



Dave Yost · Auditor of State

**VILLAGE OF ARCHBOLD
FULTON COUNTY**

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INDEPENDENT AUDITOR'S REPORT

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

To the Village Council:

Report on the Financial Statements

We have audited the accompanying financial statements of the cash balances, receipts and disbursements by fund type, and related notes of the Village of Archbold, Fulton County, Ohio (the Village) as of and for the years ended December 31, 2016 and 2015.

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, 2016 and 2015, and the respective changes in financial position or cash flows thereof for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements by fund type, and related notes of the Village of Archbold, Fulton County, Ohio as of December 31, 2016 and 2015, for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 2.

Emphasis of Matter

As discussed in Note 16 to the financial statements, during 2015, the Village restated fund balance due to an accounting change in reporting Community Improvement Corporation activity. We did not modify our opinion regarding this matter.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 6, 2017, 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.

Village of Archbold
Fulton County
Independent Auditor's Report
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A handwritten signature in black ink that reads "Dave Yost". The signature is fluid and cursive, with "Dave" on top and "Yost" below it.

Dave Yost
Auditor of State

Columbus, Ohio

November 6, 2017

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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, 2016

	General	Special Revenue	Debt Service	Capital Projects	Totals (Memorandum Only)
Cash Receipts					
Property and Other Local Taxes	\$546,575				\$546,575
Municipal Income Tax	4,112,543	\$823,524			4,936,067
Intergovernmental	136,031	269,115		\$589,108	994,254
Special Assessments			\$172,060	15,119	187,179
Charges for Services	749,519	155,542			905,061
Fines, Licenses and Permits	60,758				60,758
Earnings on Investments	3,611	2,401		10,855	16,867
Miscellaneous	68,661	83,247		26,905	178,813
<i>Total Cash Receipts</i>	<i>5,677,698</i>	<i>1,333,829</i>	<i>172,060</i>	<i>641,987</i>	<i>7,825,574</i>
Cash Disbursements					
Current:					
Security of Persons and Property	1,531,242				1,531,242
Public Health Services		65,814			65,814
Leisure Time Activities		630,104			630,104
Community Environment	37,141			695,919	733,060
Basic Utility Services	300,188				300,188
Transportation		658,189			658,189
General Government	884,630	28,807			913,437
Capital Outlay		137,556		2,903,801	3,041,357
Debt Service:					
Principal Retirement		1,589,411	135,000	200,000	1,924,411
Interest and Fiscal Charges		48,111	35,752		83,863
<i>Total Cash Disbursements</i>	<i>2,753,201</i>	<i>3,157,992</i>	<i>170,752</i>	<i>3,799,720</i>	<i>9,881,665</i>
<i>Excess of Receipts Over (Under) Disbursements</i>	<i>2,924,497</i>	<i>(1,824,163)</i>	<i>1,308</i>	<i>(3,157,733)</i>	<i>(2,056,091)</i>
Other Financing Receipts (Disbursements)					
Sale of Bonds		1,420,000			1,420,000
Other Debt Proceeds		61,182			61,182
Transfers In		335,000		1,900,000	2,235,000
Transfers Out	(2,235,000)				(2,235,000)
Advances In	370				370
Advances Out			(370)		(370)
Other Financing Sources	476,335			3,247	479,582
Other Financing Uses	(16,542)	(80,944)		(100,281)	(197,767)
<i>Total Other Financing Receipts (Disbursements)</i>	<i>(1,774,837)</i>	<i>1,735,238</i>	<i>(370)</i>	<i>1,802,966</i>	<i>1,762,997</i>
<i>Net Change in Fund Cash Balances</i>	<i>1,149,660</i>	<i>(88,925)</i>	<i>938</i>	<i>(1,354,767)</i>	<i>(293,094)</i>
<i>Fund Cash Balances, January 1</i>	<i>838,755</i>	<i>497,667</i>	<i>8,583</i>	<i>2,784,851</i>	<i>4,129,856</i>
Fund Cash Balances, December 31					
Restricted		408,742	9,521	1,430,084	1,848,347
Assigned	1,067,120				1,067,120
Unassigned	921,295				921,295
<i>Fund Cash Balances, December 31</i>	<i>\$1,988,415</i>	<i>\$408,742</i>	<i>\$9,521</i>	<i>\$1,430,084</i>	<i>\$3,836,762</i>

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, 2016**

	Proprietary Fund Type	Fiduciary Fund Type	Totals
	Enterprise	Agency	(Memorandum Only)
Operating Cash Receipts			
Charges for Services	\$2,654,942		\$2,654,942
Operating Cash Disbursements			
Personal Services	1,193,313		1,193,313
Contractual Services	429,689		429,689
Supplies and Materials	613,796		613,796
<i>Total Operating Cash Disbursements</i>	<i>2,236,798</i>		<i>2,236,798</i>
Operating Income	418,144		418,144
Non-Operating Receipts (Disbursements)			
Intergovernmental	28,560		28,560
Earnings on Investments	6,285	\$7	6,292
Sale of Bonds	1,405,000		1,405,000
Sale of Notes	1,000,000		1,000,000
Other Debt Proceeds	58,783		58,783
Debt Issuance Costs	(49,791)		(49,791)
Miscellaneous Receipts	178,874		178,874
Capital Outlay	(165,485)		(165,485)
Principal Retirement	(2,483,200)		(2,483,200)
Interest and Other Fiscal Charges	(134,796)		(134,796)
Other Financing Sources	10,189	19,361	29,550
Other Financing Uses	(303,797)	(11,350)	(315,147)
<i>Total Non-Operating Receipts (Disbursements)</i>	<i>(449,378)</i>	<i>8,018</i>	<i>(441,360)</i>
Income (Loss) before Transfers	(31,234)	8,018	(23,216)
Transfers In	75,000		75,000
Transfers Out	(75,000)		(75,000)
Net Change in Fund Cash Balances	(31,234)	8,018	(23,216)
Fund Cash Balances, January 1	1,789,558	101,106	1,890,664
Fund Cash Balances, December 31	\$1,758,324	\$109,124	\$1,867,448

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, 2016

Note 1 - Reporting Entity

The Village of Archbold (the Village), Fulton County, Ohio is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. A publicly-elected six-member Council directs the Village. The Village provides water, sewer, and refuse utilities, park operations, police services, emergency medical services, road maintenance, and cemetery maintenance. The Village appropriates general fund money to support a volunteer fire department.

Public Entity Risk Pools and Related Organization

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

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

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

Note 2 - Summary of Significant Accounting Policies

Basis of Presentation

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

Fund Accounting

The Village uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Village are presented below:

General Fund - The general fund accounts for and reports all financial resources not accounted for and reported in another fund. The general fund balance is available to the Village for any purpose provided it is expended or transferred according to the general laws of Ohio.

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

Street Construction Maintenance and Repair - The street construction maintenance and repair fund accounts for and reports that portion of the State gasoline tax and motor vehicle license

Village of Archbold, Ohio
Fulton County
Notes to the Financial Statements
For the Year Ended December 31, 2016
(Continued)

registration fees restricted for construction, maintenance, and repair of streets within the Village.

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

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

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

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

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

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

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

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

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

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

Basis of Accounting

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

Village of Archbold, Ohio
Fulton County
Notes to the Financial Statements
For the Year Ended December 31, 2016
(Continued)

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 2016 budgetary activity appears in Note 3.

Deposits and Investments

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

The Village values certificates of deposits at cost.

Capital Assets

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

Accumulated Leave

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

Fund Balance

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

Village of Archbold, Ohio
Fulton County
Notes to the Financial Statements
For the Year Ended December 31, 2016
(Continued)

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

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

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

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

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

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

Note 3 - Budgetary Activity

Budgetary activity for the year ending December 31, 2016 follows:

2016 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$5,860,891	\$6,154,403	\$293,512
Special Revenue	3,269,462	3,150,011	(119,451)
Debt Service	171,121	172,060	939
Capital Projects	3,134,421	2,545,234	(589,187)
Enterprise	5,511,143	5,417,633	(93,510)
Total	<u>\$17,947,038</u>	<u>\$17,439,341</u>	<u>(\$507,697)</u>

Village of Archbold, Ohio
Fulton County
Notes to the Financial Statements
For the Year Ended December 31, 2016
(Continued)

2016 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$5,501,704	\$5,011,586	\$490,118
Special Revenue	3,621,954	3,272,076	349,878
Debt Service	176,796	171,122	5,674
Capital Projects	4,986,415	4,125,706	860,709
Enterprise	6,813,829	5,483,151	1,330,678
Total	<u>\$21,100,698</u>	<u>\$18,063,641</u>	<u>\$3,037,057</u>

Note 4 – Deposits and Investments

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:

	2016
Demand deposits	\$5,679,422
Other time deposits	24,788
Total deposits	<u>\$5,704,210</u>

Deposits

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

Note 5 – Taxes

Property Taxes

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

Public utilities are also taxed on 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, Ohio
Fulton County
Notes to the Financial Statements
For the Year Ended December 31, 2016
(Continued)

Income Taxes

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

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

Note 6 – Interfund Transfers

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

Fund	Transfer In	Transfers Out
General		\$2,235,000
Special Revenue	\$335,000	
Capital Projects	1,900,000	
Enterprise	75,000	75,000
Total	\$2,310,000	\$2,310,000

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.

Note 7 - Risk Management

Public Entities Pool of Ohio (PEP)

The Village belongs to the Public Entities Pool of Ohio (PEP), a risk-sharing pool available to Ohio local governments. PEP provides property and casualty coverage for its members. York Insurance Services Group, Inc. (York) functions as the administrator of PEP and provides underwriting, claims, loss control, risk management, and reinsurance services for PEP. PEP is a member of the American Public Entity Excess Pool (APEEP), which is also administered by York. Member governments pay annual contributions to fund PEP. PEP pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

Casualty and Property Coverage

APEEP provides PEP with an excess risk-sharing program. Under this arrangement, PEP retains insured risks up to an amount specified in the contracts. At December 31, 2016, PEP retained \$350,000 for casualty claims and \$100,000 for property claims.

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

Village of Archbold, Ohio
Fulton County
Notes to the Financial Statements
For the Year Ended December 31, 2016
(Continued)

Financial Position

PEP's financial statements (audited by other auditor's) conform with generally accepted accounting principles, and reported the following assets, liabilities and net position at December 31, 2016.

	<u>2016</u>
Assets	\$42,182,281
Liabilities	(13,396,700)
Net Position	<u>\$28,785,581</u>

At December 31, 2016 the liabilities above include approximately 12.0 million of estimated incurred claims payable. The assets above also include approximately \$11.5 million of unpaid claims to be billed. The Pool's membership increased to 520 members in 2016. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2016, the Village's share of these unpaid claims collectible in future years is approximately \$43,000.

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

<u>2016 Contributions to PEP</u>	
\$	68,741

After one year of membership, a member may withdraw on the anniversary of the date of joining PEP, if the member notifies PEP in writing 60 days prior to the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's contribution. Withdrawing members have no other future obligation to PEP. Also upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim occurred or was reported prior to the withdrawal.

Buckeye Ohio Risk Management Agency

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

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

The Pool reported the following summary of assets and actuarially-measured liabilities available to pay

Village of Archbold, Ohio
Fulton County
Notes to the Financial Statements
For the Year Ended December 31, 2016
(Continued)

those liabilities as of December 31, 2015 (the latest information available):

	<u>2015</u>
Assets	\$5,399,659
Liabilities	\$4,664,133

Note 8 - Defined Benefit Pension Plans

Ohio Public Employees Retirement System

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

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10% of their gross salaries and the Village contributed an amount equaling 14% of participants' gross salaries. The Village has paid all contributions required through December 31, 2016.

Ohio Police and Fire Retirement System

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

The Ohio Revised Code also prescribes contribution rates. OP&F participants contributed 12.25% of their wages. The Village contributed to OP&F an amount equal to 19.5% of full-time police members' wages and 24% of full-time fire fighters' wages, respectively. The Village has paid all contributions required through December 31, 2016.

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, 2015.

Note 9 - Postemployment Benefits

Both OPERS and OP&F offer cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. OPERS contributes 2 percent of the employer contribution to fund these benefits, and OP&F contributes 0.5 percent to fund these benefits.

Village of Archbold, Ohio
Fulton County
Notes to the Financial Statements
For the Year Ended December 31, 2016
(Continued)

Note 10 – Debt

Debt outstanding at December 31, 2016 was as follows:

	Principal	Interest Rate
General Obligation Bonds	\$2,970,000	Various
Special Assessment Bonds	515,000	Various
Water Treatment Plant Note, Series 2016	1,000,000	0.85%
Total	<u><u>\$4,485,000</u></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 2010 bonds will mature in 2017. The Parks & Recreation Fund and the Sewer Fund will pay for the debt. Debt payments will be made semi-annually.

The Village's taxing authority collateralized the bonds.

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

The Water Treatment Plant Note, Series 2016, was issued in anticipation of the issuance of bonds for the purpose of paying costs of improving the Village's water system by constructing an addition to, equipping and otherwise improving the Village's Water Treatment Plant and related facilities. The note matures one year after issuance.

Amortization

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

Year ending December 31:	General Obligation Bonds	Special Assessment Bonds	Plant Note, Series 2016	Water Treatment
2017	\$314,788	\$148,144		\$1,008,500
2018	188,437	151,646		
2019	183,638	84,600		
2020	268,837	80,759		
2021	265,438	81,926		
2021-2026	1,309,587	55,625		
2027-2031	967,050			
Total	<u><u>\$3,497,775</u></u>	<u><u>\$602,700</u></u>		<u><u>\$1,008,500</u></u>

Village of Archbold, Ohio
Fulton County
Notes to the Financial Statements
For the Year Ended December 31, 2016
(Continued)

Note 11 – Public Entity Risk Pool

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

Note 12 – Related Organizations

Archbold Community Improvement Corporation

The Archbold Community Improvement Corporation (the Corporation) owns land which was purchased by the Village in the name of the Corporation. In the event this land is sold, all proceeds will revert to the Village. The appraised value of this land totals \$1,670,419 as of December 31, 2016. 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 of the loan would be returned to the Village. The Corporation owes the Village \$397,156 as of December 31, 2016.

Note 13 – Related Party Transactions

Jeff Fryman, Mayor, is part owner of Black Swamp Equipment and the owner of Black Swamp Electronics. Black Swamp Equipment is a local company the sells various supplies, machine parts, and rental of small equipment. Black Swamp Electronics is a local company that sells police and fire equipment, supplies and electrical parts. In 2016 the Village purchased \$21,197 and \$16,257 from Black Swamp Equipment and Black Swamp Electronics, respectively. The purchases were approved at arm's length, with full knowledge of Village officials of Mr. Fryman's interest. Mr. Fryman took no part in the deliberation or decision by Village officials with respect to the purchases.

Note 14 – Subsequent Event

The Village issued \$800,000 in bond anticipation notes on April 12, 2017 to finance the construction of a process addition and building at the water treatment plant. The notes have a stated interest rate of 1.69 percent and mature on April 18, 2018.

Note 15 –Other Financing Sources

The Village charges the cost of operations originally expensed out of the General Fund to other Village funds based on percentages passed by Council resolution. In 2016, the General Fund had \$476,335 in Other Financing Sources due to reimbursements from other Village funds.

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, 2015

	General	Special Revenue	Debt Service	Capital Projects	Totals (Memorandum Only)
Cash Receipts					
Property and Other Local Taxes	\$540,913				\$540,913
Municipal Income Tax	3,295,321	\$660,554			3,955,875
Intergovernmental	163,257	273,548		\$266,510	703,315
Special Assessments			\$209,873	17,000	226,873
Charges for Services	735,493	149,809			885,302
Fines, Licenses and Permits	56,145				56,145
Earnings on Investments	2,309	859		6,457	9,625
Miscellaneous	60,884	79,057		55,221	195,162
<i>Total Cash Receipts</i>	<i>4,854,322</i>	<i>1,163,827</i>	<i>209,873</i>	<i>345,188</i>	<i>6,573,210</i>
Cash Disbursements					
Current:					
Security of Persons and Property	1,460,720				1,460,720
Public Health Services		41,934			41,934
Leisure Time Activities		613,093			613,093
Community Environment	5,092			706,824	711,916
Basic Utility Services	298,057				298,057
Transportation		745,899			745,899
General Government	713,901	8,071			721,972
Capital Outlay		122,005		2,794,081	2,916,086
Debt Service:					
Principal Retirement		80,000	165,000	200,000	445,000
Interest and Fiscal Charges		59,295	45,459		104,754
<i>Total Cash Disbursements</i>	<i>2,477,770</i>	<i>1,670,297</i>	<i>210,459</i>	<i>3,700,905</i>	<i>8,059,431</i>
<i>Excess of Receipts Over (Under) Disbursements</i>	<i>2,376,552</i>	<i>(506,470)</i>	<i>(586)</i>	<i>(3,355,717)</i>	<i>(1,486,221)</i>
Other Financing Receipts (Disbursements)					
Transfers In	10,862	525,000		2,500,000	3,035,862
Transfers Out	(3,025,000)		(10,862)		(3,035,862)
Advances In	800		370		1,170
Advances Out	(370)		(800)		(1,170)
Other Financing Sources	424,865			14,253	439,118
Other Financing Uses	(24,917)	(75,872)		(89,445)	(190,234)
<i>Total Other Financing Receipts (Disbursements)</i>	<i>(2,613,760)</i>	<i>449,128</i>	<i>(11,292)</i>	<i>2,424,808</i>	<i>248,884</i>
<i>Net Change in Fund Cash Balances</i>	<i>(237,208)</i>	<i>(57,342)</i>	<i>(11,878)</i>	<i>(930,909)</i>	<i>(1,237,337)</i>
<i>Fund Cash Balances, January 1 (Restated)</i>	<i>1,075,963</i>	<i>555,009</i>	<i>20,461</i>	<i>3,715,760</i>	<i>5,367,193</i>
Fund Cash Balances, December 31					
Restricted		497,667	8,583	2,784,851	3,291,101
Assigned	16,220				16,220
Unassigned	822,535				822,535
<i>Fund Cash Balances, December 31</i>	<i>\$838,755</i>	<i>\$497,667</i>	<i>\$8,583</i>	<i>\$2,784,851</i>	<i>\$4,129,856</i>

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, 2015**

	Proprietary Fund Type	Fiduciary Fund Type	Totals
	Enterprise	Agency	(Memorandum Only)
Operating Cash Receipts			
Charges for Services	\$2,552,802		\$2,552,802
Operating Cash Disbursements			
Personal Services	1,241,479		1,241,479
Contractual Services	472,479		472,479
Supplies and Materials	690,294		690,294
<i>Total Operating Cash Disbursements</i>	<i>2,404,252</i>		<i>2,404,252</i>
<i>Operating Income</i>	<i>148,550</i>		<i>148,550</i>
Non-Operating Receipts (Disbursements)			
Earnings on Investments	3,190	\$7	3,197
Sale of Notes	1,300,000		1,300,000
Miscellaneous Receipts	208,452		208,452
Capital Outlay	(523,764)		(523,764)
Principal Retirement	(1,470,000)		(1,470,000)
Interest and Other Fiscal Charges	(69,294)		(69,294)
Other Financing Sources	8,948	10,008	18,956
Other Financing Uses	(278,607)	(11,350)	(289,957)
<i>Total Non-Operating Receipts (Disbursements)</i>	<i>(821,075)</i>	<i>(1,335)</i>	<i>(822,410)</i>
<i>Loss before Transfers</i>	<i>(672,525)</i>	<i>(1,335)</i>	<i>(673,860)</i>
Transfers In	75,000		75,000
Transfers Out	(75,000)		(75,000)
<i>Net Change in Fund Cash Balances</i>	<i>(672,525)</i>	<i>(1,335)</i>	<i>(673,860)</i>
<i>Fund Cash Balances, January 1 (Restated)</i>	<i>2,462,083</i>	<i>102,441</i>	<i>2,564,524</i>
<i>Fund Cash Balances, December 31</i>	<i>\$1,789,558</i>	<i>\$101,106</i>	<i>\$1,890,664</i>

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, 2015

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 Ohio Plan Risk Management, Inc. 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 Corporation. Note 12 to the financial statement describe this asset.

Note 2 - Summary of Significant Accounting Policies

Basis of Presentation

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

Fund Accounting

The Village uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Village are presented below:

General Fund - The general fund accounts for and reports all financial resources not accounted for and reported in another fund. The general fund balance is available to the Village for any purpose provided it is expended or transferred according to the general laws of Ohio.

Village of Archbold, Ohio
Fulton County
Notes to the Financial Statements
For the Year Ended December 31, 2015
(Continued)

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

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

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

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

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

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

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

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

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

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

Village of Archbold, Ohio
Fulton County
Notes to the Financial Statements
For the Year Ended December 31, 2015
(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 2015 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 and U.S. government agency securities 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, 2015
(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, 2015
(Continued)

Note 3 - Budgetary Activity

Budgetary activity for the year ending December 31, 2015 follows:

2015 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$5,110,786	\$5,290,849	\$180,063
Special Revenue	1,721,485	1,688,827	(32,658)
Debt Service	212,058	210,243	(1,815)
Capital Projects	2,845,209	2,859,441	14,232
Enterprise	4,492,960	4,148,392	(344,568)
Total	<u>\$14,382,498</u>	<u>\$14,197,752</u>	<u>(\$184,746)</u>

2015 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$5,994,526	\$5,544,277	\$450,249
Special Revenue	2,073,144	1,786,584	286,560
Debt Service	222,121	222,121	
Capital Projects	5,330,191	4,259,463	1,070,728
Enterprise	6,264,987	4,868,032	1,396,955
Total	<u>\$19,884,969</u>	<u>\$16,680,477</u>	<u>\$3,204,492</u>

Note 4 – 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:

	2015
Demand deposits	\$499,114
Certificates of deposit	2,655,683
Other time deposits	24,781
Total deposits	<u>3,179,578</u>
U.S. Government Agency Securities	2,840,920
Cash on Hand	22
Total deposits, investments and cash on hand	<u><u>\$6,020,520</u></u>

Village of Archbold, Ohio
Fulton County
Notes to the Financial Statements
For the Year Ended December 31, 2015
(Continued)

Deposits

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

Investments

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

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 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.

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.

Village of Archbold, Ohio
Fulton County
Notes to the Financial Statements
For the Year Ended December 31, 2015
(Continued)

Note 6 – Interfund Transfers

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

Fund	Transfer In	Transfers Out
General	\$10,862	\$3,025,000
Special Revenue	525,000	
Debt Service Fund		10,862
Capital Projects	2,500,000	
Enterprise	75,000	75,000
Total	\$3,110,862	\$3,110,862

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.

The transfer from the Debt Service to the General Fund represents the remaining balance of the North Point Assessment Fund after the bond and interest have been paid off to close out the fund.

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

Note 7 - Risk Management

Ohio Plan Risk Management, Inc.

The Village belongs to the Ohio Plan Risk Management, Inc. (OPRM) - formerly known as the Ohio Government 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. Effective November 1, 2012 (and through October 2014) the plan increased its retention to 50% of the first \$250,000 casualty treaty. Effective November 1, 2014, the OPRM retained 47% of the premium and losses on the first \$250,000 casualty treaty and 10% of the first \$1,000,000 property treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 772 and 783 members as of December 31, 2015 and 2014 respectively.

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

Village of Archbold, Ohio
Fulton County
Notes to the Financial Statements
For the Year Ended December 31, 2015
(Continued)

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 equity at December 31, 2015 and 2014.

	2015	2014
Assets	\$14,643,667	\$14,830,185
Liabilities	(9,112,030)	(8,942,504)
Members' Equity	<u>\$5,531,637</u>	<u>\$5,887,681</u>

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, 2015:

	2015
Assets	\$5,399,659
Liabilities	\$4,664,133

Note 8 - Defined Benefit Pension Plans

Ohio Public Employees Retirement System

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

Village of Archbold, Ohio
Fulton County
Notes to the Financial Statements
For the Year Ended December 31, 2015
(Continued)

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, 2015.

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. From January 1, 2015 through June 30, 2015 OP&F participants contributed 11.5% of their wages; from July 1, 2015 through December 31, 2015 participants contributed 12.25% of their wages. The Village contributed to OP&F an amount equal to 19.5% of full-time police members' wages and 24% of full-time fire fighters' wages, respectively. The Village has paid all contributions required through December 31, 2015.

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, 2015.

Note 9 - Postemployment Benefits

Both OPERS and OP&F offer cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. OPERS contributes 2 percent of the employer contribution to fund these benefits, and OP&F contributes 0.5 percent to fund these benefits.

Note 10 – Debt

Debt outstanding at December 31, 2015 was as follows:

	Principal	Interest Rate
General Obligation Bonds	\$2,985,000	Various
Water Treatment Plant Note, Series 2015	1,300,000	0.79%
Special Assessment Bonds	650,000	Various
Total	<u><u>\$4,935,000</u></u>	

Village of Archbold, Ohio
Fulton County
Notes to the Financial Statements
For the Year Ended December 31, 2015
(Continued)

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 & 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 Water Treatment Plant Note, Series 2015, was issued in anticipation of the issuance of bonds for the purpose of paying costs of improving the Village's water system by constructing an addition to, equipping and otherwise improving the Village's water treatment plant and related facilities. The note matures one year after issuance.

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.

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

Year ending December 31:	General Obligation Bonds	Special Assessment Bonds	Water Treatment Plant Note, Series 2015
2016	\$262,998	\$170,751	\$1,310,270
2017	263,497	148,144	
2018	273,847	151,646	
2019	268,535	84,600	
2020	272,840	80,759	
2021-2025	1,366,580	137,551	
2026-2030	1,300,458		
Total	<u><u>\$4,008,755</u></u>	<u><u>\$773,451</u></u>	<u><u>\$1,310,270</u></u>

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.

Village of Archbold, Ohio
Fulton County
Notes to the Financial Statements
For the Year Ended December 31, 2015
(Continued)

Note 12 – Related Organizations

Archbold Community Improvement Corporation

The Archbold Community Improvement Corporation (the Corporation) owns land which was purchased by the Village in the name of the Corporation. In the event this land is sold, all proceeds will revert to the Village. The appraised value of this land totals \$1,670,419 as of December 31, 2015. 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 of the loan would be returned to the Village. The Corporation owes the Village \$397,156 as of December 31, 2015.

Note 13 – Related Party Transactions

Jeff Fryman, Mayor, is part owner of Black Swamp Equipment and the owner of Black Swamp Electronics. Black Swamp Equipment is a local company the sells various supplies, machine parts, and rental of small equipment. Black Swamp Electronics is a local company that sells police and fire equipment, supplies and electrical parts. In 2015 the Village purchased \$9,485 and \$20,151 from Black Swamp Equipment and Black Swamp Electronics, respectively. The purchases were approved at arm's length, with full knowledge of Village officials of Mr. Fryman's interest. Mr. Fryman took no part in the deliberation or decision by Village officials with respect to the purchases.

Note 14 – Subsequent Event

The Village issued \$1,000,000 in bond anticipation notes on April 12, 2016 to finance the construction of a process addition and building at the water treatment plant. The notes have a stated interest rate of .85 percent and mature on April 18, 2017

Note 15 –Other Financing Sources

The Village charges the cost of operations originally expensed out of the General Fund to other Village funds based on percentages passed by Council resolution. In 2015, the General Fund had \$424,865 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, 2015
(Continued)

Note 16 – Restatement of Fund Balance

On January 1, 2015, the Village reclassified the Community Improvement Corporation Activity to the Agency Fund Type due to an accounting change. The restatement had the following effect on fund balance:

	General Fund	Agency Fund
Fund Balance a previously reported December 31, 2014	\$1,153,631	\$24,773
Reclassification of funds	(77,668)	77,668
Fund Balance as restated at January 1, 2015	<u>\$1,075,963</u>	<u>\$102,441</u>



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

To the Village Council:

We have audited in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the cash balances, receipts, and disbursements by fund type of the Village of Archbold, Fulton County, Ohio (the Village) as of and for the year ended December 31, 2016 and 2015, and the related notes to the financial statements and have issued our report thereon dated November 6, 2017 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 Village restated fund balance due to an accounting change in reporting the Community Improvement Corporation activity.

Internal Control Over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. However, as described in the accompanying schedule of findings we identified certain deficiencies in internal control over financial reporting, that we consider material weaknesses and a significant deficiency.

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. We consider findings 2016-001 and 2016-002 described in the accompanying schedule of findings to be material weaknesses.

A *significant deficiency* is a deficiency, or a combination of internal control deficiencies less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider finding 2016-003 described in the accompanying schedule of findings to be a significant deficiency.

Village of Archbold
Fulton County
Independent Auditor's Report on Internal Control Over
Financial Reporting and on Compliance and Other Matters
Required by *Government Auditing Standards*
Page 2

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*.

Entity's Response to Findings

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

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.



Dave Yost
Auditor of State

Columbus, Ohio

November 6, 2017

**VILLAGE OF ARCHBOLD
FULTON COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2016 AND 2015**

**FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS**

FINDING NUMBER 2016-001

Material Weakness – Failure to Record On-Behalf-Of Activity

The Village was the beneficiary of a federal highway grant in the amount of \$492,802 during 2016. This grant was sent directly to the vendors by the Ohio Department of Transportation (the Department). The activity was not recorded in the accounting records of the Village, nor on the Village's financial statements. Since the Department paid the invoices, the Village did not receive this cash. However, Auditor of State Bulletin 2000-008 prescribes recording these transactions as receipts and disbursements when the Village applies for a project and has administrative responsibilities. The accompanying financial statements and budgetary activity were adjusted to reflect these amounts in a Capital Projects Fund.

These errors were not identified and corrected due to deficiencies in the Village's internal controls over financial statement monitoring. Sound financial reporting is the responsibility of the Fiscal Officer and Council and is essential to ensure the information provided to the readers of the financial statements and accompanying notes is complete and accurate.

To help ensure the Village's financial statements are complete and accurate, we recommend the Fiscal Officer post all transactions in accordance with the guidance of Auditor of State Bulletin 2000- 008 which describes the proper accounting treatment for "on-behalf-of" programs and post all "on-behalf of" monies to the Village's financial ledgers. Furthermore, Council should adopt policies and procedures, including a final review of the statements, to identify and correct errors and omissions.

Officials' Response:

We did not receive a response from Officials to the finding listing above.

FINDING NUMBER 2016-002

Material Weakness – Fund Balance Classification

Governmental Accounting Standards Board (GASB) Statement No. 54 established criteria for reporting governmental fund balances based on constraints placed upon the use of resources reported in the governmental funds. The five classifications are nonspendable, restricted, committed, assigned, and unassigned.

Assigned fund balance classification includes amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed. When an appropriation measure is adopted for the subsequent year and a portion of existing fund balance is included as a budgetary resource (appropriated for general fund uses and appropriations exceed estimated receipts), then that portion of fund balance should be classified as assigned.

The 2017 appropriations approved of \$7,098,619 exceeded the 2017 Estimated Receipts of \$6,038,342 by \$1,060,277. The \$1,060,277 should have been classified as assigned fund balance in the General Fund due to using the carryover fund balance to cover the remaining amount of appropriations instead of as unassigned fund balance.

A final review of the financial statements may have detected this error.

Village of Archbold
Fulton County
Schedule of Findings
Page 2

Adjustments for 2016 were recorded in the accompanying financial statements to correct the error.

To help ensure the Village's governmental fund balances are reported in accordance with GASB 54, we recommend the Village review Auditor of State Bulletin 2011-004.

Officials' Response:

The Village of Archbold followed guidance provided by the Auditor of State's Office when classifying the 2016 assigned balance for the General Fund. Appropriations for year 2017 were approved by Archbold Village Council on January 3, 2017. Guidance proved indicated if the appropriations were passed before December 31 the amount of estimated expenses over estimated revenues must be classified as assigned; however, if appropriations were passed in January the fund reserve balance to be used would not need to be classified as assigned. Future financials of the Village of Archbold will be in compliance with this finding.

FINDING NUMBER 2016-003

Significant Deficiency – Recording Debt Transactions

Sound financial reporting is the responsibility of the Fiscal Officer and the Village Officials and is essential to ensure the information provided to the readers of the financial statements is complete and accurate.

Bond Issuance costs of \$49,791 and Interest Expense of \$77,619 was incorrectly posted as Principal Retirement in the Wastewater Fund on the Various Purpose Refunding Bonds in 2016.

Adjustments to the financial statements and the accounting records were made to correct these errors. These errors were not identified and corrected prior to the audit due to deficiencies in the Village's internal controls over financial statement monitoring. A review by Village management may have detected these errors.

To help ensure the Village's financial statements are complete and accurate, we recommend the Finance Director post all transactions in accordance with the guidance established by the Village Officer's Handbook issued by the Auditor of State. Furthermore, Council should adopt policies and procedures, including a final review of the statements, to identify and correct errors and omissions.

Officials' Response:

We did not receive a response from Officials to the finding listed above.



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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.

A handwritten signature in cursive script that reads "Susan Babbitt".

CLERK OF THE BUREAU

CERTIFIED
NOVEMBER 28, 2017