



Dave Yost • Auditor of State

VILLAGE OF ARCHBOLD
FULTON COUNTY

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Dave Yost • Auditor of State

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 and related notes of the Village of Archbold, Fulton County, Ohio (the Village) as of and for the years ended December 31, 2014 and 2013.

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 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 opinion.

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

As described in Note 1 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, to satisfy these requirements. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be 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 permitted 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, 2014 and 2013, or 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 combined cash balances of the Village of Archbold, Fulton County, Ohio as of December 31, 2014 and 2013, and its combined cash receipts and disbursements 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 1.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 2, 2015, 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.



Dave Yost
Auditor of State

Columbus, Ohio

April 2, 2015

**VILLAGE OF ARCHBOLD
FULTON COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2014**

	General	Special Revenue	Debt Service	Capital Projects	Totals (Memorandum Only)
Cash Receipts					
Property and Other Local Taxes	\$537,560				\$537,560
Municipal Income Tax	3,082,900	\$618,203			3,701,103
Intergovernmental	237,453	280,197		\$456,450	974,100
Special Assessments			\$270,726	21,693	292,419
Charges for Services	581,046	142,672			723,718
Fines, Licenses and Permits	62,558	225			62,783
Earnings on Investments	3,048	1,560		10,947	15,555
Miscellaneous	78,368	57,221		29,474	165,063
<i>Total Cash Receipts</i>	<u>4,582,933</u>	<u>1,100,078</u>	<u>270,726</u>	<u>518,564</u>	<u>6,472,301</u>
Cash Disbursements					
Current:					
Security of Persons and Property	1,363,221				1,363,221
Public Health Services		71,365			71,365
Leisure Time Activities		613,910			613,910
Community Environment	12,859			660,092	672,951
Basic Utility Services	299,780				299,780
Transportation		740,906			740,906
General Government	662,243	5,290			667,533
Capital Outlay	94,080	173,614		1,290,634	1,558,328
Debt Service:					
Principal Retirement		75,000	215,000	200,000	490,000
Interest and Fiscal Charges		60,982	58,291		119,273
<i>Total Cash Disbursements</i>	<u>2,432,183</u>	<u>1,741,067</u>	<u>273,291</u>	<u>2,150,726</u>	<u>6,597,267</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>2,150,750</u>	<u>(640,989)</u>	<u>(2,565)</u>	<u>(1,632,162)</u>	<u>(124,966)</u>
Other Financing Receipts (Disbursements)					
Transfers In		550,000		2,400,000	2,950,000
Transfers Out	(2,950,000)				(2,950,000)
Advances In			800		800
Advances Out	(800)				(800)
Other Financing Sources	424,589			35,146	459,735
Other Financing Uses	(14,561)	(36,857)		(65,306)	(116,724)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(2,540,772)</u>	<u>513,143</u>	<u>800</u>	<u>2,369,840</u>	<u>343,011</u>
<i>Net Change in Fund Cash Balances</i>	<u>(390,022)</u>	<u>(127,846)</u>	<u>(1,765)</u>	<u>737,678</u>	<u>218,045</u>
<i>Fund Cash Balances, January 1</i>	<u>1,543,653</u>	<u>682,855</u>	<u>22,226</u>	<u>2,978,082</u>	<u>5,226,816</u>
Fund Cash Balances, December 31					
Restricted		555,009	20,461	3,715,760	4,291,230
Assigned	87,389				87,389
Unassigned	1,066,242				1,066,242
<i>Fund Cash Balances, December 31</i>	<u>\$1,153,631</u>	<u>\$555,009</u>	<u>\$20,461</u>	<u>\$3,715,760</u>	<u>\$5,444,861</u>

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

**VILLAGE OF ARCHBOLD
FULTON COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL PROPRIETARY AND FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2014**

	Proprietary Fund Type	Fiduciary Fund Type	Totals
	Enterprise	Agency	(Memorandum Only)
Operating Cash Receipts			
Charges for Services	\$2,692,607		\$2,692,607
Operating Cash Disbursements			
Personal Services	1,142,404		1,142,404
Contractual Services	446,271		446,271
Supplies and Materials	569,121		569,121
<i>Total Operating Cash Disbursements</i>	<u>2,157,796</u>		<u>2,157,796</u>
<i>Operating Income</i>	<u>534,811</u>		<u>534,811</u>
Non-Operating Receipts (Disbursements)			
Earnings on Investments	5,190		5,190
Sale of Notes	1,600,000		1,600,000
Miscellaneous Receipts	166,199	\$6	166,205
Capital Outlay	(168,837)	1	(168,836)
Principal Retirement	(1,770,000)		(1,770,000)
Interest and Other Fiscal Charges	(69,594)		(69,594)
Other Financing Sources	25,845		25,845
Other Financing Uses	(294,738)		(294,738)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(505,935)</u>	<u>7</u>	<u>(505,928)</u>
<i>Income before Transfers</i>	28,876	7	28,883
Transfers In	75,000		75,000
Transfers Out	(75,000)		(75,000)
<i>Net Change in Fund Cash Balances</i>	28,876	7	28,883
<i>Fund Cash Balances, January 1</i>	<u>2,433,207</u>	<u>24,766</u>	<u>2,457,973</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$2,462,083</u></u>	<u><u>\$24,773</u></u>	<u><u>\$2,486,856</u></u>

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

**VILLAGE OF ARCHBOLD
FULTON COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2013**

	General	Special Revenue	Debt Service	Capital Projects	Totals (Memorandum Only)
Cash Receipts					
Property and Other Local Taxes	\$541,130				\$541,130
Municipal Income Tax	3,116,072	\$624,702			3,740,774
Intergovernmental	328,136	265,666		\$259,245	853,047
Special Assessments			\$272,649	21,933	294,582
Charges for Services	571,835	159,341			731,176
Fines, Licenses and Permits	47,738				47,738
Earnings on Investments	3,474	486		3,740	7,700
Miscellaneous	69,253	36,572		40,830	146,655
<i>Total Cash Receipts</i>	<u>4,677,638</u>	<u>1,086,767</u>	<u>272,649</u>	<u>325,748</u>	<u>6,362,802</u>
Cash Disbursements					
Current:					
Security of Persons and Property	1,413,853				1,413,853
Public Health Services	23,494	43,489			66,983
Leisure Time Activities		634,340			634,340
Community Environment	21,352			630,656	652,008
Basic Utility Services	306,184				306,184
Transportation		650,607			650,607
General Government	694,461	14,653			709,114
Capital Outlay				1,269,816	1,269,816
Debt Service:					
Principal Retirement		75,000	200,000	65,000	340,000
Interest and Fiscal Charges		63,232	70,269	60,977	194,478
<i>Total Cash Disbursements</i>	<u>2,459,344</u>	<u>1,481,321</u>	<u>270,269</u>	<u>2,026,449</u>	<u>6,237,383</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>2,218,294</u>	<u>(394,554)</u>	<u>2,380</u>	<u>(1,700,701)</u>	<u>125,419</u>
Other Financing Receipts (Disbursements)					
Transfers In		475,000		2,500,000	2,975,000
Transfers Out	(2,975,000)				(2,975,000)
Advances In	50				50
Advances Out			(50)		(50)
Other Financing Sources	325,042			55,873	380,915
Other Financing Uses	(14,001)	(34,021)		(62,511)	(110,533)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(2,663,909)</u>	<u>440,979</u>	<u>(50)</u>	<u>2,493,362</u>	<u>270,382</u>
<i>Net Change in Fund Cash Balances</i>	<u>(445,615)</u>	<u>46,425</u>	<u>2,330</u>	<u>792,661</u>	<u>395,801</u>
<i>Fund Cash Balances, January 1</i>	<u>1,989,268</u>	<u>636,430</u>	<u>19,896</u>	<u>2,185,421</u>	<u>4,831,015</u>
Fund Cash Balances, December 31					
Restricted		682,855	22,226	2,978,082	3,683,163
Assigned	110,480				110,480
Unassigned	1,433,173				1,433,173
<i>Fund Cash Balances, December 31</i>	<u>\$1,543,653</u>	<u>\$682,855</u>	<u>\$22,226</u>	<u>\$2,978,082</u>	<u>\$5,226,816</u>

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

**VILLAGE OF ARCHBOLD
FULTON COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL PROPRIETARY AND FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2013**

	Proprietary Fund Type	Fiduciary Fund Type	Totals
	Enterprise	Agency	(Memorandum Only)
Operating Cash Receipts			
Charges for Services	\$2,830,782		\$2,830,782
Operating Cash Disbursements			
Personal Services	1,113,994		1,113,994
Contractual Services	424,243		424,243
Supplies and Materials	591,742		591,742
<i>Total Operating Cash Disbursements</i>	<u>2,129,979</u>		<u>2,129,979</u>
<i>Operating Income</i>	<u>700,803</u>		<u>700,803</u>
Non-Operating Receipts (Disbursements)			
Intergovernmental	12,532		12,532
Earnings on Investments	1,878	\$10	1,888
Sale of Notes	1,900,000		1,900,000
Miscellaneous Receipts	153,018		153,018
Capital Outlay	(2,511,454)		(2,511,454)
Other Financing Sources	65,322		65,322
Other Financing Uses	(346,269)		(346,269)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(724,973)</u>	<u>10</u>	<u>(724,963)</u>
<i>Income (Loss) before Transfers</i>	(24,170)	10	(24,160)
Transfers In	75,000		75,000
Transfers Out	(75,000)		(75,000)
<i>Net Change in Fund Cash Balances</i>	(24,170)	10	(24,160)
<i>Fund Cash Balances, January 1</i>	<u>2,457,377</u>	<u>24,756</u>	<u>2,482,133</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$2,433,207</u></u>	<u><u>\$24,766</u></u>	<u><u>\$2,457,973</u></u>

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

**VILLAGE OF ARCHBOLD
FULTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Village of Archbold, Fulton County, Ohio (the Village) as a body corporate and politic. 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.

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 General Fund.

The Village participates in the Ohio Plan Risk Management, Inc. and in the Buckeye Ohio Risk Management Agency, Inc. public entity risk pools. Note 8 to the financial statements provides 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 Corporation. Note 9 to the financial statements describes this asset.

B. Accounting Basis

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.

C. 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 deposit and U.S. government agency securities at cost.

**VILLAGE OF ARCHBOLD
FULTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting

The Village uses fund accounting to segregate cash and investments that are restricted as to use. The Village classifies its funds into the following types:

1. General Fund

The General Fund accounts for and reports all financial resources not accounted for and reported in another fund.

2. 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 Fund - This fund receives gasoline tax and motor vehicle tax money for constructing, maintaining, and repairing Village streets.

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

3. 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 - Lowell Short's Fifth Addition 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.

4. Capital Projects 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 Projects Fund:

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

**VILLAGE OF ARCHBOLD
FULTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

5. 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.

6. 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 Agency Fund accounts for monies collected by residents in the Lowell E. Short's Fifth Addition subdivision for installation of new sidewalks.

E. Budgetary Process

The Ohio Revised Code requires that each fund be budgeted annually.

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control and appropriations may not exceed estimated resources. The Village Council must annually approve appropriation measures and subsequent amendments. Unencumbered appropriations lapse at year end.

2. Estimated Resources

Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered cash as of January 1. The County Budget Commission must also approve estimated resources.

3. 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 2014 and 2013 budgetary activity appears in Note 3.

VILLAGE OF ARCHBOLD
FULTON COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013
(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. 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:

1. **Nonspendable**

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

2. **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.

3. **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.

4. **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.

5. **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
FULTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. Property, Plant, and Equipment

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

H. 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.

2. EQUITY IN POOLED DEPOSITS AND INVESTMENTS

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

	2014	2013
Demand deposits	\$2,441,319	\$2,211,716
Certificates of deposit	1,901,651	150,000
Total deposits	4,342,970	2,361,716
U.S. Government Agency Securities	3,588,747	5,323,073
Total deposits and investments	\$7,931,717	\$7,684,789

Deposits: Deposits are insured by the Federal Depository Insurance Corporation; or collateralized by securities specifically pledged by the financial institution to the Village.

Investments: A financial institution's trust department holds the Village's equity securities in book entry form in the Village's name.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2014 and 2013 follows:

2014 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$4,944,135	\$5,007,522	\$63,387
Special Revenue	1,534,853	1,650,078	115,225
Debt Service	273,291	270,726	(2,565)
Capital Projects	3,502,402	2,953,710	(548,692)
Enterprise	4,778,740	4,564,841	(213,899)
Fiduciary	10	7	(3)
Total	\$15,033,431	\$14,446,884	(\$586,547)

**VILLAGE OF ARCHBOLD
FULTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013
(Continued)**

3. BUDGETARY ACTIVITY (Continued)

2014 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$6,240,243	\$5,406,465	\$833,778
Special Revenue	1,972,378	1,796,101	176,277
Debt Service	273,291	273,291	
Capital Projects	5,185,681	2,656,723	2,528,958
Enterprise	6,354,514	4,902,199	1,452,315
Total	<u>\$20,026,107</u>	<u>\$15,034,779</u>	<u>\$4,991,328</u>

2013 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$4,815,878	\$5,002,680	\$186,802
Special Revenue	1,524,927	1,561,767	36,840
Debt Service	270,318	272,649	2,331
Capital Projects	3,003,643	2,881,621	(122,022)
Enterprise	6,140,475	5,038,532	(1,101,943)
Fiduciary	10	10	
Total	<u>\$15,755,251</u>	<u>\$14,757,259</u>	<u>(\$997,992)</u>

2013 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$6,240,921	\$5,481,440	\$759,481
Special Revenue	1,912,249	1,538,832	373,417
Debt Service	270,319	270,269	50
Capital Projects	3,308,639	2,276,041	1,032,598
Enterprise	7,810,800	5,164,425	2,646,375
Total	<u>\$19,542,928</u>	<u>\$14,731,007</u>	<u>\$4,811,921</u>

4. PROPERTY TAX

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 personal and 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
FULTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013
(Continued)**

5. LOCAL INCOME TAX

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

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

6. DEBT

Debt outstanding at December 31, 2014 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
General Obligation Bonds	\$3,135,000	Various
Special Assessment Bonds	815,000	Various
Water Treatment Plant Notes, Series 2014	1,600,000	0.73%
Total	<u>\$5,550,000</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 bonds were issued in 2010 and will mature in 2030. The Parks and Recreation Fund will pay for 51 percent of the debt, and the Sewer Fund will pay for the remaining 49 percent. 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 Notes, Series 2014 were 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 (April 17, 2015).

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

	General Obligation Bonds	Special Assessment Bonds	Water Treatment Plant Notes, Series 2014
Year ending December 31:			
2015	\$266,748	\$210,459	\$1,611,680
2016	262,998	170,751	
2017	263,497	148,144	
2018	273,847	151,646	
2019	268,535	84,600	
2020-2024	1,362,360	218,310	
2025-2029	1,342,730		
2030	234,788		
Total	<u>\$4,275,503</u>	<u>\$983,910</u>	<u>\$1,611,680</u>

**VILLAGE OF ARCHBOLD
FULTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013
(Continued)**

7. RETIREMENT SYSTEMS

The Village's certified Fire Fighters and full-time Police Officers belong to the Police and Fire Pension Fund (OP&F). Other employees belong to the Ohio Public Employees Retirement System (OPERS). OP&F and OPERS are cost-sharing, multiple-employer plans. The Ohio Revised Code prescribes these plans' benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For January through June 2013 OP&F participants contributed 10% of their wages; for July 2013 through June 2014 participants contributed 10.75% and for July through December 2014 participants contributed 11.5% of their wages. For 2014 and 2013, 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. For 2014 and 2013, 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, 2014.

Effective July 1, 1991, all officials and employees not otherwise covered by OPERS have an option to become a member of the Social Security System. As of December 31, 2014, certain volunteer firefighters have elected to contribute to Social Security. The volunteer firefighter's liability is 6.2 percent of wages.

8. RISK MANAGEMENT

Risk Pool Membership

Ohio Plan Risk Management, Inc.

The Village belongs to the Ohio Plan Risk Management, Inc. (OPRM) - formerly known as the Ohio Risk Management Plan, (the "Plan"), a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to Ohio governments ("Members"). The Plan is legally separate from its member governments.

Pursuant to Section 2744.081 of the Ohio Revised Code, the plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages to its members sold through fourteen appointed independent agents in the State of Ohio.

OPRM coverage programs are developed specific to each member's risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member's exposure to loss, except OPRM retains 41.5% (effective November 1, 2011) of the premium and losses on the first \$250,000 casualty treaty and 10% of the first \$1,000,000 property treaty. Effective November 1, 2012 (and through October 2014) the plan increased its retention to 50% of the first \$250,000 casualty treaty. The Plans's property retention remained unchanged from prior years. This change was made to balance the reinsurance market conditions. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 767 and 774 members as of December 31, 2012 and 2013 respectively.

**VILLAGE OF ARCHBOLD
FULTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013
(Continued)**

8. RISK MANAGEMENT (Continued)

Plan members are responsible to notify the Plan of their intent to renew coverage by their renewal date. If a member chooses not to renew with the Plan, they have no other financial obligation to the Plan, but still need to promptly notify the Plan of any potential claims occurring during their membership period. The former member's covered claims, which occurred during their membership period, remain the responsibility of the Plan.

Settlement amounts did not exceed insurance coverage for the past three fiscal years.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2012 and 2013 (the latest information available).

	2012	2013
Assets	\$13,100,381	\$13,774,304
Liabilities	(6,687,193)	(7,968,395)
Members' Equity	\$6,413,188	\$5,805,909

You can read the complete audited financial statements for OPRM at the Plan's website, www.ohioplan.org.

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 (the latest information available):

	2014	2013
Assets	\$2,129,710	\$1,573,028
Liabilities	\$5,321,159	\$5,739,777

9. 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 value of the land is \$1,680,419 as of December 31, 2014. 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 repayment on the principle of the loan would be returned to the Village. The Corporation owes the Village \$397,156 as of December 31, 2014.

**VILLAGE OF ARCHBOLD
FULTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013
(Continued)**

10. RELATED PARTY TRANSACTIONS

Jeff Fryman, a Village Council member, 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 2014 and 2013, the Village purchased \$10,060 and \$14,337, respectively, in various supplies, equipment rentals, and small parts. 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.

11. SUBSEQUENT EVENTS

On March 16, 2015 the Village passed an Ordinance to authorize the sale of \$1,300,000 in bond anticipation notes. The proceeds of the notes will be utilized to pay off the series 2014 notes.

12. INTERFUND TRANSACTIONS

During 2014 and 2013 the following transfers were made from the following funds:

Transfers To	Transfers From		
	General	Water Fund	Sewer Fund
2014			
Special Revenue Funds:			
Street, Construction, Maintenance and Repair	\$ 500,000		
Cemetery Fund	50,000		
Capital Projects Fund	2,400,000		
Enterprise Funds:			
Water Replacement and Investment Fund		\$ 50,000	
Sewer Replacement and Investment Fund			\$ 25,000
Total	\$ 2,950,000	\$ 50,000	\$ 25,000
2013			
Special Revenue Funds:			
Street, Construction, Maintenance and Repair	\$ 425,000		
Cemetery Fund	50,000		
Capital Projects Fund	2,500,000		
Enterprise Funds:			
Water Replacement and Investment Fund		\$ 50,000	
Sewer Replacement and Investment Fund			\$ 25,000
Total	\$ 2,975,000	\$ 50,000	\$ 25,000

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.

Enterprise Fund transfers represent the surplus in the Water and Sewer Funds that are set aside for improvements to the water and wastewater systems.



Dave Yost • Auditor of State

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 of 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 Village of Archbold, Fulton County, Ohio, (the Village) as of and for the year ended December 31, 2014 and 2013, and the related notes to the financial statements and have issued our report thereon dated April 2, 2015 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 opinion 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 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 communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

Dave Yost
Auditor of State

Columbus, Ohio

April 2, 2015

**VILLAGE OF ARCHBOLD
FULTON COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2014 AND 2013**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2012-001	Material weakness due to incorrect classification of fund balance within the General Fund.	Yes	

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VILLAGE OF ARCHBOLD

FULTON COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
APRIL 21, 2015