

**VILLAGE OF COLDWATER
MERCER COUNTY, OHIO**

*Financial Statements
(Audited)*

For the Year Ended
December 31, 2018

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, 2018 through December 31, 2018. 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 cursive script 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, 2018.

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, 2018, 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, 2018, 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, 2018**

	Governmental Fund Types				Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	
Cash Receipts:					
Property Taxes and Other Local Taxes	\$ 168,293	\$ -	\$ -	\$ -	\$ 168,293
Municipal Income Tax	1,956,083	-	-	-	1,956,083
Intergovernmental Receipts	136,297	676,150	-	-	812,447
Special Assessments	-	8,086	-	-	8,086
Charges for Services	301,018	123,029	-	-	424,047
Licenses, Permits and Fees	26,119	-	-	-	26,119
Fines and Forfeitures	-	2,145	-	-	2,145
Earnings on Investments	27,797	5,769	-	-	33,566
Miscellaneous	75,269	59,728	-	14,075	149,072
	<u>2,690,876</u>	<u>874,907</u>	<u>-</u>	<u>14,075</u>	<u>3,579,858</u>
Total Cash Receipts					
Cash Disbursements:					
Current:					
Security of Persons and Property	949,338	-	-	-	949,338
Public Health Services	21,126	-	-	-	21,126
Transportation	-	576,796	-	-	576,796
Conservation/Recreation	-	256,727	-	-	256,727
General Government	444,890	423	-	3,481	448,794
Capital Outlay	-	521,975	-	115,618	637,593
Debt Service:					
Principal Payments	-	42,478	-	500,000	542,478
Interest Payments	-	3,033	-	15,457	18,490
	<u>1,415,354</u>	<u>1,401,432</u>	<u>-</u>	<u>634,556</u>	<u>3,451,342</u>
Total Cash Disbursements					
Total Receipts Over (Under) Disbursements	<u>1,275,522</u>	<u>(526,526)</u>	<u>-</u>	<u>(620,481)</u>	<u>128,516</u>
Other Financing Receipts (Disbursements):					
Proceeds from Sale of Public Debt:					
Sale of Bond Anticipation Notes	-	-	-	450,000	450,000
Transfers-In	-	659,000	-	175,000	834,000
Transfers-Out	(834,000)	-	-	-	(834,000)
	<u>(834,000)</u>	<u>659,000</u>	<u>-</u>	<u>625,000</u>	<u>450,000</u>
Total Other Financing Receipts (Disbursements)					
Excess of Cash Receipts and Other Financing Receipts Over (Under) Cash Disbursements and Other Financing Disbursements	441,522	132,475	-	4,519	578,516
Fund Cash Balances, January 1	<u>970,108</u>	<u>254,819</u>	<u>292</u>	<u>1,815</u>	<u>1,227,034</u>
Fund Cash Balances, December 31					
Restricted	-	387,294	292	6,334	393,920
Committed	184,864	-	-	-	184,864
Assigned	88	-	-	-	88
Unassigned (Deficit)	1,226,678	-	-	-	1,226,678
	<u>1,226,678</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,226,678</u>
Fund Cash Balances, December 31	<u>\$ 1,411,630</u>	<u>\$ 387,294</u>	<u>\$ 292</u>	<u>\$ 6,334</u>	<u>\$ 1,805,550</u>

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 - PROPRIETARY AND SIMILAR FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2018**

	Proprietary Fund Type	Fiduciary Fund Type	Totals (Memorandum Only)
	Enterprise	Agency	
Operating Cash Receipts:			
Charges for Services	\$ 1,392,942	\$ -	\$ 1,392,942
Miscellaneous	18,722	-	18,722
Total Operating Cash Receipts	1,411,664	-	1,411,664
Operating Cash Disbursements:			
Personnel Services	270,466	-	270,466
Employee Fringe Benefits	154,587	-	154,587
Contractual Services	215,815	-	215,815
Materials and Supplies	194,867	-	194,867
Other	158	-	158
Total Operating Cash Disbursements	835,893	-	835,893
Operating Income	575,771	-	575,771
Non-Operating Cash Receipts:			
Other Non-Operating Receipts	-	15,158	15,158
Total Non-Operating Cash Receipts	-	15,158	15,158
Non-Operating Cash Disbursements:			
Debt Principal Payments	251,549	-	251,549
Debt Interest Payments	32,991	-	32,991
Capital Outlay	164,357	-	164,357
Other Non-Operating Disbursements	-	15,158	15,158
Total Non-Operating Cash Disbursements	448,897	15,158	464,055
Net Cash Receipts Over (Under) Cash Disbursements	126,874	-	126,874
Fund Cash Balances, January 1	333,178	-	333,178
Fund Cash Balances, December 31	<u>\$ 460,052</u>	<u>\$ -</u>	<u>\$ 460,052</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, 2018**

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, 2018**

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, 2018**

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 2018 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, 2018**

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 types which are organized on a fund type basis.

**VILLAGE OF COLDWATER
MERCER COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

2. Equity in Pooled Deposits and Investments

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

	2018
Demand deposits	\$746,830
Other time deposits (savings and NOW accounts)	3,240
Total deposits	750,070
STAR Ohio Plus	361,659
STAR Ohio	1,153,873
Total investments	1,515,532
Total deposits and investments	\$2,265,602

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, 2018 follows:

2018 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$2,394,203	\$2,690,876	\$296,673
Special Revenue	1,580,000	1,533,907	(46,093)
Capital Projects	641,500	639,075	(2,425)
Enterprise	1,342,250	1,411,664	69,414
Fiduciary	22,000	15,158	(6,842)
Total	\$5,979,953	\$6,290,680	\$310,727

2018 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$2,309,555	\$2,249,354	\$60,201
Special Revenue	1,455,900	1,401,432	54,468
Capital Projects	635,750	634,556	1,194
Enterprise	1,294,525	1,284,790	9,735
Fiduciary	15,158	15,158	0
Total	\$5,710,888	\$5,585,290	\$125,598

**VILLAGE OF COLDWATER
MERCER COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

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, 2018 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Various Purpose Refunding Bond 2015	\$965,000	1.0-2.65%
Ohio Public Works - Mill Street	\$171,350	0%
Ohio Public Works - Northwest Sanitary Sewer	\$38,665	0%
Ohio Public Works - Water Treatment Plant	\$175,000	0%
Peoples Bank Note - Farm Ground	\$450,000	3.25%
Ohio Public Works - Sanitary Sewer	\$416,667	0%
Ohio Public Works - Sanitary Sewer Overflow	\$436,017	0%
OWDA Water/Sewer Expansion	\$928,732	1%
Total	<u>\$3,581,431</u>	

**VILLAGE OF COLDWATER
MERCER COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

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 2018 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 2018 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 2018 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. 2018's issuance was for \$450,000 at 3.25% interest. Principal retirements during 2018 amounted to \$500,000.

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 2018 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 2018 amounted to \$57,113.

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 2018 amounted to \$130,000.

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. Principal retirements during 2018 amounted to \$15,036.

The Village's taxing authority collateralized the bonds.

**VILLAGE OF COLDWATER
MERCER COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

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

Year ending December 31:	General Obligation		OPWC	OWDA
	Bonds	Land Loan	Ohio	
2019	\$151,065	\$464,625	\$79,335	\$33,415
2020	\$153,725		\$79,335	\$66,830
2021	\$151,160		\$79,335	\$66,830
2022	\$148,460		\$79,335	\$66,830
2023	\$150,625		\$79,335	\$66,830
2024-2028	\$301,380		\$283,009	\$334,148
2029-2033			\$180,859	\$334,148
2034-2038			\$158,509	\$33,415
2039-2043			\$158,509	
2044-2048			\$60,140	
Total	<u>\$1,056,415</u>	<u>\$464,625</u>	<u>\$1,237,701</u>	<u>\$1,002,444</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 2018, OP&F participants contributed 12.25% of their wages. For 2018, the Village contributed to OP&F an amount equal to 19.5% of full-time police members' wages. For 2018, 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, 2018.

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, 2018**

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 (the latest information available).

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 (the latest information available).

	2017
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.

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 0 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, 2018, which are reported in principal and interest in the special revenue fund type.

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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, 2018, 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.



Julian & Grube, Inc.
May 8, 2019

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**