

**VILLAGE OF COLDWATER  
MERCER COUNTY, OHIO**

**AUDITED FINANCIAL STATEMENTS  
FOR THE YEARS ENDED  
DECEMBER 31, 2002 AND 2001**





**Auditor of State  
Betty Montgomery**

Village Council  
Village of Coldwater  
303 West Main Street  
Coldwater, OH 45828

We have reviewed the Independent Auditor's Report of the Village of Coldwater, Mercer County, prepared by Bastin & Company, LLC, for the audit period January 1, 2001 through December 31, 2002. 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.

*Betty Montgomery*

BETTY MONTGOMERY  
Auditor of State

August 20, 2003

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**VILLAGE OF COLDWATER  
MERCER COUNTY, OHIO**

**TABLE OF CONTENTS**

<b>TITLE</b>	<b>PAGE</b>
Independent Auditors' Report .....	1
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental Fund Types For the Year Ended December 31, 2002.....	2
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental Fund Types For the Year Ended December 31, 2001.....	3
Combined Statements of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - Enterprise Funds For the Year Ended December 31, 2002 and 2001 .....	4
Notes to the Financial Statements.....	5
Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> .....	13
Schedule of Prior Audit Findings .....	15

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# Bastin & Company, LLC

*Certified Public Accountants*

## INDEPENDENT AUDITORS' REPORT

Village of Coldwater  
Mercer County  
303 W. Main Street  
Coldwater, Ohio 45828

To the Village Council:

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, 2002 and 2001. 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 discussed in Note 1, the Village prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of the Village as of December 31, 2002 and 2001, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 18, 2003 on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

*Bastin & Company, LLC*

Cincinnati, Ohio  
June 18, 2003

**VILLAGE OF COLDWATER  
MERCER COUNTY  
COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,  
AND CHANGES IN FUND CASH BALANCES – ALL GOVERNMENTAL FUND TYPES  
For The Year Ended December 31, 2002**

	Governmental Fund Types				Total (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	
<i>Cash Receipts:</i>					
Local Taxes	\$1,017,718	\$ 81,304	\$ -	\$ -	\$1,099,022
Intergovernmental Revenues	269,088	143,842	-	10,000	422,930
Special Assessments	-	-	19,792	9,019	28,811
Fines, Licenses and Permits	8,108	495	-	-	8,603
Interest Income	15,538	3,130	2,359	308	21,335
Miscellaneous	<u>51,276</u>	<u>121,306</u>	<u>-</u>	<u>2,675</u>	<u>175,257</u>
Total Cash Receipts	<u>1,361,728</u>	<u>350,077</u>	<u>22,151</u>	<u>22,002</u>	<u>1,755,958</u>
<i>Cash Disbursements:</i>					
Current:					
Security of Persons and Property	413,328	58,232	-	-	471,560
Public Health and Welfare	10,875	-	-	-	10,875
Community Environment	-	-	-	9,748	9,748
Transportation	-	374,167	-	-	374,167
General Government	248,279	1,494	-	-	249,773
Capital Outlay	52,224	269,348	-	6,280	327,852
Debt Service:					
Principle Payments	-	-	130,798	98,990	229,788
Interest Payments	<u>-</u>	<u>-</u>	<u>111,520</u>	<u>26,823</u>	<u>138,343</u>
Total Cash Disbursements	<u>724,706</u>	<u>703,241</u>	<u>242,318</u>	<u>141,841</u>	<u>1,812,106</u>
Total Receipts Over/(Under) Disbursements	<u>637,022</u>	<u>(353,164)</u>	<u>(220,167)</u>	<u>(119,839)</u>	<u>(56,148)</u>
<i>Other Financing Receipts/(Disbursements):</i>					
Operating Transfers - In	-	358,230	187,853	98,000	644,083
Operating Transfers - Out	(514,980)	(15,000)	-	(30,000)	(559,980)
Proceeds from Sale of Assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>17,528</u>	<u>17,528</u>
Total Other Financing Receipts/ (Disbursements):	<u>(514,980)</u>	<u>343,230</u>	<u>187,853</u>	<u>85,528</u>	<u>101,631</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements And Other Financing Disbursements	122,042	(9,934)	(32,314)	(34,311)	45,483
Fund Cash Balance, January 1, 2002	<u>109,517</u>	<u>38,582</u>	<u>85,336</u>	<u>55,124</u>	<u>288,559</u>
Fund Cash Balance, December 31, 2002	<u>\$ 231,559</u>	<u>\$ 28,648</u>	<u>\$ 53,022</u>	<u>\$ 20,813</u>	<u>\$ 334,042</u>
Reserves for Encumbrances, December 31, 2002	<u>\$ 20,151</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 20,151</u>

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



**VILLAGE OF COLDWATER  
MERCER COUNTY  
COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,  
AND CHANGES IN FUND CASH BALANCES – ALL GOVERNMENTAL FUND TYPES  
For The Year Ended December 31, 2001**

	Governmental Fund Types				Total (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	
<i>Cash Receipts:</i>					
Local Taxes	\$915,729	\$ 95,099	\$ -	\$ -	\$1,010,828
Intergovernmental Revenues	271,170	168,888	-	-	440,058
Special Assessments	-	-	18,538	23,529	42,067
Fines, Licenses and Permits	5,297	2,164	-	-	7,461
Interest Income	31,578	3,293	2,910	683	38,464
Miscellaneous	<u>51,164</u>	<u>39,215</u>	<u>-</u>	<u>3,270</u>	<u>93,649</u>
Total Cash Receipts	<u>1,274,938</u>	<u>308,659</u>	<u>21,448</u>	<u>27,482</u>	<u>1,632,527</u>
<i>Cash Disbursements:</i>					
Current:					
Security of Persons and Property	388,675	77,506	-	-	466,181
Public Health and Welfare	10,958	-	-	-	10,958
Community Environment	-	-	-	5,773	5,773
Transportation	-	336,695	-	-	336,695
General Government	272,087	1,122	-	-	273,209
Capital Outlay	33,281	197,022	-	2,705	233,008
Debt Service:					
Principal Payments	-	-	125,798	72,077	197,875
Interest Payments	<u>-</u>	<u>-</u>	<u>119,529</u>	<u>24,474</u>	<u>144,003</u>
Total Cash Disbursements	<u>705,001</u>	<u>612,345</u>	<u>245,327</u>	<u>105,029</u>	<u>1,667,702</u>
Total Receipts Over/(Under) Disbursements	<u>569,937</u>	<u>(303,686)</u>	<u>(223,879)</u>	<u>(77,547)</u>	<u>(35,175)</u>
<i>Other Financing Receipts/(Disbursements):</i>					
Operating Transfers - In	43,263	351,368	219,783	95,500	709,914
Operating Transfers - Out	(538,068)	(69,263)	-	-	(607,331)
Advances - In	-	-	-	33,000	33,000
Advances - Out	(33,000)	-	-	(33,000)	(66,000)
Proceeds from Assessment Bonds	-	-	13,433	-	13,433
Proceeds from Sale of Assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,992</u>	<u>10,992</u>
Total Other Financing Receipts/ (Disbursements):)	<u>(527,805)</u>	<u>282,105</u>	<u>233,216</u>	<u>106,492</u>	<u>94,008</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements And Other Financing Disbursements	42,132	(21,581)	9,337	28,945	58,833
Fund Cash Balance, January 1, 2001	<u>67,385</u>	<u>60,163</u>	<u>75,999</u>	<u>26,179</u>	<u>229,726</u>
Fund Cash Balance, December 31, 2001	<u>\$ 109,517</u>	<u>\$ 38,582</u>	<u>\$ 85,336</u>	<u>\$ 55,124</u>	<u>\$ 288,559</u>
Reserves for Encumbrances, December 31,2001	<u>\$ 24,088</u>	<u>\$ 1,649</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 25,737</u>

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

**VILLAGE OF COLDWATER  
MERCER COUNTY  
COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,  
AND CHANGES IN FUND CASH BALANCES – ENTERPRISE FUND TYPES  
For The Years Ended December 31, 2002 And 2001**

	<u>2002</u>	<u>2001</u>
<i>Operating Cash Receipts:</i>		
Charges for Services	\$ 981,166	\$ 868,367
Miscellaneous	<u>23,565</u>	<u>49,885</u>
Total Operating Cash Receipts	<u>1,004,731</u>	<u>918,252</u>
<i>Operating Cash Disbursements:</i>		
Personnel Services	407,086	339,544
Contractual Services	29,079	23,058
Materials and supplies	297,298	320,414
Capital Outlay	<u>150,999</u>	<u>166,419</u>
Total Operating Cash Disbursements	<u>884,462</u>	<u>849,435</u>
Excess of Operating Cash Receipts Over Operating Cash Disbursements	120,269	68,817
<i>Non-Operating Cash Disbursements:</i>		
Operating Transfers - In	116,250	129,700
Operating Transfers - Out	(200,353)	(232,283)
Advances - In	<u>-</u>	<u>33,000</u>
Net Cash Receipts Over/(Under) Cash Disbursements	36,166	(766)
Fund Cash Balance, January 1	<u>361,223</u>	<u>361,989</u>
Fund Cash Balance, December 31	<u>\$397,389</u>	<u>\$361,223</u>
Reserves for Encumbrances, December 31	<u>\$ 170</u>	<u>\$ 55</u>

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

**VILLAGE OF COLDWATER  
MERCER COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2002 And 2001**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The Village of Coldwater, Mercer County, (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 government services, including public safety, health, recreation, street maintenance, water and sewer facilities street maintenance, 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 are included in the fund cash balances. 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. Certificates of deposit are valued at cost. Money market mutual funds (including STAR Ohio) are recorded at share values reported by the mutual fund.

**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.

**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 funds:

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

*Fire Truck Acquisition Fund* - This fund was established to set funds aside for the purchase of a new fire truck and to retire the debt associated with it.

### **5. Enterprise Funds**

These funds account for operations that are similar to private business enterprises where management intends that the significant costs of providing certain goods or services will be recovered through user charges. The Village had the following significant Enterprise Funds:

*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.

## **E. Budgetary Process**

The Ohio Revised Code requires that each fund 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.

### **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 2002 and 2001 budgetary activity appears in Note 3.

## **F. Property, Plant and Equipment**

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets on the accompanying financial statements.

## **G. Accumulated Leave**

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the Village's basis of accounting.

## **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:

	<u>2002</u>	<u>2001</u>
<b>Deposits:</b>		
Demand deposits	\$220,260	\$53,082
Certificates of deposit	100,000	300,000
Total deposits	<u>320,260</u>	<u>353,082</u>
<b>Investments:</b>		
U.S. government securities	262,515	-
Special assessment bonds purchased by Village	36,259	46,764
Star Ohio	112,397	249,936
Total investments	<u>411,171</u>	<u>296,700</u>
Total deposits and investments	<u><u>\$731,431</u></u>	<u><u>\$649,782</u></u>

### **Deposits:**

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

### **Investments:**

U.S. Treasury Notes, consisting of FHLMC and FNMA notes, are held in book-entry form by the Federal Reserve, in the name of the Village's financial institution. The financial institution maintains records identifying the Village as owner of these securities.

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

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

### 3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2002 and 2001 follows:

2002 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,205,398	\$1,361,728	\$156,330
Special Revenue	718,177	708,307	(9,870)
Debt Service	229,461	210,004	(19,457)
Capital Projects	158,308	137,530	(20,778)
Enterprise	1,198,358	1,120,981	(77,377)
Total	<u>\$3,509,702</u>	<u>\$3,538,550</u>	<u>\$28,848</u>

2002 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,343,437	\$1,259,837	\$83,600
Special Revenue	732,864	718,241	14,623
Debt Service	242,318	242,318	-
Capital Projects	171,877	171,841	36
Enterprise	1,178,948	1,084,985	93,963
Total	<u>\$3,669,444</u>	<u>\$3,477,222</u>	<u>\$192,222</u>

2001 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,265,357	\$1,318,201	\$52,844
Special Revenue	649,151	660,027	10,876
Debt Service	257,613	254,664	(2,949)
Capital Projects	155,825	166,974	11,149
Enterprise	1,117,550	1,080,952	(36,598)
Total	<u>\$3,445,496</u>	<u>\$3,480,818</u>	<u>\$35,322</u>

2001 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,357,794	\$1,300,157	\$57,637
Special Revenue	710,529	683,257	27,272
Debt Service	257,221	245,327	11,894
Capital Projects	154,193	138,029	16,164
Enterprise	1,165,815	1,081,773	84,042
Total	<u>\$3,645,552</u>	<u>\$3,448,543</u>	<u>\$197,009</u>

**4. 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.

**5. LOCAL INCOME TAX**

The Village levies a municipal income tax of 1.0 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.

**6. DEBT**

Debt outstanding at December 31, 2002 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Ohio Public Works Loan	\$175,000	0.00%
General Purpose Obligation Bonds	1,420,000	5.7 to 7.2%
Industrial Park Acquisition Bonds	252,940	8.0 to 11.0%
Fire Truck General Obligation Bond	48,000	4.75%
Special Assessment Bonds	51,859	5.25 to 5.50%
Total	<u>\$1,947,799</u>	

The Village received an interest free loan from the Ohio Public Works Commission for the Hardin Creek Water Line Improvement project. The loan requires semi-annual payment of \$6,250 through 2016.

The General Purpose Obligation Bonds was originally issued in 1991 for the construction of a new wastewater treatment plant in the total amount of \$2,340,000.00. At December 31, 2002, the bonds were scheduled to be retired annually ranging from \$120,000 in 2003 to \$205,000 in 2011. Refer to subsequent events in note 9.

The Village issued the Industrial Park Acquisition Bonds in 2000 for an industrial park project totaling



\$375,000. Bonds are retired annually ranging from \$18,702 in 2003 to \$31,000 in 2012.

The Village issued General Obligation Bonds in 1999 for the acquisition of a fire truck in the total amount of \$179,791.00. The bonds are retired annually with the remaining amount of \$48,000 to be retired in 2003.

The Village has issued Special Assessment Bonds in 1992 through 2001 for three sidewalk improvement projects, five street improvement projects and a downtown improvement project

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

	OWDA	General Obligation Bonds	Industrial Park Acquisiton	Fire Truck G.O. Bond	Special Assessments
Year ending Dec. 31:					
2003	\$12,500	\$220,864	\$45,320	\$50,280	\$14,749
2004	12,500	218,767	45,320	-	14,096
2005	12,500	221,427	45,320	-	11,718
2006	12,500	223,653	45,320	-	6,005
2007	12,500	220,138	45,320	-	5,752
2008-2012	62,500	893,620	122,082	-	7,472
2013-2016	50,000	-	-	-	-
Total	\$175,000	\$1,998,469	\$348,682	\$50,280	\$59,792

## 7. RETIREMENT SYSTEMS

The Village's law enforcement officers belong to the Ohio Police and Fire Pension Funds (OP&F). Other full-time employees belong to the Public Employees Retirement System (PERS) of Ohio. OP&F and PERS are cost sharing, multiple-employer plans. These plans provide retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 2002 and 2001, OP&F participants contributed 10% of their wages. The Village contributed an amount equal to 19.5% of police participant wages. PERS members contributed 8.5% of their wages. The Village contributed an amount equal to 13.55% of participants' gross salaries for 2002. The Village has paid all contributions required through December 31, 2002.

## 8. RISK MANAGEMENT

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

The Village also provides medical and life insurance coverage for full-time employees through a commercial carrier. The Village is uninsured for the risks associated with dishonesty and securities, earthquakes, floods and terrorism.

## **9. SUBSEQUENT EVENTS**

On January 29, 2003, the Village issued \$1,755,000 of Ohio Various Purpose Improvement and Refunding Serial Bonds at an average rate of 2.28 percent. The proceeds from the bonds were used to refinance the \$1,420,000 General Purpose Obligation Bonds outstanding at December 31, 2002 and to purchase a 14,400 square foot building to house a water treatment plant and other operations, including general Village offices of administrative, legislative, police, and vehicle and provide for Village equipment storage. The principal to be retired in 2003 is \$185,000 and is due on December 1, 2003.

On January 31, 2003 the Village made an additional payment of \$100,000 toward the balance due on the Industrial Park Acquisition Bonds.

# Bastin & Company, LLC

*Certified Public Accountants*

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

Village of Coldwater  
Mercer County  
303 W. Main Street  
Coldwater, Ohio 45828

To the Village Council:

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, 2002 and 2001, and have issued our report thereon dated June 18, 2003. 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.

### **Compliance**

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 grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to management of the Village in a separate letter dated June 18, 2003.

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

In planning and performing our audit, we considered the Village's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Village in a separate letter dated June 18, 2003.

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.

*Bastin & Company, LLC*

Cincinnati, Ohio  
June 18, 2003

**VILLAGE OF COLDWATER  
MERCER COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
REPORTED FOR THE YEARS ENDED DECEMBER 31, 2000 AND 1999**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain:</i>
2000-8873-001	Cash Receipts system, internal controls and separation of duties	No	Partially corrected – non-reportable aspects related to prior year findings have been reported in the management letter.
2000-8873-002	Cash reconciliation system, internal controls and separation of duties	No	Partially corrected – non-reportable aspects related to prior year findings have been reported in the management letter.





**Auditor of State  
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**VILLAGE OF COLDWATER**

**MERCER COUNTY**

**CLERK'S CERTIFICATION**

**This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.**

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
SEPTEMBER 16, 2003**