

**VILLAGE OF COLDWATER
MERCER COUNTY, OHIO**

*Financial Statements
(Audited)*

For the Years Ended
December 31, 2016 and 2015

JASON EYINK, FINANCE DIRECTOR



Dave Yost • Auditor of State

Village Council
Village of Coldwater
610 Sycamore Street
Coldwater, Ohio 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, 2015 through December 31, 2016. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost
Auditor of State

September 28, 2017

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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 years ended December 31, 2016 and 2015.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Village 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 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 opinion.

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

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash balances of the Village of Coldwater, Mercer County, Ohio, as of December 31, 2016 and 2015, and its combined cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 1.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 29, 2017, 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.
June 29, 2017

**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, 2016**

	Governmental Fund Types				Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	
Cash Receipts:					
Property Taxes and Other Local Taxes	\$146,718	\$0	\$0	\$0	\$146,718
Municipal Income Tax	1,806,997	0	0	0	1,806,997
Intergovernmental Receipts	131,756	312,102	0	0	443,858
Special Assessments	0	8,053	0	0	8,053
Charges for Services	275,531	113,683	0	0	389,214
Licenses, Permits and Fees	23,440	0	0	0	23,440
Fines and Forfeitures	0	2,535	0	0	2,535
Earnings on Investments	3,875	732	0	0	4,607
Miscellaneous	41,511	8,067	0	14,800	64,378
Total Cash Receipts	2,429,828	445,172	0	14,800	2,889,800
Cash Disbursements:					
Current:					
Security of Persons and Property	844,105	750	0	0	844,855
Public Health Services	20,660	0	0	0	20,660
Transportation	0	591,163	0	0	591,163
Conservation/Recreation	0	189,684	0	0	189,684
General Government	432,411	911	0	11,232	444,554
Capital Outlay	90,510	236,828	0	1,050	328,388
Debt Service:					
Principal Payments	0	14,900	0	529,000	543,900
Interest Payments	0	0	0	14,508	14,508
Total Cash Disbursements	1,387,686	1,034,236	0	555,790	2,977,712
Total Receipts Over (Under) Disbursements	1,042,142	(589,064)	0	(540,990)	(87,912)
Other Financing Receipts (Disbursements):					
Proceeds from Sale of Public Debt:					
Sale of Bonds	0	0	0	529,000	529,000
Sale of Fixed Assets	0	4,355	0	0	4,355
Transfers-In	0	660,000	0	95,000	755,000
Transfers-Out	(755,000)	0	0	0	(755,000)
Total Other Financing Receipts (Disbursements)	(755,000)	664,355	0	624,000	533,355
Excess of Cash Receipts and Other Financing Receipts Over (Under) Cash Disbursements and Other Financing Disbursements	287,142	75,291	0	83,010	445,443
Fund Cash Balances, January 1	323,178	102,446	291	295,892	721,807
Fund Cash Balances, December 31					
Restricted	0	177,737	291	378,902	556,930
Committed	172,787	0	0	0	172,787
Assigned	88	0	0	0	88
Unassigned (Deficit)	437,445	0	0	0	437,445
Fund Cash Balances, December 31	\$610,320	\$177,737	\$291	\$378,902	\$1,167,250

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, 2016**

	Proprietary Fund Types	Fiduciary Fund Types	Totals (Memorandum Only)
	Enterprise	Agency	
Operating Cash Receipts:			
Charges for Services	\$1,358,935	\$0	\$1,358,935
Miscellaneous	34,570	0	34,570
Total Operating Cash Receipts	1,393,505	0	1,393,505
Operating Cash Disbursements:			
Personnel Services	225,222	0	225,222
Employee Fringe Benefits	147,577	0	147,577
Contractual Services	239,977	0	239,977
Materials and Supplies	185,758	0	185,758
Other	17	0	17
Total Operating Cash Disbursements	798,551	0	798,551
Operating Income	594,954	0	594,954
Non-Operating Cash Receipts:			
Intergovernmental Receipts	24,000	0	24,000
Other Non-Operating Receipts	0	20,600	20,600
Total Non-Operating Cash Receipts	24,000	20,600	44,600
Non-Operating Cash Disbursements:			
Debt Principal Payments	253,715	0	253,715
Debt Interest Payments	26,525	0	26,525
Capital Outlay	164,720	0	164,720
Other Non-Operating Disbursements	0	20,600	20,600
Total Non-Operating Cash Disbursements	444,960	20,600	465,560
Net Cash Receipts Over (Under) Cash Disbursements	173,994	0	173,994
Fund Cash Balances, January 1	143,884	0	143,884
Fund Cash Balances, December 31	<u>\$317,878</u>	<u>\$0</u>	<u>\$317,878</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, 2015**

	Governmental Fund Types				Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	
Cash Receipts:					
Property Taxes and Other Local Taxes	\$142,831	\$0	\$0	\$0	\$142,831
Municipal Income Tax	1,632,636	0	0	0	1,632,636
Intergovernmental Receipts	130,055	257,428	0	50,000	437,483
Special Assessments	0	11,067	0	0	11,067
Charges for Services	260,463	108,868	0	0	369,331
Licenses, Permits and Fees	18,940	0	0	0	18,940
Fines and Forfeitures	0	3,465	0	0	3,465
Earnings on Investments	1,170	76	0	0	1,246
Miscellaneous	64,748	71,523	0	12,000	148,271
Total Cash Receipts	2,250,843	452,427	0	62,000	2,765,270
Cash Disbursements:					
Current:					
Security of Persons and Property	801,879	2,911	0	0	804,790
Public Health Services	25,599	0	0	0	25,599
Transportation	0	556,740	0	0	556,740
Conservation/Recreation	0	217,906	0	0	217,906
General Government	452,698	2,958	0	11,128	466,784
Capital Outlay	2,919	289,505	0	65,483	357,907
Debt Service:					
Principal Payments	0	14,900	1,309,602	529,000	1,853,502
Interest Payments	0	0	30,709	14,548	45,257
Bond Issuance Cost	0	0	35,500	0	35,500
Total Cash Disbursements	1,283,095	1,084,920	1,375,811	620,159	4,363,985
Total Receipts Over (Under) Disbursements	967,748	(632,493)	(1,375,811)	(558,159)	(1,598,715)
Other Financing Receipts (Disbursements):					
Proceeds from Sale of Public Debt:					
Sale of Bonds	0	0	1,345,102	529,000	1,874,102
Sale of Fixed Assets	1,832	2,927	0	0	4,759
Transfers-In	0	672,500	31,000	85,000	788,500
Transfers-Out	(818,500)	0	0	0	(818,500)
Advances-In	35,000	35,000	0	0	70,000
Advances Out	(35,000)	(35,000)	0	0	(70,000)
Total Other Financing Receipts (Disbursements)	(816,668)	675,427	1,376,102	614,000	1,848,861
Excess of Cash Receipts and Other Financing Receipts Over (Under) Cash Disbursements and Other Financing Disbursements	151,080	42,934	291	55,841	250,146
Fund Cash Balances, January 1	172,098	59,512	0	240,051	471,661
Fund Cash Balances, December 31					
Restricted	0	102,446	291	295,892	398,629
Committed	143,557	0	0	0	143,557
Assigned	88	0	0	0	88
Unassigned (Deficit)	179,533	0	0	0	179,533
Fund Cash Balances, December 31	\$323,178	\$102,446	\$291	\$295,892	721,807

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, 2015**

	Proprietary Fund Types	Fiduciary Fund Types	Totals (Memorandum Only)
	Enterprise	Agency	
Operating Cash Receipts:			
Charges for Services	\$1,299,998	\$0	\$1,299,998
Miscellaneous	22,201	0	22,201
Total Operating Cash Receipts	<u>1,322,199</u>	<u>0</u>	<u>1,322,199</u>
Operating Cash Disbursements:			
Personnel Services	237,450	0	237,450
Employee Fringe Benefits	158,033	0	158,033
Contractual Services	228,705	0	228,705
Materials and Supplies	181,002	0	181,002
Other	449	0	449
Total Operating Cash Disbursements	<u>805,639</u>	<u>0</u>	<u>805,639</u>
Operating Income	<u>516,560</u>	<u>0</u>	<u>516,560</u>
Non-Operating Cash Receipts:			
Other Non-Operating Receipts	<u>0</u>	<u>24,389</u>	<u>24,389</u>
Total Non-Operating Cash Receipts	<u>0</u>	<u>24,389</u>	<u>24,389</u>
Non-Operating Cash Disbursements:			
Debt Principal Payments	245,245	0	245,245
Debt Interest Payments	58,480	0	58,480
Capital Outlay	180,918	0	180,918
Other Non-Operating Disbursements	<u>0</u>	<u>24,389</u>	<u>24,389</u>
Total Non-Operating Cash Disbursements	<u>484,643</u>	<u>24,389</u>	<u>509,032</u>
Excess of Cash Receipts Over (Under)			
Cash Disbursements before Interfund Transfers	31,917	-	31,917
Transfers-In	<u>30,000</u>	<u>0</u>	<u>30,000</u>
Net Cash Receipts Over (Under) Cash Disbursements	61,917	0	61,917
Fund Cash Balances, January 1	<u>81,967</u>	<u>0</u>	<u>81,967</u>
Fund Cash Balances, December 31	<u><u>\$143,884</u></u>	<u><u>\$0</u></u>	<u><u>\$143,884</u></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 YEARS ENDED DECEMBER 31, 2016 AND 2015

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. 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 9 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 Board recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

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.

Money market mutual funds are recorded at share values the mutual funds report.

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 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 accounts for and reports all financial resources not accounted for and reported in another fund.

**VILLAGE OF COLDWATER
MERCER COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

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 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 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.

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

**VILLAGE OF COLDWATER
MERCER COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

5. Enterprise Funds (Continued)

Storm Sewer Improvement Fund - This fund receives charges for services from residents to cover the costs of updating the storm sewer.

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, function level of control for the General fund and at the fund level of control for all remaining funds, 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 2015 and 2016 budgetary activity appears in Note 3.

**VILLAGE OF COLDWATER
MERCER COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

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.

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.

**VILLAGE OF COLDWATER
MERCER COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

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 all proprietary and fiduciary fund types which are organized on a fund type basis.

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:

	2016	2015
Demand deposits	\$512,989	\$147,158
Certificates of deposit	103,202	102,910
Other time deposits (savings and NOW accounts)	3,223	3,221
Total deposits	619,414	253,289
STAR Ohio	513,669	261,686
STAR Ohio Plus	352,045	350,716
Total investments	865,714	612,402
Total deposits and investments	\$1,485,128	\$865,691

Deposits: Deposits are insured by the Federal Depository Insurance Corporation or collateralized by the financial institution's public entity deposit pool.

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

The Village invests in mutual funds which have a rating of Aaa by Moodys.

3. Budgetary Activity

Budgetary activity for the years ending December 31, 2015 and 2016 follows:

**VILLAGE OF COLDWATER
MERCER COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

2016 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$2,064,956	\$2,429,828	\$364,872
Special Revenue	1,187,205	1,109,527	(77,678)
Capital Projects	633,800	638,800	5,000
Enterprise	1,295,400	1,417,505	122,105
Fiduciary	29,100	20,600	(8,500)
Total	<u>\$5,210,461</u>	<u>\$5,616,260</u>	<u>\$405,799</u>

2016 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$2,178,663	\$2,142,686	\$35,977
Special Revenue	1,052,595	1,034,236	18,359
Capital Projects	557,550	555,790	1,760
Enterprise	1,249,387	1,243,511	5,876
Fiduciary	20,600	20,600	0
Total	<u>\$5,058,795</u>	<u>\$4,996,823</u>	<u>\$61,972</u>

2015 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$2,168,306	\$2,287,675	\$119,369
Special Revenue	1,241,100	1,162,854	(78,246)
Debt Service	1,385,000	1,376,102	(8,898)
Capital Projects	758,000	676,000	(82,000)
Enterprise	1,413,600	1,352,199	(61,401)
Fiduciary	33,400	24,389	(9,011)
Total	<u>\$6,999,406</u>	<u>\$6,879,219</u>	<u>(\$120,187)</u>

2015 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$2,180,424	\$2,136,595	\$43,829
Special Revenue	1,244,049	1,119,920	124,129
Debt Service	1,376,420	1,375,811	609
Capital Projects	620,550	620,159	391
Enterprise	1,403,244	1,290,282	112,962
Fiduciary	33,400	24,389	9,011
Total	<u>\$6,858,087</u>	<u>\$6,567,156</u>	<u>\$290,931</u>

**VILLAGE OF COLDWATER
MERCER COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

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. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

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

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

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, 2016 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Various Purpose Refunding Bond 2015	\$1,220,000	1.0-2.65%
Ohio Public Works-Mill Street	\$201,150	0%
Ohio Public Works-Northwest Sanitary Sewer	\$54,131	0%
Ohio Public Works-Water Treatment Plant	\$225,000	0%
Peoples Bank Note-Farm Ground	\$529,000	3%
Ohio Public Works - Sanitary Sewer	\$450,000	0%
Ohio Water Development Authority Loan - Water/Sewer Expansion	\$1,042,392	1%
Total	<u>\$3,721,673</u>	

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 2016 and 2015 amounted to \$7,733 and \$7,733, respectively. This loan is paid from the Sewer Fund.

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 2016 and 2015 amounted to \$25,000 and \$25,000, respectively. This loan is paid from the Water Fund.

**VILLAGE OF COLDWATER
MERCER COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

6. Debt (Continued)

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 2016 and 2015 were \$14,900 and \$14,900, respectively. This loan is paid from the Street Construction, Maintenance and Repair Fund.

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 2016 and 2015 amounted to \$12,500 and \$12,500, respectively. This loan was paid from the Storm Sewer Improvement Fund and was paid off in 2016.

During 2014 the Village received a one year loan for \$529,000 from the Peoples Bank Company. This loan was use for the purchase of farm ground. The Village paid interest only in 2015 and 2016. This loan is paid from the Industrial Developmental Fund. This note is renewed annually.

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 2044. Principal retirement during 2016 and 2015 were \$16,666 and \$16,666, respectively. This loan is paid from the Sewer Fund.

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 and interest payments for 2016 and 2015 were \$66,815 and \$100,346, respectively. This loan is paid from the Sewer Fund.

During 2015 the Village issued \$1,345,000 Various Purpose Refunding Bonds Series 2015. This bond refinanced the \$2,400,000 Various Purpose Bond from 2005. Principal retirements during 2016 and 2015 were \$125,000 and \$100,398, respectively. This bond is paid from the Water Fund.

The Village's taxing authority collateralized the bonds.

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

Year ending December 31:	General Obligation		OPWC	
	Bonds	Land Loan	Ohio	OWDA
2017	\$150,275	\$529,000	\$64,300	\$33,415
2018	\$153,275		\$64,300	\$66,830
2019	\$151,065		\$64,300	\$66,830
2020	\$153,725		\$64,300	\$66,830
2021	\$151,160		\$64,300	\$66,830
2022-2026	\$600,465		\$273,299	\$334,150
2027-2031			\$135,483	\$334,150
2032-2036			\$83,333	\$167,067
2037-2041			\$83,333	
2041-2044			\$33,333	
Total	<u>\$1,359,965</u>	<u>\$529,000</u>	<u>\$930,281</u>	<u>\$1,136,102</u>

**VILLAGE OF COLDWATER
MERCER COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

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 postemployment healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OP&F participants contributed 11.50% of their wages from January 1, 2015 through July 1, 2015 and 12.25% of their wages from July 2, 2015 through December 31, 2016. In 2015 and 2016 the Village contributed to OP&F an amount equal to 19.5% of full-time police members' wages. In 2015 and 2016 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, 2016.

8. Postemployment Benefits

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

9. 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.

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, except OPRM retains 41.5% (effective November 1, 2011) of the premium and losses on the first \$250,000 casualty treaty and 10% of the first \$1,000,000 property treaty. Effective November 1, 2012 (and through October 2014) the plan increased its retention to 50% of the first \$250,000 casualty treaty. The Plan's property retention remained unchanged from prior years. This change was made to balance the reinsurance market conditions. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 809 and 783 members as of December 31, 2015 and 2014 respectively.

Plan members are responsible to notify the Plan of their intent to renew coverage by their renewal date. If a member chooses not to renew with the Plan, they have no other financial obligation to the Plan, but still 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.

**VILLAGE OF COLDWATER
MERCER COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

9. Risk Management (Continued)

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2014 and 2015 (the latest information available).

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

You can read the complete audited financial statements for OPRM at the Plan's website, www.ohioplan.org.



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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 years ended December 31, 2016 and 2015, and the related notes to the financial statements and have issued our report thereon dated June 29, 2017, 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 opinion 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. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and responses that we consider to be a material weakness. We consider finding 2016-001 to be a material weakness.

Village Council
Village of Coldwater

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*.

Village of Coldwater's Response to Finding

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

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Village 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.
June 29, 2017

**VILLAGE OF COLDWATER
MERCER COUNTY, OHIO**

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

2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS	
Finding Number	2016-001

Material Weakness - Financial Reporting

A critical part of financial reporting is to maintain internal controls to help ensure the proper reporting of financial statement amounts.

We identified misstatements in the financial statements for the years ending December 31, 2015 and 2016 that were not initially identified by the Village's internal control.

The Village had the following audit adjustments necessary to properly record activity in 2015 and 2016.

Debt Service Fund Type:

General Obligation Bond Retirement Fund

Increase sale of bonds other financing receipts and increase bond issuance cost disbursements in 2015 in the amount of \$35,500 in relation to the Various Purpose Refunding Bonds, Series 2015.

Capital Projects Fund

Industrial Development Fund

Increase principal payments and decrease capital outlay disbursements in 2015 and 2016 in the amount of \$529,000 in both years to properly reflect the refunding of Taxable Land Acquisition Note in anticipation of bonds, Series 2015 and 2016, respectively.

The Village's records have been adjusted to reflect these adjustments.

Proper posting of Village receipts and disbursements is a crucial part of the Village's financial statements as potential users may rely on the statements to make decisions that could have an impact on the Village. In addition, improper posting of receipts and disbursements could mislead the Members of Council and Village citizens during the year and additionally may misrepresent individual fund balances and possibly misrepresent budget and planning reports.

We recommend that the Village implement additional internal controls to help ensure receipts and disbursements are properly recorded and reflected in the Village's records. We further recommend the Village implement additional internal controls over financial reporting to help ensure accurate financial reports throughout the year and at year end. We also recommend the Village consult their auditors, local government services or UAN for proper posting of transactions if questions arise.

Client Response: The Village will attempt to properly post all transactions in the future. The Fiscal Officer will consult the Village Handbook and/or Local Government Services when unusual or infrequent transactions occur.

**VILLAGE OF COLDWATER
MERCER COUNTY, OHIO**

**STATUS OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2016 AND 2015**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; Finding no Longer Valid
2014-001	<u>Noncompliance/Material Weakness - Negative Fund Balance</u> - Ohio Revised Code Section 5705.10(H) provides that money paid into a fund must be used only for the purposes which such fund has been established. As a result, a negative fund balance indicated that money from one fund was used to cover the expenses of another fund. At December 31, 2013, the Water Improvement Fund had a negative balance of (\$96,174). The Village also had negative fund balances in various funds through out each year.	Yes	N/A
2014-002	<u>Noncompliance/Material Weakness - Accuracy of Financial Reporting</u> - Ohio Revised Code Section 733.28 requires the fiscal officer to maintain the books of the Village and exhibit accurate statements of all monies received and expended. Numerous adjustments were made to the financial statements and notes to the financial statements to properly state financial statement amounts.	Partially	Finding repeated as 2016-001
2014-003	<u>Noncompliance/Material Weakness - Fund Transfers</u> - Ohio Revised Code Section 5705.15 states that in addition to transfers authorized by Section 5705.14, the taxing authority of any political subdivision may, in the manner provided for in this section and in Section 5705.16, transfer from one fund to another any public funds under its supervision by passing a resolution from a majority of the board and obtaining the approval of the Tax Commissioner and the Court of Common Pleas. The Village minutes approved numerous inter-fund reimbursements which should not have been classified as transfers, and other transfers were not approved by Council. The Village made numerous transfers in 2013 and 2014 between funds without the required approval of the Tax Commissioner and Court of Common Pleas.	Yes	N/A
2014-004	<u>Noncompliance - Expenditures Exceeding Appropriations</u> - Ohio Revised Code Section 5705.41(B) requires that no subdivision or taxing unit is expend money unless it has been appropriated. Special revenue funds had expenditures exceeding appropriations by \$163,211 and \$413,507, respectively, for 2014 and 2013. The Enterprise funds had expenditures exceeding appropriations by \$1,143,510 for 2013.	Yes	N/A

**VILLAGE OF COLDWATER
MERCER COUNTY, OHIO**

**STATUS OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2016 AND 2015**

<u>Finding Number</u>	<u>Finding Summary</u>	<u>Fully Corrected?</u>	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; <u>Finding no Longer Valid</u>
2014-005	<p><u>Noncompliance - Appropriations Exceeding Actual Resources</u> - Ohio Revised Code Section 5705.36 allows subdivisions to request increased amended certificates of estimated resources and reduced amended certificates upon determination by the fiscal officer that revenue to be collected will be greater or less than the amount in the official certificate of estimated resources. An increased amended certificate must be obtained from the budget commission if the legislative authority intends to appropriate and expend the excess revenue. A reduced amended certificate must be obtained if the amount of the deficiency will reduce available resources below the current level of appropriation. The Village did not obtain an amended certificate of estimated resources for various funds that had actual resources less than appropriations as a result of actual revenues being less than budgeted.</p>	Yes	N/A

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Dave Yost • 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
OCTOBER 10, 2017