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax receipts received in 2008 represent the collection of 2007 taxes. Public utility real and tangible personal property taxes received in 2007 became a lien on December 31, 2007, were levied after October 1, 2007, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

Tangible personal property tax receipts received in 2008 (other than public utility property) represent the collection of 2007 taxes. Tangible personal property taxes received in 2008 were levied after October 1, 2007, on the true value as of December 31, 2007. Tangible personal property is currently assessed at 25 percent of true value for capital assets and 23 percent for inventory. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, the first payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20.

Village of Arlington, Hancock County  
Notes to the Financial Statements  
For the Year Ended December 31, 2008

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House Bill No. 66 was signed into law on June 30, 2005. House Bill No. 66 phases out the tax on tangible personal property of general businesses, telephone and telecommunications companies, and railroads. The tax on general business and railroad property will be eliminated by calendar year 2009, and the tax on telephone and telecommunications property will be eliminated by calendar year 2011. The tax is phased out by reducing the assessment rate on the property each year. The bill replaces the revenue lost by the Village due to the phasing out of the tax. In calendar years 2008-2010, the Village will be fully reimbursed for the lost revenue. In calendar years 2011-2017, the reimbursements will be phased out.

The assessed value upon which the 2008 collections were based was \$19,247,185. The tax rate applicable to the 2008 collections was 5.2 mills.

**Note 7 – Risk Management**

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

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

The Village belongs to the Public Entities Pool of Ohio (PEP), a risk-sharing pool available to Ohio local governments. PEP provides property and casualty coverage for its members. PEP is a member of the American Public Entity Excess Pool (APEEP). Member governments pay annual contributions to fund PEP. PEP pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

**Casualty Coverage**

PEP retains casualty risks up to \$350,000 per occurrence, including claim adjustment expenses. PEP pays a percentage of its contributions to APEEP. APEEP reinsures claims exceeding \$350,000, up to \$2,650,000 per claim and \$10,000,000 in the aggregate per year. Governments can elect additional coverage exceeding \$3,000,000 with the General Reinsurance Corporation, through contracts with PEP.

If losses exhaust PEP's retained earnings, APEEP provides excess of funds available coverage up to \$5,000,000 per year, subject to a per-claim limit of \$3,000,000.

**Property Coverage**

Travelers reinsures specific losses exceeding \$250,000 up to \$600 million per occurrence. APEEP reinsures members for specific losses exceeding \$100,000 up to \$250,000 per occurrence, subject to an annual aggregate loss payment. Travelers provides aggregate stop-loss coverage based upon the combined members' total insurable value. If the stop loss is reached by payment of losses between \$100,000 and \$250,000, Travelers will reinsure specific losses exceeding \$100,000 up to their \$600 million per occurrence limit. The aggregate stop-loss limit for 2006 was \$1,901,127.

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

Property and casualty settlements did not exceed insurance coverage for the past three fiscal years.

Village of Arlington, Hancock County  
Notes to the Financial Statements  
For the Year Ended December 31, 2008

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**Financial Position**

PEP's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2006 and 2007 (the latest information available):

	<u>2007</u>	<u>2006</u>
Assets	\$37,560,071	\$36,123,194
Liabilities	<u>(17,340,825)</u>	<u>(16,638,904)</u>
Net Assets (Unrestricted)	<u>\$20,219,246</u>	<u>\$19,384,290</u>

At December 31, 2007 and 2006, respectively, the liabilities noted above include approximately \$15.8 million and \$14.9 million of estimated incurred claims payable. The assets and retained earnings for each year shown above also include approximately \$10 million of contributions to be billed to approximately 438 member governments in the future as of December 31, 2007 and 2006. The amounts will be included in future contributions from members when the related claims are due for payment. The Village's share of these unpaid claims collectible in future years is approximately \$36,564. This payable includes the subsequent year's contribution due if the Village terminates participation, as described in the last paragraph below.

Based on discussions with PEP, the expected rates PEP charges to compute member contributions, which are used to pay claims as they become due, are not expected to change significantly from those used to determine the historical contributions detailed below. By contract, the annual liability of each member is limited to the amount of financial contributions required to be made to PEP for each year of membership. The Village became a member of PEP in 2005.

<b><u>Contributions to PEP</u></b>	
2006	\$16,156
2007	\$16,879
2008	\$18,282

After completing one year of membership, members may withdraw on each anniversary of the date they joined PEP. They must provide written notice to PEP 60 days in advance of the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's contribution. Withdrawing members have no other future obligation to the pool. Also upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim was incurred or reported prior to the withdrawal.

In 2007, the Village was required to obtain flood insurance in order to be eligible for reimbursement from EMA for flood damages. The premium for this flood coverage was paid in 2008.

Village of Arlington, Hancock County  
Notes to the Financial Statements  
For the Year Ended December 31, 2008

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**Note 8 – Defined Benefit Pension Plans**

The Village participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans: 1) traditional pension plan is a cost-sharing, multiple-employer defined benefit pension plan; 2) member-directed plan is a defined contribution plan; 3) combined plan is a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

OPERS provides retirement, disability, survivor and death benefits and annual cost of living adjustments to members of the traditional and combined plans. Members of the member directed plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642 or by calling (614) 222-6701 or (800) 222-7377.

For the year ended December 31, 2008, the members of all three plans, except those in law enforcement or public safety participating in the traditional plan, were required to contribute 10 percent of their annual covered salaries. The employer contribution rate for pension benefits for 2008 was 14 percent.

Beginning in 2008, OPERS changed from a quarterly billing cycle to a monthly billing cycle. Therefore, payments to OPERS in 2008 include an amount of \$3,709 for the 4<sup>th</sup> quarter billing of 2007. The Village's required contributions for pension obligations to the traditional and combined plans for the year ended December 31, 2008, was \$19,005 which equals 100% of the amount billed by OPERS.

**Note 9 – Post-Employment Benefits**

In order to qualify for post-employment health care coverage, age-and-service retirees under the traditional pension and combined plans must have 10 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by the retirement system is considered an Other Post-employment Benefit as described in *GASB Statement No. 12*.

A portion of each employer's contribution to OPERS is set aside for the funding of post-employment health care. The Ohio Revised Code provides statutory authority for employer contributions. In 2008, the local government employer contribution rate was 14 percent of covered payroll. The portion of employer contributions allocated to health care was 7 percent in 2008 for all employers.

An annual increase of 4 percent compounded annually is the base portion of the individual pay increase assumption. This assumes no change in the number of active employees. In addition, annual pay increases over and above 4 percent base increase were assumed to range from .5 percent to 6.3 percent.

All investments are carried at market value. For actuarial valuation purposes, a smoothed market approach is used. Assets are adjusted to reflect 25 percent of unrealized market appreciation or depreciation on investment assets annually, not to exceed a 12 percent corridor.

As of December 31, 2008, the number of active contributing participants in the traditional and combined plans was 363,503. The actuarial valuation for 2007 was based on 364,076 participants in both plans. An estimated \$9,503 was used to fund post-employment benefits for the period of January 1 to December 31, 2008.

Village of Arlington, Hancock County  
Notes to the Financial Statements  
For the Year Ended December 31, 2008

The actuarial funding value of OPERS' net assets available for payment of benefits at December 31, 2007, (the latest information available) was \$12.8 billion. The actuarially accrued liability and the unfunded actuarial accrued liability for post-employment benefits were \$29.8 billion and \$17.0 billion, respectively.

On September 9, 2004, the OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP) with an effective date of January 1, 2007. The HCPP restructures OPERS' health care coverage to improve the financial solvency of the fund in response to increasing health care costs. Member and employer contribution rates increased as of January 1, 2007, which will allow additional funds to be allocated to the health care plan.

**Note 10 – Debt**

Debt outstanding at December 31, 2008, was as follows:

	Interest Rate	Principal Outstanding at 12/31/07	Principal Issued	Principal Retired	Principal Outstanding at 12/31/08	Amount Due in One Year
Sewer System Mortgage Bonds	5.00%	\$ 208,000	\$ -	\$ 15,000	\$ 193,000	\$ 20,000
OPWC South Main Street Waterline	0.00%	17,124	-	3,425	13,699	3,425
OWDA Waterline	6.56%	31,536	-	12,057	19,479	12,057
Town Hall/Swimming Pool GO Bonds	5.63%	245,000	-	45,000	200,000	50,000
OPWC East Alley Waterline	0.00%	79,074	-	6,590	72,484	6,590
OWDA Water Plant Construction	2.00%	1,164,429	-	56,181	1,108,248	57,190
OPWC West Alley Waterline	0.00%	75,121	-	4,419	70,702	4,419
Fire Truck Loan	4.84%	195,031	-	30,687	164,344	31,563
		<u>\$ 2,015,315</u>	<u>\$ -</u>	<u>\$ 173,359</u>	<u>\$ 1,841,956</u>	<u>185,244</u>

Proceeds from the Sewer System Mortgage Bonds were used to finance sewer improvements and pay off notes that were of the bond anticipation type. Property and revenues of the utility system have been pledged for the repayment of this debt.

The loan from the Ohio Public Works Commission for the South Main Street Waterline Project was used to finance waterline replacements. The interest-free loan will be paid back with the regular monthly water charges which are received from residents of the Village.

The Ohio Water Development Authority (OWDA) Waterline loan relates to the Waterline Project. The loan is being repaid in semi-annual installments, including interest, over 15 years. The loan is being paid back with the regular monthly water charges which are received from residents of the Village.

The Town Hall/Swimming Pool General Obligation Bonds were issued for the purpose of constructing a new municipal complex and a new swimming pool within the Village. The bonds were issued in 1997 in the amount of \$600,000 to be repaid over 15 years with interest paid semi-annually.

Village of Arlington, Hancock County  
Notes to the Financial Statements  
For the Year Ended December 31, 2008

The Ohio Public Works Commission (OPWC) loan relates to an East Alley Waterline Replacement Project. The OPWC loaned the Village \$131,791 for this project. The loan will be repaid in semi-annual installments of \$3,295, with no interest, over 20 years.

The Ohio Water Development Authority (OWDA) loan relates to water plant construction. The OWDA approved up to \$1,616,550 in loans to the Village for this project. The loans will be repaid in semi-annual installments of \$39,595, including interest, over 25 years. The loan is collateralized by water receipts. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

The Ohio Public Works Commission (OPWC) loan relates to a West Alley Waterline Replacement Project. The OPWC loaned the Village \$88,378 for this project. The loan will be repaid in semi-annual installments of \$2,209, with no interest, over 20 years.

In October 2007, the Village secured a commercial loan from Fifth Third Bank in the amount \$200,000 for financing the new fire truck. The loan is repaid through direct withdrawal from the secondary checking account. The required monthly payment is \$2,106 (including principal and interest); however, the Village has opted to pay \$3,300 per month in order to reduce the principal balance of the loan. Repayment is expected in 2012. The loan is paid from semi-annual property tax receipts specifically for the purpose of fire apparatus.

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

Year ending December 31:	Sewer System Mortgage Bonds	OPWC South Main Street Waterline Loan	OWDA Waterline Loan	Town Hall/ Swimming Pool General Obligation Bonds	OPWC East Alley Waterline Loan	OWDA Water Plant Construction Loan	OPWC West Alley Waterline Loan	Fire Truck Loan
2009	\$ 28,550	\$ 3,425	\$ 14,126	\$ 56,215	\$ 6,590	\$ 79,190	\$ 4,419	\$ 39,600
2010	26,700	3,425	7,063	58,763	6,590	79,190	4,419	39,600
2011	26,800	3,425	-	55,988	6,590	79,190	4,419	39,600
2012-2016	134,750	3,424	-	58,163	32,948	395,950	22,095	64,444
2017-2021	27,300	-	-	-	19,767	395,950	22,075	-
2022-2025	-	-	-	-	-	277,162	13,275	-
Total	<u>\$ 244,100</u>	<u>\$ 13,699</u>	<u>\$ 21,189</u>	<u>\$ 229,129</u>	<u>\$ 72,485</u>	<u>\$ 1,306,632</u>	<u>\$ 70,702</u>	<u>\$ 183,244</u>

**Note 11 - Inter-fund Transfers and Advances**

During 2008, the following transfers were made:

<u>Transfers from the General Fund to:</u>	
Street Construction, Maintenance & Repair Fund	\$ 15,000
Townhall/Pool Bond Retirement Fund	60,000
Swimming Pool Fund	43,000
Park Operating Fund	11,500
Apple Grove Maintenance Fund	<u>1,369</u>
<b>TOTAL</b>	<b><u>\$130,869</u></b>

Village of Arlington, Hancock County  
Notes to the Financial Statements  
For the Year Ended December 31, 2008

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<u>Transfer from the Water Fund to:</u> Arlington/Wilch Project Fund	\$72,000
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<u>Transfer from the Water Rotary Fund to:</u> Arlington/Wilch Project Fund	\$17,000
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During 2008, the following advances were made:

<u>Advances from the General Fund to:</u> Sewage Bond Retirement Fund	\$ 500
Fire Fund	5,000

These advances were repaid by year end.

**Note 12 - Contingent Liabilities**

The Village is not currently involved in any lawsuits.

Amounts grantor agencies pay to the Village are subject to audit and adjustment by the grantor, principally the state government. Grantors may require refunding any disallowed costs. Presently, the Village is not aware of any amounts that may be disallowed by grantors.

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

Village of Arlington  
204 N. Main Street  
P.O. Box 699  
Hancock County  
Arlington, Ohio 45814

To the Village Council:

We have audited the financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Village of Arlington, Hancock County (the Village) as of and for the year ended December 31, 2008 which collectively comprises the Village's basic financial statements and have issued our report thereon dated July 16, 2009. 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 Government Auditing Standards, issued by the Comptroller General of the United States.

**Internal Controls 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 auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control over financial reporting. Accordingly, we do not express an opinion 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 would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of 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 generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Village's financial statements that is more than inconsequential will not be prevented or detected by the Village's internal control. We consider the deficiency described in the accompanying schedule of findings, item 2008-VAHC-01, to be a significant deficiency in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Village's internal control.

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 deficiencies in internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. We do not believe the significant deficiency described above to be a material weakness.

#### Compliance and Other Matters

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, grant agreements and other matters, 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 audit and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance that is required to be reported under *Government Auditing Standards*, which is described in the accompanying schedule of findings and questioned costs as items 2008-VAHC-02 and 2008-VAHC-03.

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

We noted certain matters that we have reported to management of the Village in a separate letter dated July 16, 2009.

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

*Charles E. Harris & Associates, Inc.*

July 16, 2009

**VILLAGE OF ARLINGTON  
HANCOCK COUNTY, OHIO  
For the Year Ended December 31, 2008**

**SCHEDULE OF FINDINGS**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 2008-VAHC-01-Material Weakness**

Hancock County paid \$69,230 in CDBG funds to contractors for sewer replacement related to the Arlington/Wilch project. The Village did not record the transaction on their books. As a result, revenues and expenditures were understated for the Arlington/Wilch Project Fund. We also noted several other transactions requiring reclassification.

We recommend the Village record all CDBG funds in their books. The financial statements have been corrected to reflect the transaction.

**Management Response:**

The current Fiscal Officer was hired in 2007 and was not responsible for said transactions. She will strive to post all transactions properly.

**FINDING NUMBER 2008-VAHC-02 – Non-compliance Citation**

Ohio Rev. Code Section 5705.39 requires that total appropriations from each fund not exceed total estimated fund resources from each fund as certified by the county budget commission. This section also provides that no appropriation measure shall become effective until the Village obtains the County Auditor's certificate that total appropriations from each fund do not exceed the total official estimate or amended official estimate when amending estimated resources.

During the year ended December 31, 2008, the following fund's appropriations exceeded total estimated resources:

Arlington/Wilch Project Fund – Capital Projects Fund (\$64,749)

The Village should monitor appropriations versus estimated resources to help avoid overspending.

**Management Response**

The Village intends on better monitoring the budgetary process. The current Fiscal Officer was hired in 2007 and now has a better understanding of the budgetary process.

**FINDING NUMBER 2008-VAHC-03 – Non-compliance Citation**

Ohio Revised Code Section 5705.36(A)(4) requires that upon a determination by the fiscal officer of a subdivision that the revenue to be collected by the subdivision will be less than the amount included in an official certificate and that the amount of the deficiency will reduce available resources below the level of current appropriation, the fiscal officer shall certify the amount of the deficiency to the commission, and the commission shall certify an amended certificate reflecting the deficiency. The following funds had actual receipts below estimated receipts, which the deficiency reduced the estimated resources below the level of appropriation for 2008.

**VILLAGE OF ARLINGTON  
HANCOCK COUNTY, OHIO  
For the Year Ended December 31, 2008**

**SCHEDULE OF FINDINGS – (continued)**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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<b><u>Funds</u></b>	<b><u>Variance</u></b>
<b>Special Revenue Fund:</b>	
<b>Permissive Motor Vehicle License Tax Fund</b>	<b>(\$29,938)</b>
<b>Enterprise Fund:</b>	
<b>Swimming Pool Operating Fund</b>	<b>(\$4,863)</b>

We recommend that the Village monitor estimated receipts and actual revenue. The Village should request that Hancock County issue an amended certificate of estimated resources to reflect the actual revenue.

**Management Response**

The Village intends on better monitoring the budgetary process. The current Fiscal Officer was hired in 2007 and now has a better understanding of the budgetary process.

**VILLAGE OF ARLINGTON  
HANCOCK COUNTY, OHIO  
For the Year Ended December 31, 2008**

**SCHEDULE OF PRIOR AUDIT FINDINGS**

<b>Finding Number</b>	<b>Finding Summary</b>	<b>Fully Corrected?</b>	<b>Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain:</i></b>
<b>07-VAHC-001</b>	<b>Ohio Rev. Code Section 5705.36(A)(4), failure to certify/appropriate the amount of deficiency.</b>	<b>No</b>	<b>Repeated as 08-VAHC-003</b>





Mary Taylor, CPA  
Auditor of State

VILLAGE OF ARLINGTON

HANCOCK 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 19, 2009