

VILLAGE OF COLDWATER  
MERCER COUNTY, OHIO

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AUDITED FINANCIAL STATEMENTS  
FOR THE YEARS ENDED  
DECEMBER 31, 2000 AND 1999





**STATE OF OHIO**  
**OFFICE OF THE AUDITOR**

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Coldwater Village Council  
Village of Coldwater  
Mercer County, Ohio

We have reviewed the Independent Auditor's Report of the Village of Coldwater, Mercer County, prepared by E. S. Evans and Company, for the audit period January 1, 1999 through December 31, 2000. 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.

JIM PETRO  
Auditor of State

July 9, 2001

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VILLAGE OF COLDWATER  
MERCER COUNTY, OHIO

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VILLAGE OF COLDWATER  
MERCER COUNTY, OHIO

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ELECTED OFFICIALS  
December 31, 2000

<u>Official</u>	<u>Term Expires</u>	<u>Surety</u>	<u>Amount</u>
<b>Mayor</b>			
Lavern Stamen	12-31-2003	(A)	\$ 10,000
<b>Council Members</b>			
Robert Fisher	12-31-2003		
Janet Gels	12-31-2003		
Robert Stelzer	12-31-2001		
W. Woody Wolters	12-31-2001		
Albert Boos	12-31-2001		
Marilyn Darr	12-31-2001		

(A) Western Surety Company

VILLAGE OF COLDWATER  
MERCER COUNTY, OHIO

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INDEX OF FUNDS

GOVERNMENTAL FUND TYPES:

General Fund Type:

General Fund

Special Revenue Fund Types:

Street Construction, Maintenance and Repair Fund

State Highway Improvement Fund

Fire Levy Fund

Permissive License Tax Fund

Law Enforcement Trust Fund

Police Education & Enforcement Fund

COPS Universal Grant

Special Purposes Fund

Police Overtime Block Grant

Debt Service Fund Types:

General Obligation Bond Retirement Fund

Special Assessment Bond Retirement Fund

Capital Projects Fund Types:

Industrial Development Fund

Sidewalk Improvement Fund

East Main Street Improvement Fund

Hardin Creek Improvement Fund

Fire Truck Acquisition Fund



VILLAGE OF COLDWATER  
MERCER COUNTY, OHIO

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INDEX OF FUNDS

PROPRIETARY FUND TYPES:

Enterprise Fund Types:

Water Revenue Fund

Sanitary Sewer Revenue Fund

Storm Sewer Fund

Water Improvement Fund

Sewer Improvement Fund

Park Operations

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# E.S. Evans and Company

Certified Public Accountants and Consultants

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Robert E. Wendel, CPA

Dan F. Clifford, CPA

E.S. Evans, CPA, PFS (1930-1999)

April 27, 2001

## INDEPENDENT AUDITOR'S REPORT

Village of Coldwater  
Mercer County, Ohio

and

Auditor of State of Ohio  
Columbus, Ohio

We have audited the accompanying combined financial statements of the Village of Coldwater, as of and for the years ended December 31, 2000 and 1999. These combined financial statements are the responsibility of the Village of Coldwater's management. Our responsibility is to express an opinion on these combined financial statements based on our audit.

We conducted our audit in accordance with Generally Accepted Auditing Standards and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the combined financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1, the Village of Coldwater prepares its combined financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the combined cash, investments, and combined fund cash balances of the Village of Coldwater, as of December 31, 2000 and 1999, and its combined cash receipts and disbursements and its combined budgeted and actual receipts and budgeted and actual disbursements and encumbrances, for the years then ended on the basis of accounting described in Note 1.

In accordance with Government Auditing Standards, we have also issued a report dated April 27, 2001 on our consideration of the Village of Coldwater's internal control over financial reporting and on our tests of its' compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

This report is intended solely for the information and use of the officials authorized to receive this report under Section 117.26, Ohio Revised Code and is not intended to be and should not be used by anyone other than these specific parties.

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VILLAGE OF COLDWATER  
MERCER COUNTY, OHIO

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COMBINED STATEMENT OF CASH, INVESTMENTS,  
AND FUND CASH BALANCES - ALL FUND TYPES

December 31, 2000 and 1999

	<u>2000</u>	<u>1999</u>
<u>POOLED CASH AND INVESTMENTS</u>		
Cash	\$ 262,043	\$ 273,531
Investments - Cash Equivalents	<u>329,672</u>	<u>441,423</u>
Total	<u>\$ 591,715</u>	<u>\$ 714,954</u>

POOLED CASH AND INVESTMENT BALANCES BY FUND TYPE

Governmental Funds:

General Fund	\$ 67,385	\$ 73,627
Special Revenue Funds	60,163	77,975
Debt Service Funds	75,999	75,692
Capital Projects Funds	26,179	22,774

Proprietary Funds:

Enterprise Funds	<u>361,989</u>	<u>464,886</u>
Total	<u>\$ 591,715</u>	<u>\$ 714,954</u>

The accompanying notes are an integral part  
of these financial statements.

VILLAGE OF COLDWATER  
MERCER COUNTY, OHIO

COMBINED STATEMENT OF CASH RECEIPTS, DISBURSEMENTS,  
AND CHANGES IN FUND CASH BALANCES - GOVERNMENTAL FUND TYPES

For the Year Ended December 31, 2000

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Project
<u>Revenue Receipts:</u>				
Local Taxes	\$ 757,279	\$ 86,539	\$ -	\$ -
Intergovernmental Revenues	396,598	171,271	-	-
Special Assessments	-	-	16,122	19,603
Charges for Services	41,675	43,857	-	-
Fines, Licenses, and Permits	8,070	744	-	-
Refunds & Reimbursements	-	24,587	-	-
Donations & Contributions	-	-	-	10,000
Miscellaneous	58,722	13,212	4,253	9,629
Total Revenue Receipts	<u>1,262,344</u>	<u>340,210</u>	<u>20,375</u>	<u>39,232</u>
<u>Expenditure Disbursements:</u>				
Current -				
Security of Persons and Property	386,703	84,140	-	-
Public Health and Welfare	21,679	-	-	-
Leisure Time Activities	-	172,999	-	-
Transportation	-	360,704	-	-
General Government	279,776	-	-	-
Capital Outlay	-	170,516	-	353,572
Debt Service	-	-	245,823	289,011
Total Expenditure Disbursements	<u>688,158</u>	<u>788,359</u>	<u>245,823</u>	<u>642,583</u>
Total Revenue Receipts Over/(Under)				
Expenditure Disbursements	<u>574,186</u>	<u>(448,149)</u>	<u>(225,448)</u>	<u>(603,351)</u>
<u>Other Financing Sources (Uses):</u>				
Operating Transfers-In	9,714	461,392	225,755	135,091
Operating Transfers-Out	(570,142)	(31,055)	-	(29,472)
Advances-Out	(20,000)	-	-	-
Sale of Notes/Bonds	-	-	-	375,000
Sale of Assets	-	-	-	106,137
Advances-In	-	-	-	20,000
Total Other Financing Sources (Uses)	<u>(580,428)</u>	<u>430,337</u>	<u>225,755</u>	<u>606,756</u>
Excess of Receipts and Other Sources Over/ (Under) Disbursements and Other Uses	(6,242)	(17,812)	307	3,405
Fund Cash Balance - January 1, 2000	<u>73,627</u>	<u>77,975</u>	<u>75,692</u>	<u>22,774</u>
Fund Cash Balance - December 31, 2000	<u>\$ 67,385</u>	<u>\$ 60,163</u>	<u>\$ 75,999</u>	<u>\$ 26,179</u>

The accompanying notes are an integral part  
of these financial statements.

Totals  
(Memorandum  
Only)

\$ 843,818  
567,869  
35,725  
85,532  
8,814  
24,587  
10,000  
85,816  
1,662,161

470,843  
21,679  
172,999  
360,704  
279,776  
524,088  
534,834  
2,364,923

(702,762)

831,952  
(630,669)  
(20,000)  
375,000  
106,137  
20,000  
682,420

(20,342)  
250,068  
\$ 229,726

VILLAGE OF COLDWATER  
MERCER COUNTY, OHIO

COMBINED STATEMENT OF CASH RECEIPTS, DISBURSEMENTS,  
AND CHANGES IN FUND CASH BALANCES - GOVERNMENTAL FUND TYPES

For the Year Ended December 31, 1999

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Project
<u>Revenue Receipts:</u>				
Local Taxes	\$ 885,226	\$ 87,212	\$ -	\$ -
Intergovernmental Revenues	289,557	177,444	-	-
Special Assessments	-	-	29,584	-
Charges for Services	51,450	-	-	-
Fines, Licenses, and Permits	14,458	414	-	-
Contributions & Reimbursements	131,340	-	-	-
Miscellaneous	33,999	2,583	3,204	-
Total Revenue Receipts	<u>1,406,030</u>	<u>267,653</u>	<u>32,788</u>	<u>-</u>
<u>Expenditure Disbursements:</u>				
Current -				
Security of Persons and Property	406,123	50,272	-	-
Public Health and Welfare	11,977	-	-	-
Leisure Time Activities	163,806	-	-	-
Transportation	-	340,900	-	-
General Government	435,153	-	-	-
Capital Outlay	-	56,966	-	379,137
Debt Service	-	-	247,913	16,625
Total Expenditure Disbursements	<u>1,017,059</u>	<u>448,138</u>	<u>247,913</u>	<u>395,762</u>
Total Revenue Receipts Over/(Under) Expenditure Disbursements	<u>388,971</u>	<u>(180,485)</u>	<u>(215,125)</u>	<u>(395,762)</u>
<u>Other Financing Sources (Uses):</u>				
Proceeds from Sale of Bonds/Notes	-	-	-	179,791
Operating Transfers-In	41,175	250,000	222,363	162,250
Operating Transfers-Out	(384,250)	(69,175)	-	-
Advances-Out	-	-	-	(50,000)
Total Other Financing Sources (Uses)	<u>(343,075)</u>	<u>180,825</u>	<u>222,363</u>	<u>292,041</u>
Excess of Receipts and Other Sources Over/ (Under) Disbursements and Other Uses	45,896	340	7,238	(103,721)
<u>Fund Cash Balance - January 1, 1999</u>	<u>27,731</u>	<u>77,635</u>	<u>68,454</u>	<u>126,495</u>
<u>Fund Cash Balance - December 31, 1999</u>	<u>\$ 73,627</u>	<u>\$ 77,975</u>	<u>\$ 75,692</u>	<u>\$ 22,774</u>

The accompanying notes are an integral part  
of these financial statements.



<u>Totals</u>	
<u>(Memorandum</u>	
<u>Only)</u>	
\$	972,438
	467,001
	29,584
	51,450
	14,872
	131,340
	39,786
	<u>1,706,471</u>
	 456,395
	11,977
	163,806
	340,900
	435,153
	436,103
	<u>264,538</u>
	<u>2,108,872</u>
	 <u>(402,401)</u>
	 179,791
	675,788
	(453,425)
	<u>(50,000)</u>
	<u>352,154</u>
	 (50,247)
	<u>300,315</u>
\$	<u><u>250,068</u></u>

VILLAGE OF COLDWATER  
MERCER COUNTY, OHIO

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COMBINED STATEMENT OF CASH RECEIPTS, DISBURSEMENTS,  
AND CHANGES IN FUND CASH BALANCE - PROPRIETARY FUND TYPES

For the Years Ended December 31, 2000 and 1999

	<u>Proprietary Fund Types</u>	
	<u>Enterprise</u>	
	<u>2000</u>	<u>1999</u>
<u>Operating Receipts:</u>		
Charges for Services	\$ 780,892	\$ 831,922
Miscellaneous	32,178	26,358
Total Operating Receipts	<u>813,070</u>	<u>858,280</u>
<u>Operating Disbursements:</u>		
Personnel Services	219,674	233,331
Travel Transportation	178	323
Contractual Services	216,422	175,333
Material and Supplies	75,402	84,902
Capital Outlay	<u>203,008</u>	<u>28,016</u>
Total Operating Disbursements	<u>714,684</u>	<u>521,905</u>
Excess of Cash Receipts Over/(Under) Disbursements Before Interfund Transfers and Advances	<u>98,386</u>	<u>336,375</u>
Operating Transfers-Out	(221,283)	(222,363)
Operating Transfers-In	20,000	-
Advances-In	-	50,000
Total Transfers and Advances	<u>(201,283)</u>	<u>(172,363)</u>
Excess of Net Cash Receipts Over/(Under) Disbursements	(102,897)	164,012
<u>Fund Cash Balance - January 1,</u>	<u>464,886</u>	<u>300,874</u>
<u>Fund Cash Balance - December 31,</u>	<u>\$ 361,989</u>	<u>\$ 464,886</u>

The accompanying notes are an integral part  
of these financial statements.

VILLAGE OF COLDWATER  
MERCER COUNTY, OHIO

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COMBINED STATEMENT OF RECEIPTS - BUDGET AND ACTUAL

For the Years Ended December 31, 2000 and 1999

<u>Fund Types/Funds:</u>	2000		Variance Favorable (Unfavorable)
	Budget	Actual	
<u>Governmental:</u>			
General	\$ 1,321,407	\$ 1,262,344	\$ (59,063)
Special Revenue	532,954	340,210	(192,744)
Debt Service	294,541	20,375	(274,166)
Capital Projects	176,382	520,369	343,987
<u>Proprietary:</u>			
Enterprise	1,275,122	813,070	(462,052)
<u>Total (Memorandum Only)</u>	\$ 3,600,406	\$ 2,956,368	\$ (644,038)

<u>Fund Types/Funds:</u>	1999		Variance Favorable (Unfavorable)
	Budget	Actual	
<u>Governmental:</u>			
General	\$ 1,236,465	\$ 1,406,030	\$ 169,565
Special Revenue	503,282	267,653	(235,629)
Debt Service	292,693	32,788	(259,905)
Capital Projects	237,252	179,791	(57,461)
<u>Proprietary:</u>			
Enterprise	1,130,171	858,280	(271,891)
<u>Total (Memorandum Only)</u>	\$ 3,399,863	\$ 2,744,542	\$ (655,321)

The accompanying notes are an integral part  
of these financial statements.

VILLAGE OF COLDWATER  
MERCER COUNTY, OHIO

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COMBINED STATEMENT OF DISBURSEMENTS AND  
ENCUMBRANCES COMPARED WITH EXPENDITURE AUTHORITY

For the Years Ended December 31, 2000 and 1999

<u>Fund Types/Funds:</u>	<u>Prior Year Carryover Appropriation</u>	<u>2000 Appropriation</u>	<u>Total</u>
<u>Governmental:</u>			
General	\$ 8,634	\$ 1,287,884	\$ 1,296,518
Special Revenue	24,866	832,075	856,941
Debt Service	-	245,823	245,823
Capital Projects	12,331	622,310	634,641
<u>Proprietary:</u>			
Enterprise	<u>-</u>	<u>1,003,535</u>	<u>1,003,535</u>
<u>Total (Memorandum Only)</u>	<u>\$ 45,831</u>	<u>\$ 3,991,627</u>	<u>\$ 4,037,458</u>

<u>Fund Types/Funds:</u>	<u>Prior Year Carryover Appropriation</u>	<u>1999 Appropriation</u>	<u>Total</u>
<u>Governmental:</u>			
General	\$ 23,671	\$ 1,392,105	\$ 1,415,776
Special Revenue	15,376	476,965	492,341
Debt Service	-	247,915	247,915
Capital Projects	11,364	445,291	456,655
<u>Proprietary:</u>			
Enterprise	<u>26,703</u>	<u>744,066</u>	<u>770,769</u>
<u>Total (Memorandum Only)</u>	<u>\$ 77,114</u>	<u>\$ 3,306,342</u>	<u>\$ 3,383,456</u>

The accompanying notes are an integral part  
of these financial statements.

<u>2000 Actual Disbursements</u>	<u>Encumbrances Outstanding at 12-31-00</u>	<u>Total</u>	<u>Variance Favorable (Unfavorable)</u>
\$ 688,158	\$ 4,997	\$ 693,155	\$ 603,363
788,359	8,027	796,386	60,555
245,823	-	245,823	-
642,583	12	642,595	(7,954)
<u>714,684</u>	<u>2,822</u>	<u>717,506</u>	<u>286,029</u>
<u>\$ 3,079,607</u>	<u>\$ 15,858</u>	<u>\$ 3,095,465</u>	<u>\$ 941,993</u>

<u>1999 Actual Disbursements</u>	<u>Encumbrances Outstanding at 12-31-99</u>	<u>Total</u>	<u>Variance Favorable (Unfavorable)</u>
\$ 1,017,059	\$ 8,634	\$ 1,025,693	\$ 390,083
448,138	24,866	473,004	19,337
247,913	-	247,913	2
395,762	12,331	408,093	48,562
<u>521,905</u>	<u>-</u>	<u>521,905</u>	<u>248,864</u>
<u>\$ 2,630,777</u>	<u>\$ 45,831</u>	<u>\$ 2,676,608</u>	<u>\$ 706,848</u>

VILLAGE OF COLDWATER  
MERCER COUNTY, OHIO

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NOTES TO FINANCIAL STATEMENTS

December 31, 2000 and 1999

Note 1 - Summary of Significant Accounting Policies

Description of the Entity

The Village of Coldwater is a political and corporate body established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Village operates under a council/mayor form of government and provides the following services: public safety, health, recreation, street maintenance, water and sewer facilities, and general administrative services.

The Village's management believes the financial statements included in this report represent all of the funds of the Village over which the Village has the ability to exercise direct operating control.

Basis of Accounting

The Village prepares its financial statements on a basis of cash receipts and disbursements. Consequently, certain revenues and the related assets are recognized when received rather than when earned, and certain expenditures are recognized when paid rather than when the obligation is incurred. A general fixed asset group and long-term debt group of accounts are not recorded on the financial statements by the Village under the basis of accounting used.

Fund Accounting

The accounting system is organized and operated on a fund basis. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations or limitations. The Village uses the following major fund types:

Governmental Funds

General Fund

The General Fund accounts for all the revenues and expenditures of the Village that are not required to be accounted for in other funds.

Special Revenue Fund

The Special Revenue Fund is used to account for the proceeds of specific revenue sources (other than capital projects and expendable trusts), the expenditures for which are legally restricted to for specific purposes.

VILLAGE OF COLDWATER  
MERCER COUNTY, OHIO

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NOTES TO FINANCIAL STATEMENTS  
December 31, 2000 and 1999

Note 1 - Summary of Significant Accounting Policies - (continued)

Fund Accounting - (continued)

Debt Service Fund

The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs.

Capital Project Fund

The Capital Project Fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by Proprietary and Trust Funds).

Proprietary Funds

Enterprise Funds

Enterprise Funds are used to account for the operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purpose.

Budgets

The Village is required by state law to adopt annual budgets for all funds. Each budget is presented on the cash basis of accounting. The tax budget of estimated cash receipts and disbursements is required to be submitted to the County Auditor, as secretary of the County Budget Commission, by July 15 of each year, for the following year.

Estimated Resources

The County Budget Commission certifies its actions to the Village by September 1. As part of this certification, the Village receives the official certificate of estimated resources which states the projected receipts of each fund. On or about January 1, this certificate is amended to include any unencumbered balances from the preceding year. Prior to December 31, the Village must revise its budget so that the total contemplated expenditures from a fund during the ensuing fiscal year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriation measure. Budget receipts as shown in the accompanying financial statements do not include January 1, 1999 or January 1, 2000 unencumbered fund balances. However, those fund balances are available for appropriations.

VILLAGE OF COLDWATER  
MERCER COUNTY, OHIO

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NOTES TO FINANCIAL STATEMENTS  
December 31, 2000 and 1999

Note 1 - Summary of Significant Accounting Policies - (continued)

Appropriations

A temporary appropriation measure to control cash disbursements may be passed on or about January 1 of each year for the period January to March. An annual appropriation measure must be passed by April 1 of each year for the period January 1 to December 31. The appropriation measure may be amended or supplemented during the year as new information becomes available. Appropriations may not exceed estimated resources.

Encumbrances

The Village is required to use the encumbrance method of accounting by virtue of Ohio law. Under this system, purchase orders, contracts and other commitments for the expenditure of funds are recorded in order to reserve the portion of the applicable appropriation. At the close of each fiscal year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriations. The encumbered appropriation balance is carried forward to the succeeding fiscal year and need not be reappropriated.

Property, Plant and Equipment

Fixed assets acquired or constructed for general governmental service are recorded as expenditures. Depreciation is not recorded for these fixed assets.

Total Columns on Financial Statements

Total columns on the financial statements are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. This data is not comparable to a consolidation. Interfund-type eliminations have not been made in the aggregation of this data.

Note 2 - Cash and Investments

The Village maintains a cash and investment pool used by all funds. Each fund type's portion of this pool is displayed on the Combined Statement of Cash and Investments as "Pooled Cash and Investments Balances By Fund Type".

Legal Requirements

Statutes require the classification of moneys held by the Village into three categories:



VILLAGE OF COLDWATER  
MERCER COUNTY, OHIO

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NOTES TO FINANCIAL STATEMENTS  
December 31, 2000 and 1999

Note 2 - Cash and Investments - (continued)

Legal Requirements - (continued)

Category 1 - consists of "active" moneys, those moneys required to be kept in a "cash" or "near-cash" status for immediate use by the Village. Such moneys must be maintained either as cash in the Village's treasury or in depository accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts.

Category 2 - consists of "inactive" moneys, those moneys not required for use within the current two year period of designation of depositories. Inactive moneys may be deposited or invested only as certificates of deposit maturing not later than the end of the current period of designation of depositories.

Category 3 - consists of "interim" moneys, those moneys which are not needed for immediate use but which will be needed before the end of the current period of depositories. Interim moneys may be invested or deposited in the following securities:

1. Bonds, notes, or other obligations of or guaranteed by the United States, or those for which the faith of the United States is pledged for the payment of principal and interest;
2. Bonds, notes, debentures, or other obligations or securities issued by any federal government agency, or the Export-Import Bank of Washington;
3. Repurchase agreements in the securities enumerated above;
4. Interim deposits in the eligible institutions applying for interim moneys;
5. Bonds and other obligations of the State of Ohio; and
6. The State Treasurer's investment pool.

Deposits

At December 31, 2000 and 1999, the carrying amount of the Village of Coldwater's deposits were \$262,043 and \$273,531, and the bank balances were \$288,429 and \$300,638, respectively. The Village was insured for \$200,000 by the federal depository insurance. The remaining balance was covered by collateral deposit of securities with qualified trustee as pledged to the Village.

Investments

The Village of Coldwater invests in the State of Ohio treasurer's investment pool, "Star Ohio" and Village owned special assessment bonds. Star Ohio is unclassified under the Governmental Accounting Standards Board statement number 3.

VILLAGE OF COLDWATER  
MERCER COUNTY, OHIO

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NOTES TO FINANCIAL STATEMENTS  
December 31, 2000 and 1999

Note 2 - Cash and Investments - (continued)

Investments - (continued)

	<u>Carrying Value</u>	<u>Market Value</u>
<u>December 31, 2000</u>		
Investment in State Treasurer's investment pool - Star Ohio (unclassified)	\$ 285,847	\$ 285,847
Village-owned special assessment bonds (cash)	<u>43,825</u>	<u>43,825</u>
	<u>\$ 329,672</u>	<u>\$ 329,672</u>
 <u>December 31, 1999</u>		
Investment in State Treasurer's investment pool - Star Ohio (unclassified)	\$ 388,443	\$ 388,443
Village-owned special assessment bonds (cash)	<u>52,980</u>	<u>52,980</u>
	<u>\$ 441,423</u>	<u>\$ 441,423</u>

Note 3 - Property Tax

Real property taxes become a lien on all non-exempt real property located in the county on January 1. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31 with the remainder payable by June 20 of the following year. Under certain circumstances, state statute permits later payment dates to be established.

The full tax rate applied to real property for the calendar years ended December 31, 2000 and 1999 was \$2.20 per \$1,000 of assessed valuation. After adjustment of the rate for inflationary increases in property values, the effective tax rate was \$2.20 per \$1,000 of assessed valuation for real property classified as residential/agricultural and \$2.20 per \$1,000 of assessed valuation for all other real property. Real property owners' tax bills are further reduced by homestead and rollback deductions, when applicable. The amount of these homestead and rollback reductions is reimbursed to the Village by the State of Ohio, and are reflected in the financial statements as intergovernmental receipts.

Owners of tangible personal property are required to file a list of such property including costs, by April 30 of each year. The property is assessed for tax purposes at varying statutory percentages of cost. The tax rate applied to tangible personal property for the calendar years ended December 31, 2000 and 1999 was \$2.20 per \$1,000 of assessed valuation.

VILLAGE OF COLDWATER  
MERCER COUNTY, OHIO

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NOTES TO FINANCIAL STATEMENTS  
December 31, 2000 and 1999

Note 3 - Property Tax - (continued)

	2000	1999
Real Property - Valuation		
Residential/Agricultural	\$ 44,653,230	\$ 38,202,470
Commercial/Industrial	10,701,930	11,163,450
Public Utilities	1,940	1,670
Tangible Personal Property		
General - Valuation	12,725,750	12,514,530
Public Utilities	<u>1,792,670</u>	<u>1,797,690</u>
Total Valuation	<u>\$ 69,875,520</u>	<u>\$ 63,679,810</u>

The Mercer County Treasurer collects property tax on behalf of all taxing districts within the County. The Mercer County Auditor periodically remits to the taxing districts their portions of the taxes collected.

Note 4 - Local Income Tax

The Village of Coldwater levies income taxes of one percent of gross salaries, wages and other personal service compensation earned by residents and to earnings of nonresidents employed within the Village. The income tax also applies to net income of businesses operating within the Village.

Note 5 - Debt Obligations

Debt outstanding at December 31, 2000 and 1999 consisted of the following:

	2000	1999
Special Assessment Bonds		
Principal Outstanding	\$ 93,455	\$ 99,480
Interest Rates	5.25 to 5.50%	5.25 to 5.50%
First Mortgage Revenue Bonds – Wastewater Treatment Plant		
Principal Outstanding	1,635,000	1,735,000
Interest Rates	5.70 to 7.20%	5.70 to 7.20%
General Obligation Notes		
Principal Outstanding	-	100,000
Interest Rates		4.25 to 4.50%
Ohio Public Works Commission		
Principal Outstanding	206,000	218,500
Interest	-	-

VILLAGE OF COLDWATER  
MERCER COUNTY, OHIO

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NOTES TO FINANCIAL STATEMENTS  
December 31, 2000 and 1999

Note 5 - Debt Obligations - (continued)

Land Acquisition Bonds – Industrial Park			
Principal Outstanding	\$ 310,007		-
Interest Rates	8.00 to 11.00%		
General Revenue Bonds – Fire Truck			
Principal Outstanding	137,500	179,791	
Interest Rates	4.75%	4.75%	

The annual requirements to amortize all debt outstanding as of December 31, 2000, including interest payments of \$955,323 are as follows:

<u>Year Ending</u> <u>December 31,</u>	<u>First</u> <u>Mortgage</u> <u>Bonds</u>	<u>Land</u> <u>Acquisition</u> <u>Bonds</u>	<u>OPWL</u>	<u>Special</u> <u>Assessments</u>	<u>Fire</u> <u>Truck</u> <u>Bonds</u>
2001	\$ 219,782	\$ 45,320	\$ 12,500	\$ 25,543	\$ 50,031
2002	217,852	45,320	12,500	25,015	50,465
2003	220,538	45,320	12,500	14,712	50,280
2004	217,498	45,320	12,500	14,099	-
2005	219,060	45,320	12,500	11,717	-
Thereafter	<u>1,317,200</u>	<u>237,667</u>	<u>137,500</u>	<u>19,226</u>	<u>-</u>
	<u>\$ 2,411,930</u>	<u>\$ 464,267</u>	<u>\$ 200,000</u>	<u>\$ 110,312</u>	<u>\$ 150,776</u>

Note 6 - Pension and Retirement Plans

Public Employees Retirement System (PERS)

The Public Employees Retirement System of Ohio (PERS) is a state operated cost sharing, multiple employer public employee retirement system. Full-time permanent employees of the Village of Coldwater belong to Public Employees Retirement System. Public Employees Retirement System provides retirement benefits to employees who are eligible to retire based upon years of service. Public Employees Retirement System also provides survivor and disability benefits to vested employees.

Employees contribute 8.5 percent of gross salary. The employer matching share was 13.55 percent from January 1, 1999 through June 30, 2000, and was 8.13 percent from July 1, 2000 through December 31, 2000. The pension contribution requirement for the Village, for the year ended December 31, 2000, was \$107,295 which consisted of \$46,508 from employees and \$60,787 from the employer, and for the year ended December 31, 1999, the Village contribution was \$110,481 which consisted of \$44,007 from employees and \$66,474 from the employer. The Village has paid all required contributions through December 31, 2000.

VILLAGE OF COLDWATER  
MERCER COUNTY, OHIO

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NOTES TO FINANCIAL STATEMENTS  
December 31, 2000 and 1999

Note 6 - Pension and Retirement Plans - (continued)

Police and Firemen's Disability and Pension Fund

The Village of Coldwater uniformed police employees participating in the police and firemen's disability and pension fund is a multi-employer cost sharing public employees retirement system created by the State of Ohio. The fund provides pension disability and health care to qualified police personnel and survivors and death benefits to qualified spouses, children and dependent parents.

Employees contribute 10% of gross salaries and the employer contributes 19.5% of gross salaries. The required contribution for the Village for the year ended December 31, 2000 was \$51,505 which consisted of \$19,370 from the employees and \$32,135 from the employer. For the year ended December 31, 1999, the required contribution was \$57,061 of which \$19,343 was from the employees and \$37,718 was from the employer. The Village has paid all required contributions through December 31, 2000.

Note 7 - Accrued Vacation and Sick Pay

Accumulated unpaid vacation and sick pay is not accrued under the cash basis of accounting described in Note 1. At December 31, 2000 and 1999, management estimated that the accrued vacation and sick pay was \$85,795 and \$77,369, respectively. All leave will either be absorbed by time off from work, or within certain limitations, be paid to employees. It is not practical to determine the actuarial value of the benefits at December 31, 2000 or 1999.

Note 8 - Risk Management

The Village maintains comprehensive insurance coverage with private insurers for all real and personal property, including automobile coverage for the following risks: general liability, auto liability, uninsured motorists, property coverage, wrongful acts coverage, inland marine, police professional, and public officials liability.

The Village also provides medical and life insurance coverage for full-time employees through a commercial insurer.

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# **E.S. Evans and Company**

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Robert E. Wendel, CPA • Dan F. Clifford, CPA • E.S. Evans, CPA, PFS (1930-1999)

April 27, 2001

**REPORT ON COMPLIANCE AND ON INTERNAL  
CONTROL OVER FINANCIAL REPORTING BASED ON  
AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Village of Coldwater  
Mercer County, Ohio

and

Auditor of State of Ohio  
Columbus, Ohio

We have audited the combined financial statements of the Village of Coldwater, Mercer County, Ohio as of and for the years ended December 31, 2000 and 1999, and have issued our report thereon dated May 20, 1999. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

### Compliance

As part of obtaining reasonable assurance about whether the Village of Coldwater's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards. However, we noted certain immaterial instances of noncompliance, which we have reported to management of the Village of Coldwater in a separate letter dated April 27, 2001.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Village of Coldwater's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Village of Coldwater's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying schedule of findings as items 2000-8873-001 and 2000-8873-002.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe that none of the reportable conditions described above is a material weakness. We also noted other matters involving the internal control over financial reporting, which we have reported to management of the Village of Coldwater in a separate letter dated April 27, 2001.

This report is intended solely for the information and use of the audit committee, management, Council, Auditor of State of Ohio and is not intended to be and should not be used by anyone other than these specified parties.





VILLAGE OF COLDWATER  
MERCER COUNTY, OHIO

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SCHEDULE OF FINDINGS  
December 31, 2000 and 1999

Finding Number	Finding Summary
2000-8873-001	<p>Under the present cash receipts system, the Finance Director is primarily responsible for all of the Village's funds. He posts the revenues, maintains the cash reports and reconciles the bank accounts. In addition, in 2000, pay-in orders were eliminated. Deposit tickets are simply coded with account numbers and used for posting. Another area of concern is in regards to reclassifications or memo receipts. Currently, the only documentation to support these entries are scraps of paper included with the monthly deposit tickets.</p> <p>We recommend that pay-in orders or computer generated receipts be used in numerical sequence to account for receipts. In addition, we recommend that someone other than the Finance Director who has no other cash duties, reconcile the bank statements, and review monthly receipts to deposits and postings to the computer system.</p>
2000-8873-002	<p>In auditing the cash balances of the Village, it was found that the bank accounts are not in reconciliation with the books. The Finance Director is attempting to get these reconciled, but variances were found. We feel that this problem can be attributed to the way various entries are entered into the computer system. We found one sided entries, as well as problems agreeing detail reports to summary reports used for financial statement presentation.</p> <p>We recommend that someone other than the Finance Director, review monthly reports supporting the revenue and expenditures, and agree these to the monthly bank reconciliations.</p>

VILLAGE OF COLDWATER  
MERCER COUNTY, OHIO

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SCHEDULE OF PRIOR AUDIT FINDINGS  
December 31, 2000 and 1999

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected: Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:
1998-001	Cash Receipts system, internal controls and separation of duties.	No action taken, comment repeated.	Not corrected – comment repeated with additional comments made.
1998-002	Utility Department, separation of duties, report variances and review of reports.	Substantially corrected, separation of duties only remaining problem.	Found no variances in reports, reports all available for our review, meters now electronically read.
1998-003	Income Tax Department, internal controls, and agency fund accountability.	Substantially corrected, separation of duties only remaining problem.	Effective 1/1/00, Village of Coldwater no longer collects St. Henry's income tax.



STATE OF OHIO  
OFFICE OF THE AUDITOR  

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JIM PETRO, AUDITOR OF STATE

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**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  
JULY 26, 2001**