



OHIO AUDITOR OF STATE
KEITH FABER



VILLAGE OF ARCHBOLD
FULTON COUNTY

TABLE OF CONTENTS

TITLE	PAGE
Independent Auditor's Report	1
Prepared by Management:	
Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Regulatory Cash Basis) – All Governmental Fund Types For the Year Ended December 31, 2020	5
Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Regulatory Cash Basis) – Proprietary Fund Type For the Year Ended December 31, 2020	6
Combined Statement of Additions, Deductions and Changes in Fund Balances (Regulatory Cash Basis) – All Fiduciary Fund Types For the Year Ended December 31, 2020	7
Notes to the Financial Statements For the Year Ended December 31, 2020	8
Combined Statement of Receipts, Disbursements and Changes in Fund Cash Balances – All Governmental Fund Types For the Year Ended December 31, 2019	20
Combined Statement of Receipts, Disbursements and Changes in Fund Cash Balances – All Proprietary and Fiduciary Fund Types For the Year Ended December 31, 2019	21
Notes to the Financial Statements For the Year Ended December 31, 2019	22
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	33

This page intentionally left blank.

OHIO AUDITOR OF STATE KEITH FABER



One Government Center, Suite 1420
Toledo, Ohio 43604-2246
(419) 245-2811 or (800) 443-9276
NorthwestRegion@ohioauditor.gov

INDEPENDENT AUDITOR'S REPORT

Village of Archbold
Fulton County
300 North Defiance Street
P.O. Box 406
Archbold, Ohio 43502-0406

To the Village Council:

Report on the Financial Statements

We have audited the accompanying financial statements of the cash balances, receipts and disbursements for each governmental and proprietary fund type and the fiduciary fund type combined total as of and for the year ended December 31, 2020 and for each governmental, proprietary and fiduciary fund type as of and for the year ended December 31, 2019, and related notes of the Village of Archbold, Fulton County, Ohio (the Village).

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, 2020 and 2019, and the respective changes in financial position of 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 for each governmental and proprietary fund type and the fiduciary fund type combined total as of and for the year ended December 31, 2020 and for each governmental, proprietary and fiduciary fund type as of and for the year ended December 31, 2019, and related notes of the Village 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.

Emphasis of Matters

As discussed in Note 16 to the 2020 financial statements and Note 13 to the 2019 financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Village. We did not modify our opinion regarding this matter.

As discussed in Note 17 to the financial statements, during 2020, the Village adopted new accounting guidance in Governmental Accounting Standards Board Statement No. 84, Fiduciary Activities.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 26, 2021, 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

August 26, 2021

This page intentionally left blank.

**VILLAGE OF ARCHBOLD
FULTON COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN
FUND BALANCES (REGULATORY CASH BASIS) - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2020**

	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Totals (Memorandum Only)</u>
Cash Receipts					
Property and Other Local Taxes	\$762,487				\$762,487
Municipal Income Tax	421,053	\$1,169,508		\$3,019,246	4,609,807
Intergovernmental	141,033	627,072			768,105
Special Assessments			\$79,128		79,128
Charges for Services	1,099,235	95,148			1,194,383
Fines, Licenses and Permits	59,959	90			60,049
Earnings on Investments	8,078	10,655		41,195	59,928
Miscellaneous	105,960	59,945		113,288	279,193
<i>Total Cash Receipts</i>	<u>2,597,805</u>	<u>1,962,418</u>	<u>79,128</u>	<u>3,173,729</u>	<u>7,813,080</u>
Cash Disbursements					
Current:					
Security of Persons and Property	1,508,186				1,508,186
Public Health Services		353,290			353,290
Leisure Time Activities		496,117			496,117
Community Environment	36,611			800,042	836,653
Basic Utility Services	308,197				308,197
Transportation		644,564			644,564
General Government	872,818	51,469			924,287
Capital Outlay	23,835	304,874		1,181,650	1,510,359
Debt Service:					
Principal Retirement		146,360	70,000		216,360
Interest and Fiscal Charges		31,608	10,759		42,367
<i>Total Cash Disbursements</i>	<u>2,749,647</u>	<u>2,028,282</u>	<u>80,759</u>	<u>1,981,692</u>	<u>6,840,380</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(151,842)</u>	<u>(65,864)</u>	<u>(1,631)</u>	<u>1,192,037</u>	<u>972,700</u>
Other Financing Receipts (Disbursements)					
Transfers In	1,446	40,000			41,446
Transfers Out	(40,000)		(1,446)		(41,446)
Advances In			350		350
Advances Out	(350)				(350)
Other Financing Sources	373,520			9,192	382,712
Other Financing Uses	(55,179)	(51,045)		(89,134)	(195,358)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>279,437</u>	<u>(11,045)</u>	<u>(1,096)</u>	<u>(79,942)</u>	<u>187,354</u>
<i>Net Change in Fund Cash Balances</i>	127,595	(76,909)	(2,727)	1,112,095	1,160,054
<i>Fund Cash Balances, January 1</i>	<u>766,993</u>	<u>1,231,752</u>	<u>9,268</u>	<u>3,628,963</u>	<u>5,636,976</u>
<i>Fund Cash Balances, December 31</i>	<u>\$894,588</u>	<u>\$1,154,843</u>	<u>\$6,541</u>	<u>\$4,741,058</u>	<u>\$6,797,030</u>

See accompanying notes to the basic financial statements

VILLAGE OF ARCHBOLD
FULTON COUNTY

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN
FUND BALANCES (REGULATORY CASH BASIS) - PROPRIETARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2020**

	Proprietary Fund Type
	Enterprise
Operating Cash Receipts	
Charges for Services	\$3,932,285
Operating Cash Disbursements	
Personal Services	1,059,159
Contractual Services	443,226
Supplies and Materials	671,173
<i>Total Operating Cash Disbursements</i>	<i>2,173,558</i>
<i>Operating Income</i>	<i>1,758,727</i>
Non-Operating Receipts (Disbursements)	
Earnings on Investments	28,350
Sale of Notes	1,500,000
Other Debt Proceeds	995,187
Miscellaneous Receipts	153,378
Capital Outlay	(4,016,449)
Principal Retirement	(205,312)
Interest and Other Fiscal Charges	(50,935)
Other Financing Sources	916,739
Other Financing Uses	(212,292)
<i>Total Non-Operating Receipts (Disbursements)</i>	<i>(891,334)</i>
<i>Net Change in Fund Cash Balances</i>	<i>867,393</i>
<i>Fund Cash Balances, January 1</i>	<i>2,710,171</i>
<i>Fund Cash Balances, December 31</i>	<i>\$3,577,564</i>

See accompanying notes to the basic financial statements

**VILLAGE OF ARCHBOLD
FULTON COUNTY**

**COMBINED STATEMENT OF ADDITIONS, DEDUCTIONS AND CHANGES IN
FUND BALANCES (REGULATORY CASH BASIS) - ALL FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2020**

	Fiduciary Fund Types		Totals
	Custodial		
	Private Purpose Trust	Other Custodial	(Memorandum Only)
Additions			
Amounts Received as Fiscal Agent		\$30,684	30,684
Deductions			
Distributions as Fiscal Agent		1,932	1,932
Other Distributions	\$1,000		1,000
<i>Total Deductions</i>	1,000	1,932	2,932
<i>Net Change in Fund Balances</i>	(1,000)	28,752	27,752
<i>Fund Cash Balances, January 1</i>	1,719	97,065	98,784
<i>Fund Cash Balances, December 31</i>	\$719	\$125,817	\$126,536

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, 2020

Note 1 – Reporting Entity

The Village of Archbold (the Village), Fulton County, 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 and sewer 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 Organizations

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 Custodial 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 fund types and a combined statement of additions, deductions and changes in fund balances (regulatory cash basis) for all fiduciary fund types which are all 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:

Village of Archbold, Ohio
Fulton County
Notes to the Financial Statements
For the Year Ended December 31, 2020
(Continued)

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.

Parks & 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 – Primrose and Lugbill Fund - This fund receives special assessment revenue for the repayment of special assessment bond issues.

Special Assessment – Murbach #5-03 - 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 Funds:

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 private purpose trust funds and custodial funds. Trust funds account for assets held under a trust agreement meeting certain criteria.

The Village's private purpose trust fund is for the benefit of L.E. Short's Sidewalk Fund which accounts for monies collected privately for the Lowell E Short's Fifth Addition subdivision for installation of new sidewalks.

Village of Archbold, Ohio
Fulton County
Notes to the Financial Statements
For the Year Ended December 31, 2020
(Continued)

Custodial funds are purely custodial in nature and are used to report fiduciary activity that is not required to be reported in a trust fund. The Village's custodial fund accounts for activity of the Archbold Community Improvement Corporation (the Corporation) which is described in detail in Note 12.

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.

Budgetary Process

The Ohio Revised Code requires that each fund (except certain custodial 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 2020 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 certificate 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.

Village of Archbold, Ohio
Fulton County
Notes to the Financial Statements
For the Year Ended December 31, 2020
(Continued)

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. For regulatory purposes nonspendable fund balance includes unclaimed monies that are required to be held for five years before they may be utilized by the Village and the nonexpendable portion of the corpus in permanent funds.

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*. For regulatory purposes, assigned fund balance in the general fund is limited to encumbrances outstanding at year end.

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.

For regulatory purposes, limited disclosure related to fund balance is included in Note 14.

Village of Archbold, Ohio
Fulton County
Notes to the Financial Statements
For the Year Ended December 31, 2020
(Continued)

Note 3 – Budgetary Activity

Budgetary activity for the year ending December 31, 2020 follows:

2020 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$3,053,492	\$2,972,771	(\$80,721)
Special Revenue	2,207,060	2,002,418	(204,642)
Debt Service	79,558	79,128	(430)
Capital Projects	4,606,000	3,182,921	(1,423,079)
Enterprise	10,790,463	7,525,939	(3,264,524)
Total	\$20,736,573	\$15,763,177	(\$4,973,396)

2020 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$3,471,826	\$2,844,826	\$627,000
Special Revenue	2,681,975	2,079,327	602,648
Debt Service	82,206	82,205	1
Capital Projects	6,164,778	4,152,968	2,011,810
Enterprise	11,167,227	10,109,085	1,058,142
Trust	1,000	1,000	
Total	\$23,569,012	\$19,269,411	\$4,299,601

Village of Archbold, Ohio
Fulton County
Notes to the Financial Statements
For the Year Ended December 31, 2020
(Continued)

Note 4 – Deposits and Investments

To improve cash management, cash received by the Village is pooled. Monies for all funds are maintained in this pool. The Ohio Revised Code prescribes allowable deposits and investments. The Village also has segregated accounts which include clearing accounts that are not part of this pool. A summary of the Village’s deposit and investment accounts are as follows:

	2020
<i>Cash Management Pool:</i>	
Demand deposits	\$10,501,130
<i>Segregated Accounts - Not held in the Pool:</i>	
Payroll Clearing Account (Not held in Pool)	\$37,844

The Village has a payroll clearing account that is held outside of the deposit pool where gross payroll is held for distribution. The expenditures included in the accompanying financial statement reflect gross payroll. The balance in the Village’s payroll clearing account represent unremitted employee payroll withholdings.

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation.

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 non-business, owner occupancy, and homestead exemption credits and/or homestead and rollback deductions. The financial statements include these credits and/or deduction 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, 2020
(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. In 2020 the Village issued mandatory filing requirements.

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 Balances

Outstanding advances at December 31, 2020, consisted of \$350 advanced from the General Fund to Debt Service Fund to provide monies for repayment of special assessment bonds.

Note 7 – Risk Management

Buckeye Ohio Risk Management Agency

The Village is 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 July 31, 2020 (the latest information available):

	<u>2020</u>
Assets	\$9,301,083
Liabilities	\$2,364,205

Village of Archbold, Ohio
Fulton County
Notes to the Financial Statements
For the Year Ended December 31, 2020
(Continued)

Risk Management

The Village is also a member of the Public Entities Pool of Ohio (The Pool). The Pool assumes the risk of loss up to the limits of the Village's policy. The Pool covers the following risks:

- General liability and casualty
- Public official's liability
- Cyber
- Law enforcement liability
- Automobile liability
- Vehicles
- Property
- Equipment breakdown

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

	<u>2020</u>
Cash and investments	\$40,318,971
Actuarial liabilities	\$14,111,510

Note 8 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

Some Village 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 health care and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent of their gross salaries, and the Village contributed an amount equaling 14 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2020.

Ohio Police and Fire Retirement System

Village's certified Fire Fighters and full-time Police Officers belong to the Ohio 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 health care and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OP&F participants contributed 12.25 percent of their wages. The Village contributed to OP&F an amount equal to 19.5 percent of full-time police members' wages and 24 percent of full-time fire fighters' wages. The Village has paid all contributions required through December 31, 2020.

Village of Archbold, Ohio
Fulton County
Notes to the Financial Statements
For the Year Ended December 31, 2020
(Continued)

Social Security

Some 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, 2020.

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. The portion of employer contributions allocated to health care for OPERS members in the Traditional Pension Plan and Combined Plan was 0 percent during calendar year 2020. The portion of employer contributions allocated to health care for OPERS members in the Member Directed Plan was 4.0 percent during calendar year 2020. OP&F contributes 0.5 percent to fund these benefits.

Beginning January 1, 2019, OP&F changed its retiree health care model to a stipend-based health care model. A stipend funded by OP&F was placed in individual Health Reimbursement Accounts that retirees use to be reimbursed for health care expenses.

Note 10 – Debt

Debt outstanding at December 31, 2020, was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
General Obligation Bonds	\$2,280,000	various
Special Assessment Bonds	125,000	various
Meter Upgrade Note Series 2019	677,530	2.95%
Wastewater Treatment Plant Note Series 2020	1,000,000	2.875%
Water Treatment Plant Note Series 2020	500,000	2.25%
Ohio Water Development Authority Loan	<u>995,187</u>	1.42%
Total	<u>\$5,577,717</u>	

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.

Village of Archbold, Ohio
Fulton County
Notes to the Financial Statements
For the Year Ended December 31, 2020
(Continued)

The Water Meter Upgrade Note, Series 2019 was issued for the purpose of paying costs of improving the Village’s water meter reading system. The Note is payable monthly using revenue proceeds from the Water and Wastewater Funds. Monthly payments of \$10,568 will be made until October 11, 2026.

The Wastewater Treatment Plant Note, Series 2020, was issued in anticipation of the issuance of bonds for the purpose of paying costs of improving the Village's wastewater system by constructing an addition to, equipping and otherwise improving the Village's Wastewater Treatment Plant and related facilities. This note will mature March 1, 2021.

The Water Treatment Plant Note, Series 2020, 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. This note will mature May 18, 2021.

The Ohio Water Development Authority (OWDA) loan relates to a Wastewater Treatment Plant Improvements Aeration Tank Expansion Project. The OWDA approved up to \$4,064,913 in loans to the Village for this project. The Village will repay the loans in semiannual installments including interest, over 15 years beginning in July 2022. The OWDA will adjust scheduled payment to reflect any revisions in amounts the Village actually borrows. Sewer receipts collateralize the loan. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements. A final amortization schedule is not available as of the report date

In 2017, land was purchased for Memorial Park in the amount of \$90,250. The loan was paid off in 2020.

Amortization

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

Year Ending December 31:	General Obligation Bonds	Special Assessment Bonds	Water Meter Upgrade Note Series 2019	Water & Wastewater Notes Series 2020
2021	\$265,438	\$81,926	\$126,822	\$1,540,000
2022	256,838	17,812	126,822	
2023	262,538	21,969	126,822	
2024	263,038	15,844	126,822	
2025	263,437		126,822	
2026-2030	1,230,787		105,684	
Total	<u>\$2,542,076</u>	<u>\$137,551</u>	<u>\$739,794</u>	<u>\$1,540,000</u>

Village of Archbold, Ohio
Fulton County
Notes to the Financial Statements
For the Year Ended December 31, 2020
(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 \$2,443,500 as of December 31, 2020.

Note 13 – Related Party Transactions

Brad Short, a Village Council Member, is employed by Kenn-Feld Group LLC which is a local dealership that sells various supplies and parts as well as John Deere equipment through Deere & Co. In 2020 the Village spent \$3,980 in various purchases from Kenn-Feld Group and \$1,916 from Deere & Co. The purchases were presented on the bills and payroll reports approved by Village Council with full knowledge of Mr. Short’s employment at Kenn-Feld.

Note 14 – Fund Balances

Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At year end the balances of these amounts were as follows:

<u>Fund Balances</u>	<u>Capital Projects</u>
Outstanding Encumbrances	<u>\$ 2,082,142</u>

The fund balance of special revenue funds is either restricted or committed. The fund balance of debt service funds and capital projects fund are restricted committed or assigned. These restricted, committed and assigned amounts in the special revenue, debt service, and capital projects funds would include the outstanding encumbrances. In the general fund, outstanding encumbrances are considered assigned.

Village of Archbold, Ohio
Fulton County
Notes to the Financial Statements
For the Year Ended December 31, 2020
(Continued)

Note 15 – Subsequent Events

The Village is in the process of Ohio Water Development Authority (OWDA) loan approval for funding of Water Treatment Plant Granular Activated Carbon (GAC) and UV disinfection and other Improvements as well as funding for an Elevated Water Storage Tank both of which are 2021 construction projects with estimated total project costs of \$7,614,359 and \$1,227,900 respectively.

Note 16 – COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Village. In addition, the impact on the Village's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

During 2020, the Village received \$292,908 as CARES Act funding funneled through Fulton County. These amounts are recorded as public health expenditures in the Coronavirus Relief Special Revenue Fund on the accompanying financial statements.

Note 17 – Change in Accounting Principles

For 2020, the Village has made changes to their cash basis reporting model. These changes include modifications to the definition of fiduciary funds, adding a separate Combined Statement of Additions, Deductions and Changes in Fund Balances (Regulatory Cash Basis) -- All Fiduciary Fund Types, and removing the fund balance classifications from the Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Regulatory Cash Basis) – All Governmental Fund Types.

Due to the implementation of GASB Statement No. 84, the new classifications of private purpose trust funds and custodial funds are reporting beginning Fund Cash Balances of \$1,719 and \$97,065, respectively. Also related to the implementation of GASB Statement No. 84, the Village will no longer be reporting agency funds. At December 31, 2019, agency funds reported fund cash balance of \$98,784.

Note 18 – 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 2020, the General Fund had \$373,520 in Other Financing Sources due to reimbursements from other Village funds.

Enterprise Fund received reimbursements from ConAgra to cover 80% of expenses associated with the wastewater aeration tank expansion and design project. The Village posted these receipts in Other Financing Sources.

Note 19 – Miscellaneous Receipts

Capital Projects Fund and Enterprise Fund miscellaneous receipts primarily consisted of dividend rebates received from the Ohio Bureau of Worker's Compensation, farm rental receipts, and project reimbursements.

**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, 2019**

	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Totals (Memorandum Only)</u>
Cash Receipts					
Property and Other Local Taxes	\$758,714				\$758,714
Municipal Income Tax	20,000	\$1,514,240		\$3,130,701	4,664,941
Intergovernmental	144,961	288,713		551,969	985,643
Special Assessments			\$84,239		84,239
Charges for Services	1,056,475	185,450			1,241,925
Fines, Licenses and Permits	78,060	38			78,098
Earnings on Investments	23,423	22,353		85,051	130,827
Miscellaneous	42,850	69,022		3,913	115,785
<i>Total Cash Receipts</i>	<u>2,124,483</u>	<u>2,079,816</u>	<u>84,239</u>	<u>3,771,634</u>	<u>8,060,172</u>
Cash Disbursements					
Current:					
Security of Persons and Property	1,618,776				1,618,776
Public Health Services		44,331			44,331
Leisure Time Activities		731,540			731,540
Community Environment	39,388			818,584	857,972
Basic Utility Services	301,726				301,726
Transportation		687,470			687,470
General Government	853,542	60,696			914,238
Capital Outlay	20,168	132,392		1,800,877	1,953,437
Debt Service:					
Principal Retirement		82,138	70,000	200,000	352,138
Interest and Fiscal Charges		34,152	14,600		48,752
<i>Total Cash Disbursements</i>	<u>2,833,600</u>	<u>1,772,719</u>	<u>84,600</u>	<u>2,819,461</u>	<u>7,510,380</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(709,117)</u>	<u>307,097</u>	<u>(361)</u>	<u>952,173</u>	<u>549,792</u>
Other Financing Receipts (Disbursements)					
Transfers In		38,000			38,000
Transfers Out	(38,000)				(38,000)
Other Financing Sources	347,966			21,882	369,848
Other Financing Uses	(51,405)	(47,642)		(83,037)	(182,084)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>258,561</u>	<u>(9,642)</u>		<u>(61,155)</u>	<u>187,764</u>
<i>Net Change in Fund Cash Balances</i>	<u>(450,556)</u>	<u>297,455</u>	<u>(361)</u>	<u>891,018</u>	<u>737,556</u>
<i>Fund Cash Balances, January 1</i>	<u>1,217,549</u>	<u>934,297</u>	<u>9,629</u>	<u>2,737,945</u>	<u>4,899,420</u>
Fund Cash Balances, December 31					
Restricted		1,231,752	9,268	3,628,963	4,869,983
Assigned	418,334				418,334
Unassigned	348,659				348,659
<i>Fund Cash Balances, December 31</i>	<u>\$766,993</u>	<u>\$1,231,752</u>	<u>\$9,268</u>	<u>\$3,628,963</u>	<u>\$5,636,976</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, 2019**

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	<u>Totals</u>
	<u>Enterprise</u>	<u>Agency</u>	<u>(Memorandum Only)</u>
Operating Cash Receipts			
Charges for Services	\$3,619,201		\$3,619,201
Operating Cash Disbursements			
Personal Services	1,202,032		1,202,032
Contractual Services	463,194		463,194
Supplies and Materials	779,284		779,284
<i>Total Operating Cash Disbursements</i>	<u>2,444,510</u>		<u>2,444,510</u>
<i>Operating Income</i>	<u>1,174,691</u>		<u>1,174,691</u>
Non-Operating Receipts (Disbursements)			
Earnings on Investments	52,320		52,320
Sale of Notes	800,000		800,000
Miscellaneous Receipts	126,776		126,776
Capital Outlay	(1,125,073)	(\$3,689)	(1,128,762)
Principal Retirement	(472,158)		(472,158)
Interest and Other Fiscal Charges	(49,174)		(49,174)
Other Financing Sources	7,178	29,896	37,074
Other Financing Uses	(207,552)	(4,685)	(212,237)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(867,683)</u>	<u>21,522</u>	<u>(846,161)</u>
<i>Net Change in Fund Cash Balances</i>	307,008	21,522	328,530
<i>Fund Cash Balances, January 1</i>	<u>2,403,163</u>	<u>77,262</u>	<u>2,480,425</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$2,710,171</u></u>	<u><u>\$98,784</u></u>	<u><u>\$2,808,955</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, 2019

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 cash balances for all governmental fund types, and a combined statement of receipts, disbursements and changes in fund cash balances 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, 2019
(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 – Primrose and Lugbill Fund - This fund receives special assessment revenue for the repayment of special assessment bond issues.

Special Assessment – Murbach #5-03 - 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 private trust and agency funds. Trust funds account for assets held under a trust agreement for individuals, private organizations or other governments which are available to support the Village's own programs.

The Village's private purpose trust fund is for the benefit of certain individuals within the Lowell E. Short Fifth Addition subdivision for the installation of new sidewalks.

Agency funds are purely custodial in nature and are used to report fiduciary activity that is not required to be reported in a trust fund. The Village's agency fund accounts for the Community Improvement Corporation for the purpose of economic development.

Village of Archbold, Ohio
Fulton County
Notes to the Financial Statements
For the Year Ended December 31, 2019
(Continued)

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.

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 2019 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.

Village of Archbold, Ohio
Fulton County
Notes to the Financial Statements
For the Year Ended December 31, 2019
(Continued)

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.

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.

Village of Archbold, Ohio
Fulton County
Notes to the Financial Statements
For the Year Ended December 31, 2019
(Continued)

Note 3 - Budgetary Activity

Budgetary activity for the year ending December 31, 2019 follows:

2019 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$2,577,038	\$2,472,449	\$8,349
Special Revenue	2,089,360	2,117,816	28,459
Debt Service	82,905	84,239	1,333
Capital Projects	3,828,150	3,793,516	(34,634)
Enterprise	5,156,940	4,605,475	(551,467)
Total	\$13,734,393	\$13,073,495	(\$547,960)

2019 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$3,480,935	\$2,942,340	\$538,595
Special Revenue	2,150,929	1,820,361	330,568
Debt Service	85,187	84,600	587
Capital Projects	5,401,435	3,229,276	2,172,159
Enterprise	5,557,189	4,977,383	579,806
Private Purpose Trust	4,690	4,685	
Total	\$16,680,365	\$13,058,645	\$3,621,715

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:

	2019
Demand deposits	\$8,445,931

Deposits

Deposits are insured by the Federal Depository Insurance Corporation.

Village of Archbold, Ohio
Fulton County
Notes to the Financial Statements
For the Year Ended December 31, 2019
(Continued)

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.

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

The Village is a member of the Public Entities Pool of Ohio (The Pool). The Pool assumes the risk of loss up to the limits of the Village's policy. The Pool covers the following risks:

- General liability and casualty
- Public official's liability
- Cyber
- Law enforcement liability
- Automobile liability
- Vehicles
- Property
- Equipment breakdown

Village of Archbold, Ohio
Fulton County
Notes to the Financial Statements
For the Year Ended December 31, 2019
(Continued)

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

	<u>2019</u>
Cash and investments	\$38,432,610
Actuarial liabilities	\$14,705,917

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 July 31, 2019 (the latest information available):

	<u>2019</u>
Assets	\$7,664,396
Liabilities	\$2,705,536

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 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, 2019.

Village of Archbold, Ohio
Fulton County
Notes to the Financial Statements
For the Year Ended December 31, 2019
(Continued)

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, 2019.

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, 2019.

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. The portion of employer contributions allocated to health care for OPERS members in the Traditional Pension Plan and Combined Plan was 0 percent during calendar year 2019. The portion of employer contributions allocated to health care for OPERS members in the Member Directed Plan was 4.0 percent during calendar year 2019. OP&F contributes 0.5 percent to fund these benefits.

Beginning January 1, 2019, OP&F changed its retiree health care model to a stipend-based health care model. A stipend funded by OP&F was placed in individual Health Reimbursement Accounts that retirees use to be reimbursed for health care expenses.

Village of Archbold, Ohio
Fulton County
Notes to the Financial Statements
For the Year Ended December 31, 2019
(Continued)

Note 9 - Debt

Debt outstanding at December 31, 2019 was as follows:

	Principal	Interest Rate
General Obligation Bonds	\$2,490,000	Various
Special Assessment Bonds	195,000	Various
Memorial Park Land Purchase	36,360	4.00%
Meter Upgrade Note, Series 2019	782,842	2.95%
Total	\$3,504,202	

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 was paid in full in March 2019.

The Water Meter Upgrade Note, Series 2019 for \$800,000 was issued for the purpose of paying costs of improving the Village's water meter reading system. The Note is payable monthly using revenue proceeds from the Water and Wastewater Funds. Monthly payments of \$10,568 will be made until October 11, 2026.

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.

Village of Archbold, Ohio
Fulton County
Notes to the Financial Statements
For the Year Ended December 31, 2019
(Continued)

Amortization

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

Year ending	General Obligation	Special	Water Meter	Memorial
December 31:	Bonds	Assessment Bonds	Upgrade Note	Park Land
	Bonds	Assessment Bonds	Series 2019	Purchase
2020	\$268,837	\$80,759	\$126,822	\$19,278
2021	265,438	81,926	126,822	19,278
2022	256,838	17,812	126,822	
2023	262,538	21,969	126,822	
2024	263,038	15,844	126,822	
2025-2029	1,274,388		232,506	
2030	219,837			
Total	\$2,810,913	\$218,310	\$866,616	\$38,556

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 \$2,170,400 as of December 31, 2019.

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 2019, the General Fund had \$347,966 in Other Financing Sources due to reimbursements from other Village funds.

Village of Archbold, Ohio
Fulton County
Notes to the Financial Statements
For the Year Ended December 31, 2019
(Continued)

Note 13 - Subsequent Events

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Village. In addition, the impact on the Village's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

Note 14 - Related Party Transactions

Jeff Fryman, Mayor for 2019, is part owner of Black Swamp Equipment. Black Swamp Equipment is a local company that sells various supplies, machine parts, and rental of small equipment. In 2019 the Village purchased \$17,942 from Black Swamp Equipment.

Brad Short, a Village Council Member, is employed by Kenn-Feld Group LLC which is a local dealership that sells various supplies and parts as well as John Deere equipment through Deere & Co. In 2019 the Village spent \$7,738 in various purchases from Kenn-Feld Group and \$4,900 from Deere & Co.

The purchases were approved at arm's length, with full knowledge of Village officials of Mr. Fryman's and Mr. Short's interest. Mr. Fryman and Mr. Short took no part in the deliberation or decision by Village officials with respect to the purchases.

OHIO AUDITOR OF STATE KEITH FABER



One Government Center, Suite 1420
Toledo, Ohio 43604-2246
(419) 245-2811 or (800) 443-9276
NorthwestRegion@ohioauditor.gov

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 43502-0406

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 for each governmental and proprietary fund type and the fiduciary fund type combined total as of and for the year ended December 31, 2020, and for each governmental, proprietary and fiduciary fund type as of and for the year ended December 31, 2019, and related notes of the Village of Archbold, Fulton County, Ohio (the Village) and have issued our report thereon dated August 26, 2021, 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. We also noted the financial impact of COVID-19 and the continuing emergency measures which may impact subsequent periods of the Village. In addition, we also noted the Village adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 84, Fiduciary Activities.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Village's internal control over financial reporting (internal control) as a basis for designing 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 financial statements. 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

August 26, 2021

OHIO AUDITOR OF STATE KEITH FABER



VILLAGE OF ARCHBOLD

FULTON COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

This is a true and correct copy of the report, which is required to be filed pursuant to Section 117.26, Revised Code, and which is filed in the Office of the Ohio Auditor of State in Columbus, Ohio.



Certified for Release 9/14/2021

88 East Broad Street, Columbus, Ohio 43215
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at
www.ohioauditor.gov