

**VILLAGE OF COLDWATER  
MERCER COUNTY, OHIO**

**AUDITED FINANCIAL STATEMENTS  
FOR THE YEARS ENDED  
DECEMBER 31, 2008 AND 2007**





# Mary Taylor, CPA

Auditor of State

Village Council  
Village of Coldwater  
610 West Sycamore Street  
Coldwater, Ohio 45828

We have reviewed the *Independent Auditors' Report* of the Village of Coldwater, Mercer County, prepared by Bastin & Company, LLC, for the audit period January 1, 2007 through December 31, 2008. 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.

The financial statements in the attached report are presented in accordance with a regulatory basis of accounting prescribed or permitted by the Auditor of State. Due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA), modifications were required to the *Independent Auditors' Report* on your financial statements. While the Auditor of State does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. The attached report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the statements are misstated under the non-GAAP regulatory basis. The *Independent Auditors' Report* also includes an opinion on the financial statements using the regulatory format the Auditor of State permits.

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.

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Mary Taylor, CPA  
Auditor of State

August 21, 2009

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VILLAGE OF COLDWATER  
MERCER COUNTY, OHIO

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# Bastin & Company, LLC

*Certified Public Accountants*

## **INDEPENDENT AUDITORS' REPORT**

The Honorable Members of Village Council  
Village of Coldwater  
610 West Sycamore Street  
Coldwater, Ohio 45828

We have audited the accompanying financial statements of the Village of Coldwater, Mercer County, Ohio, (the Village) as of and for the years ended December 31, 2008 and 2007. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 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 described more fully in Note 1, the Village has prepared these financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

Revisions to GAAP would require the Village to reformat its financial statement presentation and make other changes effective for the years ended December 31, 2008 and 2007. Instead of the combined funds the accompanying financial statements present for 2008 and 2007, the revisions require presenting entity wide statements and also to present its larger (i.e. major) funds separately for 2008 and 2007. While the Village does not follow GAAP, generally accepted auditing standards require us to include the following paragraph if the statements do not substantially conform to the new GAAP presentation requirements. The Auditor of State permits, but does not require, Villages to reformat their statements. The Village has elected not to reformat its statements. Since the Village does not use GAAP to measure financial statement amounts, the following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2008 and 2007 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2008 and 2007, or their changes in financial position or cash flows, where applicable, for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of the Village as of December 31, 2008 and 2007, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

The aforementioned revision to generally accepted accounting principles also requires the Village to include Management's Discussion and Analysis for the years ended December 31, 2008 and 2007. The Village has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 26, 2009, on our consideration of the Village's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in conjunction with this report in considering the results of our audit.

A handwritten signature in cursive script that reads "Bastin & Company, L L C". The signature is written in black ink on a light-colored background.

Cincinnati, Ohio  
June 26, 2009

**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, 2008**

	Governmental Fund Types				Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	
<b>Cash Receipts:</b>					
Property Taxes and Other Local Taxes	\$ 1,431,643	\$ 214,269	\$ -	\$ -	\$ 1,645,912
Intergovernmental Receipts	327,314	235,877	-	-	563,191
Special Assessments	-	-	5,255	-	5,255
Charges for Services	58,512	57,771	-	9,316	125,599
Licenses, Permits and Fees	9,954	-	-	-	9,954
Fines and Forfeitures	-	1,524	-	-	1,524
Earnings on Investments	5,899	243	-	2,504	8,646
Miscellaneous	22,800	3,055	-	-	25,855
<b>Total Cash Receipts</b>	<u>1,856,122</u>	<u>512,739</u>	<u>5,255</u>	<u>11,820</u>	<u>2,385,936</u>
<b>Cash Disbursements:</b>					
Current:					
Security of Persons and Property	586,799	63,046	-	-	649,845
Public Health Services	21,158	-	-	-	21,158
Transportation	-	533,594	-	-	533,594
General Government	360,289	36,618	5,275	43,735	445,917
Capital Outlay	18,274	155,161	-	155,551	328,986
Debt Service:					
Principal Payments	12,187	102,678	305,000	12,500	432,365
Interest Payments	878	4,642	116,944	-	122,464
<b>Total Cash Disbursements</b>	<u>999,585</u>	<u>895,739</u>	<u>427,219</u>	<u>211,786</u>	<u>2,534,329</u>
<b>Total Receipts Over (Under) Disbursements</b>	<u>856,537</u>	<u>(383,000)</u>	<u>(421,964)</u>	<u>(199,966)</u>	<u>(148,393)</u>
<b>Other Financing Receipts (Disbursements):</b>					
Debt Proceeds	-	129,000	-	-	129,000
Transfers-In	-	440,365	413,713	173,500	1,027,578
Transfers-Out	(838,978)	(228,500)	-	-	(1,067,478)
Other Financing Sources	12,855	-	-	53,286	66,141
<b>Total Other Financing Receipts (Disbursements)</b>	<u>(826,123)</u>	<u>340,865</u>	<u>413,713</u>	<u>226,786</u>	<u>155,241</u>
<b>Excess of Cash Receipts and Other Financing Receipts Over (Under) Cash Disbursements and Other Financing Disbursements</b>	<u>30,414</u>	<u>(42,135)</u>	<u>(8,251)</u>	<u>26,820</u>	<u>6,848</u>
<b>Fund Cash Balances, January 1</b>	<u>79,675</u>	<u>25,489</u>	<u>19,259</u>	<u>128,988</u>	<u>253,411</u>
<b>Fund Cash Balances, December 31</b>	<u>\$ 110,089</u>	<u>\$ (16,646)</u>	<u>\$ 11,008</u>	<u>\$ 155,808</u>	<u>\$ 260,259</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 - ALL PROPRIETARY AND SIMILAR FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2008**

	Proprietary Fund Types		Fiduciary Fund Types	Totals (Memorandum Only)
	Enterprise	Internal Service	Agency	
<b>Operating Cash Receipts:</b>				
Charges for Services	\$ 1,076,056	\$ 181,039	\$ -	\$ 1,257,095
Miscellaneous	44,126	-	-	44,126
Total Operating Cash Receipts	<u>1,120,182</u>	<u>181,039</u>	<u>-</u>	<u>1,301,221</u>
<b>Operating Cash Disbursements:</b>				
Personnel Services	345,956	158,921	-	504,877
Employee Fringe Benefits	115,050	-	-	115,050
Contractual Services	241,248	-	-	241,248
Materials and Supplies	192,398	-	-	192,398
Total Operating Cash Disbursements	<u>894,652</u>	<u>158,921</u>	<u>-</u>	<u>1,053,573</u>
Operating Income	<u>225,530</u>	<u>22,118</u>	<u>-</u>	<u>247,648</u>
<b>Non-Operating Cash Receipts:</b>				
Intergovernmental Receipts	17,622	-	-	17,622
Earnings on Investments	407	-	-	407
Other Non-Operating Receipts	-	-	8,225	8,225
Total Non-Operating Cash Receipts	<u>18,029</u>	<u>-</u>	<u>8,225</u>	<u>26,254</u>
<b>Non-Operating Cash Disbursements:</b>				
Debt Principal Payments	42,215	-	-	42,215
Debt Interest Payments	1,021	-	-	1,021
Capital Outlay	210,605	-	-	210,605
Other Non-Operating Disbursements	-	-	8,225	8,225
Total Non-Operating Cash Disbursements	<u>253,841</u>	<u>-</u>	<u>8,225</u>	<u>262,066</u>
Excess of Cash Receipts Over (Under) Cash Disbursements before Interfund Transfers	(10,282)	22,118	-	11,836
Transfers-In	330,000	-	-	330,000
Advances-In	-	58,456	-	58,456
Transfers-Out	(290,100)	-	-	(290,100)
Advances Out	(58,456)	-	-	(58,456)
Net Cash Receipts Over (Under) Cash Disbursements	<u>(28,838)</u>	<u>80,574</u>	<u>-</u>	<u>51,736</u>
Fund Cash Balances, January 1	<u>30,314</u>	<u>59,882</u>	<u>-</u>	<u>90,196</u>
Fund Cash Balances, December 31	<u>\$ 1,476</u>	<u>\$ 140,456</u>	<u>\$ -</u>	<u>\$ 141,932</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 - ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2007**

	Governmental Fund Types				Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	
<b>Cash Receipts:</b>					
Property Taxes and Other Local Taxes	\$ 1,375,083	\$ 216,142	\$ -	\$ -	\$ 1,591,225
Intergovernmental Receipts	266,218	202,130	-	-	468,348
Special Assessments	-	-	4,214	-	4,214
Charges for Services	49,404	52,666	-	10,776	112,846
Licenses, Permits and Fees	13,270	1,370	-	-	14,640
Fines and Forfeitures	-	698	-	-	698
Earnings on Investments	10,200	367	-	2,074	12,641
Miscellaneous	5,194	-	-	-	5,194
	<u>1,719,369</u>	<u>473,373</u>	<u>4,214</u>	<u>12,850</u>	<u>2,209,806</u>
<b>Total Cash Receipts</b>					
<b>Cash Disbursements:</b>					
Current:					
Security of Persons and Property	657,422	96,914	-	9,526	763,862
Public Health Services	19,760	-	-	-	19,760
Transportation	-	478,611	-	-	478,611
Community Environment	-	8,627	-	-	8,627
General Government	351,851	21,758	4,650	13,250	391,509
Capital Outlay	10,801	169,621	-	104,240	284,662
Debt Service:					
Principal Payments	15,071	99,920	290,000	12,500	417,491
Interest Payments	640	3,906	124,219	-	128,765
	<u>1,055,545</u>	<u>879,357</u>	<u>418,869</u>	<u>139,516</u>	<u>2,493,287</u>
<b>Total Cash Disbursements</b>					
<b>Total Receipts Over (Under) Disbursements</b>	<u>663,824</u>	<u>(405,984)</u>	<u>(414,655)</u>	<u>(126,666)</u>	<u>(283,481)</u>
<b>Other Financing Receipts (Disbursements):</b>					
Sale of Notes	-	85,196	-	-	85,196
Transfers-In	-	479,525	413,869	117,500	1,010,894
Transfers-Out	(668,775)	(105,000)	-	-	(773,775)
Other Financing Sources	16,416	-	-	-	16,416
	<u>(652,359)</u>	<u>459,721</u>	<u>413,869</u>	<u>117,500</u>	<u>338,731</u>
<b>Total Other Financing Receipts/(Disbursements)</b>					
<b>Excess of Cash Receipts and Other Financing Receipts Over (Under) Cash Disbursements and Other Financing Disbursements</b>	11,465	53,737	(786)	(9,166)	55,250
<b>Fund Cash Balances, January 1</b>	<u>68,210</u>	<u>(28,248)</u>	<u>20,045</u>	<u>138,154</u>	<u>198,161</u>
<b>Fund Cash Balances, December 31</b>	<u>\$ 79,675</u>	<u>\$ 25,489</u>	<u>\$ 19,259</u>	<u>\$ 128,988</u>	<u>\$ 253,411</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 - ALL PROPRIETARY AND SIMILAR FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2007**

	Proprietary Fund Types		Fiduciary Fund Types	Totals (Memorandum Only)
	Enterprise	Internal Service	Agency	
<b>Operating Cash Receipts:</b>				
Charges for Services	\$ 1,091,976	\$ 240,655	\$ -	\$ 1,332,631
Miscellaneous	102,997	351	-	103,348
Total Operating Cash Receipts	<u>1,194,973</u>	<u>241,006</u>	<u>-</u>	<u>1,435,979</u>
<b>Operating Cash Disbursements:</b>				
Personnel Services	329,592	181,120	-	510,712
Employee Fringe Benefits	148,012	-	-	148,012
Contractual Services	211,555	-	-	211,555
Materials and Supplies	177,398	-	-	177,398
Total Operating Cash Disbursements	<u>866,557</u>	<u>181,120</u>	<u>-</u>	<u>1,047,677</u>
Operating Income	<u>328,416</u>	<u>59,886</u>	<u>-</u>	<u>388,302</u>
<b>Non-Operating Cash Receipts:</b>				
Earnings on Investments	4,832	-	-	4,832
Other Non-Operating Receipts	-	-	16,150	16,150
Total Non-Operating Cash Receipts	<u>4,832</u>	<u>-</u>	<u>16,150</u>	<u>20,982</u>
<b>Non-Operating Cash Disbursements:</b>				
Debt Principal Payments	39,496	-	-	39,496
Debt Interest Payments	33	-	-	33
Capital Outlay	170,496	-	-	170,496
Other Non-Operating Disbursements	-	-	16,150	16,150
Total Non-Operating Cash Disbursements	<u>210,025</u>	<u>-</u>	<u>16,150</u>	<u>226,175</u>
Excess of Cash Receipts Over (Under)				
Cash Disbursements before Interfund Transfers	123,223	59,886	-	183,109
Transfers-In	135,250	-	-	135,250
Advances-In	58,456	-	-	58,456
Transfers-Out	(372,369)	-	-	(372,369)
Advances Out	-	(58,456)	-	(58,456)
Net Cash Receipts Over (Under) Cash Disbursements	<u>(55,440)</u>	<u>1,430</u>	<u>-</u>	<u>(54,010)</u>
Fund Cash Balances, January 1	<u>85,754</u>	<u>58,452</u>	<u>-</u>	<u>144,206</u>
Fund Cash Balances, December 31	<u>\$ 30,314</u>	<u>\$ 59,882</u>	<u>\$ -</u>	<u>\$ 90,196</u>

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

**VILLAGE OF COLDWATER  
MERCER COUNTY, OHIO  
NOTES TO THE FINANCIAL STATEMENT  
DECEMBER 31, 2008 AND 2007**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

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

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

**B. Basis of Accounting**

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized 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 prescribed or permitted by the Auditor of State.

**C. Cash and Investments**

Investments, if owned by the Village, are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or disbursements, respectively.

During the period January 1, 2007 through December 31, 2008, the Village had investments with STAR Ohio. The investment in STAR Ohio (the State Treasurer's investment pool) is valued at amounts reported by the State Treasurer.

**D. Fund Accounting**

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

**1. General Fund**

The General Fund is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

**VILLAGE OF COLDWATER**  
**MERCER COUNTY, OHIO**  
**NOTES TO THE FINANCIAL STATEMENT**  
**DECEMBER 31, 2008 AND 2007**  
(continued)

**2. Special Revenue Funds**

These funds are used to account for proceeds from specific sources (other than from trusts or for capital projects) that are restricted to expenditure for specific purposes. 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.

*State Highway Improvement Fund* - This fund receives gasoline tax and motor vehicle tax money for constructing, maintaining and repairing state highways within the Village.

*Fire Levy Fund* - This fund receives property taxes levied on real estate and personal property on Butler Township and Coldwater property for the purpose of providing funds for the operation of the fire department.

**3. Debt Service Fund**

These funds are used to accumulate resources for the payment of bonds and note indebtedness. The Village had the following significant 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 are used to account for receipts that are restricted for the acquisition or construction of major capital projects (except those financed through enterprise or trust funds). The Village had the following significant Capital Project Fund:

*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. Proprietary Funds**

These funds account for operations that are similar to private sector enterprises where management intends that the significant costs of providing certain goods and services will be recovered through user charges. The Village had the following Proprietary Fund Types:

**Enterprise Funds**

Enterprise Funds are used to account for any activity for which a fee is charged to external users for goods or services. The Village had the following significant Enterprise Funds:

**VILLAGE OF COLDWATER  
MERCER COUNTY, OHIO  
NOTES TO THE FINANCIAL STATEMENT  
DECEMBER 31, 2008 AND 2007  
(continued)**

*Water Revenue Fund* - This fund receives charges for services from residents to cover the cost of providing this utility.

*Sewer Revenue Fund* - This fund receives charges for services from residents to cover the cost of providing this utility.

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

**Internal Service Fund**

The Internal Service Fund is used to account for the financing of goods or services provided by one department or agency of the Village on a cost-reimbursement basis. The Village had the following Internal Service Fund:

*Employee Insurance Fund* - This fund is used to account for the costs associated with employee health insurance plan for the Village.

**5. Fiduciary Funds (Trust and Agency Funds)**

Trust funds are used to account for resources restricted by legally binding trust agreements. If the agreement requires the Village to maintain corpus of the trust, the fund is classified as a nonexpendable trust fund. Other trust funds are classified as expendable. Funds for which the Village is acting in an agency capacity are classified as agency funds. The Village had the following significant fiduciary funds:

*Mayors Court Agency Fund* - This fund is used to account 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, function or object level of control, and appropriations may not exceed estimated resources. The Council must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Unencumbered appropriations lapse at year-end.

**2. Estimated Resources**

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

**VILLAGE OF COLDWATER  
MERCER COUNTY, OHIO  
NOTES TO THE FINANCIAL STATEMENT  
DECEMBER 31, 2008 AND 2007  
(continued)**

**3. Encumbrances**

The Ohio Revised Code requires the Village to reserve (encumber) appropriations when commitments are made. Encumbrances outstanding at year-end are carried over and need not be re-appropriated.

A summary of 2008 and 2007 budgetary activity appears in Note 3.

**F. 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.

**G. 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.

**H. 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.

**2. EQUITY IN POOLED CASH AND INVESTMENTS**

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

<b>Deposits:</b>	2008	2007
Demand deposits	\$ 141,356	\$ 202,571
Total deposits	141,356	202,571
<b>Investments:</b>		
Special assessment bonds	22,067	29,542
Star Ohio	238,768	111,494
Total investments	260,835	141,036
Total deposits and investments	\$ 402,191	\$ 343,607

**Deposits:**

Deposits are either insured by the Federal Depository Insurance Corporation, or collateralized by the financial institution’s public entity deposit pool.

**Investments:**

Investments in STAR Ohio are not evidenced by securities that exist in physical or book-entry form.

**VILLAGE OF COLDWATER  
MERCER COUNTY, OHIO  
NOTES TO THE FINANCIAL STATEMENT  
DECEMBER 31, 2008 AND 2007  
(continued)**

Special assessment bonds represent various special assessment bond issues that were purchased and held by the Village.

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ending December 31, 2008 and 2007 follows:

2008 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 1,759,482	\$ 1,868,977	\$ 109,495
Special Revenue	1,113,951	1,082,104	(31,847)
Debt Service	444,835	418,968	(25,867)
Capital Projects	200,655	238,606	37,951
Enterprise	1,939,267	1,468,211	(471,056)
Internal Service	302,956	239,495	(63,461)
Total	\$ 5,761,146	\$ 5,316,361	\$ (444,785)

2008 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 1,838,909	\$ 1,838,563	\$ 346
Special Revenue	1,124,250	1,124,239	11
Debt Service	427,220	427,219	1
Capital Projects	211,790	211,786	4
Enterprise	1,497,260	1,497,049	211
Internal Service	158,950	158,921	29
Total	\$ 5,258,379	\$ 5,257,777	\$ 602

2007 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 1,656,279	\$ 1,735,785	\$ 79,506
Special Revenue	1,067,807	1,038,094	(29,713)
Debt Service	420,585	418,083	(2,502)
Capital Projects	147,700	130,350	(17,350)
Enterprise	1,374,204	1,393,511	19,307
Internal Service	244,500	241,006	(3,494)
Total	\$ 4,911,075	\$ 4,956,829	\$ 45,754



**VILLAGE OF COLDWATER  
MERCER COUNTY, OHIO  
NOTES TO THE FINANCIAL STATEMENT  
DECEMBER 31, 2008 AND 2007  
(continued)**

2007 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 1,724,489	\$ 1,724,320	\$ 169
Special Revenue	1,025,361	984,357	41,004
Debt Service	418,870	418,869	1
Capital Projects	139,521	139,516	5
Enterprise	1,449,213	1,448,951	262
Internal Service	250,000	239,576	10,424
Total	\$ 5,007,454	\$ 4,955,589	\$ 51,865

**4. COMPLIANCE**

Contrary to Ohio Law, the Village had a deficit cash balance of \$39,596 in the Special Revenue, Street Maintenance and Repair Fund.

**5. PROPERTY TAX**

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

Public utilities are also taxed on personal and real property located within the Village.

Tangible personal property tax is assessed by the property owners, who must file a list of such property to the County by each April 30.

The County is responsible for assessing property, and for billing, collecting, and distributing all property taxes on behalf of the Village.

**6. 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.

**VILLAGE OF COLDWATER  
MERCER COUNTY, OHIO  
NOTES TO THE FINANCIAL STATEMENT  
DECEMBER 31, 2008 AND 2007  
(continued)**

**7. DEBT**

Debt outstanding at December 31, 2008 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Equipment Acquisition Bond Anticipation Note	\$ 40,000	3.75%
Various Purpose Obligation Bonds Series 2005	2,100,000	3.75% to 4.25%
General Purpose Obligation Bonds	625,000	1.2% to 3.55%
Ohio Public Works Loan-Water Treatment Plant	412,500	0.00%
Ohio Public Works Loan-NW Sanitary Sewer	112,128	0.00%
Ohio Public Works Loan-Hardin Creek	100,000	0.00%
Ohio Public Works Loan-Main Street	36,000	0.00%
Special Assessment Bonds	22,067	3.00 to 5.50%
Total	<u>\$ 3,447,695</u>	

During 2008, the Village issued a \$40,000 Equipment Acquisition Bond Anticipation Note Renewal Series 2008 for the acquisition of equipment. The note matures on October 13, 2009 and bears an interest rate of 3.75 percent.

During 2005 the Village issued \$2,400,000 Various Purpose General Obligation Bonds Series 2005. Proceeds from the bonds were used to retire the \$1,850,000 Water System Improvement Bond Note, a Municipal Center General Obligation Note and a \$55,000 Bulldozer General Obligation Note with the balance of proceeds used for various purposes. Principal retirements during 2008 and 2007 were \$105,000 and \$100,000, respectively.

During 2003 the Village issued \$1,755,000 General Purpose Obligation Bonds. Proceeds from the bonds were used to retire \$1,420,000 of General Purpose Obligation Bonds originally issued in 1991 for the construction of a new wastewater treatment plant. Proceeds were also used for the purchase of the Village's Municipal Building. Principal retirements during 2008 and 2007 amounted to \$200,000 and \$190,000, respectively.

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 2008 and 2007 amounted to \$25,000 and \$25,000, respectively.

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 2008 and 2007 amounted to \$7,733 and \$7,733, respectively.

During 1997 the Village received an interest free loan from the Ohio Public Works Commission totaling \$250,000 for the Hardin Creek Water Line Improvement project. The loan requires semi-annual payments of \$6,250 through 2016. Principal retirements during 2008 and 2007 amounted to \$12,500 and \$12,500, respectively.

**VILLAGE OF COLDWATER  
MERCER COUNTY, OHIO  
NOTES TO THE FINANCIAL STATEMENT  
DECEMBER 31, 2008 AND 2007  
(continued)**

During 2003 the Village received an interest free loan from the Ohio Public Works Commission totaling \$80,000 for the Main Street Reconstruction project. The loan requires semi-annual payments of \$4,000 through 2013. Principal retirements during 2008 and 2007 amounted to \$8,000 and \$8,000, respectively.

In prior years the Village issued several separate special assessment bonds that bear interest rates from 3.0 to 5.5 percent for various sidewalk, street and downtown improvement projects. Principal retirements on all special assessment bonds during 2008 and 2007 totaled \$7,475 and \$8,389, respectively.

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

Year	Equipment Bond Anticipation Note	Various Purpose Obligation Bonds	General Purpose Obligation Bonds	OPWC Loans	Special Assessments
2009	\$ 41,500	\$ 192,669	\$ 220,562	\$ 53,233	\$ 4,708
2010	-	193,994	224,562	53,233	4,641
2011	-	190,144	222,632	53,233	3,231
2012	-	191,018	-	53,233	9,689
2013	-	196,419	-	49,233	-
2014-2018	-	867,319	-	201,165	-
2019-2023	-	806,550	-	159,798	-
2024-2028	-	320,475	-	37,500	-
Total	<u>\$ 41,500</u>	<u>\$ 2,958,588</u>	<u>\$ 667,756</u>	<u>\$ 660,628</u>	<u>\$ 22,269</u>

On October 13, 2007, the Village refunded an \$85,196 Equipment Acquisition Bond Anticipation Note through the issuance of a new Bond Anticipation Note. The refunding note was retired in 2008. In addition, during 2007 the Village retired the remaining balance of \$20,169 related to a 2004 loan from the Second National Bank for the acquisition of two dump trucks.

**8. CAPITAL LEASES**

During 2008, the Village entered into a capital lease for a dump truck in the amount of \$89,000.

A total of \$23,676 of principle due on the lease was retired during 2008. Amortization of the remaining lease, including interest at 3.90% is scheduled as follows:

<u>Year Ended December 31</u>	<u>Amount</u>
2009	\$ 31,508
2010	31,509
2011	<u>5,251</u>
Total minimum lease payments	68,268
Less: amount representing interest	<u>(2,944)</u>
Present value of future minimum lease payments	<u>\$ 65,324</u>

**VILLAGE OF COLDWATER  
MERCER COUNTY, OHIO  
NOTES TO THE FINANCIAL STATEMENT  
DECEMBER 31, 2008 AND 2007  
(continued)**

**9. INTERFUND TRANSACTIONS**

The Village had the following interfund transactions:

<u>Fund Type/Fund</u>	<u>Year Ended December 31,</u> <u>2008</u>		<u>Year Ended December 31,</u> <u>2007</u>	
	<u>Transfer-In</u>	<u>Transfer-Out</u>	<u>Transfer-In</u>	<u>Transfer-Out</u>
General Fund	\$ -	\$838,978	\$ -	\$668,775
Special Revenue Funds:				
Street Maintenance and Repair	423,700	67,500	470,000	-
Tree Commission	16,150	-	9,525	-
Fire Levy	-	161,000	-	105,000
Police Block Grant Fund	515	-	-	-
Debt Service Funds:				
General Bond Retirement	413,713	-	413,869	-
Special Assessment Bond Retirement	-	-	-	-
Capital Projects Funds:				
Hardin Creek Improvement Fund	12,500	-	12,500	-
Fire Debt Capital Fund	161,000	-	105,000	-
Enterprise funds:				
Water	5,200	-	-	-
Sewer	35,000	-	-	-
Water Improvement	-	117,500	-	168,911
Sewer Improvement	-	160,100	-	190,958
Storm Sewer	32,000	12,500	-	12,500
Parks	257,800	-	135,250	-
Total	<u>\$1,357,578</u>	<u>\$1,357,578</u>	<u>\$1,146,144</u>	<u>\$1,146,144</u>

Transfers from the General Fund to other funds were made to provide operating funds as needed. Transfers from Special Revenue and Enterprise Funds were made to funds that pay debt service in order to fund their portions of general obligation bonds and other debt.

**10. RETIREMENT SYSTEMS**

The Village's law enforcement officers belong to the Ohio Police and Fire Pension Fund (OP&F). Other full-time 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 the plans' retirement benefits, including postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2008 and 2007, OP&F participants contributed 10 percent of their wages. The Village contributed an amount equal to 19.5 percent of police participant wages. For 2008 and 2007, OPERS' members contributed 10 and 9.5 percent, respectively, of their gross wages. The Village contributed an amount equal to 14.00 and 13.85 percent, respectively, of participants' gross salaries. The Village has paid all contributions required through December 31, 2008.

**VILLAGE OF COLDWATER  
MERCER COUNTY, OHIO  
NOTES TO THE FINANCIAL STATEMENT  
DECEMBER 31, 2008 AND 2007  
(continued)**

**11. RISK MANAGEMENT**

The Village belongs to 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 approximately 550 Ohio Governments (“Members”).

Pursuant to Section 2744.081 of the Ohio Revised Code, the Plan is a separate legal entity. The Plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverage, modified for each Member's needs. The Plan pays judgments, settlements and other expenses resulting from covered claims that exceed the Member's deductible.

The Plan issues its own policies and reinsures the Plan with A-VII or better rated carriers, except for the 15% or \$37,500 of casualty losses and the lesser of 10% or \$100,000 of property losses. The individual members are only responsible for their self-retention (deductible) amounts, which vary from member to member.

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 which occurred during their membership period. The former member's covered claims, which occurred during their membership period, remain the responsibility of the Plan.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2007 and 2006 (the latest information available):

	<u><b>2008</b></u>	<u><b>2007</b></u>
Assets	\$11,136,455	\$ 9,620,148
Liabilities	<u>(4,273,553)</u>	<u>(3,329,620)</u>
Members' Equity	<u>\$ 6,862,902</u>	<u>\$ 6,290,528</u>

The complete audited financial statements for the Ohio Government Risk Management plan can be read at the Plan's website at [www.ohioplan.org](http://www.ohioplan.org).

**12. SUBSEQUENT EVENTS**

In 2009 the Village entered into an interest free loan from Ohio Public Works Commission for \$298,000 for the purpose of street and sidewalk improvements for the Mills Street project to be repaid over 20 years. The Village also issue \$420,000 of Vehicle Acquisition General Obligation Bonds, in February 2009, for the purpose of acquiring various vehicles and trucks for the Village. The bonds are to be retired over five years.

# Bastin & Company, LLC

*Certified Public Accountants*

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

The Honorable Members of Village Council  
Village of Coldwater  
610 West Sycamore Street  
Coldwater, Ohio 45828

We have audited the accompanying financial statements of the Village of Coldwater, Mercer County, Ohio (the Village) as of and for the years ended December 31, 2008 and 2007, and have issued our report thereon dated June 26, 2009, wherein we noted the Village followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

### **Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Village's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Village's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Village's ability to initiate, authorize, record, process, or report financial data reliably in accordance with accounting practices the Auditor of State prescribes or permits such that there is more than a remote likelihood that a misstatement of the Village's financial statements that is more than inconsequential will not be prevented or detected by the Village's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Village's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies and accordingly, would not necessarily disclose all significant deficiencies that are also material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses as described above.

## Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Village's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, 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 an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2008-01.

In addition, we noted other matters involving the internal control and its operations and compliance and other matters that we have reported to management of the Village in a separate letter dated June 26, 2009.

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

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

A handwritten signature in cursive script that reads "Bastin & Company, LLC". The signature is written in black ink on a light-colored background.

Cincinnati, Ohio  
June 26, 2009

**VILLAGE OF COLDWATER  
MERCER COUNTY, OHIO  
SCHEDULE OF FINDINGS  
DECEMBER 31, 2008 AND 2007**

**FINDING NUMBER 2008-01**

Ohio Rev. Code, Section 5705.10 provides that money paid into any fund shall be used only for purposes for which such fund is established. As of December 31, 2008, the Village had a deficit cash balance of \$39,596 in the Special Revenue, Street Maintenance and Repair Fund. A deficit cash balance indicates money from another fund(s) has been used to pay the obligations of the aforementioned funds.

**Village's Response**

The Village was awaiting a reimbursement from the County in the amount of \$45,000 that would have been receipted into the Street M & R Fund. That reimbursement was received in 2009 and corrected the negative cash balance in the fund.



**VILLAGE OF COLDWATER  
MERCER COUNTY, OHIO  
SCHEDULE OF PRIOR YEAR FINDINGS  
DECEMBER 31, 2008 AND 2007**

Finding Number	Finding Summary	Fully Corrected?	Status Explanation
2006-01	Negative cash balances noncompliance citation. ORC section 5705.10.	No	Condition existed during current audit period, reissued as finding 2008-01.
2006-02	Appropriations exceeded estimated resources noncompliance citation ORC section 5705.39.	No	Minor conditions existed during current audit period, and have been reported in a letter to management.
2006-03	Expenditures exceeded appropriations noncompliance citation ORC section 5705.41(B).	Yes	Condition not applicable to current audit period.





**Mary Taylor, CPA**  
Auditor of State

**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 3, 2009**