



**Auditor of State
Betty Montgomery**

**VILLAGE OF ARCHBOLD
FULTON COUNTY**

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**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

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

To the Village Council:

We have audited the accompanying financial statements of the Village of Archbold, Fulton County, (the Village) as of and for the years ended December 31, 2003 and 2002. 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 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, 2003 and 2002, 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 April 26, 2004 on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

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

Betty Montgomery
Auditor of State

April 26, 2004

**VILLAGE OF ARCHBOLD
FULTON COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2003**

	Governmental Fund Types				Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	
Cash Receipts					
Property Tax and Other Local Taxes	\$ 4,613,083	\$ 774,809			\$ 5,387,892
Special Assessments			\$ 279,993	\$ 8,527	288,520
Intergovernmental Receipts	415,901	228,607			644,508
Charges for Services	467,562	39,735			507,297
Fines, Licenses, and Permits	18,094	8			18,102
Earnings on Investments	19,171	7,820		11,698	38,689
Miscellaneous	39,414	105,531		80,270	225,215
Total Cash Receipts	5,573,225	1,156,510	279,993	100,495	7,110,223
Cash Disbursements					
Current:					
Security of Persons and Property	1,089,404				1,089,404
Public Health Services	16,637	44,375			61,012
Leisure Time Activities		495,642			495,642
Community Environment	14,119				14,119
Basic Utility Services	241,686				241,686
Transportation		513,744			513,744
General Government	615,595				615,595
Debt Service:					
Principal Payments		108,374	125,000		233,374
Interest Payments		8,753	156,075		164,828
Capital Outlay	47,897	169,370		4,113,702	4,330,969
Total Cash Disbursements	2,025,338	1,340,258	281,075	4,113,702	7,760,373
Total Cash Receipts Over/ (Under) Cash Disbursements	3,547,887	(183,748)	(1,082)	(4,013,207)	(650,150)
Other Financing Receipts/(Disbursements)					
Sale of Bonds or Notes				1,570,000	1,570,000
Transfers-In		375,000		3,450,000	3,825,000
Advances-In			350		350
Other Sources	317,556			26,554	344,110
Transfers-Out	(3,825,000)				(3,825,000)
Advances-Out	(350)				(350)
Other Uses	(52,700)	(89,192)		(57,197)	(199,089)
Total Other Financing Receipts/(Disbursements)	(3,560,494)	285,808	350	4,989,357	1,715,021
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(12,607)	102,060	(732)	976,150	1,064,871
Fund Cash Balances, January 1	1,213,111	757,991	30,070	1,023,469	3,024,641
Fund Cash Balances, December 31	\$ 1,200,504	\$ 860,051	\$ 29,338	\$ 1,999,619	\$ 4,089,512
Reserves for Encumbrances, December 31	\$ 76,327	\$ 69,197		\$ 217,583	\$ 363,107

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

**VILLAGE OF ARCHBOLD
FULTON COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - ENTERPRISE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2003**

	Proprietary Fund Type
	Enterprise
Operating Cash Receipts	
Charges for Services	\$ 3,166,132
Operating Cash Disbursements	
Personal Services	926,666
Contractual Services	432,699
Supplies and Materials	550,637
Capital Outlay	207,712
Total Operating Cash Disbursements	2,117,714
Operating Income	1,048,418
Non-Operating Cash Receipts	
Interest	43,588
Miscellaneous	106,199
Other Non-Operating Receipts	8,850
Total Non-Operating Cash Receipts	158,637
Non-Operating Cash Disbursements	
Debt Service	128,128
Other Non-Operating Cash Disbursements	222,844
Total Non-Operating Cash Disbursements	350,972
Excess of Cash Receipts Over Cash Disbursements Before Interfund Transfers	856,083
Transfers-In	500,000
Transfers-Out	(500,000)
Net Receipts Over Disbursements	856,083
Fund Cash Balances, January 1	2,867,045
Fund Cash Balances, December 31	\$ 3,723,128
Reserve for Encumbrances, December 31	\$ 975,643

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

**VILLAGE OF ARCHBOLD
FULTON COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2002**

	Governmental Fund Types				Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	
Cash Receipts					
Property Tax and Other Local Taxes	\$ 4,541,558	\$ 762,800			\$ 5,304,358
Special Assessments			\$ 286,520	\$ 15,082	301,602
Intergovernmental Receipts	721,249	216,715			937,964
Charges for Services	386,482	48,253			434,735
Fines, Licenses, and Permits	16,328	8			16,336
Earnings on Investments	31,327	14,696		26,139	72,162
Miscellaneous	92,168	86,812		199,678	378,658
Total Cash Receipts	5,789,112	1,129,284	286,520	240,899	7,445,815
Cash Disbursements					
Current:					
Security of Persons and Property	931,829				931,829
Public Health Services	17,703	50,960			68,663
Leisure Time Activities		432,737			432,737
Community Environment	18,363				18,363
Basic Utility Services	238,345				238,345
Transportation		427,530			427,530
General Government	606,833	4,716			611,549
Debt Service:					
Principal Payments		108,374	115,000		223,374
Interest Payments		26,594	172,760		199,354
Capital Outlay	66,390	359,745		3,464,036	3,890,171
Total Cash Disbursements	1,879,463	1,410,656	287,760	3,464,036	7,041,915
Total Cash Receipts Over/ (Under) Cash Disbursements	3,909,649	(281,372)	(1,240)	(3,223,137)	403,900
Other Financing Receipts/(Disbursements)					
Transfers-In	19,692	350,000		3,300,000	3,669,692
Advances-In	1,400				1,400
Other Sources	272,937			29,033	301,970
Transfers-Out	(3,650,000)		(19,692)		(3,669,692)
Advances-Out			(1,400)		(1,400)
Other Uses	(53,649)	(87,015)		(52,708)	(193,372)
Total Other Financing Receipts/(Disbursements)	(3,409,620)	262,985	(21,092)	3,276,325	108,598
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	500,029	(18,387)	(22,332)	53,188	512,498
Fund Cash Balances, January 1	713,082	776,378	52,402	970,281	2,512,143
Fund Cash Balances, December 31	\$ 1,213,111	\$ 757,991	\$ 30,070	\$ 1,023,469	\$ 3,024,641
Reserves for Encumbrances, December 31	\$ 3,016	\$ 65,626		\$ 231,622	\$ 300,264

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

**VILLAGE OF ARCHBOLD
FULTON COUNTY**

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - ENTERPRISE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2002

	<u>Proprietary Fund Types</u>
	<u>Enterprise</u>
Operating Cash Receipts	
Charges for Services	<u>\$ 3,073,223</u>
Operating Cash Disbursements	
Personal Services	881,227
Contractual Services	410,681
Supplies and Materials	464,246
Capital Outlay	<u>165,343</u>
Total Operating Cash Disbursements	<u>1,921,497</u>
Operating Income	<u>1,151,726</u>
Non-Operating Cash Receipts	
Interest	43,849
Miscellaneous	118,001
Other Non-Operating Receipts	<u>8,800</u>
Total Non-Operating Cash Receipts	<u>170,650</u>
Non-Operating Cash Disbursements	
Debt Service	127,735
Other Non-Operating Cash Disbursements	<u>209,075</u>
Total Non-Operating Cash Disbursements	<u>336,810</u>
Excess of Cash Receipts Over Cash Disbursements Before Interfund Transfers	985,566
Transfers-In	500,000
Transfers-Out	<u>(500,000)</u>
Net Receipts Over Disbursements	985,566
Fund Cash Balances, January 1	<u>1,881,479</u>
Fund Cash Balances, December 31	<u><u>\$ 2,867,045</u></u>
Reserve for Encumbrances, December 31	<u><u>\$ 67,136</u></u>

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

**VILLAGE OF ARCHBOLD
FULTON COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002

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 water and sewer utilities, park operations, and police services.

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

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

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.

**VILLAGE OF ARCHBOLD
FULTON COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)

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:

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 income tax and charges for service moneys 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 the following significant debt service fund:

Special Assessment Debt Service – This fund receives special assessments for the repayment of special assessments bond issues.

4. Capital Project Funds

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

**VILLAGE OF ARCHBOLD
FULTON COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)

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

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.

**VILLAGE OF ARCHBOLD
FULTON COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)

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. Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year.

A summary of 2003 and 2002 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. Accumulated Leave

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

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:

	2003	2002
Demand deposits	\$ (60,738)	\$ 23,190
Savings deposits	5,812,578	\$727,696
Certificates of deposit	2,060,800	5,140,800
Total deposits	\$ 7,812,640	\$ 5,891,686

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.

**VILLAGE OF ARCHBOLD
FULTON COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2003 and 2002 follows:

2003 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 5,927,500	\$ 5,890,781	\$ (36,719)
Special Revenue	1,469,950	1,531,510	61,560
Debt Service	281,074	279,993	(1,081)
Capital Projects	3,795,772	5,147,049	1,351,277
Enterprise	4,075,500	3,824,769	(250,731)
Total	\$ 15,549,796	\$ 16,674,102	\$ 1,124,306

2003 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 6,798,561	\$ 5,979,365	\$ 819,196
Special Revenue	2,172,175	1,498,647	673,528
Debt Service	281,076	281,075	1
Capital Projects	4,814,564	4,388,482	426,082
Enterprise	5,992,564	3,944,329	2,048,235
Total	\$ 20,058,940	\$ 16,091,898	\$ 3,967,042

2002 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 5,903,916	\$ 6,081,741	\$ 177,825
Special Revenue	1,498,200	1,479,284	(18,916)
Debt Service	287,764	286,520	(1,244)
Capital Projects	3,506,682	3,569,932	63,250
Enterprise	3,806,300	3,743,873	(62,427)
Total	\$ 15,002,862	\$ 15,161,350	\$ 158,488

**VILLAGE OF ARCHBOLD
FULTON COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)

2002 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 6,513,520	\$ 5,586,128	\$ 927,392
Special Revenue	2,170,650	1,563,297	607,353
Debt Service	308,857	307,452	1,405
Capital Projects	4,451,486	3,748,366	703,120
Enterprise	4,700,432	2,825,443	1,874,989
Total	\$ 18,144,945	\$ 14,030,686	\$ 4,114,259

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 February 5. If the property owner elects to make semiannual payments, the first half is due February 5. The second half payment is due the following July 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. LOCAL INCOME TAX

The Village levies a municipal income tax of 1.5 percent on substantially all earned income arising from employment, residency, or business activities within the Village as well as certain income of residents earned outside of the Village.

**VILLAGE OF ARCHBOLD
FULTON COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)

Employers within the Village withhold income tax on employee compensation and remit the tax to the Village either monthly or quarterly, as required. Corporations and other individual taxpayers pay estimated taxes quarterly and file a declaration annually.

6. DEBT

Debt outstanding at December 31, 2003 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
General Obligation Bonds	\$ 455,000	4.56%
Special Assessment Bonds	2,550,000	5.25%
General Obligation Note	1,570,000	1.60%
Mortgage Notes	108,374	4.25% - 6.00%
Total	<u>\$ 4,683,374</u>	

The General Obligation Bonds consist of municipal waterworks improvement series. These bonds are collateralized by the Village's taxing authority.

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

The General Obligation Note was issued in anticipation of the issuance of bonds (i) to pay costs of improving Woodland and Memorial Park and (ii) to pay, in anticipation of the levy and collection of special assessments, the costs of improving Murbach Street. The note is collateralized by the Village's taxing authority.

The Mortgage Notes were issued to purchase real estate. The notes are secured by mortgages.

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

**VILLAGE OF ARCHBOLD
FULTON COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)

Year ending December 31:	General Obligation Bonds	Special Assessment Bonds	General Obligation Note	Mortgage Notes
2004	\$ 128,227	\$ 284,093	\$ 1,595,120	\$ 113,223
2005	127,978	286,400		
2006	127,422	288,138		
2007	131,500	279,060		
2008		279,815		
2009 – 2013		1,332,850		
2014 – 2018		858,947		
2019 – 2021		194,347		
Total	<u>\$ 515,127</u>	<u>\$ 3,803,650</u>	<u>\$ 1,595,120</u>	<u>\$ 113,223</u>

7. RETIREMENT SYSTEMS

The Village’s law enforcement officers and firefighters belong to the Ohio Police and Fire Pension Funds (OP&F). Other full-time employees belong to the Ohio Public Employees Retirement System (OPERS). OP&F and OPERS 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 2003 and 2002, OP&F participants contributed 10 percent of their wages. The Village contributed an amount equal to 19.5 percent of police participant and 24 percent of fire participant wages. Members of OPERS contributed 8.5 percent of their wages. The Village contributed an amount equal to 13.55 percent of participants’ gross salaries. The Village has paid all contributions required through December 31, 2003.

8. RISK MANAGEMENT

Commercial Insurance

The Village has obtained commercial insurance for the following risks:

- Liability.
- Umbrella.

**VILLAGE OF ARCHBOLD
FULTON COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)

- Crime.
- Automobile.
- Commercial property.

Risk Pool Membership

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

- Medical benefits.
- Prescription drug.
- Dental benefits

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

	2002	2001
Cash and investments	\$ 3,440,794	\$ 1,798,957
Actuarial liabilities	\$ 2,782,586	\$ 1,455,532

9. CONTRACTUAL COMMITMENTS

The Village had the following construction projects outstanding as of December 31, 2003:

Projects		
South Defiance Storm Sewer	\$	126,123
Lugbill Subdivision Parking Lot		851
Murbach Street Extension		17,716
Lutz Road Sidewalk		33,226
Clearwell Project		910,000
Total		\$ 1,087,916

**VILLAGE OF ARCHBOLD
FULTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)**

10. ARCHBOLD COMMUNITY IMPROVEMENT CORPORATION - LAND

The Archbold Community Improvement Corporation (the Corporation) owns land which was purchased by the Village in the name of the Corporation. In the event this land is sold, all proceeds will revert to the Village. The cost of this land totaled \$465,436 at December 31, 2003.



**Auditor of State
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT 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, (the Village) as of and for the years ended December 31, 2003 and 2002, and have issued our report thereon dated April 26, 2004. 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.

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 audit 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 April 26, 2004.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the Village's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial

reporting. 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 April 26, 2004.

This report is intended solely 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 that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

April 26, 2004

**VILLAGE OF ARCHBOLD
FULTON COUNTY**

SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2003 AND 2002

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i> :
2001-001	Ohio Revised Code § 5705.41(D) failure to certify funds	No	Partially corrected. Reported in the Management Letter.

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**Auditor of State
Betty Montgomery**

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800-282-0370

Facsimile 614-466-4490

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
MAY 27, 2004**