

VILLAGE OF COLDWATER
MERCER COUNTY, OHIO

SINGLE AUDIT

**FOR THE YEAR ENDED
DECEMBER 31, 2020**

OHIO AUDITOR OF STATE
KEITH FABER



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Village Council
Village of Coldwater
610 West 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, 2019 through December 31, 2020. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

A handwritten signature in cursive script that reads "Keith Faber".

Keith Faber
Auditor of State
Columbus, Ohio

July 15, 2021

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**VILLAGE OF COLDWATER
MERCER COUNTY, OHIO**

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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 for each governmental, proprietary and the fiduciary fund type combined total as of and for the year ended December 31, 2020, and related notes of the Village of Coldwater, Mercer County, Ohio.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D), as described in Note 1. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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 financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers 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 for the purpose of expressing an opinion on the effectiveness of the Village of Coldwater's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 1, the financial statements are prepared by the Village of Coldwater, on the basis of the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D), which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the requirements of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D).

The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be 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 "Unmodified 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 discussed 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, 2020, or changes in net position, or cash flows thereof for the year then ended.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements for each governmental and proprietary fund type and the fiduciary fund type combined total as of and for the year ended December 31, 2020, and related notes of the Village of Coldwater, in accordance with the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) as described in Note 1.

Emphasis of Matters

As described in Note 11 to the financial statements, the Village of Coldwater adopted a change in accounting principle and removed the fund balance classifications from the Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Regulatory Cash Basis) – All Governmental Fund Types. As described in Note 10 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Village of Coldwater. Our opinions are not modified with respect to these matters.

Other Matters

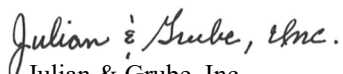
Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village of Coldwater's financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is not a required part of the financial statements.

The schedule of expenditures of federal awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 4, 2021 on our consideration of the Village of Coldwater's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely 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 effectiveness of the Village of Coldwater's 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 4, 2021

**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, 2020**

	Governmental Fund Types				Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	
Cash Receipts:					
Property Taxes and Other Local Taxes	\$ 172,911	\$ -	\$ -	\$ -	\$ 172,911
Municipal Income Tax	1,842,093	-	-	-	1,842,093
Intergovernmental Receipts	343,849	1,524,367	-	-	1,868,216
Special Assessments	-	3,543	-	-	3,543
Charges for Services	352,348	114,340	-	-	466,688
Licenses, Permits and Fees	5,061	-	-	-	5,061
Fines and Forfeitures	6,578	722	-	-	7,300
Earnings on Investments	18,959	3,308	-	-	22,267
Miscellaneous	133,414	307,963	-	13,675	455,052
	<u>2,875,213</u>	<u>1,954,243</u>	<u>-</u>	<u>13,675</u>	<u>4,843,131</u>
Cash Disbursements:					
Current:					
Security of Persons and Property	793,412	287,704	-	-	1,081,116
Public Health Services	24,186	-	-	-	24,186
Transportation	-	585,130	-	-	585,130
Conservation/Recreation	-	206,672	-	-	206,672
General Government	460,817	122,933	-	3,571	587,321
Capital Outlay	69,151	1,326,114	-	-	1,395,265
Debt Service:					
Principal Payments	-	105,224	-	375,000	480,224
Interest Payments	-	7,572	-	11,780	19,352
	<u>1,347,566</u>	<u>2,641,349</u>	<u>-</u>	<u>390,351</u>	<u>4,379,266</u>
Total Cash Disbursements	<u>1,347,566</u>	<u>2,641,349</u>	<u>-</u>	<u>390,351</u>	<u>4,379,266</u>
Total Receipts Over (Under) Disbursements	<u>1,527,647</u>	<u>(687,106)</u>	<u>-</u>	<u>(376,676)</u>	<u>463,865</u>
Other Financing Receipts (Disbursements):					
Proceeds from Sale of Public Debt:					
Sale of Notes	-	-	-	300,000	300,000
Other Debt Proceeds	-	201,360	-	-	201,360
Transfers-In	-	606,000	-	230,000	836,000
Transfers-Out	(836,000)	-	-	-	(836,000)
	<u>(836,000)</u>	<u>807,360</u>	<u>-</u>	<u>530,000</u>	<u>501,360</u>
Total Other Financing Receipts (Disbursements)	<u>(836,000)</u>	<u>807,360</u>	<u>-</u>	<u>530,000</u>	<u>501,360</u>
Excess of Cash Receipts and Other Financing Receipts Over (Under) Cash Disbursements and Other Financing Disbursements	691,647	120,254	-	153,324	965,225
Fund Cash Balances, January 1	<u>1,997,967</u>	<u>364,267</u>	<u>292</u>	<u>156,306</u>	<u>2,518,832</u>
Fund Cash Balances, December 31	<u>\$ 2,689,614</u>	<u>\$ 484,521</u>	<u>\$ 292</u>	<u>\$ 309,630</u>	<u>\$ 3,484,057</u>

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

**VILLAGE OF COLDWATER
MERCER COUNTY, OHIO
COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - PROPRIETARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2020**

	<u>Proprietary Fund Type</u>
	<u>Enterprise</u>
Operating Cash Receipts:	
Charges for Services	\$ 1,436,103
Miscellaneous	<u>21,635</u>
Total Operating Cash Receipts	<u>1,457,738</u>
Operating Cash Disbursements:	
Personnel Services	241,374
Employee Fringe Benefits	141,357
Contractual Services	350,735
Materials and Supplies	224,686
Other	<u>273</u>
Total Operating Cash Disbursements	<u>958,425</u>
Operating Income	<u>499,313</u>
Non-Operating Cash Disbursements:	
Debt Principal Payments	225,482
Debt Interest Payments	27,290
Capital Outlay	<u>184,544</u>
Total Non-Operating Cash Disbursements	<u>437,316</u>
Net Cash Receipts Over (Under) Cash Disbursements	61,997
Fund Cash Balances, January 1	<u>482,736</u>
Fund Cash Balances, December 31	<u><u>\$ 544,733</u></u>

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

**VILLAGE OF COLDWATER
MERCER COUNTY
COMBINED STATEMENT OF ADDITIONS, DEDUCTIONS
AND CHANGES IN CASH FUND BALANCE
FIDUCIARY FUND TYPE - CUSTODIAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2020**

	Fiduciary Fund Type
	Custodial
Operating Cash Receipts	
Fines, Licenses and Permits for Distribution	\$8,226
<i>Total Operating Cash Receipts</i>	8,226
Operating Cash Disbursements	
Distributions to Other Governments	8,226
<i>Total Operating Cash Disbursements</i>	8,226
<i>Operating Income (Loss)</i>	0
<i>Net Change in Fund Cash Balances</i>	0
<i>Fund Cash Balances, January 1</i>	0
<i>Fund Cash Balances, December 31</i>	\$0

See accompanying notes to the financial statements

**VILLAGE OF COLDWATER
MERCER COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020**

1. Summary of Significant Accounting Policies

A. Description of the Entity

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

The Village participates in a public entity risk. Note 8 to the financial statements provides additional information for this entity. This organization is:

Public Entity Risk Pool: Ohio Plan Risk Management, Inc. (OPRM)

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

B. Accounting Basis

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D). This basis is similar to the cash receipts and disbursements accounting basis. The 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 from 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:

**VILLAGE OF COLDWATER
MERCER COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020**

1. Summary of Significant Accounting Policies (Continued)

1. General Fund

The General Fund accounts for and reports all financial resources not accounted for and reported in another fund. The General Fund balance is available to the Village for any purpose provided it is expended or transferred according to the general laws of Ohio.

2. Special Revenue Funds

These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Village had the following significant Special Revenue Funds:

Street Construction, Maintenance and Repair Fund - This fund receives gasoline tax and motor vehicle tax money for constructing, maintaining, and repairing Village streets.

Park Operation Fund – This fund is used to account for the costs associated with the municipal park system within the Village.

3. Debt Service Funds

These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest. The Village had the following 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.

**VILLAGE OF COLDWATER
MERCER COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020**

1. Summary of Significant Accounting Policies (Continued)

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

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 custodial 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.

Custodial funds are purely custodial in nature and are used to hold resources for individuals, organizations or other governments.

The Village's custodial 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 be budgeted annually.

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function and object level for all 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 2020 budgetary activity appears in Note 3.

F. Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the Village must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

**VILLAGE OF COLDWATER
MERCER COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020**

1. Summary of Significant Accounting Policies (Continued)

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. For regulatory purposes, limited disclosure related to fund balance is included in Note 13.

G. Property, Plant, and Equipment

The Village records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

H. Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

**VILLAGE OF COLDWATER
MERCER COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020**

1. Summary of Significant Accounting Policies (Continued)

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:

	2020
Demand deposits	\$1,058,715
STAR Ohio Plus	882,043
Other time deposits (savings and NOW accounts)	3,257
Total deposits	1,944,015
 STAR Ohio	 2,084,776
Total investments	2,084,776
Total deposits and investments	\$4,028,791

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

3. Budgetary Activity

Budgetary activity for the year ending December 31, 2020 was as follows:

Fund Type	2020 Budgeted vs. Actual Receipts		
	Budgeted Receipts	Actual Receipts	Variance
General	\$2,746,411	\$2,883,439	\$137,028
Special Revenue	2,546,543	2,761,603	215,060
Debt Service	0	0	0
Capital Projects	543,000	543,675	675
Enterprise	1,421,300	1,457,738	36,438
Fiduciary	8,226	8,226	0
Total	\$7,265,480	\$7,654,681	\$389,201

**VILLAGE OF COLDWATER
MERCER COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020**

3. Budgetary Activity (Continued)

2020 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$2,722,771	\$2,191,792	\$530,979
Special Revenue	2,543,817	2,641,349	(97,532)
Debt Service	0	0	0
Capital Projects	391,300	390,351	949
Enterprise	1,570,150	1,395,739	174,411
Fiduciary	8,226	8,226	0
Total	\$7,236,264	\$6,627,457	\$608,807

4. Property Tax

Real property taxes become a lien on January 1 preceding the October 1 date for which the Council adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. The financial statements include homestead and rollback amounts the State pays as Intergovernmental Receipts. If the property owner elects to pay semiannually, the first half is due in February. The second half payment is due in July.

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

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

5. Local Income Tax

The Village levies a municipal income tax of 1 percent on substantially all earned income arising from employment, residency, or business activities within the Village as well as certain income of residents earned outside of the Village.

Employers within the Village withhold income tax on employee compensation and remit the tax to the Village either monthly or quarterly, as required. Corporations and other individual taxpayers pay estimated taxes quarterly and file a declaration annually. Proceeds of the tax are credited to the General Fund.

**VILLAGE OF COLDWATER
MERCER COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020**

6. Debt

Debt outstanding at December 31, 2020 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Various Purpose Refunding Bond 2015	\$700,000	1.00-2.65%
Ohio Public Works-Mill Street	\$149,000	0.00%
Ohio Public Works-Northwest Sanitary Sewer	\$27,065	0.00%
Ohio Public Works-Water Treatment Plant	\$137,500	0.00%
Peoples Bank Note-Farm Ground	\$300,000	3.15%
Ohio Public Works - Sanitary Sewer	\$391,667	0.00%
Ohio Public Works-Sanitary Sewer Overflow	\$413,465	0.00%
OWDA Water/Sewer Expansion	\$812,781	1.00%
Ohio Public Works - 2019 Street	\$256,191	0.00%
Ohio Public Works - 2020 Street	\$201,360	0.00%
Total	<u>\$3,389,029</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 2024. Principal retirements during 2020 amounted to \$3,867.

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 2026. Principal retirements during 2020 amounted to \$12,500.

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 2020 amounted to \$7,450.

During 2014 the Village received a loan for \$529,000 from the Peoples Bank Company. This issuance is intended to be used for the purchase of farm ground. This note is renewed annually until an agreement is made for the land purchase. 2020's issuance was for \$300,000 at 3.15% interest. Principal retirements during 2020 amounted to \$375,000.

During 2013, the Village received an interest free loan from the Ohio Public Works Commission totaling \$500,000 for the sanitary sewer repair project. The loan requires semi-annual payments of \$8,333 through 2044. Principal retirement during 2020 amounted to \$8,333.

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 retirements during 2020 amounted to \$58,265.

During 2015 the Village issued \$1,345,000 Various Purpose Refunding Bonds Series 2015. This bond re-financed the \$2,400,000 Various Purpose Bond from 2005. Principal retirements during 2020 amounted to \$135,000.

**VILLAGE OF COLDWATER
MERCER COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020**

6. Debt (Continued)

During 2017 the Village received an interest free loan from the Ohio Public Works Commission totaling \$451,052 for Sanitary Sewer Overflow corrections. The loan requires semi-annual payments of \$7,518 through 2048. Principal retirements during 2020 amounted to \$7,518.

During 2019 the Village received an interest free loan from the Ohio Public Works Commission totaling \$262,760 for various street repairs. The loan requires semi-annual payments of \$6,569 through 2040. Principal retirements during 2020 amounted to \$6,569.

During 2020 the Village received an interest free loan from the Ohio Public Works Commission totaling \$262,760 for various street repairs. The loan requires semi-annual payments of \$3,872 through 2047. Principal retirements will begin in 2021.

The Ohio Public Works Commission postponed the first installment payments of 2020 due to COVID-19, therefore only one payment was made on the OPWC loans in 2020.

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 Bonds	Land Loan	OPWC Ohio	OWDA
2021	\$151,160	\$309,450	\$100,217	\$66,830
2022	\$148,460	\$0	\$100,217	\$66,830
2023	\$150,625	\$0	\$100,217	\$66,830
2024	\$147,405	\$0	\$92,484	\$66,830
2025	\$153,975	\$0	\$92,484	\$66,830
2026-2030	\$0	\$0	\$329,972	\$334,148
2031-2035	\$0	\$0	\$262,922	\$200,489
2036-2040	\$0	\$0	\$249,784	\$0
2041-2045	\$0	\$0	\$163,899	\$0
2046-2048	\$0	\$0	\$84,051	\$0
Total	<u>\$751,625</u>	<u>\$309,450</u>	<u>\$1,576,247</u>	<u>\$868,785</u>

7. Retirement Systems

The Village's full-time Police Officers belong to the Police and Fire Pension Fund (OP&F). Other employees belong to the Ohio Public Employees Retirement System (OPERS). OP&F and OPERS are cost-sharing, multiple-employer plans. The Ohio Revised Code prescribes these plans' benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2020, OP&F participants contributed 12.25% of their wages. For 2020, the Village contributed to OP&F an amount equal to 19.5% of full-time police members' wages. For 2020, 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 required contributions through December 31, 2020.

**VILLAGE OF COLDWATER
MERCER COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020**

8. Risk Management

The Village belongs to the Ohio Plan Risk Management, Inc. (OPRM) (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. Effective November 1, 2017, the OPRM retained 47% of the premium and losses on the first \$250,000 casualty treaty and 30% of the first \$1,000,000 property treaty. The OPRM is also participated in a property primary excess of loss treaty. This treaty reimbursed the OPRM 30% for losses between \$200,000 and \$1,000,000. The reimbursement is based on the amount of loss between \$200,000 and \$1,000,000. Effective November 1, 2018, the OPRM the property retention remained unchanged, however, the Plan assumed 100% of the first \$250,000 casualty treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. Effective November 1, 2019, the OPRM's property retention increased from 30% to 33%, while the casualty treaty remains unchanged and still assumes 100% of the first \$250,000 casualty treaty. OPRM had 776 and 774 members as of December 31, 2019 and 2018, 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.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2018 and 2019.

	<u>2018</u>	<u>2019</u>
Assets	\$15,065,412	\$15,920,000
Liabilities	(10,734,623)	(11,329,000)
Members' Equity	<u>\$4,330,789</u>	<u>\$4,591,493</u>

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

**VILLAGE OF COLDWATER
MERCER COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020**

9. Postemployment Benefits

Both OPERS and OP&F offer cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. OPERS contributes 4 percent of the employer contribution to fund these benefits, and OP&F contributes 0.5 percent to fund these benefits.

10. COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Village. The Village's investment portfolio fluctuates with market conditions, and due to market volatility, the amount of gains or losses that will be realized in subsequent periods, if any, cannot be determined. In addition, the impact on the Village's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

11. Changes in Accounting Principle

For 2020, the Village made a change to their cash basis reporting model. This change includes removing the fund balance classifications from the Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Regulatory Cash Basis) - All Governmental Fund Types.

12. Lease Disclosure

The Village leases equipment under noncancelable leases. The Village disbursed \$98,777 to pay lease costs for the year ended December 31, 2020, which are reported in principal and interest in the special revenue fund type.

13. Fund Balances

Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. The Village had no outstanding encumbrances at December 31, 2020.

The fund balance of special revenue funds is either restricted or committed. These restricted committed and assigned amounts in the special revenue funds would include the outstanding encumbrances, if applicable. In the general fund, outstanding encumbrances are considered assigned, if applicable.

14. Subsequent Events

None

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**VILLAGE OF COLDWATER
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2020**

FEDERAL GRANTOR/ SUB GRANTOR/ PROGRAM TITLE	CFDA NUMBER	PASS-THROUGH / ENTITY GRANT NUMBER	(A) CASH FEDERAL DISBURSEMENTS
U.S. DEPARTMENT OF TRANSPORTATION			
PASSED THROUGH THE			
OHIO DEPARTMENT OF TRANSPORTATION			
Highway Planning and Construction Cluster:			
Highway Planning and Construction	20.205	PID 106641	41,948
Total Highway Planning and Construction Cluster			<u>41,948</u>
Total U.S. Department of Transportation			<u>41,948</u>
U.S. DEPARTMENT OF THE INTERIOR			
PASSED THROUGH THE			
OHIO DEPARTMENT OF NATURAL RESOURCES			
Outdoor Recreation Acquisition, Development and Planning	15.916	2020	210,216
Total U.S. Department of the Interior			<u>210,216</u>
U.S. DEPARTMENT OF HOMELAND SECURITY			
<i>Direct</i>			
Assistance to Firefighters Grant	97.044	2020	178,128
Total U.S. Department of Homeland Security			<u>178,128</u>
U.S. DEPARTMENT OF TREASURY			
PASSED THROUGH THE			
OHIO OFFICE OF BUDGET AND MANAGEMENT			
Coronavirus Relief Fund	21.019	HB481-CRF-Local	409,867
Total U.S. Department of Treasury			<u>409,867</u>
Total Federal Financial Assistance			<u>\$ 840,159</u>

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS:

- (A) This schedule includes the federal award activity of the Village of Coldwater under programs of the federal government for the year ended December 31, 2020 and is prepared in accordance with the cash basis of accounting. The information on this schedule is prepared in accordance with the requirements of Title 2 U.S. Code Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the Village of Coldwater, it is not intended to and does not represent the financial position or changes in fund cash balances of the Village of Coldwater.
- (B) CFR Section 200.414 of the Uniform Guidance allows a non-federal entity that has never received a negotiated indirect cost rate to charge a de minimis rate of 10% of modified total direct costs to indirect costs. The Village has not elected to use the 10% de minimis indirect cost rate.

**Independent Auditor's 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***

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 of America and the standards applicable to the financial audits contained in the *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the cash balances, receipts, and disbursements for each governmental, proprietary and the fiduciary fund type combined total of the Village of Coldwater, Mercer County, Ohio, as of and for the year ended December 31, 2020, and related notes to the financial statements, and have issued our report thereon dated June 4, 2021, wherein we noted the Village of Coldwater followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. Furthermore, as discussed in Note 10 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Village of Coldwater. Additionally, as described in Note 11 to the financial statements, the Village of Coldwater adopted a change in accounting principle and removed the fund balance classifications from the Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Regulatory Cash Basis) - All Governmental Fund Types.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Village of Coldwater's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Village of Coldwater's internal control. Accordingly, we do not express an opinion on the effectiveness of the Village of Coldwater's internal control.

A *deficiency in internal control* 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 and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Village of Coldwater's financial statements will not be prevented, or detected and corrected, on a timely basis. 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 deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings as item 2020-001 that we consider to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Village of Coldwater's financial statements are free from 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 financial statements. 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 or other matters that are required to be reported 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 corrective action plan. The Village of Coldwater's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Village of Coldwater's internal control or on compliance. This report is an integral part of an audit performed in accordance with *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 4, 2021

**Independent Auditor's Report on Compliance for the Major Federal
Program and on Internal Control Over Compliance Required by the Uniform Guidance**

Village of Coldwater
Mercer County
610 West Sycamore Street
Coldwater, Ohio 45828

To the Village Council:

Report on Compliance for the Major Federal Program

We have audited the Village of Coldwater's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the Village of Coldwater's major federal program for the year ended December 31, 2020. The Village of Coldwater's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the Village of Coldwater's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Village of Coldwater's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination of the Village of Coldwater's compliance.

Opinion on the Major Federal Program

In our opinion, the Village of Coldwater complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the major federal program for the year ended December 31, 2020.


Report on Internal Control over Compliance

Management of the Village of Coldwater is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Village of Coldwater's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Village of Coldwater's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.


Julian & Grube, Inc.
June 4, 2021

**VILLAGE OF COLDWATER
MERCER COUNTY, OHIO**

**SCHEDULE OF FINDINGS
2 CFR § 200.515
DECEMBER 31, 2020**

1. SUMMARY OF AUDITOR'S RESULTS		
<i>(d)(1)(i)</i>	<i>Type of Financial Statement Opinion</i>	Unmodified
<i>(d)(1)(ii)</i>	<i>Were there any material control weaknesses reported at the financial statement level (GAGAS)?</i>	No
<i>(d)(1)(ii)</i>	<i>Were there any other significant deficiencies in internal control reported at the financial statement level (GAGAS)?</i>	Yes
<i>(d)(1)(iii)</i>	<i>Was there any reported material noncompliance at the financial statement level (GAGAS)?</i>	No
<i>(d)(1)(iv)</i>	<i>Were there any material internal control weaknesses reported for major federal programs?</i>	No
<i>(d)(1)(iv)</i>	<i>Were there any significant deficiencies in internal control reported for major federal programs?</i>	No
<i>(d)(1)(v)</i>	<i>Type of Major Program's Compliance Opinion</i>	Unmodified
<i>(d)(1)(vi)</i>	<i>Are there any reportable findings under 2 CFR §200.516(a)?</i>	No
<i>(d)(1)(vii)</i>	<i>Major Program (listed):</i>	Coronavirus Relief Fund; CFDA #21.019
<i>(d)(1)(viii)</i>	<i>Dollar Threshold: Type A/B Programs</i>	Type A: > \$750,000 Type B: all others
<i>(d)(1)(ix)</i>	<i>Low Risk Auditee under 2 CFR § 200.520?</i>	No

**VILLAGE OF COLDWATER
MERCER COUNTY, OHIO**

**SCHEDULE OF FINDINGS
2 CFR § 200.515
DECEMBER 31, 2020**

2. FINDING RELATED TO THE BASIC FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS	
Finding Number	2020-001

Significant Deficiency - Financial Statement Misstatements

Management is responsible for preparing complete and accurate financial statements in accordance with the applicable financial reporting framework. Control and monitoring activities typically associated with the period-end financial reporting process include reviewing and approving manual journal entries, consolidating entries, and any entries that are recorded directly to the financial statements. For the Village, this could also include reviewing the year-end reports to ensure activity is reported in the correct line items, all on-behalf activity is included, and fund balances are properly classified.

All financial information should be correctly reported and classified in the annual financial statements. The financial statements contained a material error which required a re-classification and adjustment to correctly report the financial activity during the audit period, as follows:

- On-behalf activity from the Ohio Public Works Commission was not recorded. As a result, other debt proceeds and capital outlay were both understated by \$201,360 in the Special Revenue fund.

The financial statements have been adjusted to properly report the activity.

A lack of proper policies and procedures for control and monitoring activities associated with the period-end financial reporting process could lead to financial statement and note disclosure adjustments, which if uncorrected, could lead to a misrepresentation of the Village's activity.

We recommend the Village design and implement additional procedures to facilitate more accurate and detailed financial reporting. The Village should consider having an outside third-party, or Council member with financial experience, review the financial report prior to filing in the Hinkle System. Further, the Village should reach out to its auditor throughout the year if questions arise on how to properly account for receipts or disbursements.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS
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None

**VILLAGE OF COLDWATER
MERCER COUNTY, OHIO**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
2CFR SECTION 200.511(b)
DECEMBER 31, 2020**

<u>Finding Number</u>	<u>Year Initially Occurred</u>	<u>Finding Summary</u>	<u>Status</u>	<u>Additional Information</u>
2019-001	2019	<u>Significant Deficiency - Financial Statement Misstatements</u> - Management is responsible for preparing complete and accurate financial statements in accordance with the applicable financial reporting framework. An adjustment was made to the financial statements and notes to the financial statements to properly state financial statement amounts.	Not Corrected	Repeated as Finding 2020-001

VILLAGE OF COLDWATER

DOUGLAS S. BERTKE, Mayor

610 W. Sycamore Street

COLDWATER, OHIO 45828-1662

Phone: 419-678-4881

Fax: 419-678-2365

JASON EYINK
Finance Director/Clerk

ERIC THOMAS
Manager/Engineer

CORRECTIVE ACTION PLAN

2 CFR § 200.5/1(c)

DECEMBER 31, 2020

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2020-001	The Village will work to provide a sound fiscal environment and has implemented additional policies and procedures to help with financial statement presentation.	2021	Jason Eyink, Finance Director

VILLAGE OF COLDWATER
MERCER COUNTY, OHIO

REGULAR AUDIT

**FOR THE YEAR ENDED
DECEMBER 31, 2019**

**VILLAGE OF COLDWATER
MERCER COUNTY, OHIO**

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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 for each governmental, proprietary and fiduciary fund type as of and for the year ended December 31, 2019, and related notes of the Village of Coldwater, Mercer County, Ohio.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D), as described in Note 1. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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 financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers 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 for the purpose of expressing an opinion on the effectiveness of the Village of Coldwater's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 1, the financial statements are prepared by the Village of Coldwater, on the basis of the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D), which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the requirements of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D).

The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be 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 "Unmodified 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 discussed 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, 2019, or changes in net position, or cash flows thereof for the year then ended.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements for each governmental, proprietary and fiduciary fund type as of and for the year ended December 31, 2019, and related notes of the Village of Coldwater in accordance with the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) as described in Note 1.

Emphasis of Matter

As described in Note 10 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Village of Coldwater. Our opinions are not modified with respect to this matter.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 4, 2021, on our consideration of the Village of Coldwater's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely 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 effectiveness of the Village of Coldwater's 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 4, 2021

**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, 2019**

	Governmental Fund Types				Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	
Cash Receipts:					
Property Taxes and Other Local Taxes	\$ 171,986	\$ -	\$ -	\$ -	\$ 171,986
Municipal Income Tax	2,019,647	-	-	-	2,019,647
Intergovernmental Receipts	141,749	463,661	-	-	605,410
Special Assessments	-	3,426	-	-	3,426
Charges for Services	306,091	131,684	-	-	437,775
Licenses, Permits and Fees	11,983	-	-	-	11,983
Fines and Forfeitures	14,141	2,027	-	-	16,168
Earnings on Investments	45,923	8,279	-	-	54,202
Miscellaneous	49,653	53,174	-	13,675	116,502
	<u>2,761,173</u>	<u>662,251</u>	<u>-</u>	<u>13,675</u>	<u>3,437,099</u>
Total Cash Receipts					
Cash Disbursements:					
Current:					
Security of Persons and Property	914,898	359	-	-	915,257
Public Health Services	23,879	-	-	-	23,879
Transportation	-	624,910	-	-	624,910
Conservation/Recreation	-	269,185	-	-	269,185
General Government	464,059	661	-	3,578	468,298
Capital Outlay	-	549,922	-	-	549,922
Debt Service:					
Principal Payments	-	43,283	-	450,000	493,283
Interest Payments	-	2,228	-	14,625	16,853
	<u>1,402,836</u>	<u>1,490,548</u>	<u>-</u>	<u>468,203</u>	<u>3,361,587</u>
Total Cash Disbursements					
Total Receipts Over (Under) Disbursements	<u>1,358,337</u>	<u>(828,297)</u>	<u>-</u>	<u>(454,528)</u>	<u>75,512</u>
Other Financing Receipts (Disbursements):					
Proceeds from Sale of Public Debt:					
Sale of Notes	-	-	-	375,000	375,000
Other Debt Proceeds	-	262,760	-	-	262,760
Transfers-In	-	542,500	-	229,500	772,000
Transfers-Out	<u>(772,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(772,000)</u>
Total Other Financing Receipts (Disbursements)	<u>(772,000)</u>	<u>805,260</u>	<u>-</u>	<u>604,500</u>	<u>637,760</u>
Excess of Cash Receipts and Other Financing Receipts Over (Under) Cash Disbursements and Other Financing Disbursements					
	586,337	(23,037)	-	149,972	713,272
Fund Cash Balances, January 1	<u>1,411,630</u>	<u>387,294</u>	<u>292</u>	<u>6,334</u>	<u>1,805,550</u>
Fund Cash Balances, December 31					
Restricted	-	364,257	292	156,306	520,855
Committed	157,502	-	-	-	157,502
Unassigned (Deficit)	<u>1,840,465</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,840,465</u>
Fund Cash Balances, December 31	<u>\$ 1,997,967</u>	<u>\$ 364,257</u>	<u>\$ 292</u>	<u>\$ 156,306</u>	<u>\$ 2,518,822</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, 2019**

	Proprietary Fund Type	Fiduciary Fund Type	Totals (Memorandum Only)
	Enterprise	Agency	
Operating Cash Receipts:			
Charges for Services	\$ 1,369,862	\$ -	\$ 1,369,862
Miscellaneous	22,955	-	22,955
Total Operating Cash Receipts	<u>1,392,817</u>	<u>-</u>	<u>1,392,817</u>
Operating Cash Disbursements:			
Personnel Services	251,652	-	251,652
Employee Fringe Benefits	137,206	-	137,206
Contractual Services	270,373	-	270,373
Materials and Supplies	221,241	-	221,241
Other	12,551	-	12,551
Total Operating Cash Disbursements	<u>893,023</u>	<u>-</u>	<u>893,023</u>
Operating Income	<u>499,794</u>	<u>-</u>	<u>499,794</u>
Non-Operating Cash Receipts:			
Other Non-Operating Receipts	-	15,158	15,158
Total Non-Operating Cash Receipts	<u>-</u>	<u>15,158</u>	<u>15,158</u>
Non-Operating Cash Disbursements:			
Debt Principal Payments	252,121	-	252,121
Debt Interest Payments	30,208	-	30,208
Capital Outlay	194,781	-	194,781
Other Non-Operating Disbursements	-	15,158	15,158
Total Non-Operating Cash Disbursements	<u>477,110</u>	<u>15,158</u>	<u>492,268</u>
Net Cash Receipts Over (Under) Cash Disbursements	22,684	-	22,684
Fund Cash Balances, January 1	<u>460,052</u>	<u>-</u>	<u>460,052</u>
Fund Cash Balances, December 31	<u>\$ 482,736</u>	<u>\$ -</u>	<u>\$ 482,736</u>

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

**VILLAGE OF COLDWATER
MERCER COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019**

1. Summary of Significant Accounting Policies

A. Description of the Entity

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

The Village participates in a public entity risk. Note 8 to the financial statements provides additional information for this entity. This organization is:

Public Entity Risk Pool: Ohio Plan Risk Management, Inc. (OPRM)

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

B. Accounting Basis

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D). This basis is similar to the cash receipts and disbursements accounting basis. The 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 from 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:

**VILLAGE OF COLDWATER
MERCER COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019**

1. Summary of Significant Accounting Policies (Continued)

1. General Fund

The General Fund accounts for and reports all financial resources not accounted for and reported in another fund. The General Fund Balance is available to the Village for any purpose provided it is expended or transferred according to the general laws of Ohio.

2. Special Revenue Funds

These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Village had the following significant Special Revenue Funds:

Street Construction, Maintenance and Repair Fund - This fund receives gasoline tax and motor vehicle tax money for constructing, maintaining, and repairing Village streets.

Park Operation Fund – This fund is used to account for the costs associated with the municipal park system within the Village.

3. Debt Service Funds

These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest. The Village had the following 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.

**VILLAGE OF COLDWATER
MERCER COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019**

1. Summary of Significant Accounting Policies (Continued)

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

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 and object level for all 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 2019 budgetary activity appears in Note 3.

F. Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the Village must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

**VILLAGE OF COLDWATER
MERCER COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019**

1. Summary of Significant Accounting Policies (Continued)

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.

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.

**VILLAGE OF COLDWATER
MERCER COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019**

1. Summary of Significant Accounting Policies (Continued)

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:

	2019
Demand deposits	\$621,871
STAR Ohio Plus	876,929
Other time deposits (savings and NOW accounts)	3,256
Total deposits	1,502,056
STAR Ohio	1,499,501
Total investments	1,499,501
Total deposits and investments	\$3,001,557

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

3. Budgetary Activity

Budgetary activity for the year ending December 31, 2019 was as follows:

2019 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$2,428,650	\$2,761,173	\$332,523
Special Revenue	1,477,500	1,467,511	(9,989)
Debt Service	0	0	0
Capital Projects	624,000	618,175	(5,825)
Enterprise	1,348,500	1,392,817	44,317
Fiduciary	20,000	15,158	(4,842)
Total	\$5,898,650	\$6,254,834	\$356,184

**VILLAGE OF COLDWATER
MERCER COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019**

3. Budgetary Activity (Continued)

2019 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$2,266,063	\$2,174,838	\$91,225
Special Revenue	1,515,150	1,490,543	24,607
Debt Service	0	0	0
Capital Projects	468,875	468,202	673
Enterprise	1,401,265	1,370,130	31,135
Fiduciary	18,362	18,362	0
Total	<u>\$5,669,715</u>	<u>\$5,522,075</u>	<u>\$147,640</u>

4. Property Tax

Real property taxes become a lien on January 1 preceding the October 1 date for which the Council adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. The financial statements include homestead and rollback amounts the State pays as Intergovernmental Receipts. If the property owner elects to pay semiannually, the first half is due in February. The second half payment is due in July.

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

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

5. Local Income Tax

The Village levies a municipal income tax of 1 percent on substantially all earned income arising from employment, residency, or business activities within the Village as well as certain income of residents earned outside of the Village.

Employers within the Village withhold income tax on employee compensation and remit the tax to the Village either monthly or quarterly, as required. Corporations and other individual taxpayers pay estimated taxes quarterly and file a declaration annually. Proceeds of the tax are credited to the General Fund.

**VILLAGE OF COLDWATER
MERCER COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019**

6. Debt

Debt outstanding at December 31, 2019 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Various Purpose Refunding Bond 2015	\$835,000	1.00-2.65%
Ohio Public Works-Mill Street	\$156,450	0.00%
Ohio Public Works-Northwest Sanitary Sewer	\$30,932	0.00%
Ohio Public Works-Water Treatment Plant	\$150,000	0.00%
Peoples Bank Note-Farm Ground	\$375,000	3.15%
Ohio Public Works - Sanitary Sewer	\$400,000	0.00%
Ohio Public Works-Sanitary Sewer Overflow	\$420,982	0.00%
OWDA Water/Sewer Expansion	\$871,046	1.00%
Ohio Public Works-2019 Street	\$262,760	0.00%
Total	<u>\$3,502,170</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 2019 amounted to \$7,733.

During 2005 the Village received an interest free loan from the Ohio Public Works Commission totaling \$500,000 for the replacement of the water treatment plant. The loan requires semi-annual payments of \$12,500, through 2025. Principal retirements during 2019 amounted to \$25,000.

During 2009 the Village received an interest free loan from the Ohio Public Works Commission totaling \$298,000 for the Mill Street Project. The loan requires semi-annual payments of \$7,450 through 2030. Principal retirements during 2019 amounted to \$14,900.

During 2014 the Village received a loan for \$529,000 from the Peoples Bank Company. This issuance is intended to be used for the purchase of farm ground. This note is renewed annually until an agreement is made for the land purchase. 2019's issuance was for \$375,000 at 3.15% interest. Principal retirements during 2019 amounted to \$450,000.

During 2013, the Village received an interest free loan from the Ohio Public Works Commission totaling \$500,000 for the sanitary sewer repair project. The loan requires semi-annual payments of \$8,333 through 2044. Principal retirements during 2019 amounted to \$16,667.

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 retirements during 2019 amount to \$57,686.

During 2015 the Village issued \$1,345,000 Various Purpose Refunding Bonds Series 2015. This bond re-financed the \$2,400,000 Various Purpose Bond from 2005. Principal retirements during 2019 amounted to \$130,000.

**VILLAGE OF COLDWATER
MERCER COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019**

6. Debt (Continued)

During 2017 the Village received an interest free loan from the Ohio Public Works Commission totaling \$451,052 for Sanitary Sewer Overflow corrections. The loan requires semi-annual payments of \$7,518 through 2047. Principal retirements during 2019 amounted to \$15,035.

During 2019 the Village received an interest free loan from the Ohio Public Works Commission totaling \$262,760 for various street repairs. The loan requires semi-annual payments of \$6,569 through 2040. Principal retirements will begin in 2020.

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 Bonds	Land Loan	OPWC Ohio	OWDA
2020	\$153,725	\$386,813	\$92,473	\$66,830
2021	\$151,160	\$0	\$92,473	\$66,830
2022	\$148,460	\$0	\$92,473	\$66,830
2023	\$150,625	\$0	\$92,473	\$66,830
2024	\$147,405	\$0	\$84,740	\$66,830
2025-2029	\$153,975	\$0	\$323,699	\$334,148
2030-2034	\$0	\$0	\$231,649	\$267,318
2035-2039	\$0	\$0	\$224,199	\$0
2040-2044	\$0	\$0	\$141,842	\$0
2045-2047	\$0	\$0	\$45,102	\$0
Total	<u>\$905,350</u>	<u>\$386,813</u>	<u>\$1,421,123</u>	<u>\$935,614</u>

7. Retirement Systems

The Village's full-time Police Officers belong to the Police and Fire Pension Fund (OP&F). Other employees belong to the Ohio Public Employees Retirement System (OPERS). OP&F and OPERS are cost-sharing, multiple-employer plans. The Ohio Revised Code prescribes these plans' benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2019, OP&F participants contributed 12.25% of their wages. For 2019, the Village contributed to OP&F an amount equal to 19.5% of full-time police members' wages. For 2019, 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, 2019.

8. Risk Management

The Village belongs to the Ohio Plan Risk Management, Inc. (OPRM) (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.

**VILLAGE OF COLDWATER
MERCER COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019**

8. Risk Management (Continued)

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. Effective November 1, 2017, the OPRM retained 47% of the premium and losses on the first \$250,000 casualty treaty and 30% of the first \$1,000,000 property treaty. The OPRM is also participated in a property primary excess of loss treaty. This treaty reimbursed the OPRM 30% for losses between \$200,000 and \$1,000,000. The reimbursement is based on the amount of loss between \$200,000 and \$1,000,000. Effective November 1, 2018, the OPRM the property retention remained unchanged, however, the Plan assumed 100% of the first \$250,000 casualty treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. Effective November 1, 2019, the OPRM's property retention increased from 30% to 33%, while the casualty treaty remains unchanged and still assumes 100% of the first \$250,000 casualty treaty. OPRM had 776 and 774 members as of December 31, 2019 and 2018, 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.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2019 and 2018 (the latest information available).

	<u>2018</u>	<u>2019</u>
Assets	\$15,065,412	\$15,920,504
Liabilities	(10,734,623)	(11,329,011)
Members' Equity	<u>\$4,330,789</u>	<u>\$4,591,493</u>

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

9. Postemployment Benefits

Both OPERS and OP&F offer cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. OPERS contributes 4 percent of the employer contribution to fund these benefits, and OP&F contributes 0.5 percent to fund these benefits.

**VILLAGE OF COLDWATER
MERCER COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019**

10. COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Village. The Village's investment portfolio fluctuates with market conditions, and due to market volatility, the amount of gains or losses that will be realized in subsequent periods, if any, cannot be determined. In addition, the impact on the Village's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

11. Lease Disclosure

The Village leases equipment under noncancelable leases. The Village disbursed \$30,611 to pay lease costs for the year ended December 31, 2019, which are reported in principal and interest in the special revenue fund type.

12. Subsequent Events

None

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Independent Auditor's 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*

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 of America and the standards applicable to the financial audits contained in the *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the cash balances, receipts, and disbursements for each governmental, proprietary, and fiduciary fund type of the Village of Coldwater, Mercer County, Ohio, as of and for the year ended December 31, 2019, and related notes to the financial statements, and have issued our report thereon dated June 4, 2021, wherein we noted as described in Note 1 to the financial statements, the Village of Coldwater followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. Furthermore, as discussed in Note 10 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Village of Coldwater.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Village of Coldwater's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Village of Coldwater's internal control. Accordingly, we do not express an opinion on the effectiveness of the Village of Coldwater's internal control.

A *deficiency in internal control* 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 and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Village of Coldwater's financial statements will not be prevented, or detected and corrected, on a timely basis. 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 deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and responses as item 2019-001 that we consider to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Village of Coldwater's financial statements are free from 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 financial statements. 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 or other matters that are required to be reported 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. The Village of Coldwater's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Village of Coldwater's internal control or on compliance. This report is an integral part of an audit performed in accordance with *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 4, 2021

VILLAGE OF COLDWATER
MERCER COUNTY, OHIO

SCHEDULE OF FINDINGS AND RESPONSES
DECEMBER 31, 2019

FINDING RELATED TO THE BASIC FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS	
Finding Number	2019-001

Significant Deficiency - Financial Statement Misstatements

Management is responsible for preparing complete and accurate financial statements in accordance with the applicable financial reporting framework. Control and monitoring activities typically associated with the period-end financial reporting process include reviewing and approving manual journal entries, consolidating entries, and any entries that are recorded directly to the financial statements. For the Village, this could also include reviewing the year-end reports to ensure activity is reported in the correct line items, all on-behalf activity is included, and fund balances are properly classified.

All financial information should be correctly reported and classified in the annual financial statements. The financial statements contained a material error which required a re-classification and adjustment to correctly report the financial activity during the audit period, as follows:

- Loan proceeds from the Ohio Public Works Commission was improperly recorded as intergovernmental revenue. As a result, other debt proceeds were understated by \$262,760 and intergovernmental revenue was overstated by the same amount.

The financial statements have been adjusted to properly report the activity.

A lack of proper policies and procedures for control and monitoring activities associated with the period-end financial reporting process could lead to financial statement and note disclosure adjustments, which if uncorrected, could lead to a misrepresentation of the Village's activity.

We recommend the Village design and implement additional procedures to facilitate more accurate and detailed financial reporting. The Village should consider having an outside third-party, or Council member with financial experience, review the financial report prior to filing in the Hinkle System. Further, the Village should reach out to its auditor throughout the year if questions arise on how to properly account for receipts or disbursements.

Client Response: The Village will closely monitor all transactions to ensure accurate financial reporting in the future.

OHIO AUDITOR OF STATE KEITH FABER



VILLAGE OF COLDWATER

MERCER COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 7/27/2021

88 East Broad Street, Columbus, Ohio 43215
Phone: 614-466-4514 or 800-282-0370

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