



OHIO AUDITOR OF STATE
KEITH FABER



VILLAGE OF ARCHBOLD
FULTON COUNTY

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OHIO AUDITOR OF STATE KEITH FABER



INDEPENDENT AUDITOR'S REPORT

Village of Archbold
Fulton County
300 North Defiance Street
P.O. Box 406
Archbold, Ohio 43502

To the Village Council:

Report on the Financial Statements

We have audited the accompanying financial statements of the cash balances, receipts and disbursements by fund type, and related notes of the Village of Archbold, Fulton County, Ohio (the Village) as of and for the years ended December 31, 2018 and 2017.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Village's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Village's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 2 of the financial statements, the Village prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38

and Ohio Administrative Code Section 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements.

Although the effects on the financial statements of the variances between the regulatory accounting basis and GAAP are not reasonably determinable, we presume they are material.

Though the Village does not intend these statements to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. Our opinion on this accounting basis is in the *Opinion on Regulatory Basis of Accounting* paragraph below.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2018 and 2017, and the respective changes in financial position or cash flows thereof for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements by fund type, and related notes of the Village of Archbold, Fulton County, Ohio, as of December 31, 2018 and 2017, for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 2.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 25, 2019, 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 internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.



Keith Faber
Auditor of State

Columbus, Ohio

April 25, 2019

**VILLAGE OF ARCHBOLD
FULTON COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2018**

	General	Special Revenue	Debt Service	Capital Projects	Totals (Memorandum Only)
Cash Receipts					
Property and Other Local Taxes	\$699,045	\$49,000			\$748,045
Municipal Income Tax	493,609	1,564,858		\$2,584,846	4,643,313
Intergovernmental	136,921	242,176		256,040	635,137
Special Assessments			\$160,620		160,620
Charges for Services	1,105,828	169,892			1,275,720
Fines, Licenses and Permits	73,015				73,015
Earnings on Investments	16,287	12,488		58,381	87,156
Miscellaneous	35,104	241,008		8,849	284,961
<i>Total Cash Receipts</i>	<u>2,559,809</u>	<u>2,279,422</u>	<u>160,620</u>	<u>2,908,116</u>	<u>7,907,967</u>
Cash Disbursements					
Current:					
Security of Persons and Property	1,723,761				1,723,761
Public Health Services		59,974			59,974
Leisure Time Activities		675,906			675,906
Community Environment	50,925			777,695	828,620
Basic Utility Services	301,016				301,016
Transportation		681,901			681,901
General Government	861,825	60,542			922,367
Capital Outlay	91,974	294,049		1,986,022	2,372,045
Debt Service:					
Principal Retirement		65,000	130,000	200,000	395,000
Interest and Fiscal Charges		34,612	21,646		56,258
<i>Total Cash Disbursements</i>	<u>3,029,501</u>	<u>1,871,984</u>	<u>151,646</u>	<u>2,963,717</u>	<u>8,016,848</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(469,692)</u>	<u>407,438</u>	<u>8,974</u>	<u>(55,601)</u>	<u>(108,881)</u>
Other Financing Receipts (Disbursements)					
Advances In	390				390
Advances Out			(390)		(390)
Other Financing Sources	336,343			4,943	341,286
Other Financing Uses	(10,968)	(47,556)		(73,118)	(131,642)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>325,765</u>	<u>(47,556)</u>	<u>(390)</u>	<u>(68,175)</u>	<u>209,644</u>
<i>Net Change in Fund Cash Balances</i>	<u>(143,927)</u>	<u>359,882</u>	<u>8,584</u>	<u>(123,776)</u>	<u>100,763</u>
<i>Fund Cash Balances, January 1</i>	<u>1,361,476</u>	<u>574,415</u>	<u>1,045</u>	<u>2,861,721</u>	<u>4,798,657</u>
Fund Cash Balances, December 31					
Restricted		934,297	9,629	2,737,945	3,681,871
Assigned	914,897				914,897
Unassigned	302,652				302,652
<i>Fund Cash Balances, December 31</i>	<u>\$1,217,549</u>	<u>\$934,297</u>	<u>\$9,629</u>	<u>\$2,737,945</u>	<u>\$4,899,420</u>

See accompanying notes to the basic financial statements

**VILLAGE OF ARCHBOLD
FULTON COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND CASH BALANCES
ALL PROPRIETARY AND FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2018**

	Proprietary Fund Type		Fiduciary Fund Type	Totals
	Enterprise	Agency		(Memorandum Only)
Operating Cash Receipts				
Charges for Services	\$3,528,377			\$3,528,377
Operating Cash Disbursements				
Personal Services	1,181,447			1,181,447
Contractual Services	436,705			436,705
Supplies and Materials	648,479			648,479
<i>Total Operating Cash Disbursements</i>	<u>2,266,631</u>			<u>2,266,631</u>
<i>Operating Income</i>	<u>1,261,746</u>			<u>1,261,746</u>
Non-Operating Receipts (Disbursements)				
Earnings on Investments	32,724		\$6	32,730
Sale of Notes	600,000			600,000
Miscellaneous Receipts	162,979			162,979
Capital Outlay	(422,038)		(20,108)	(442,146)
Principal Retirement	(655,000)			(655,000)
Interest and Other Fiscal Charges	(47,495)			(47,495)
Other Financing Sources	8,116		42,715	50,831
Other Financing Uses	(229,062)		(51,328)	(280,390)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(549,776)</u>		<u>(28,715)</u>	<u>(578,491)</u>
<i>Net Change in Fund Cash Balances</i>	711,970		(28,715)	683,255
<i>Fund Cash Balances, January 1</i>	<u>1,691,193</u>		<u>105,977</u>	<u>1,797,170</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$2,403,163</u></u>		<u><u>\$77,262</u></u>	<u><u>\$2,480,425</u></u>

See accompanying notes to the basic financial statements

Village of Archbold, Ohio
Fulton County
Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 1 - Reporting Entity

The Village of Archbold (the Village), Fulton County, Ohio 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. A publicly-elected six-member Council directs the Village. The Village provides water, sewer, and refuse utilities, park operations, police services, emergency medical services, road maintenance, and cemetery maintenance. The Village appropriates general fund money to support a volunteer fire department.

Public Entity Risk Pools and Related Organization

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

The Village participates in the Public Entities Pool of Ohio, the Buckeye Ohio Risk Management Agency, Inc. and the Ohio Municipal League Group Rating Plan public entity risk pools. Notes 6 and 10 to the financial statements provide additional information for these entities.

The Village's management believes these financial statements present all activities for which the Village is financially accountable, except for the land which is held in the name of the Archbold Community Improvement Corporation. Note 11 to the financial statement describe this asset.

Note 2 - Summary of Significant Accounting Policies

Basis of Presentation

The Village's financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types, and a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all proprietary and fiduciary fund types which are organized on a fund type basis.

Fund Accounting

The Village uses funds 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. The funds of the Village are presented below:

General Fund - The general fund accounts for and reports all financial resources not accounted for and reported 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.

Special Revenue Funds - These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Village had the following significant Special Revenue Funds:

Village of Archbold, Ohio
Fulton County
Notes to the Financial Statements
For the Year Ended December 31, 2018
(Continued)

Street Construction Maintenance and Repair - The street construction maintenance and repair fund accounts for and reports that portion of the State gasoline tax and motor vehicle license registration fees restricted for construction, maintenance, and repair of streets within the Village.

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

Debt Service Funds - These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest. The Village had the following significant Debt Service Funds:

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

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

Capital Project Funds - These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Village had the following significant Capital Project Fund:

Capital Projects Fund - This fund receives local income tax for various construction and improvement projects.

Enterprise Funds - These funds account for operations that are similar to private business enterprises, where management intends to recover the significant costs of providing certain goods or services through user charges. The Village had the following significant Enterprise Funds:

Water Fund - This fund receives charges for services from residents to cover water service costs.

Sewer Fund - This fund receives charges for services from residents to cover sewer service costs.

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

Basis of Accounting

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D). This basis is similar to the cash receipts and disbursements accounting basis. The Board recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a

Village of Archbold, Ohio
Fulton County
Notes to the Financial Statements
For the Year Ended December 31, 2018
(Continued)

liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D) permit.

Budgetary Process

The Ohio Revised Code requires that each fund (except certain agency funds) be budgeted annually.

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 Village Council must annually approve appropriation measures and subsequent amendments. Unencumbered appropriations lapse at year end.

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 approve estimated resources.

Encumbrances The Ohio Revised Code requires the Village to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated.

A summary of 2018 budgetary activity appears in Note 3.

Deposits and Investments

The Village's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

The Village values certificates of deposits at cost.

Capital Assets

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

Accumulated Leave

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

Fund Balance

Village of Archbold, Ohio
Fulton County
Notes to the Financial Statements
For the Year Ended December 31, 2018
(Continued)

Fund balance is divided into five classifications based primarily on the extent to which the Village must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

Nonspendable The Village classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

Restricted Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

Committed Council can *commit* amounts via formal action (resolution). The Village must adhere to these commitments unless the Council amends the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

Assigned Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by Village Council or a Village official delegated that authority by resolution, or by State Statute.

Unassigned Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The Village applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

Note 3 - Budgetary Activity

Budgetary activity for the year ending December 31, 2018 follows:

2018 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$2,930,912	\$2,896,152	(\$34,371)
Special Revenue	2,097,235	2,279,422	182,186
Debt Service	152,037	160,620	8,583
Capital Projects	3,316,000	2,913,059	(402,941)
Enterprise	3,534,640	4,332,196	797,556
Total	\$12,030,824	\$12,581,449	\$551,013

Village of Archbold, Ohio
Fulton County
Notes to the Financial Statements
For the Year Ended December 31, 2018
(Continued)

2018 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$3,455,830	\$3,059,029	\$396,801
Special Revenue	2,275,496	1,944,981	330,515
Debt Service	152,038	151,646	392
Capital Projects	4,677,355	3,162,270	1,515,085
Enterprise	4,447,440	3,648,991	798,449
Total	\$15,008,159	\$11,966,917	\$3,041,242

Note 4 – Deposits

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

	2018
Demand deposits	\$7,379,845

Deposits

Deposits are insured by the Federal Depository Insurance Corporation; collateralized by securities specifically pledged by the financial institution to the Village; or collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

Note 5 – Taxes

Property Taxes

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

Public utilities are also taxed on real property located within the Village.

The County is responsible for assessing property, and for billing, collecting, and distributing all property taxes on behalf of the Village.

Village of Archbold, Ohio
Fulton County
Notes to the Financial Statements
For the Year Ended December 31, 2018
(Continued)

Income Taxes

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

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

Note 6 - Risk Management

Public Entities Pool of Ohio (PEP)

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. York Insurance Services Group, Inc. (York) functions as the administrator of PEP and provides underwriting, claims, loss control, risk management, and reinsurance services for PEP. PEP is a member of the American Public Entity Excess Pool (APEEP), which is also administered by York. 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 and Property Coverage

The Pool's membership increased from 520 members in 2016 to 527 members in 2017.

APEEP provides PEP with an excess risk-sharing program. Under this arrangement, PEP retains insured risks up to an amount specified in the contracts. At December 31, 2017, PEP retained \$350,000 for casualty claims and \$100,000 for property claims.

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

Financial Position

PEP's financial statements (audited by other auditor's) conform with generally accepted accounting principles, and reported the following assets, liabilities and net position at December 31, 2017 (latest information available).

	<u>2017</u>
Assets	\$44,452,326
Liabilities	<u>(13,004,011)</u>
Net Position	<u>\$31,448,315</u>

Village of Archbold, Ohio
Fulton County
Notes to the Financial Statements
For the Year Ended December 31, 2018
(Continued)

At December 31, 2017 the liabilities above include approximately \$11.8 million of estimated incurred claims payable. The assets above also include approximately \$11.2 million of unpaid claims to be billed. The Pool's membership increased to 527 members in 2017. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2018, the Village's share of these unpaid claims collectible in future years is approximately \$43,000.

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.

<u>2018 Contributions to PEP</u>	
\$	68,794

After one year of membership, a member may withdraw on the anniversary of the date of joining PEP, if the member notifies PEP in writing 60 days prior to 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 PEP. Also upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim occurred or was reported prior to the withdrawal.

Buckeye Ohio Risk Management Agency

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

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

The Pool reported the following summary of assets and actuarially-measured liabilities available to pay those liabilities as of December 31, 2017 (the latest information available):

	2017
Assets	<u>\$6,791,461</u>
Liabilities	\$2,927,741

Note 7 - Defined Benefit Pension Plans

Ohio Public Employees Retirement System

Some employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include

Village of Archbold, Ohio
Fulton County
Notes to the Financial Statements
For the Year Ended December 31, 2018
(Continued)

postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10% of their gross salaries and the Village contributed an amount equaling 14% of participants' gross salaries. The Village has paid all contributions required through December 31, 2018.

Ohio Police and Fire Retirement System

Village's certified Fire Fighters and full-time Police Officers belong to the Police and Fire Pension Fund (OP&F). OP&F is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OP&F participants contributed 12.25% of their wages. The Village contributed to OP&F an amount equal to 19.5% of full-time police members' wages and 24% of full-time fire fighters' wages. The Village has paid all contributions required through December 31, 2018.

Social Security

Several Village employees contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2 percent of their gross salaries. The Village contributed an amount equal to 6.2 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2018.

Note 8 - Postemployment Benefits

Both OPERS and OP&F offer cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. OPERS contributes 0 percent of the employer contribution to fund these benefits, and OP&F contributes 0.5 percent to fund these benefits.

Beginning January 1, 2019, OP&F is changing its retiree health care model and the current self-insured health care plan will no longer be offered. In its place is a stipend-based health care model. A stipend funded by OP&F will be placed in individual Health Reimbursement Accounts that retirees will use to be reimbursed for health care expenses.

Note 9 – Debt

Debt outstanding at December 31, 2018 was as follows:

Village of Archbold, Ohio
Fulton County
Notes to the Financial Statements
For the Year Ended December 31, 2018
(Continued)

	Principal	Interest Rate
General Obligation Bonds	\$2,610,000	Various
Special Assessment Bonds	265,000	Various
Memorial Park Land Purchase	53,498	4.00%
Water Treatment Plant Note, Series 2018	600,000	2.49%
Total	\$3,528,498	

The General Obligation Bonds were issued (1) to pay costs of improving Woodland and Memorial Parks and (2) to pay a portion of the costs of improving and expanding the Village's Wastewater Treatment Plant. The 2016 refunding of a portion of the 2010 bonds will mature in 2030. The Parks & Recreation Fund and the Sewer Fund will pay for the debt. Debt payments will be made semi-annually.

The Village's taxing authority collateralized the bonds.

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

The Water Treatment Plant Note, Series 2018, was issued in anticipation of the issuance of bonds for the purpose of paying costs of improving the Village's water system by constructing an addition to, equipping and otherwise improving the Village's Water Treatment Plant and related facilities. The note matures one year after issuance.

In 2017, land was purchased for memorial park in the amount of \$90,250. After an initial down payment of \$20,273, annual payments of \$19,278 will be made until May 4, 2021.

Amortization

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

	General Obligation Bonds	Special Assessment Bonds	Water Treatment Plant Note, Series 2018	Memorial Park Land Purchase
Year ending December 31:				
2019	\$183,638	\$84,600	\$614,940	\$19,278
2020	268,837	80,759		19,278
2021	265,438	81,926		19,278
2022	256,838	17,813		
2023	262,538	21,969		
2024-2028	1,313,288	15,844		
2029-2030	443,975			
Total	\$2,994,551	\$302,910	\$614,940	\$57,834

Village of Archbold, Ohio
Fulton County
Notes to the Financial Statements
For the Year Ended December 31, 2018
(Continued)

Note 10 – Public Entity Risk Pool

The Village participates in the Ohio Municipal League Group Rating Plan (GRP) for worker's compensation. The pool's business and affairs are conducted by a twenty-six member Board of Trustees consisting of fifteen mayors, two council members, three administrators, three finance directors, and three law directors which are voted on by the members for staggered two-year terms. The Executive Director of the Ohio Municipal League serves as the coordinator of the Program. Each year the participants pay an enrollment fee to the program to cover the costs of administering the program.

Note 11 – Related Organizations

Archbold Community Improvement Corporation

The Archbold Community Improvement Corporation (the Corporation) owns land which was purchased by the Village in the name of the Corporation. In the event this land is sold, all proceeds will revert to the Village. The appraised value of this land totals \$1,660,419 as of December 31, 2018.

Note 12 – Other Financing Sources

The Village charges the cost of operations originally expensed out of the General Fund to other Village funds based on percentages passed by Council resolution. In 2018, the General Fund had \$336,343 in Other Financing Sources due to reimbursements from other Village funds.

Note 13 – Miscellaneous Receipts

Special Revenue fund type miscellaneous receipts primarily consisted of donations received for park and recreation activities.

**VILLAGE OF ARCHBOLD
FULTON COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2017**

	General	Special Revenue	Debt Service	Capital Projects	Totals (Memorandum Only)
Cash Receipts					
Property and Other Local Taxes	\$743,256				\$743,256
Municipal Income Tax	3,796,581	\$760,933			4,557,514
Intergovernmental	124,530	250,551		\$456,656	831,737
Special Assessments			\$147,803		147,803
Charges for Services	862,484	169,431			1,031,915
Fines, Licenses and Permits	64,082				64,082
Earnings on Investments	10,457	4,925		29,389	44,771
Miscellaneous	68,576	61,645		31,794	162,015
<i>Total Cash Receipts</i>	<u>5,669,966</u>	<u>1,247,485</u>	<u>147,803</u>	<u>517,839</u>	<u>7,583,093</u>
Cash Disbursements					
Current:					
Security of Persons and Property	1,617,008				1,617,008
Public Health Services		64,510			64,510
Leisure Time Activities		629,310			629,310
Community Environment	29,726			756,403	786,129
Basic Utility Services	300,547				300,547
Transportation		655,930			655,930
General Government	1,003,317	43,543			1,046,860
Capital Outlay	22,948	102,990		1,155,066	1,281,004
Debt Service:					
Principal Retirement		120,000	120,000	200,000	440,000
Interest and Fiscal Charges		37,784	28,144		65,928
<i>Total Cash Disbursements</i>	<u>2,973,546</u>	<u>1,654,067</u>	<u>148,144</u>	<u>2,111,469</u>	<u>6,887,226</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>2,696,420</u>	<u>(406,582)</u>	<u>(341)</u>	<u>(1,593,630)</u>	<u>695,867</u>
Other Financing Receipts (Disbursements)					
Transfers In	8,525	650,000		3,100,000	3,758,525
Transfers Out	(3,750,000)		(8,525)		(3,758,525)
Advances In			390		390
Advances Out	(390)				(390)
Other Financing Sources	433,702			16,573	450,275
Other Financing Uses	(15,196)	(77,745)		(91,306)	(184,247)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(3,323,359)</u>	<u>572,255</u>	<u>(8,135)</u>	<u>3,025,267</u>	<u>266,028</u>
<i>Net Change in Fund Cash Balances</i>	<u>(626,939)</u>	<u>165,673</u>	<u>(8,476)</u>	<u>1,431,637</u>	<u>961,895</u>
<i>Fund Cash Balances, January 1</i>	<u>1,988,415</u>	<u>408,742</u>	<u>9,521</u>	<u>1,430,084</u>	<u>3,836,762</u>
Fund Cash Balances, December 31					
Restricted		574,415	1,045	2,861,721	3,437,181
Assigned	504,918				504,918
Unassigned	856,558				856,558
<i>Fund Cash Balances, December 31</i>	<u>\$1,361,476</u>	<u>\$574,415</u>	<u>\$1,045</u>	<u>\$2,861,721</u>	<u>\$4,798,657</u>

See accompanying notes to the basic financial statements

**VILLAGE OF ARCHBOLD
FULTON COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND CASH BALANCES
ALL PROPRIETARY AND FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2017**

	Proprietary Fund Type	Fiduciary Fund Type	Totals
	Enterprise	Agency	(Memorandum Only)
Operating Cash Receipts			
Charges for Services	\$2,676,117		\$2,676,117
Operating Cash Disbursements			
Personal Services	1,123,512		1,123,512
Contractual Services	426,861		426,861
Supplies and Materials	582,935		582,935
<i>Total Operating Cash Disbursements</i>	<u>2,133,308</u>		<u>2,133,308</u>
<i>Operating Income</i>	<u>542,809</u>		<u>542,809</u>
Non-Operating Receipts (Disbursements)			
Earnings on Investments	15,390	\$7	15,397
Sale of Notes	800,000		800,000
Miscellaneous Receipts	193,596	711	194,307
Capital Outlay	(372,920)		(372,920)
Principal Retirement	(920,000)		(920,000)
Interest and Other Fiscal Charges	(45,621)		(45,621)
Other Financing Sources	6,813		6,813
Other Financing Uses	(287,198)	(\$3,865)	(291,063)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(609,940)</u>	<u>(3,147)</u>	<u>(613,087)</u>
<i>Net Change in Fund Cash Balances</i>	(67,131)	(3,147)	(70,278)
<i>Fund Cash Balances, January 1</i>	<u>1,758,324</u>	<u>109,124</u>	<u>1,867,448</u>
<i>Fund Cash Balances, December 31</i>	<u>\$1,691,193</u>	<u>\$105,977</u>	<u>\$1,797,170</u>

See accompanying notes to the basic financial statements

Village of Archbold, Ohio
Fulton County
Notes to the Financial Statements
For the Year Ended December 31, 2017

Note 1 - Reporting Entity

The Village of Archbold (the Village), Fulton County, Ohio 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. A publicly-elected six-member Council directs the Village. The Village provides water, sewer, and refuse utilities, park operations, police services, emergency medical services, road maintenance, and cemetery maintenance. The Village appropriates general fund money to support a volunteer fire department.

Public Entity Risk Pools and Related Organization

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

The Village participates in the Public Entities Pool of Ohio, the Buckeye Ohio Risk Management Agency, Inc. and the Ohio Municipal League Group Rating Plan public entity risk pools. Notes 7 and 11 to the financial statements provide additional information for these entities.

The Village's management believes these financial statements present all activities for which the Village is financially accountable, except for the land which is held in the name of the Archbold Community Improvement Corporation. Note 12 to the financial statement describe this asset.

Note 2 - Summary of Significant Accounting Policies

Basis of Presentation

The Village's financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types, and a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all proprietary and fiduciary fund types which are organized on a fund type basis.

Fund Accounting

The Village uses funds 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. The funds of the Village are presented below:

General Fund - The general fund accounts for and reports all financial resources not accounted for and reported 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.

Special Revenue Funds - These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Village had the following significant Special Revenue Funds:

Street Construction Maintenance and Repair - The street construction maintenance and repair fund accounts for and reports that portion of the State gasoline tax and motor vehicle license registration fees restricted for construction, maintenance, and repair of streets within the Village.

Village of Archbold, Ohio
Fulton County
Notes to the Financial Statements
For the Year Ended December 31, 2017
(Continued)

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

Debt Service Funds - These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest. The Village had the following significant Debt Service Funds:

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

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

Capital Project Funds - These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Village had the following significant Capital Project Fund:

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

Enterprise Funds - These funds account for operations that are similar to private business enterprises, where management intends to recover the significant costs of providing certain goods or services through user charges. The Village had the following significant Enterprise Funds:

Water Fund - This fund receives charges for services from residents to cover water service costs.

Sewer Fund - This fund receives charges for services from residents to cover sewer service costs.

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

Basis of Accounting

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D). This basis is similar to the cash receipts and disbursements accounting basis. The Board recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D) permit.

Village of Archbold, Ohio
Fulton County
Notes to the Financial Statements
For the Year Ended December 31, 2017
(Continued)

Budgetary Process

The Ohio Revised Code requires that each fund (except certain agency funds) be budgeted annually.

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 Village Council must annually approve appropriation measures and subsequent amendments. Unencumbered appropriations lapse at year end.

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 approve estimated resources.

Encumbrances The Ohio Revised Code requires the Village to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated.

A summary of 2017 budgetary activity appears in Note 3.

Deposits and Investments

The Village's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

The Village values certificates of deposits at cost.

Capital Assets

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

Accumulated Leave

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

Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the Village must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

Nonspendable The Village classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

Village of Archbold, Ohio
Fulton County
Notes to the Financial Statements
For the Year Ended December 31, 2017
(Continued)

Restricted Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

Committed Council can *commit* amounts via formal action (resolution). The Village must adhere to these commitments unless the Council amends the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

Assigned Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by Village Council or a Village official delegated that authority by resolution, or by State Statute.

Unassigned Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The Village applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

Note 3 - Budgetary Activity

Budgetary activity for the year ending December 31, 2017 follows:

2017 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$6,038,342	\$6,112,193	\$73,851
Special Revenue	1,861,695	1,897,485	35,790
Debt Service	148,144	148,193	49
Capital Projects	3,433,000	3,634,412	201,412
Enterprise	3,940,560	3,691,916	(248,644)
Total	\$15,421,741	\$15,484,199	\$62,458

Village of Archbold, Ohio
Fulton County
Notes to the Financial Statements
For the Year Ended December 31, 2017
(Continued)

2017 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$7,105,463	\$6,749,253	\$356,210
Special Revenue	2,109,100	1,742,834	366,266
Debt Service	156,670	156,669	1
Capital Projects	4,690,805	3,112,130	1,578,675
Enterprise	5,204,135	3,872,163	1,331,972
Total	\$19,266,173	\$15,633,049	\$3,633,124

Note 4 – Deposits

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

	2017
Demand deposits	\$6,570,321
Other time deposits	25,506
Total deposits	\$6,595,827

Deposits

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

Note 5 – Taxes

Property Taxes

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

Public utilities are also taxed on real property located within the Village.

The County is responsible for assessing property, and for billing, collecting, and distributing all property taxes on behalf of the Village.

Village of Archbold, Ohio
Fulton County
Notes to the Financial Statements
For the Year Ended December 31, 2017
(Continued)

Income Taxes

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

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

Note 6 – Interfund Transfers

During the year, the following transfers in and out occurred:

Fund	Transfer In	Transfers Out
General	\$8,525	\$3,750,000
Special Revenue	650,000	
Debt Service		8,525
Capital Projects	3,100,000	
Total	\$3,758,525	\$3,758,525

General Fund transfers represent the allocation of unrestricted receipts collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. Debt Service fund transfers represent surplus monies to close out funds after debt issues was retired.

Note 7 - Risk Management

Public Entities Pool of Ohio (PEP)

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. York Insurance Services Group, Inc. (York) functions as the administrator of PEP and provides underwriting, claims, loss control, risk management, and reinsurance services for PEP. PEP is a member of the American Public Entity Excess Pool (APEEP), which is also administered by York. 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 and Property Coverage

APEEP provides PEP with an excess risk-sharing program. Under this arrangement, PEP retains insured risks up to an amount specified in the contracts. At December 31, 2017, PEP retained \$350,000 for casualty claims and \$100,000 for property claims.

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

Village of Archbold, Ohio
Fulton County
Notes to the Financial Statements
For the Year Ended December 31, 2017
(Continued)

Financial Position

PEP's financial statements (audited by other auditor's) conform with generally accepted accounting principles, and reported the following assets, liabilities and net position at December 31, 2017.

	<u>2017</u>
Assets	\$44,452,326
Liabilities	\$(13,004,011)
Net Position	<u>\$31,448,315</u>

At December 31, 2017 the liabilities above include approximately \$11.8 million of estimated incurred claims payable. The assets above also include approximately \$11.2 million of unpaid claims to be billed. The Pool's membership increased to 527 members in 2017. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2017, the Village's share of these unpaid claims collectible in future years is approximately \$43,000.

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.

<u>2017 Contributions to PEP</u>
\$69,484

After one year of membership, a member may withdraw on the anniversary of the date of joining PEP, if the member notifies PEP in writing 60 days prior to 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 PEP. Also upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim occurred or was reported prior to the withdrawal.

Buckeye Ohio Risk Management Agency

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

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

The Pool reported the following summary of assets and actuarially-measured liabilities available to pay those liabilities as of December 31, 2017:

Village of Archbold, Ohio
Fulton County
Notes to the Financial Statements
For the Year Ended December 31, 2017
(Continued)

	<u>2017</u>
Assets	\$6,791,461
Liabilities	\$2,927,741

Note 8 - Defined Benefit Pension Plans

Ohio Public Employees Retirement System

Some employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10% of their gross salaries and the Village contributed an amount equaling 14% of participants' gross salaries. The Village has paid all contributions required through December 31, 2017.

Ohio Police and Fire Retirement System

Village's certified Fire Fighters and full-time Police Officers belong to the Police and Fire Pension Fund (OP&F). OP&F is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OP&F participants contributed 12.25% of their wages. The Village contributed to OP&F an amount equal to 19.5% of full-time police members' wages and 24% of full-time fire fighters' wages, respectively. The Village has paid all contributions required through December 31, 2017.

Social Security

Several Village employees contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2 percent of their gross salaries. The Village contributed an amount equal to 6.2 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2017.

Note 9 - Postemployment Benefits

Both OPERS and OP&F offer cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. OPERS contributes 1 percent of the employer contribution to fund these benefits, and OP&F contributes 0.5 percent to fund these benefits.

Note 10 – Debt

Debt outstanding at December 31, 2017 was as follows:

Village of Archbold, Ohio
Fulton County
Notes to the Financial Statements
For the Year Ended December 31, 2017
(Continued)

	Principal	Interest Rate
General Obligation Bonds	\$2,730,000	Various
Special Assessment Bonds	395,000	Various
Memorial Park Land Purchase	69,977	4.00%
Water Treatment Plant Note, Series 2017	800,000	1.69%
Total	\$3,994,977	

The General Obligation Bonds were issued (1) to pay costs of improving Woodland and Memorial Parks and (2) to pay a portion of the costs of improving and expanding the Village's Wastewater Treatment Plant. The 2016 refunding of a portion of the 2010 bonds will mature in 2030. The remaining 2010 bonds matured in 2017. The Parks & Recreation Fund and the Sewer Fund will pay for the debt. Debt payments will be made semi-annually.

The Village's taxing authority collateralized the bonds.

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

The Water Treatment Plant Note, Series 2017, was issued in anticipation of the issuance of bonds for the purpose of paying costs of improving the Village's water system by constructing an addition to, equipping and otherwise improving the Village's Water Treatment Plant and related facilities. The note matures one year after issuance.

In 2017, land was purchased for memorial park in the amount of \$90,250. After an initial down payment of \$20,273, annual payments of \$19,278 will be made until May 4, 2021.

Amortization

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

	General Obligation Bonds	Special Assessment Bonds	Water Treatment Plant Note, Series 2017	Memorial Park Land Purchase
Year ending December 31:				
2018	\$188,437	\$151,646	\$813,520	\$19,278
2019	183,638	84,600		19,278
2020	268,837	80,759		19,278
2021	265,438	81,926		19,278
2022	256,838	17,813		
2023-2027	1,292,750	37,812		
2028-2031	727,050			
Total	\$3,182,988	\$454,556	\$813,520	\$77,112

Village of Archbold, Ohio
Fulton County
Notes to the Financial Statements
For the Year Ended December 31, 2017
(Continued)

Note 11 – Public Entity Risk Pool

The Village participates in the Ohio Municipal League Group Rating Plan (GRP) for worker's compensation. The pool's business and affairs are conducted by a twenty-six member Board of Trustees consisting of fifteen mayors, two council members, three administrators, three finance directors, and three law directors which are voted on by the members for staggered two-year terms. The Executive Director of the Ohio Municipal League serves as the coordinator of the Program. Each year the participants pay an enrollment fee to the program to cover the costs of administering the program.

Note 12 – Related Organizations

Archbold Community Improvement Corporation

The Archbold Community Improvement Corporation (the Corporation) owns land which was purchased by the Village in the name of the Corporation. In the event this land is sold, all proceeds will revert to the Village. The appraised value of this land totals \$1,660,419 as of December 31, 2017. The Village paid the Corporation \$400,000 in 2010, which was part of a \$450,000 loan made by the Corporation to a local business. Any repayments on the principle were to be returned to the Village. The balance of \$397,156 as of December 31, 2016, was deemed to be uncollectible and written off by the Corporation.

Note 13 – Related Party Transactions

Jeff Fryman, Mayor, is part owner of Black Swamp Equipment and the owner of Black Swamp Electronics, until October of 2017. Black Swamp Equipment is a local company that sells various supplies, machine parts, and rental of small equipment. Black Swamp Electronics is a local company that sells police and fire equipment, supplies and electrical parts. In 2017 the Village purchased \$6,982.53 and \$15,083 from Black Swamp Equipment and Black Swamp Electronics, respectively. The purchases were approved at arm's length, with full knowledge of Village officials of Mr. Fryman's interest. Mr. Fryman took no part in the deliberation or decision by Village officials with respect to the purchases.

Note 14 – Subsequent Event

The Village issued \$600,000 in bond anticipation notes on April 12, 2018 to finance the construction of a process addition and building at the water treatment plant. The notes have a stated interest rate of 2.49 percent and mature on April 18, 2019.

Note 15 – Other Financing Sources

The Village charges the cost of operations originally expensed out of the General Fund to other Village funds based on percentages passed by Council resolution. In 2017, the General Fund had \$433,702 in Other Financing Sources due to reimbursements from other Village fund.

OHIO AUDITOR OF STATE KEITH FABER



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

Village of Archbold
Fulton County
300 North Defiance Street
P.O. Box 406
Archbold, Ohio 43502

To the Village Council:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the cash balances, receipts, and disbursements by fund type of the Village of Archbold, Fulton County, Ohio, (the Village) as of and for the years ended December 31, 2018 and 2017, and the related notes to the financial statements and have issued our report thereon dated April 25, 2019 wherein we noted the Village followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit..

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Village's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the Village's internal control. Accordingly, we have not opined on it.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Village's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

Compliance and Other Matters

As part of reasonably assuring whether the Village's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement

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amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Village's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Village's internal control and compliance. Accordingly, this report is not suitable for any other purpose.



Keith Faber
Auditor of State

Columbus, Ohio

April 25, 2019



Village of Archbold 300 N. Defiance Street, P.O. Box 406

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**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2018 AND 2017**

Finding Number	Finding Summary	Status	Additional Information
2016-001	Material Weakness for failure to record on-behalf-of activity.	Corrective Action Taken and Finding is Fully Corrected.	
2016-002	Material Weakness for incorrect allocation of fund balances.	Corrective Action Taken and Finding is Fully Corrected.	
2016-003	Significant Deficiency for incorrectly recording debt transactions	Corrective Action Taken and Finding is Fully Corrected.	

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OHIO AUDITOR OF STATE
KEITH FABER



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 23, 2019**