

**VILLAGE OF COLDWATER  
MERCER COUNTY, OHIO**

*Financial Statements  
(Audited)*

For the Year Ended  
December 31, 2017



OHIO AUDITOR OF STATE  
KEITH FABER



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Village Council  
Village of Coldwater  
610 W. Sycamore St  
Coldwater, OH 45828

We have reviewed the *Independent Auditor's Report* of the Village of Coldwater, Mercer County, prepared by Julian & Grube, Inc., for the audit period January 1, 2017 through December 31, 2017. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Village of Coldwater is responsible for compliance with these laws and regulations

A handwritten signature in black ink that reads "Keith Faber".

Keith Faber  
Auditor of State  
Columbus, Ohio

August 22, 2019

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**VILLAGE OF COLDWATER  
MERCER COUNTY, OHIO**

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**Julian & Grube, Inc.**  
*Serving Ohio Local Governments*

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Independent Auditor's Report

Village of Coldwater  
Mercer County  
610 West Sycamore Street  
Coldwater, Ohio 45828

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 Coldwater, Mercer County, Ohio, as of and for the year ended December 31, 2017.

***Management's Responsibility for the Financial Statements***

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

***Auditor's Responsibility***

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

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Village of Coldwater'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 of Coldwater'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 1 of the financial statements, the Village of Coldwater 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 of Coldwater 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 described 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 of Coldwater as of December 31, 2017, or changes in the financial position or cash flows thereof for the year 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 Coldwater, Mercer County, Ohio, as of December 31, 2017, for the year 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 May 8, 2019, on our consideration of the Village of Coldwater'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 of Coldwater's internal control over financial reporting and compliance.



Julian & Grube, Inc.  
May 8, 2019



**VILLAGE OF COLDWATER  
MERCER COUNTY, OHIO**

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

	Governmental Fund Types				Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	
<b>Cash Receipts:</b>					
Property Taxes and Other Local Taxes	\$ 151,072	\$ -	\$ -	\$ -	\$ 151,072
Municipal Income Tax	1,823,736	-	-	-	1,823,736
Intergovernmental Receipts	490,618	357,362	-	-	847,980
Special Assessments	-	17,625	-	-	17,625
Charges for Services	291,167	117,997	-	-	409,164
Licenses, Permits and Fees	33,045	-	-	-	33,045
Fines and Forfeitures	-	2,718	-	-	2,718
Earnings on Investments	11,104	2,460	-	-	13,564
Miscellaneous	101,884	115,245	-	14,075	231,204
<b>Total Cash Receipts</b>	<b>2,902,626</b>	<b>613,407</b>	<b>-</b>	<b>14,075</b>	<b>3,530,108</b>
<b>Cash Disbursements:</b>					
Current:					
Security of Persons and Property	830,095	-	-	-	830,095
Public Health Services	20,933	-	-	-	20,933
Transportation	-	563,324	-	-	563,324
Conservation/Recreation	-	249,887	-	-	249,887
General Government	461,057	680	-	3,616	465,353
Capital Outlay	503,253	313,615	-	450,000	1,266,868
Debt Service:					
Principal Payments	-	41,695	-	529,000	570,695
Interest Payments	-	3,816	-	14,548	18,364
<b>Total Cash Disbursements</b>	<b>1,815,338</b>	<b>1,173,017</b>	<b>-</b>	<b>997,164</b>	<b>3,985,519</b>
<b>Total Receipts Over (Under) Disbursements</b>	<b>1,087,288</b>	<b>(559,610)</b>	<b>-</b>	<b>(983,089)</b>	<b>(455,411)</b>
<b>Other Financing Receipts (Disbursements):</b>					
Proceeds from Sale of Public Debt:					
Sale of Bond Anticipation Notes	-	-	-	500,000	500,000
Sale of Fixed Assets	-	15,190	-	-	15,190
Transfers-In	-	621,500	-	106,000	727,500
Transfers-Out	(727,500)	-	-	-	(727,500)
<b>Total Other Financing Receipts (Disbursements)</b>	<b>(727,500)</b>	<b>636,690</b>	<b>-</b>	<b>606,000</b>	<b>515,190</b>
<b>Excess of Cash Receipts and Other Financing Receipts Over (Under) Cash Disbursements and Other Financing Disbursements</b>	<b>359,788</b>	<b>77,080</b>	<b>-</b>	<b>(377,089)</b>	<b>59,779</b>
<b>Fund Cash Balances, January 1</b>	<b>610,319</b>	<b>177,738</b>	<b>292</b>	<b>378,901</b>	<b>1,167,250</b>
<b>Fund Cash Balances, December 31</b>					
Restricted	-	254,818	292	1,812	256,922
Committed	195,308	-	-	-	195,308
Assigned	88	-	-	-	88
Unassigned (Deficit)	774,711	-	-	-	774,711
<b>Fund Cash Balances, December 31</b>	<b>\$ 970,107</b>	<b>\$ 254,818</b>	<b>\$ 292</b>	<b>\$ 1,812</b>	<b>\$ 1,227,029</b>

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

**VILLAGE OF COLDWATER  
MERCER COUNTY, OHIO**

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

	Proprietary Fund Type	Fiduciary Fund Type	Totals (Memorandum Only)
	Enterprise	Agency	
<b>Operating Cash Receipts:</b>			
Charges for Services	\$ 1,366,386	\$ -	\$ 1,366,386
Miscellaneous	26,506	-	26,506
<b>Total Operating Cash Receipts</b>	<b>1,392,892</b>	<b>-</b>	<b>1,392,892</b>
<b>Operating Cash Disbursements:</b>			
Personnel Services	238,890	-	238,890
Employee Fringe Benefits	143,235	-	143,235
Contractual Services	206,626	-	206,626
Materials and Supplies	217,762	-	217,762
Other	120	-	120
<b>Total Operating Cash Disbursements</b>	<b>806,633</b>	<b>-</b>	<b>806,633</b>
Operating Income	586,259	-	586,259
<b>Non-Operating Cash Receipts:</b>			
Intergovernmental Receipts	500,000	-	500,000
Sale of Notes	451,052	-	451,052
Other Non-Operating Receipts	-	22,051	22,051
<b>Total Non-Operating Cash Receipts</b>	<b>951,052</b>	<b>22,051</b>	<b>973,103</b>
<b>Non-Operating Cash Disbursements:</b>			
Debt Principal Payments	230,947	-	230,947
Debt Interest Payments	35,557	-	35,557
Capital Outlay	1,255,506	-	1,255,506
Other Non-Operating Disbursements	-	22,051	22,051
<b>Total Non-Operating Cash Disbursements</b>	<b>1,522,010</b>	<b>22,051</b>	<b>1,544,061</b>
Net Cash Receipts Over (Under) Cash Disbursements	15,301	-	15,301
Fund Cash Balances, January 1	317,879	-	317,879
Fund Cash Balances, December 31	<u>\$ 333,180</u>	<u>\$ -</u>	<u>\$ 333,180</u>

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

**VILLAGE OF COLDWATER  
MERCER COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2017**

**1. Summary of Significant Accounting Policies**

**A. Description of the Entity**

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

The Village participates in a public entity risk pool. Note 8 to the financial statements provides additional information for this entity. This organization is:

Public Entity Risk Pool: Ohio Plan Risk Management, Inc. (OPRM)

The Village's management believes these financial statements present all activities for which the Village is financially accountable.

**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 Village 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.

Investment in STAR Ohio is measured at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

**D. Fund Accounting**

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

**VILLAGE OF COLDWATER  
MERCER COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2017**

**1. 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.

**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.

**Park Operation Fund** – This fund is used to account for the costs associated with the municipal park system within the Village.

**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 Debt Service Fund:

**General Obligation Bond Retirement Fund** – This fund is used to account for the accumulation of resources for the payment of general long-term debt principal and interest and related costs.

**4. 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:

**Industrial Development Fund** – This fund is for the purchase, operation and further development of the Village Industrial Park.

**Fire Capital Fund** – This fund was established for the purchase of fire equipment for the volunteer fire department.

**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.

**VILLAGE OF COLDWATER  
MERCER COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2017**

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

**6. Fiduciary Funds**

Fiduciary funds include private purpose trust funds and agency funds. Trust funds account for assets held under a trust agreement for individuals, private organizations, or other governments which are not available to support the Village's own programs.

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 the collection and distribution of Mayor's Court fines, fees, and bonds.

**E. Budgetary Process**

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

**1. Appropriations**

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund and function level for the General fund and at the fund level for all remaining funds level of control, and appropriations may not exceed estimated resources. The Village Council must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Appropriations lapse at year end.

**2. Estimated Resources**

Estimated resources include estimates of cash to be received (budgeted receipts) plus 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 cancelled, and re-appropriated in the subsequent year.

A summary of 2017 budgetary activity appears in Note 3.

**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.

**VILLAGE OF COLDWATER  
MERCER COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2017**

**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.

**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.

**I. 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 proprietary and similar fiduciary fund type which are organized on a fund type basis.

**VILLAGE OF COLDWATER  
MERCER COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2017**

**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, 2017 was as follows:

	<u>2017</u>
Demand deposits	\$328,290
STAR Ohio Plus	354,656
Other time deposits (savings and NOW accounts)	3,227
Total deposits	686,173
STAR Ohio	874,034
Total investments	874,034
Total deposits and investments	\$1,560,207

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

**Investments:** Investments in STAR Ohio and mutual funds are not evidenced by securities that exist in physical or book-entry form.

**3. Budgetary Activity**

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

2017 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$2,693,213	\$2,902,626	\$209,413
Special Revenue	1,707,950	1,250,097	(457,853)
Capital Projects	639,675	620,075	(19,600)
Enterprise	2,359,400	2,343,944	(15,456)
Fiduciary	22,015	22,051	36
Total	\$7,422,253	\$7,138,793	(\$283,460)

2017 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$2,708,405	\$2,542,838	\$165,567
Special Revenue	1,180,900	1,173,017	7,883
Capital Projects	997,300	997,164	136
Enterprise	2,347,674	2,328,643	19,031
Fiduciary	22,051	22,051	0
Total	\$7,256,330	\$7,063,713	\$192,617

**VILLAGE OF COLDWATER  
MERCER COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2017**

**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. If the property owner elects to pay semiannually, the first half is due in February. The second half payment is due in July.

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.

**5. Local Income Tax**

The Village levies a municipal income tax of 1 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. Proceeds of the tax are credited to the General Fund.

**6. Debt**

Debt outstanding at December 31, 2017 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Various Purpose Refunding Bond 2015	\$1,095,000	1.0-2.65%
Ohio Public Works - Mill Street	\$186,250	0%
Ohio Public Works - Northwest Sanitary Sewer	\$46,398	0%
Ohio Public Works - Water Treatment Plant	\$200,000	0%
Peoples Bank Note - Farm Ground	\$500,000	3.10%
Ohio Public Works - Sanitary Sewer	\$433,333	0%
Ohio Public Works - Sanitary Sewer Overflow	\$451,052	0%
OWDA Water/Sewer Expansion	\$985,845	1%
Total	<u>\$3,897,878</u>	



**VILLAGE OF COLDWATER  
MERCER COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2017**

During 2003 the Village received an interest free loan from the Ohio Public Works Commission totaling \$154,660 for the Northwest Sanitary Sewer trunk project. The loan requires semi-annual payments of \$3,867 through 2023. Principal retirements during 2017 amounted to \$7,733.

During 2005 the Village received an interest free loan from the Ohio Public Works Commission totaling \$500,000 for the replacement of the water treatment plant. The loan requires semi-annual payments of \$12,500, through 2025. Principal retirements during 2017 amounted to \$25,000.

During 2009 the Village received an interest free loan from the Ohio Public Works Commission totaling \$298,000 for the Mill Street Project. The loan requires semi-annual payments of \$7,450 through 2030. Principal retirements during 2017 amounted to \$14,900.

During 2014 the Village issued a note for \$529,000 from the Peoples Bank Company. This issuance is intended to be used for the purchase of farm ground. The note is renewed annually until an agreement is made for the land purchase. 2017's issuance was for \$500,000 at 3.10% interest. Principal retirements during 2017 amounted to \$529,000.

During 2013, the Village received an interest free loan from the Ohio Public Works commission totaling \$500,000 for the sanitary sewer repair project. The loan requires semi-annual payments of \$8,333 through 2043. Principal retirement during 2017 amounted to \$16,666.

During 2013 the Village received a 1% loan from the Ohio Water Development Authority totaling \$1,208,687 for a Sanitary Sewer Lining Project. The loan requires semi-annual payments of \$33,415 through 2034. Principal retirement during 2017 amounted to \$56,547.

During 2015 the Village issued \$1,345,000 Various Purpose Refunding Bonds Series 2015. This bond re-financed the \$2,400,000 Various Purpose Bond from 2005. Principal retirements during 2017 amounted to \$125,000.

During 2017 the Village received an interest free loan from the Ohio Public Works commission totaling \$451,052 for Sanitary Sewer Overflow corrections. The loan requires semi-annual payments of \$7,518 through 2047. The first payment for this loan is due in January of 2018.

The Village's taxing authority collateralized the bonds.

**VILLAGE OF COLDWATER  
MERCER COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2017**

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

Year ending December 31:	General Obligation		OPWC	OWDA
	Bonds	Land Loan	Ohio	
2018	\$153,275	\$515,457	\$79,335	\$33,415
2019	\$151,065		\$79,335	\$66,830
2020	\$153,725		\$79,335	\$66,830
2021	\$151,160		\$79,335	\$66,830
2022	\$148,460		\$79,335	\$66,830
2023-2027	\$452,005		\$315,742	\$334,148
2028-2032			\$195,759	\$334,148
2033-2037			\$158,509	\$100,244
2038-2042			\$158,509	\$0
2043-2047			\$91,842	\$0
Total	<u>\$1,209,690</u>	<u>\$515,457</u>	<u>\$1,317,036</u>	<u>\$1,069,273</u>

**7. Retirement Systems**

The Village's 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 2017, OP&F participants contributed 12.25% of their wages. For 2017, the Village contributed to OP&F an amount equal to 19.5% of full-time police members' wages. For 2017, OPERS members contributed 10% of their gross salaries and the Village contributed an amount equaling 14%, respectively, of participants' gross salaries. The Village has paid all contributions required through December 31, 2017.

**8. Risk Management**

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.

**VILLAGE OF COLDWATER  
MERCER COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2017**

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. Until November 1, 2016, the OPRM retained 50% of the premium and losses on the first \$250,000 casualty treaty and 30% of the first \$1,000,000 property treaty. Effective November 1, 2016, 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 764 members as of December 31, 2017.

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 equity at December 31, 2017.

	<b>2017</b>
Assets	<u>\$14,853,620</u>
Liabilities	<u>(9,561,108)</u>
Members' Equity	<u>\$5,292,512</u>

You can read the complete audited financial statements for OPRM at the Plan's website, [www.ohioplan.org](http://www.ohioplan.org).

**9. Postemployment Benefits**

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

**10. Lease Disclosure**

The Village leases equipment under noncancelable leases. The Village disbursed \$30,611 to pay lease costs for the year ended December 31, 2017, which are reported in principal and interest in the special revenue fund type.

**11. Miscellaneous Receipts**

Miscellaneous receipts in the special revenue fund type consists of primarily reimbursements from collaborating entities for various Village activities.

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**Julian & Grube, Inc.**  
*Serving Ohio Local Governments*

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**Independent Auditor's Report on Internal Control Over Financial Reporting and on  
Compliance and Other Matters Required by *Government Auditing Standards***

Village of Coldwater  
Mercer County  
610 West Sycamore Street  
Coldwater, Ohio 45828

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 Coldwater, Mercer County, Ohio, as of and for the year ended December 31, 2017, and the related notes to the financial statements and have issued our report thereon dated May 8, 2019, wherein we noted the Village of Coldwater followed financial reporting provisions of 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 of Coldwater'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 of Coldwater'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 of Coldwater'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 of Coldwater'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 of Coldwater's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Village of Coldwater's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in cursive script that reads "Julian & Grube, Inc.".

Julian & Grube, Inc.  
May 8, 2019

**VILLAGE OF COLDWATER  
MERCER COUNTY, OHIO**

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

<b><u>Finding Number</u></b>	<b><u>Finding Summary</u></b>	<b><u>Status</u></b>	<b><u>Additional Information</u></b>
2016-001	<u>Noncompliance/Material Weakness - Accuracy of Financial Reporting</u> - Ohio Revised Code Section 733.28 requires the fiscal officer to maintain the books of the Village and exhibit accurate statements of all monies received and expended. Numerous adjustments were made to the financial statements and notes to the financial statements to properly state financial statement amounts.	Fully Corrected	N/A

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OHIO AUDITOR OF STATE  
**KEITH FABER**



VILLAGE OF COLDWATER

MERCER 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  
SEPTEMBER 5, 2019