

**VILLAGE OF OAKWOOD
CUYAHOGA COUNTY, OHIO**

AUDIT REPORT

FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008

James G. Zupka, CPA, Inc.
Certified Public Accountants



Mary Taylor, CPA
Auditor of State

Members of Council
Village of Oakwood
24800 Broadway Avenue
Oakwood Village, Ohio 44146

We have reviewed the *Independent Auditor's Report* of the Village of Oakwood, Cuyahoga County, prepared by James G. Zupka, CPA, Inc., for the audit period January 1, 2008 through December 31, 2009. 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 Oakwood is responsible for compliance with these laws and regulations.

Mary Taylor

Mary Taylor, CPA
Auditor of State

May 21, 2010

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**VILLAGE OF OAKWOOD
 CUYAHOGA COUNTY, OHIO
 AUDIT REPORT
 FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008**

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JAMES G. ZUPKA, C.P.A., INC.

Certified Public Accountants

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INDEPENDENT AUDITOR'S REPORT

To Members of Village Council
Village of Oakwood, Ohio

We have audited the accompanying financial statements of the governmental activities, the business-type activity, each major fund, and the aggregate remaining fund information of the Village of Oakwood, Cuyahoga County, Ohio, as of and for the years ended December 31, 2009 and 2008, which collectively comprise the Village's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Village of Oakwood, Ohio's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

As discussed in Note 2, the Village has prepared these financial statements and notes using the cash basis of accounting. This is a comprehensive accounting basis other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities, the business-type activity, each major fund, and the aggregate remaining fund information of the Village of Oakwood, Ohio, as of December 31, 2009 and 2008, and the respective changes in cash financial position and the respective budgetary comparison for the General Fund, the Street Construction, Maintenance, and Repair Fund, the Ambulance Billing Service Fund, and the Mayor's Court Computerization Fund thereof for the year ended December 31, 2009, and the General Fund and the Street Construction, Maintenance, and Repair Fund thereof for the year ended December 31, 2008, in conformity with the basis of accounting described in Note 2.

For the year ended December 31, 2008, the Village of Oakwood, Ohio revised its financial presentation comparable to the requirements of Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 19, 2010, on our consideration of the Village of Oakwood, Ohio’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Management’s Discussion and Analysis is not a required part of the basic financial statements but is supplementary information the Governmental Accounting Standards Board requires. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.


James G. Zupka, CPA, Inc.
Certified Public Accountants

April 19, 2010

**VILLAGE OF OAKWOOD, OHIO
CUYAHOGA COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2009
(UNAUDITED)**

The discussion and analysis of the Village of Oakwood's (the Village) financial performance provides an overall review of the Village's financial activities for the year ended December 31, 2009, within the limitations of the Village's cash basis accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the Village's financial performance.

Highlights

Key highlights for 2009 are as follows:

- Net assets of governmental activities decreased \$840,110, or 65.2 percent, from the prior year.
- The Village's general receipts are primarily property and income taxes. These receipts represent 39.4 percent of total cash received for governmental activities.
- The Village's only business-type activity is sanitary sewer. Net assets decreased by \$10,230, or 23.8 percent. The Village's total receipts for business-type activities decreased by \$8,316 due to fewer sewer charge collections.

Basis of Accounting

The basis of accounting is a set of guidelines that determine when financial events are recorded. The Village has elected to present on a cash basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles. Under the Village's cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

As a result of using the cash basis of accounting, certain assets and their related revenues (such as accounts receivable) and certain liabilities and their expenses (such as accounts payable) are not recorded in the financial statements. Therefore, when reviewing the financial information and discussion within this report, the reader must keep in mind the limitations resulting from the use of the cash basis of accounting.

Reporting the Government as a Whole

This annual report includes all activities for which the Village is fiscally responsible. These activities, defined as the Village's reporting entity, are operated within separate legal entities that make up the primary government. The primary government consists of the Village.

**VILLAGE OF OAKWOOD, OHIO
CUYAHOGA COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2009
(UNAUDITED)**

The statement of net assets and statement of activities for 2009 reflect how the Village did financially within the limitations of the cash basis of accounting. The statement of net assets presents the cash balances of the governmental and business-type activities of the Village at year-end. The statement of activities compares cash disbursements with program receipts for each governmental function and business-type activity. Program receipts include charges paid by the recipient of the program services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General cash receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function and business-type activity draws from the Village's general receipts.

These statements report the Village's cash position and the changes in cash position. Keeping in mind the limitations of the cash basis of accounting, these changes are one way to measure the Village's financial health. Over time, increases or decreases in the Village's cash position is one indicator of whether the Village's financial health is improving or deteriorating. When evaluating the Village's financial condition, consideration should be given to other nonfinancial factors as well, such as the Village's tax base, the extent of the Village's debt obligations, the reliance on non-local financial resources for operations, and the need for continued growth in the major local revenue sources, such as property and real estate taxes.

In the statement of net assets and the statement of activities, the Village's financial statements are divided into two types of activities.

- *Governmental Activities* - Most of the Village's basic services are reported here, including Police, Fire, EMS, streets, and parks. Property taxes, along with income taxes, finance most of these activities. Benefits provided through governmental activities are not necessarily paid for by the people receiving them.
- *Business-type Activities* - The Village's only business-type activity is providing sanitary sewer services. Business-type activities are financed by a fee charged to the customers receiving the service.

Reporting the Village's Most Significant Funds

Fund financial statements provide detailed information about the Village's major funds, not the Village as a whole. The Village establishes separate funds to better manage its many activities and to help demonstrate that money that is restricted as to how it may be used is being spent for the intended purpose. The funds of the Village are split into two categories: governmental and proprietary.

**VILLAGE OF OAKWOOD, OHIO
CUYAHOGA COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2009
(UNAUDITED)**

Governmental Funds - Most of the Village's activities are reported in governmental funds. The governmental fund financial statements provide a detailed view of the Village's governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the Village's programs. The Village's significant governmental funds are presented on the financial statements in separate columns. The information for nonmajor funds (funds whose activity or balances are not large enough to warrant separate reporting) is combined and presented in total in a single column. The Village's major governmental funds for 2009 are the General Fund, Street Construction, Maintenance, and Repair Fund, Ambulance Billing Service Fund, Mayor's Court Computerization Fund, General Obligation Bond Retirement Fund, and General Capital Improvement Fund. The programs reported in governmental funds are related to those reported in the governmental activities section of the entity-wide statements. There are no reconciliations between the two reports as the Village reports on the cash basis.

Proprietary Funds - When the Village charges customers for the services it provides, these services are generally reported in proprietary funds. When the services are provided to the general public, the activity is reported as an enterprise fund. The Village's only enterprise fund, which is major, is the Sanitary Sewer Reserve fund.

The Government as a Whole

Table 1 provides a summary of the Village's net assets for 2009 compared to 2008 on the cash basis.

Table 1 - Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2009	2008	2009	2008	2009	2008
<u>Assets</u>						
Equity in Pooled Cash and Cash Equivalents	\$ 448,130	\$ 1,288,240	\$ 32,671	\$ 42,901	\$ 480,801	\$ 1,331,141
Total Assets	\$ 448,130	\$ 1,288,240	\$ 32,671	\$ 42,901	\$ 480,801	\$ 1,331,141
<u>Net Assets</u>						
Restricted:						
Special Revenue	\$ 165,409	\$ 468,528	\$ 0	\$ 0	\$ 165,409	\$ 468,528
Debt Services	32,380	23,779	0	0	32,380	23,779
Capital Projects	80,907	484,347	0	0	80,907	484,347
Unrestricted	169,434	311,586	32,671	42,901	202,105	354,487
Total Net Assets	\$ 448,130	\$ 1,288,240	\$ 32,671	\$ 42,901	\$ 480,801	\$ 1,331,141

**VILLAGE OF OAKWOOD, OHIO
CUYAHOGA COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2009
(UNAUDITED)**

Table 2 reflects the changes in net assets in 2009 compared to 2008.

Table 2 – Change in Net Assets

	Governmental Activities		Business Type Activities		Totals	
	2009	2008	2009	2008	2009	2008
Receipts						
Program Receipts						
Charges for Services	\$ 1,232,850	\$ 770,977	\$ 57,134	\$ 65,450	\$ 1,289,984	\$ 836,427
Operating Grants and Contributions	504,137	654,320	0	0	504,137	654,320
Total Program Receipts	1,736,987	1,425,297	57,134	65,450	1,794,121	1,490,747
General Receipts						
Property and Other Local Taxes	499,352	492,792	0	0	499,352	492,792
Income Taxes	3,656,811	3,921,837	0	0	3,656,811	3,921,837
Grants and Entitlements not restricted to specific programs	388,655	288,020	0	0	388,655	288,020
Investment Income	2,232	38,000	0	0	2,232	38,000
All Other Revenues	419,839	408,591	0	0	419,839	408,591
Debt Proceeds	3,839,000	2,931,500	0	0	3,839,000	2,931,500
Premium on Debt Proceeds	0	1,000	0	0	0	1,000
Total General Receipts	8,805,889	8,081,740	0	0	8,805,889	8,081,740
Total Receipts	10,542,876	9,507,037	57,134	65,450	10,600,010	9,572,487
Disbursements						
Security of Persons and Property	2,903,134	2,897,334	0	0	2,903,134	2,897,334
Public Health Services	300,755	117,003	0	0	300,755	117,003
Leisure Time Activities	195,454	201,710	0	0	195,454	201,710
Community Environment	256,501	245,969	0	0	256,501	245,969
Basic Utility Services	203,871	211,171	0	0	203,871	211,171
Transportation	1,032,283	1,042,652	0	0	1,032,283	1,042,652
General Government	2,362,261	2,502,547	0	0	2,362,261	2,502,547
Capital Outlay	727,298	19,376	0	0	727,298	19,376
Debt Service:						
Principal Retirement	3,102,206	2,301,000	0	0	3,102,206	2,301,000
Interest and Fiscal Charges	299,223	272,979	0	0	299,223	272,979
Sanitary Sewer	0	0	67,364	70,420	67,364	70,420
Total Disbursements	11,382,986	9,811,741	67,364	70,420	11,450,350	9,882,161
Increase (Decrease) in Net Assets	(840,110)	(304,704)	(10,230)	(4,970)	(850,340)	(309,674)
Net Assets at January 1	1,288,240	1,592,944	42,901	47,871	1,331,141	1,640,815
Net Assets at December 31	\$ 448,130	\$ 1,288,240	\$ 32,671	\$ 42,901	\$ 480,801	\$ 1,331,141

Program receipts represent 16.9 percent of total receipts for 2009. They are primarily comprised of sanitary sewer, fines and recreation activity charges. Intergovernmental receipts such as motor vehicle license fees, gas excise tax, licenses and permits, and charges to local governments for fire and EMS services are included. Program receipts increased by \$305,838 or 20.5 percent compared to the prior year. Due to the Village's EMS/Fire contract with the Village of Walton Hills, the charges for services show an increase based on the income from the contract.

**VILLAGE OF OAKWOOD, OHIO
CUYAHOGA COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2009
(UNAUDITED)**

General receipts represent 83.1 percent of the Village's total receipts for 2009. Property and other local taxes along with income taxes represent 47.2 percent of the general receipts. Grants, entitlements, and proceeds from notes make up the balance of general receipts. Other receipts are insignificant and somewhat unpredictable receipt sources. General receipts increased by \$721,685 or 8.9 percent compared to the prior year. The Village had an increase in the amount of notes issued.

Disbursements for general government represent the overhead costs of running the Village and the support services provided for other Village activities. These include the costs of Council, Mayor, Mayor's Court, Finance, and Clerk, as well as internal services such as payroll and purchasing. Disbursements for general government decreased by \$135,706 or 5.4 percent compared to the prior year. Disbursements for general government decreased primarily due to savings on the Village's new property and casualty insurance policy.

Disbursements for Capital Outlay increased by \$707,922 or 3,653.6 percent. This increase was due to capital purchases for the current year as a result of the Village's new notes. Public Health Services, which provides EMS services to the Village and the Village of Walton Hills increased by 183,752 or 157.0 percent as compared to prior year. This increase was due to increased revenue collected resulting from increased runs for service.

Security of Persons and Property are the costs of police and fire protection; Leisure Time Activities are the costs of maintaining the parks and senior center; Community Environment are the costs of regulating the construction of new and existing residential and commercial property; Basic Utility Services are costs associated with utilities in the General Fund, and Transportation is the cost of maintaining roads.

Governmental Activities

The first column of the Statement of Activities lists the major services provided by the Village. The next column identifies the costs of providing these services. The major program disbursements for governmental activities are Security of Persons and Property, General Government, and Transportation, which account for 25.5, 20.8, and 9.1 percent of all governmental disbursements, respectively. The next two columns of the Statement entitled Program Receipts identifies amounts paid by people who are directly charged for the service, and for grants received by the Village that must be used to provide a specific service. The "net cost" amount represents the cost of the service, which ends up being paid from money provided by local taxpayers. These net costs are paid from the general receipts, which are presented at the bottom of the Statement. A comparison between the total cost of service and the net cost is presented in Table 3.

**VILLAGE OF OAKWOOD, OHIO
CUYAHOGA COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2009
(UNAUDITED)**

Table 3 – Comparison of Total Cost and Net Cost of Services

	Total Cost of Services		Net Cost of Services	
	2009	2008	2009	2008
Security of Persons and Property	\$ 2,903,134	\$ 2,897,334	\$ (2,089,671)	\$ (2,578,731)
Public Health Services	300,755	117,003	(11,967)	65,236
Leisure Time Activities	195,454	201,710	(171,227)	(166,435)
Community Environment	256,501	245,969	(170,935)	(187,962)
Basic Utility Services	203,871	211,171	(203,871)	(211,171)
Transportation	1,032,283	1,042,652	(681,474)	(550,088)
General Government	2,362,261	2,502,547	(2,188,127)	(2,163,938)
Capital Outlay	727,298	19,376	(727,298)	(19,376)
Debt Service:				
Principal Retirement	3,102,206	2,301,000	(3,102,206)	(2,301,000)
Interest and Fiscal Charges	299,223	272,979	(299,223)	(272,979)
Total Governmental Activities	\$ 11,382,986	\$ 9,811,741	\$ (9,645,999)	\$ (8,386,444)

The dependence upon property taxes and income taxes is apparent as over 84.7 percent of the net costs of services for governmental activities are supported through these general receipts.

Business-type Activities

The Sanitary Sewer Fund includes operations of the Village is relatively small and routinely reports receipts and cash disbursements that are relatively equal.

The Village's Funds

Total governmental funds had receipts, not including transfers, of \$10,542,876 for 2009 and disbursements, not including transfers, of \$11,382,986 for 2009. One significant change from the prior year is an increase in capital outlay due to capital purchases for the current year as a result of the Village's new notes. In addition, principal retirement increased significantly from the prior year due to payment in the current year on various purpose notes and the Medusa Project note.

General Fund Budgeting Highlights

The Village's budget is prepared according to Ohio law and is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund.

**VILLAGE OF OAKWOOD, OHIO
CUYAHOGA COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2009
(UNAUDITED)**

During 2009, the Village made amendments to its appropriation budget and receipts budget to reflect changing circumstances. Final budgeted receipts were less than original budgeted receipts. The difference between final budgeted receipts and actual receipts was significant due to income taxes revenues being less than projected.

Final budgeted disbursements for 2009 were \$501 higher than original budgeted disbursements. Actual disbursements for 2009 were \$535,737 lower than final budgeted amounts. This was due to the Village not expensing funds to administer a civil service test and less contractual services than anticipated in the Benefits Department.

Capital Assets and Debt Administration

Capital Assets

The Village does not currently keep track of its capital assets and infrastructure in the accompanying financial statements, but records payments for capital assets as disbursements.

Debt Administration

At December 31, 2009, the Village had \$3,200,000 in outstanding General Obligation and Special Assessment bonds, with \$185,000 due within one year and \$3,839,000 in outstanding notes. The Village had \$41,337 in loans with the Ohio Public Works Commission, with \$2,210 due within one year for improvements to streets and sewer utilities. See Note 7 to the financial statements for more detail.

Current Issues

The challenge for all governments is to provide quality services to the public while staying within the restrictions imposed by limited funding. State funding is remaining about the same level as last year. In addition, it appears local government revenue will remain relatively constant.

Contacting the Village's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the Village's finances and to reflect the Village's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Brian Thompson, Finance Director, Village of Oakwood, 24800 Broadway Avenue, Oakwood Village, Ohio 44146.

**VILLAGE OF OAKWOOD, OHIO
 CUYAHOGA COUNTY
 STATEMENT OF NET ASSETS – CASH BASIS
 DECEMEBER 31, 2009**

	Governmental Activities	Business-Type Activities	Total
<u>ASSETS</u>			
Equity in Pooled Cash and Cash Equivalents	\$ 448,130	\$ 32,671	\$ 480,801
Total Assets	\$ 448,130	\$ 32,671	\$ 480,801
 <u>NET ASSETS</u>			
Restricted:			
Special Revenue	\$ 165,409	\$ 0	\$ 165,409
Debt Services	32,380	0	32,380
Capital Projects	80,907	0	80,907
Unrestricted	169,434	32,671	202,105
Total Net Assets	\$ 448,130	\$ 32,671	\$ 480,801

See accompanying notes to the basic financial statements.

VILLAGE OF OAKWOOD, OHIO
CUYAHOGA COUNTY
STATEMENT OF ACTIVITIES – CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2009

	Cash Disbursements	Program Cash Receipts		Net (Disbursements) Receipts and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	Total
Primary Government						
<u>Governmental Activities</u>						
Security of Persons and Property	\$ 2,903,134	\$ 813,463	\$ 0	\$ (2,089,671)	\$ 0	\$ (2,089,671)
Public Health Services	300,755	287,813	975	(11,967)	0	(11,967)
Leisure Time Activities	195,454	24,227	0	(171,227)	0	(171,227)
Community Environment	256,501	85,566	0	(170,935)	0	(170,935)
Basic Utility Services	203,871	0	0	(203,871)	0	(203,871)
Transportation	1,032,283	0	350,809	(681,474)	0	(681,474)
General Government	2,362,261	21,781	152,353	(2,188,127)	0	(2,188,127)
Capital Outlay	727,298	0	0	(727,298)	0	(727,298)
Debt Service:						
Principal Retirement	3,102,206	0	0	(3,102,206)	0	(3,102,206)
Interest and Fiscal Charges	299,223	0	0	(299,223)	0	(299,223)
Total Governmental Activities	11,382,986	1,232,850	504,137	(9,645,999)	0	(9,645,999)
<u>Business-Type Activities</u>						
Sanitary Sewer	67,364	57,134	0	0	(10,230)	(10,230)
Total Business-Type Activities	67,364	57,134	0	0	(10,230)	(10,230)
Total Primary Government	\$ 11,450,350	\$ 1,289,984	\$ 504,137	(9,645,999)	(10,230)	(9,656,229)
General Receipts						
Property and Other Local Taxes levied for:						
General Purposes				396,458	0	396,458
Debt Service Purpose				68,385	0	68,385
Other Purposes				34,509	0	34,509
Income Taxes levied for:						
General Purposes				3,587,189	0	3,587,189
Other Purposes				69,622	0	69,622
Grants & Entitlements not restricted to specific programs				388,655	0	388,655
Investment Income				2,232	0	2,232
All Other Revenues				419,839	0	419,839
Debt Proceeds				3,839,000	0	3,839,000
Total General Receipts				8,805,889	0	8,805,889
Change in Net Assets				(840,110)	(10,230)	(850,340)
Net Assets - Beginning of Year				1,288,240	42,901	1,331,141
Net Assets - End of Year				\$ 448,130	\$ 32,671	\$ 480,801

See accompanying notes to the basic financial statements.

**VILLAGE OF OAKWOOD, OHIO
CUYAHOGA COUNTY
STATEMENT OF ASSETS AND FUND BALANCES – CASH BASIS - GOVERNMENTAL FUNDS
DECEMBER 31, 2009**

	General	Street Construction Maintenance and Repair	Ambulance Billing Service	Mayor's Court Computerization	General Obligation Bond Retirement	General Capital Improvement	Other Governmental Funds	Total Governmental Funds
<u>ASSETS</u>								
Equity in Pooled Cash and Cash Equivalents	\$ 169,434	\$ (1,944)	\$ 60,665	\$ 62,714	\$ 8,971	\$ 80,907	\$ 67,383	\$ 448,130
Total Assets	\$ 169,434	\$ (1,944)	\$ 60,665	\$ 62,714	\$ 8,971	\$ 80,907	\$ 67,383	\$ 448,130
<u>FUND BALANCES</u>								
Reserved for:								
Encumbrances	\$ 42,544	\$ 25,841	\$ 2,743	\$ 0	\$ 0	\$ 56,800	\$ 1,446	\$ 129,374
Unreserved and Undesignated (Deficit), Reported in:								
General Fund	126,890	0	0	0	0	0	0	126,890
Special Revenue Funds	0	(27,785)	57,922	62,714	0	0	42,528	135,379
Debt Service Funds	0	0	0	0	8,971	0	23,409	32,380
Capital Projects Funds	0	0	0	0	0	24,107	0	24,107
Total Fund Balances (Deficit)	\$ 169,434	\$ (1,944)	\$ 60,665	\$ 62,714	\$ 8,971	\$ 80,907	\$ 67,383	\$ 448,130

See accompanying notes to the basic financial statements.

**VILLAGE OF OAKWOOD, OHIO
CUYAHOGA COUNTY
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES –
CASH BASIS - GOVERNMENTAL FUNDS
DECEMBER 31, 2009**

	General	Street Construction Maintenance and Repair	Ambulance Billing Service	Mayor's Court Computerization	General Obligation Bond Retirement	General Capital Improvement	Other Governmental Funds	Total Governmental Funds
RECEIPTS								
Property and Local Taxes	\$ 396,458	\$ 0	\$ 0	\$ 0	\$ 68,385	\$ 0	\$ 34,509	\$ 499,352
Income Taxes	3,587,189	0	0	0	0	0	69,622	3,656,811
Intergovernmental Revenues	388,655	298,380	0	0	0	0	52,429	739,464
Special Assessments	0	0	0	0	0	0	143,251	143,251
Charges for Services	500,553	0	287,813	0	0	0	24,227	812,593
Fines, Licenses, and Permits	403,377	0	0	4,304	0	0	9,030	416,711
Interest Earnings	2,232	0	0	0	0	0	0	2,232
Miscellaneous	379,350	29,551	0	0	8,190	0	16,371	433,462
Total Receipts	5,657,814	327,931	287,813	4,304	76,575	0	349,439	6,703,876
DISBURSEMENTS								
Current:								
Security of Persons and Property	2,764,340	0	0	0	0	0	138,794	2,903,134
Public Health Services	0	0	300,521	0	0	0	234	300,755
Leisure Time Activities	0	0	0	0	0	0	195,454	195,454
Community Environment	251,506	0	0	0	0	0	4,995	256,501
Basic Utility Services	203,871	0	0	0	0	0	0	203,871
Transportation	44,400	987,638	0	0	0	0	245	1,032,283
General Government	2,347,849	0	0	3,768	8,899	0	1,745	2,362,261
Capital Outlay	0	0	0	0	0	727,298	0	727,298
Debt Service:								
Principal Retirement	0	535,706	0	0	1,583,900	926,475	56,125	3,102,206
Interest and Fiscal Charges	0	0	0	0	200,662	13,667	84,894	299,223
Total Disbursements	5,611,966	1,523,344	300,521	3,768	1,793,461	1,667,440	482,486	11,382,986
Excess of Receipts Over (Under) Disbursements	45,848	(1,195,413)	(12,708)	536	(1,716,886)	(1,667,440)	(133,047)	(4,679,110)
OTHER FINANCING SOURCES (USES)								
Transfers In	0	52,000	0	0	145,000	0	173,000	370,000
Transfers Out	(188,000)	(130,000)	0	0	0	0	(52,000)	(370,000)
Proceeds from Sale of Notes	0	995,000	0	0	1,580,000	1,264,000	0	3,839,000
Total Other Financing Sources (Uses)	(188,000)	917,000	0	0	1,725,000	1,264,000	121,000	3,839,000
Net Change in Fund Balances	(142,152)	(278,413)	(12,708)	536	8,114	(403,440)	(12,047)	(840,110)
Fund Balances - Beginning of Year	311,586	276,469	73,373	62,178	857	484,347	79,430	1,288,240
Fund Balances (Deficits) - End of Year	\$ 169,434	\$ (1,944)	\$ 60,665	\$ 62,714	\$ 8,971	\$ 80,907	\$ 67,383	\$ 448,130

See accompanying notes to the basic financial statements.

VILLAGE OF OAKWOOD, OHIO
CUYAHOGA COUNTY
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL – BUDGET BASIS
GENERAL FUND
DECEMBER 31, 2009

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
				Positive (Negative)
Receipts				
Property and Local Taxes	\$ 330,800	\$ 339,504	\$ 396,458	\$ 56,954
Income Tax	4,100,932	4,042,977	3,587,189	(455,788)
Intergovernmental Revenues	444,317	438,038	388,655	(49,383)
Charges for Services	572,240	564,153	500,553	(63,600)
Fines, Licenses, and Permits	461,147	454,630	403,377	(51,253)
Interest Earnings	2,552	2,516	2,232	(284)
Miscellaneous	433,679	427,550	379,350	(48,200)
Total Receipts	6,345,667	6,269,368	5,657,814	(611,554)
Disbursements				
Current:				
Security of Persons and Property	2,971,924	2,936,668	2,792,348	144,320
Community Environment	251,996	254,237	251,879	2,358
Basic Utility Services	243,674	210,998	204,813	6,185
Transportation	61,107	45,607	44,400	1,207
General Government	2,661,045	2,742,737	2,361,070	381,667
Total Disbursements	6,189,746	6,190,247	5,654,510	535,737
Excess of Revenues Over (Under) Expenditures	155,921	79,121	3,304	(75,817)
Other Financing Sources (Uses)				
Transfers Out	(188,000)	(188,000)	(188,000)	0
Total Other Financing Sources (Uses)	(188,000)	(188,000)	(188,000)	0
Net Change in Fund Balance	(32,079)	(108,879)	(184,696)	(75,817)
Fund Balance - Beginning of Year	242,395	242,395	242,395	0
Prior Year Encumbrances Appropriated	69,191	69,191	69,191	0
Fund Balance - End of Year	\$ 279,507	\$ 202,707	\$ 126,890	\$ (75,817)

See accompanying notes to the basic financial statements.

**VILLAGE OF OAKWOOD, OHIO
 CUYAHOGA COUNTY
 STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCE –
 BUDGET AND ACTUAL – BUDGET BASIS
 STREET CONSTRUCTION, MAINTENANCE, AND REPAIR FUND
 DECEMBER 31, 2009**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		Positive (Negative)
<u>Receipts</u>				
Intergovernmental Revenues	\$ 594,156	\$ 412,179	\$ 298,380	\$ (113,799)
Miscellaneous	58,844	40,821	29,551	(11,270)
Total Receipts	<u>653,000</u>	<u>453,000</u>	<u>327,931</u>	<u>(125,069)</u>
<u>Disbursements</u>				
Current:				
Transportation	1,079,691	1,079,691	1,013,479	66,212
Debt Service:				
Principal Retirement	535,706	535,706	535,706	0
Total Disbursements	<u>1,615,397</u>	<u>1,615,397</u>	<u>1,549,185</u>	<u>66,212</u>
Excess of Revenues Over(Under) Expenditures	<u>(962,397)</u>	<u>(1,162,397)</u>	<u>(1,221,254)</u>	<u>(58,857)</u>
<u>Other Financing Sources (Uses)</u>				
Transfers In	52,000	52,000	52,000	0
Transfers Out	(130,000)	(130,000)	(130,000)	0
Proceeds from Sale of Notes	995,000	995,000	995,000	0
Total Other Financing Sources (Uses)	<u>917,000</u>	<u>917,000</u>	<u>917,000</u>	<u>0</u>
Net Change in Fund Balance	(45,397)	(245,397)	(304,254)	(58,857)
Fund Balance - Beginning of Year	237,195	237,195	237,195	0
Prior Year Encumbrances Appropriated	39,274	39,274	39,274	0
Fund Balance - End of Year	<u>\$ 231,072</u>	<u>\$ 31,072</u>	<u>\$ (27,785)</u>	<u>\$ (58,857)</u>

See accompanying notes to the basic financial statements.

**VILLAGE OF OAKWOOD, OHIO
 CUYAHOGA COUNTY
 STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCE –
 BUDGET AND ACTUAL – BUDGET BASIS
 AMBULANCE BILLING SERVICE FUND
 DECEMBER 31, 2009**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		Positive – (Negative)
<u>Receipts</u>				
Charges for Services	\$ 186,000	\$ 300,000	\$ 287,813	\$ (12,187)
Total Receipts	<u>186,000</u>	<u>300,000</u>	<u>287,813</u>	<u>(12,187)</u>
<u>Disbursements</u>				
Current:				
Public Health Services	213,749	366,379	303,264	63,115
Total Disbursements	<u>213,749</u>	<u>366,379</u>	<u>303,264</u>	<u>63,115</u>
Net Change in Fund Balance	(27,749)	(66,379)	(15,451)	50,928
Fund Balance - Beginning of Year	44,679	44,679	44,679	0
Prior Year Encumbrances Appropriated	28,694	28,694	28,694	0
Fund Balance - End of Year	<u>\$ 45,624</u>	<u>\$ 6,994</u>	<u>\$ 57,922</u>	<u>\$ 50,928</u>

See accompanying notes to the basic financial statements.

**VILLAGE OF OAKWOOD, OHIO
 CUYAHOGA COUNTY
 STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCE –
 BUDGET AND ACTUAL – BUDGET BASIS
 MAYOR’S COURT COMPUTERIZATION FUND
 DECEMBER 31, 2009**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<u>Receipts</u>				
Fines, Licenses, and Permits	\$ 16,000	\$ 10,000	\$ 4,304	\$ (5,696)
Total Receipts	<u>16,000</u>	<u>10,000</u>	<u>4,304</u>	<u>(5,696)</u>
<u>Disbursements</u>				
Current:				
General Government	19,122	19,122	3,768	15,354
Total Disbursements	<u>19,122</u>	<u>19,122</u>	<u>3,768</u>	<u>15,354</u>
Net Change in Fund Balance	(3,122)	(9,122)	536	9,658
Fund Balance - Beginning of Year	60,556	60,556	60,556	0
Prior Year Encumbrances Appropriated	1,622	1,622	1,622	0
Fund Balance - End of Year	<u><u>\$ 59,056</u></u>	<u><u>\$ 53,056</u></u>	<u><u>\$ 62,714</u></u>	<u><u>\$ 9,658</u></u>

See accompanying notes to the basic financial statements.

**VILLAGE OF OAKWOOD, OHIO
CUYAHOGA COUNTY
STATEMENT OF FUND NET ASSETS –
CASH BASIS - PROPRIETARY FUND
DECEMBER 31, 2009**

	<u>Business-Type Activities</u> <u>Sanitary Sewer</u>
<u>ASSETS</u>	
Equity in Pooled Cash and Cash Equivalents	<u>\$ 32,671</u>
<u>NET ASSETS</u>	
Unrestricted	<u>\$ 32,671</u>

See accompany notes to the basic financial statements.

**VILLAGE OF OAKWOOD, OHIO
 CUYAHOGA COUNTY
 STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN
 FUND NET ASSETS –
 CASH BASIS - PROPRIETARY FUND
 FOR THE YEAR ENDED DECEMBER 31, 2009**

	Business-Type Activities
	Sanitary Sewer
<u>OPERATING RECEIPTS</u>	
Charges for Services	\$ 57,134
Total Operating Receipts	57,134
<u>OPERATING DISBURSEMENTS</u>	
Contractual Services	45,345
Material and Supplies	17,056
Capital Outlay	4,251
Total Operating Disbursements	66,652
Operating Income (Loss)	(9,518)
<u>NONOPERATING RECEIPTS (DISBURSEMENTS)</u>	
Principal Retirement	(712)
Total Nonoperating Receipts (Disbursements)	(712)
Change in Net Assets	(10,230)
Net Assets - Beginning of Year	42,901
Net Assets - End of Year	\$ 32,671

See accompany notes to the basic financial statements.

**VILLAGE OF OAKWOOD, OHIO
CUYAHOGA COUNTY
STATEMENT OF FIDUCIARY NET ASSETS –
CASH BASIS - FIDUCIARY FUNDS
DECEMBER 31, 2009**

	<u>Agency</u>
<u>Assets</u>	
Equity in Pooled Cash and Cash Equivalents	<u>\$ 514,002</u>
<u>Net Assets</u>	
Unrestricted	<u>\$ 514,002</u>
Total Net Assets	

See accompanying notes to the basic financial statements

VILLAGE OF OAKWOOD, OHIO
CUYAHOGA COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009

NOTE 1: **REPORTING ENTITY**

The Village of Oakwood, Cuyahoga County, Ohio (the Village), 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. The Village is directed by a seven-member Council elected at large for four-year terms, which includes two at-large members. The Mayor is elected to a four-year term. The services provided by the Village are refuse collections (contracted), sanitary sewer utilities, income tax collections, park operations, and safety forces.

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

A. **Primary Government**

The primary government consists of all funds, departments, boards, and agencies that are not legally separate from the Village.

B. **Component Units**

Component units are legally separate organizations for which the Village is financially accountable. The Village is financially accountable for an organization if the Village appoints a voting majority of the organization's governing board and **1)** the Village is able to significantly influence the programs or services performed or provided by the organization; or **2)** the Village is legally entitled to or can otherwise access the organization's resources; **3)** the Village is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide support to, the organization; or **4)** the Village is obligated for the debt of the organization. The Village does not have any component units.

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

VILLAGE OF OAKWOOD, OHIO
CUYAHOGA COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009
(CONTINUED)

NOTE 2: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

As discussed further in Note 2C, these financial statements are presented on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted (GAAP) in the United States of America. Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. In the government-wide financial statements and the fund financial statements for the proprietary funds, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied to the extent they are applicable to the cash basis of accounting, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails. The Village does not apply FASB statements issued after November 30, 1989, to its business-type activities and to its enterprise fund. Following are the more significant of the Village's accounting policies:

A. Basis of Presentation

The Village's basic financial statements consist of government-wide statements, including a statement of net assets and a statement of activities, and fund financial statements, which provide a more detailed level of financial information.

Government-wide Financial Statements The statement of net assets and the statement of activities display information about the Village as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements distinguish between those activities of the Village that are governmental and those that are considered business-type. Governmental activities generally are financed through taxes, intergovernmental receipts, or other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

The statement of net assets presents the cash balances and net assets all of the governmental and business-type activities of the Village at year-end. The statement of activities compares disbursements with program receipts for each of the Village's governmental and business-type activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the Village is responsible. Program receipts include charges paid by the recipient of

VILLAGE OF OAKWOOD, OHIO
CUYAHOGA COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009
(CONTINUED)

NOTE 2: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

A. **Basis of Presentation** (Continued)

Government-wide Financial Statements (Continued)

the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function or business-type activity is self-financing on a cash basis or draws from the Village's general receipts.

Fund Financial Statements During the year, the Village segregates transactions related to certain Village functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Village at this more detailed level. The focus of governmental and enterprise fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by type.

Proprietary fund statements distinguish operating transactions from nonoperating transactions. Operating receipts generally result from exchange transactions such as charges for services directly relating to the funds' principal services. Operating disbursements include costs of sales and services and administrative costs. The proprietary fund statements report all other receipts and disbursements as nonoperating.

B. **Fund Accounting**

The Village uses fund accounting to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. Funds are used to segregate resources that are restricted as to use. The funds of the Village are divided into three categories: governmental, proprietary, and fiduciary.

Governmental Funds

The Village classifies funds financed primarily from taxes, intergovernmental receipts (e.g., grants), and other nonexchange transactions as governmental funds. The Village's major governmental funds are as follows:

VILLAGE OF OAKWOOD, OHIO
CUYAHOGA COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009
(CONTINUED)

NOTE 2: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

B. Fund Accounting (Continued)

Governmental Funds (Continued)

General Fund - The general fund is the operating fund of the Village. It is used to account for all financial resources except those required by law or contract to be accounted for in another fund.

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

Ambulance Billing Services Fund - The fund receives revenues from the fee-based system for responses to EMS services in the Village and is used to maintain services.

Mayor's Court Computerization Fund - This fund receives funds from judication of cases in Mayor's Court. The funds are used for the needs of the Mayor's Court, per Ohio Revised Code.

General Obligation Bond Retirement Fund - This fund is used to retire and pay debt obligations. Funds are received from property tax revenue and transfers when scheduled from other funds.

General Capital Improvement Fund - This fund is used to track capital improvement projects for the Village, as well as improvements made to Village property. Funds are received from income tax revenue and transfers when needed from the General Fund.

The other governmental funds of the Village account for grants and other resources whose use is restricted to a particular purpose.

Proprietary Funds

The Village classifies funds financed primarily from user charges for goods or services as proprietary. Proprietary funds are classified as either enterprise or internal service.

Enterprise Funds - Enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services. The Village has one major enterprise fund, the Sanitary Sewer Fund.

VILLAGE OF OAKWOOD, OHIO
CUYAHOGA COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009
(CONTINUED)

NOTE 2: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

B. Fund Accounting (Continued)

Sanitary Sewer Fund – This fund is used to fund the operation of the Village’s pump station and any needed repairs relating to sewer and storm water. Funds are received from the collection of residents’ sewer bills.

Internal Service Funds – The Village does not maintain any internal service funds.

Fiduciary Funds

Fiduciary funds include pension trust funds, investment trust funds, private purpose trust funds, and agency funds. Trust funds are used to 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. The Village has no trust funds. Agency funds are purely custodial in nature and are used to hold resources for individuals, organizations, or other governments. The Village’s agency funds are: Maintenance Bond, Senior Center Rental, P.C. Deposit, Clearing, and Mayor’s Court.

C. Basis of Accounting

The Village’s financial statements are prepared using the cash basis of accounting. Receipts are recorded in the Village’s financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when the liability is incurred.

As a result of the use of this cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities and the related expenses) are not recorded in these financial statements.

VILLAGE OF OAKWOOD, OHIO
CUYAHOGA COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009
(CONTINUED)

NOTE 2: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

D. Budgetary Process

All funds, except agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations ordinance, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount the Village Council may appropriate.

The appropriations ordinance is the Village Council's authorization to spend resources and sets limits on cash disbursements plus encumbrances at the level of control selected by the Village Council.

The legal level of control has been established by Council at the personal services and other expenditures object levels within each department for all funds.

The certificate of estimated resources may be amended during the year if projected increases or decreases in receipts are identified by the Fiscal Officer. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the amended certificate of estimated resources in effect at the time final appropriations were passed by Village Council.

The appropriations ordinance is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation ordinance for that fund that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by Village Council during the year.

VILLAGE OF OAKWOOD, OHIO
CUYAHOGA COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009
(CONTINUED)

NOTE 2: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

E. Cash and Investments

To improve cash management, cash received by the Village is pooled and invested. Individual fund integrity is maintained through Village records. Interest in the pool is presented as “Equity in Pooled Cash and Cash Equivalents”.

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or negative receipts (contra revenue), respectively.

Interest earnings on investments are allocated to Village funds according to State statutes, grant requirements, or debt related requirements. Interest receipts credited to the General Fund, earned from other funds during 2009 was \$1,445.

F. Restricted Assets

Cash, cash equivalents, and investments are reported as restricted when limitations on their use change the nature or normal understanding of their use. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments, or imposed by law through constitutional provisions or enabling legislation. The Village has no restricted assets as of December 31, 2009.

G. Interfund Receivables/Payables

The Village reports advances-in and advances-out for interfund loans. These items are not reflected as assets and liabilities in the accompanying financial statements.

H. Property, Plant, and Equipment

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

I. Accumulated Leave

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

VILLAGE OF OAKWOOD, OHIO
CUYAHOGA COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009
(CONTINUED)

NOTE 2: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

J. Fund Balance Reserve

The Village reserves any portion of fund balances which are not available for appropriation or which are legally separate for a specific use. Unreserved fund balance indicates that portion of fund balance which is available for appropriation in future periods.

NOTE 3: **BUDGETARY BASIS OF ACCOUNTING**

The budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The Statements of Receipts, Disbursements, and Changes in Fund Balances – Budget and Actual - Budgetary Basis presented for the General Fund, Street Construction, Maintenance, and Repair Fund, Ambulance Billing Services Fund, and Mayor’s Court Computerization Fund are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The differences between the budgetary basis and the cash basis are outstanding year end encumbrances are treated as cash disbursements (budgetary basis) rather than as a reservation of fund balance (cash basis). The prior year encumbrances appropriated at year end 2009 (budgetary basis) amounted to \$69,191 for the General Fund, \$39,274 for Street Construction, Maintenance, and Repair Fund, \$28,694 for Ambulance Billing Service Fund, and \$1,622 for Mayor’s Court Computerization Fund. The current year encumbrances outstanding at December 31, 2009 (budgetary basis) amounted to \$42,544 for the General Fund, \$25,841 for the Street Construction, Maintenance, and Repair Fund, and \$2,743 for Ambulance Billing Service Fund.

NOTE 4: **CASH, CASH EQUIVALENTS, AND INVESTMENTS**

Cash resources of several individual funds are combined to form a pool of cash, cash equivalents, and investments. In addition, investments are separately held by a number of individual funds. Statutes require the reclassification of funds held by the Village into three categories.

“Active” funds are those funds required to be kept in “cash” or “near cash” status for immediate use by the Village. Such funds must be maintained either as cash in the Village Treasury or in depository accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts or in money market deposit accounts.

VILLAGE OF OAKWOOD, OHIO
CUYAHOGA COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009
(CONTINUED)

NOTE 4: **CASH, CASH EQUIVALENTS, AND INVESTMENTS** (Continued)

“Inactive” funds are those funds not required for use within the current five year period of designation of depositories. Inactive funds may be deposited or invested only as certificates of deposit maturing no later than the end of the current period of designation of depositories or by savings or deposit accounts including, but not limited to, passbook accounts.

“Interim” funds are those funds not needed for immediate use but needed before the end of the current period of designation of depositories. Interim funds must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit, or by savings or deposit accounts, including passbook accounts. Interim monies may be deposited or invested in the following securities:

1. United States Treasury notes, bills, bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal or interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any Federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, and Student Loan Marketing Association. All Federal agency securities shall be direct issuances of Federal government agencies or instrumentalities.
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
5. Bonds and other obligations of the State of Ohio or Ohio local governments;
6. No-load money market mutual funds consisting exclusively of obligations described in the first two sections and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasury Asset Reserve of Ohio (STAROhio); and
8. Banker’s acceptances and commercial paper, if trading requirements have been met.

**VILLAGE OF OAKWOOD, OHIO
 CUYAHOGA COUNTY
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2009
 (CONTINUED)**

NOTE 4: **CASH, CASH EQUIVALENTS, AND INVESTMENTS** (Continued)

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. Investments may only be made through specified dealers and institutions.

Cash on Hand

At December 31, 2009, the Village had \$575 which is held as petty cash.

Deposits

Custodial credit is the risk that, in the event of a bank failure, the Village's deposits or collateral securities may not be returned. The Village's policy is to place deposits with major local banks approved by the Village Council. All deposits, except for deposits held by fiscal and escrow agents, are collateralized with eligible securities in amounts equal to at least 105 percent of the carrying value of the deposits. Such collateral, as permitted by Chapter 135 of the Ohio Revised Code, is held in financial institution pools at Federal Reserve banks, or at member banks of the Federal Reserve system in the name of the respective depository bank, and pledged as a pool of collateral against all of the public deposits it holds, or as specific collateral held at a Federal Reserve bank in the name of the Village.

At December 31, 2009, the carrying amount of the Village's deposits was \$904,228 and the bank balance was \$874,137. The entire bank balance was covered by Federal Depository Insurance.

Investments

The Village has a formal investment policy. The objective of the policy shall be the preservation of capital and protection of principal while earning investment interest. Safety of principal is the primary objective of the investment program. The Village records all its investments at cost. All investments are in an internal investment pool.

The Village's investments are detailed below by type and are categorized to give an indication of the level of risk assumed as of year-end.

<u>Description</u>	2009		
	<u>Risk Category 2</u>	<u>Carrying Amount</u>	<u>Fair Value</u>
Repurchase Agreement	<u>\$ 90,000</u>	<u>\$ 90,000</u>	<u>\$ 90,000</u>

VILLAGE OF OAKWOOD, OHIO
CUYAHOGA COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009
(CONTINUED)

NOTE 4: **CASH, CASH EQUIVALENTS, AND INVESTMENT** (Continued)

Interest Rate Risk

As a means of limiting its exposure to fair value of losses caused by rising interest rates, the Village's investment policy requires that operating funds be invested primarily in short-term investments maturing within five years from the date of purchase and that the Village's investment portfolio be structured so that securities mature to meet cash requirements for ongoing operations and/or long-term debt payments. The stated intent of the policy is to avoid the need to sell securities prior to maturity.

Credit Risk

The credit risk of the Village's investments are in the table above. The credit ratings were provided from Moody's and Standard and Poor's carrying a rating of AAA. The Village has no investment policy that would further limit its investment choices.

Custodial Credit Risk

For an investment, custodial credit risk is that, in the event of the failure of the counterparty, the Village will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Repurchase Agreements are exposed to custodial credit risk in that they are uninsured, unregistered and held by a third party custodian designated by the Finance Director. The Village has no investment policy dealing with investment custodial risk beyond the requirement in State statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the Finance Director or qualified trustee.

Concentration of Credit Risk

Safety of principal is the foremost objective of the Village's investment program. Investments of the Village shall be undertaken in a manner that seeks to ensure preservation of capital in the overall portfolio. To attain this objective, diversification is required in order that potential losses on individual securities do not exceed income generated from the remainder of the portfolio. The Village's policy does not limit the percentage of invested in any one investment. As of December 31, 2009, 100 percent of the Village's investments is in a repurchase agreement.

VILLAGE OF OAKWOOD, OHIO
CUYAHOGA COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009
(CONTINUED)

NOTE 5: **PROPERTY TAX**

Property taxes include amounts levied against all real, public utility, and tangible personal property located in the Village. Taxes collected on real property (other than public utility) in one calendar year are levied in the preceding calendar year on assessed values as of January 1 of that preceding year, the lien date. Assessed values are established by state statute at 35 percent of appraised market value. All property is required to be revalued every six years. Real property taxes are payable annually or semiannually. The first payment is due January 20, with the remainder payable by June 20.

Taxes collected on tangible personal property (other than public utility) in one calendar year are levied in the prior calendar year on assessed values during and at the close of the most recent fiscal year of the taxpayer that ended on or before March 31 of that calendar year, and at the tax rates determined in the preceding year. Tangible personal property used in business (except for public utilities) is currently assessed for ad valorem taxation purposes at 25 percent of its true value. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20.

Public utility real and tangible personal property taxes collected in one calendar year are levied in the preceding calendar year on assessed values determined as of December 31 of the second year preceding the tax collection year, the lien date. Certain public utility tangible personal property currently is assessed at percent of its true value. Public utility property taxes are payable on the same dates as real property taxes described previously.

The County Treasurer collects property taxes on behalf of all taxing districts in the county, including the Village of Oakwood. The County Auditor periodically remits to the Village its portion of the taxes collected.

**VILLAGE OF OAKWOOD, OHIO
 CUYAHOGA COUNTY
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2009
 (CONTINUED)**

NOTE 5: **PROPERTY TAX** (Continued)

The full tax rate for all Village operations for the year ended December 31, 2009, was \$11.00 per \$1,000 of assessed value. The assessed values of real and tangible personal property upon which 2009 property tax receipts were based are as follows:

Category	Assessed Value
Real Estate	\$120,990,650
Public Utility	3,029,360
Tangible Personal	<u>3,474,121</u>
Total Valuation	<u>\$127,494,131</u>

NOTE 6: **LOCAL INCOME TAX**

This locally levied tax of 2 percent is applied to gross salaries, wages and other personal service compensation earned by residents both in and out of the Village and to earnings of non-residents (except certain transients) earned in the Village. It also applies to net income of business organizations conducted with the Village. Tax receipts credited to the Village amounted to \$3,656,811 in 2009.

VILLAGE OF OAKWOOD, OHIO
CUYAHOGA COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009
(CONTINUED)

NOTE 7: OUTSTANDING DEBT

Outstanding debt at December 31, 2009 consisted of the following:

Governmental Debt

<u>General Obligation Notes</u>	Balance at 12/31/2008	Additions	Deletions	Balance at 12/31/2009
Division Street Project	\$ 531,000	\$ 558,000	\$ 531,000	\$ 558,000
Service Department Improvement	0	343,500	0	343,500
Street Improvement	0	481,500	0	481,500
Various Purpose Notes	370,500	439,000	370,500	439,000
Medusa Project	420,000	437,000	420,000	437,000
Richmond Road Bikeway Project	1,610,000	1,580,000	1,610,000	1,580,000
Total General Obligation Notes	2,931,500	3,839,000	2,931,500	3,839,000

Bonds

GO Street Improvements, 1990 (7.375%)	1,161	0	581	580
SA Street Improvements, 1990 (7.375%)	18,839	0	9,419	9,420
	<u>20,000</u>	<u>0</u>	<u>10,000</u>	<u>10,000</u>
GO Various Purpose Water, 1996 (6.60%)	42,979	0	5,372	37,607
SA Various Purpose Water, 1996 (6.60%)	37,021	0	4,628	32,393
	<u>80,000</u>	<u>0</u>	<u>10,000</u>	<u>70,000</u>
GO Various Purpose Sewer, 1996 (6.60%)	148,603	0	12,922	135,681
SA Various Purpose Sewer, 1996 (6.60%)	196,397	0	17,078	179,319
	<u>345,000</u>	<u>0</u>	<u>30,000</u>	<u>315,000</u>
SA Street Improvement, 2003 (2.5% - 5.5%)	565,000	0	25,000	540,000
GO Various Purpose, 2004 (4.00% - 5.50%)	1,725,000	0	75,000	1,650,000
GO Street Improvement, 2007 (5.25%)	635,000	0	20,000	615,000
Total Bonds	3,370,000	0	170,000	3,200,000

OPWC Loans

Division Street Improvement	14,000	0	706	13,294
Medusa Street Reconstruction	15,930	0	0	15,930
Total OPWC Loans	29,930	0	706	29,224
Total Governmental Debt	6,331,430	3,839,000	3,102,206	7,068,224

Proprietary Debt

<u>OPWC Loans</u>				
Richmond	12,825	0	712	12,113
Total OPWC Loans	12,825	0	712	12,113
Total Proprietary Debt	12,825	0	712	12,113
Total Debt	\$ 6,344,255	\$ 3,839,000	\$ 3,102,918	\$ 7,080,337

VILLAGE OF OAKWOOD, OHIO
CUYAHOGA COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009
(CONTINUED)

NOTE 7: **OUTSTANDING DEBT** (Continued)

	Governmental		Proprietary
	Principal	Interest	Principal
2010	\$ 186,497	\$ 145,461	\$ 713
2011	186,497	160,784	713
2012	191,497	151,771	713
2013	196,497	142,559	713
2014	221,497	133,016	713
2015 - 2019	1,007,482	491,584	3,562
2020 - 2024	1,087,482	215,562	3,562
2025 - 2029	151,775	15,488	1,424
Total	<u>\$ 3,229,224</u>	<u>\$ 1,456,225</u>	<u>\$ 12,113</u>

NOTE 8: **INSURANCE AND RISK MANAGEMENT**

The Village maintains comprehensive insurance coverage with private carriers for real property, building contents and vehicles. Vehicle policies include liability coverage for bodily injury and property damage. Real property and contents are 80 percent coinsured.

The Village has established a formal self-insurance program for liabilities arising from employee health and life benefits. This exposure is accounted for in the General Fund which is responsible for collecting interfund premiums from other Village funds and departments, paying claim settlements and purchasing other specified insurance policies. Reinsurance for any individual loss over \$10,000 is covered by Benefit Services Inc.

NOTE 9: **DEFINED BENEFIT PENSION PLANS**

All of the Village's full-time employees participate in one of two separate retirement plans which are cost-sharing multiple employer defined benefit pension plans.

A. **Ohio Public Employees Retirement System**

The Village participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three pension plans. The Traditional Pension Plan is a cost-sharing, multiple-employer defined benefit pension plan. The Member-Directed Plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the Member-Directed Plan, members accumulate retirement assets equal to the value of member and vested employer contributions plus any investment earnings.

VILLAGE OF OAKWOOD, OHIO
CUYAHOGA COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009
(CONTINUED)

NOTE 9: **DEFINED BENEFIT PENSION PLANS** (Continued)

A. **Ohio Public Employees Retirement System** (Continued)

The Combined Plan is a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and a defined contribution plan. Under the Combined Plan, employer contributions are invested by the retirement system to provide a formula retirement benefit similar to the Traditional Pension Plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the Member-Directed Plan.

OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of both the Traditional Pension and Combined plans. Members of the Member-Directed Plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling (614) 222-5601 or 800-222-7377. <http://www.opers.org>.

For the year ended December 31, 2009, the members of all three plans were required to contribute 10.00 percent of their annual covered salary to fund pension obligations. The Village contributed 14.00 percent of covered payroll, of which 7.00 percent from January 1 through March 31, 2009 and 8.50 percent from April 1 through December 31, 2009 was used to fund pension benefits for retirees. The contribution rate is determined actuarially. The Ohio Revised Code provides statutory authority for member and employer contributions.

The Village of Oakwood's required contributions for pension obligations to all three plans for the years ended December 31, 2009, 2008, and 2007 were \$279,442, \$219,946, and \$220,604, respectively. The full amount has been contributed for 2009, 2008, and 2007.

VILLAGE OF OAKWOOD, OHIO
CUYAHOGA COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009
(CONTINUED)

NOTE 9: **DEFINED BENEFIT PENSION PLANS** (Continued)

B. Ohio Police and Fire Pension Fund (the “OP&F Fund”)

The Village contributes to the Ohio Police and Fire Pension Fund (OP&F), a cost-sharing, multiple-employer defined benefit pension plan. The OP&F provides retirement and disability pension benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by the Ohio State Legislature and are codified in Chapter 742 of the Ohio Revised Code. OP&F issues a publicly available financial report that includes financial information and required supplementary information for the Plan. That report may be obtained by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

Plan members are required to contribute 10.00 percent of their annual covered salary, while employers are required to contribute 19.50 percent for police officers and 24.00 percent for firefighters. The portion of the Village’s contributions to fund pension obligations was 12.75 percent for police officers and 17.25 percent for firefighters. Contributions are authorized by state statute. The Village’s contributions to the OP&F Fund for the years ending December 31, 2009, 2008, and 2007 were \$138,201, \$137,336, and \$148,537, respectively.

NOTE 10: **POST-EMPLOYMENT BENEFITS**

A. Ohio Public Employees Retirement System

The Ohio Public Employees Retirement System (OPERS) maintains a cost-sharing, multiple-employer defined benefit post-employment health care plan, which includes a medical plan, prescription drug program, and Medicare Part B premium reimbursement, to qualifying members of both the Traditional Pension and the Combined plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including post-employment health care coverage. In order to qualify for post-employment health care coverage, age and service retirees under the Traditional Pension and Combined plans must have ten or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS is considered an Other Post-Employment Benefit (OPEB) as described in GASB Statement No. 45.

VILLAGE OF OAKWOOD, OHIO
CUYAHOGA COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009
(CONTINUED)

NOTE 10: **POST-EMPLOYMENT BENEFITS** (Continued)

A. **Ohio Public Employees Retirement System** (Continued)

The Ohio Revised Code permits, but does not mandate, OPERS to provide OPEB benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

The Ohio Revised Code provides the statutory authority requiring public employers to fund post-employment health care through their contributions to OPERS. A portion of each employer's contribution to OPERS is set aside for the funding of post-employment health care benefits. The 2009 employer rate was 14.00 percent of covered payroll. The Ohio Revised Code currently limits the employer contribution to a rate not to exceed 14.00 percent of covered payroll for State and local employer units. Active members do not make contributions to the OPEB Plan.

OPERS Post-Employment Health Care Plan was established under, and is administered in accordance with, Internal Revenue Code 401(h). Each year, the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding of post-employment health care benefits. For 2009, the portion of employer contributions allocated to health care was 7.00 percent from January 1 through March 31 and 5.50 percent from April 1 through December 31. The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care benefits provided, by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected. Actual Village contributions for 2009 which were used to fund post-employment benefits were \$109,781.

B. **Ohio Police and Fire Pension Plan (the "OP&F Fund")**

The Village contributes to the Ohio Police and Fire Pension Fund (OP&F) sponsored health care program, a cost-sharing, multiple-employer defined post employment health care plan administered by the OP&F. OP&F provides health care benefits, including coverage for medical, prescription drugs, dental, vision, Medicare Part B Premium, and long term care to retirees, qualifying benefit recipients, and their eligible dependents.

VILLAGE OF OAKWOOD, OHIO
CUYAHOGA COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009
(CONTINUED)

NOTE 10: **POST-EMPLOYMENT BENEFITS** (Continued)

B. Ohio Police and Fire Pension Plan (the “OP&F Fund”) (Continued)

OP&F provides access to post-employment health care coverage to any person who receives or is eligible to receive a monthly service, disability, or survivor benefit check, or is a spouse or eligible dependent child of such person. An eligible dependent child is any child under the age of 18 whether or not the child is attending school, or under the age of 22 if attending school full-time or on a two-thirds basis. The health care coverage provided by OP&F is considered an Other Post-Employment Benefit (OPEB) as described in GASB Statement No. 45. Health care funding and accounting is on a pay-as-you-go basis. The Ohio Revised Code allows, but does not mandate, OP&F to provide OPEB benefits. Authority for the OP&F’s Board of Trustees to provide health care coverage to eligible participants and to establish and amend benefits are codified in Chapter 742 of the Ohio Revised Code. OP&F maintains funds for health care in two separate accounts. One account is for health care benefits under IRS Code Section 115 trust and one account is for Medicare Part B reimbursements administered as an Internal Revenue Code 401(h) account, both of which are within the defined benefit pension plan under the authority granted by the Ohio Revised Code to the OP&F Board of Trustees.

The Board of Trustees is authorized to allocate a portion of the total employer contributions made into the pension plan to the Section 115 trust and the Section 401(h) account as the employer contribution for retiree health care benefits. For the year ended December 31, 2009, the employer contribution allocated to the health care plan was 6.75 percent of covered payroll. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees’ primary responsibility to ensure that pension benefits are adequately funded and is limited by the provision of Sections 115 and 401(h).

The OP&F Board of Trustees also is authorized to establish requirements for contributions to the health care plan by retirees and their eligible dependents, or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage period.

VILLAGE OF OAKWOOD, OHIO
CUYAHOGA COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009
(CONTINUED)

NOTE 10: **POST-EMPLOYMENT BENEFITS** (Continued)

B. **Ohio Police and Fire Pension Plan (the “OP&F Fund”)** (Continued)

The portion of the 2009 covered payroll that was used to fund post-employment health care benefits was \$54,926 , representing 6.75 percent of covered payroll. Health care funding and accounting was on a pay-as-you-go basis. In addition, since July 1, 1992, most retirees have been required to contribute a portion of the cost of their health care coverage through a deduction from their monthly benefit payment. Beginning in 2001, all retirees and survivors have monthly health care contributions.

NOTE 11: **INTERFUND AND TRANSFERS**

As of December 31, 2009, interfund transfers were as follows:

<u>Fund</u>	<u>Transfer In</u>	<u>Transfer Out</u>
General Fund	\$ 0	\$ 188,000
Street Construction, Maintenance and Repair	52,000	130,000
General Obligation Bond Retirement	145,000	0
Other Governmental	173,000	52,000
Totals	<u>\$ 370,000</u>	<u>\$ 370,000</u>

An interfund transfer of \$130,000 was made from the Street Construction, Maintenance, and Repair Fund to the General Obligation Bond Retirement Fund to pay debt relating to street projects. Transfers from Other Governmental Funds, which were the Permissive Tax Fund and State Highway Fund, into Street Construction, Maintenance and Repair Fund included monies that were required to be receipted in those specific separate funds, but qualifying expenditures were expensed in the Street Construction, Maintenance and Repair Fund. Transfers from the General Fund were to cover general operating costs. All transfers are in compliance with Ohio Revised Code Sections 5705.14-5705.16.

VILLAGE OF OAKWOOD, OHIO
CUYAHOGA COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009
(CONTINUED)

NOTE: 12: CONTINGENCIES

The Village is currently involved in variety of litigations. It is the opinion of the Village's lawyers that the outcome of these will not have a material effect on the Village's financial position at December 31, 2009.

NOTE 13: LEGAL COMPLIANCE

A. Expenditures and Encumbrances Exceed Appropriations

Ohio Revised Code Section 5705.41(b) prohibits a village from expending monies unless it has been appropriated. The following funds had expenditures that exceeded appropriations as of December 31, 2009.

Fund	Appropriations	Expenditures	Difference
Special Assessment Bond Retirement Fund	\$ 110,600	\$ 142,096	\$ (31,496)
General Capital Improvement Fund	968,394	1,724,240	(755,846)

B. Appropriations Exceed Actual Resources

Ohio Revised Code Section 5705.39 provides in relevant part that the total appropriations from each fund shall not exceed the total of the estimated revenue available for expenditure therefrom, as certified prior to the making of the appropriation or supplemental appropriation. In addition, Ohio Revised Code Section 5705.36(A)(4) provides that upon a determination by the fiscal officer of a subdivision that the revenue to be collected by the subdivision will be less than the amount included in an official certificate and that the amount of the deficiency will reduce available resources below the level of current appropriations, the fiscal officer shall certify the amount of the deficiency to the commission, and the commission shall certify an amended certificate reflecting the deficiency. During our review, we discovered three funds in which final appropriations were greater than actual resources (actual revenues plus beginning unencumbered balances) as follows:

Fund	Actual Resources	Final Appropriations	Difference
General Fund	\$ 5,947,689	\$ 6,309,055	\$ (361,366)
Street Construction, Maintenance, and Repair Fund	1,690,403	1,706,123	(15,720)
Bond Retirement Fund	1,797,941	2,887,659	(1,089,718)
Ambulance Billing Service Fund	361,186	366,379	(5,193)

VILLAGE OF OAKWOOD, OHIO
CUYAHOGA COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009
(CONTINUED)

NOTE 13: **LEGAL COMPLIANCE** (Continued)

C. **Negative Cash Balance**

Ohio Revised Code Section 5705.10 states that money paid into a fund must be used for the purposes for which such fund has been established. As a result, a negative fund balance indicates that money from one fund was used to cover the expenses of another fund. As of year-end, the Street Construction, Maintenance, and Repair Fund had a cash balance of \$(1,944).

**MANAGEMENT'S DISCUSSION AND ANALYSIS
BASIC FINANCIAL STATEMENTS
NOTES TO THE BASIC FINANCIAL STATEMENTS**

FOR THE YEAR ENDED DECEMBER 31, 2008

**VILLAGE OF OAKWOOD, OHIO
CUYAHOGA COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2008
(UNAUDITED)**

The discussion and analysis of the Village of Oakwood's (the Village) financial performance provides an overall review of the Village's financial activities for the year ended December 31, 2008, within the limitations of the Village's cash basis accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the Village's financial performance.

Highlights

Key highlights for 2008 are as follows:

- Net assets of governmental activities decreased \$304,704, or 19.1 percent, from the prior year, due to a decrease in operating grants and contributions.
- The Village's general receipts are primarily property and other local taxes, income taxes, and grants and entitlements. These receipts represent 49.5 percent of total cash received for governmental activities.
- The Village's only business-type activity is Sanitary Sewer. Net assets decreased by \$4,970, or 10.4 percent. The Village's total receipts for business-type activity decreased by \$27,876 due to decreased sewer charge collections.

Basis of Accounting

The basis of accounting is a set of guidelines that determine when financial events are recorded. The Village has elected to present on a cash basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles. Under the Village's cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

As a result of using the cash basis of accounting, certain assets and their related revenues (such as accounts receivable) and certain liabilities and their expenses (such as accounts payable) are not recorded in the financial statements. Therefore, when reviewing the financial information and discussion within this report, the reader must keep in mind the limitations resulting from the use of the cash basis of accounting.

Reporting the Government as a Whole

This annual report includes all activities for which the Village is fiscally responsible. These activities, defined as the Village's reporting entity, are operated within separate legal entities that make up the primary government. The primary government consists of the Village.

**VILLAGE OF OAKWOOD, OHIO
CUYAHOGA COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2008
(UNAUDITED)**

The statement of net assets and statement of activities for 2008 reflect how the Village did financially within the limitations of the cash basis of accounting. The statement of net assets presents the cash balances of the governmental and business-type activities of the Village at year-end. The statement of activities compares cash disbursements with program receipts for each governmental function and business-type activity. Program receipts include charges paid by the recipient of the program services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General cash receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function and business-type activity draws from the Village's general receipts.

These statements report the Village's cash position and the changes in cash position. Keeping in mind the limitations of the cash basis of accounting, these changes are one way to measure the Village's financial health. Over time, increases or decreases in the Village's cash position is one indicator of whether the Village's financial health is improving or deteriorating. When evaluating the Village's financial condition, consideration should be given to other nonfinancial factors as well, such as the Village's tax base, the extent of the Village's debt obligations, the reliance on non-local financial resources for operations, and the need for continued growth in the major local revenue sources, such as property and real estate taxes.

In the statement of net assets and the statement of activities, the Village's financial statements are divided into two types of activities.

- *Governmental Activities* - Most of the Village's basic services are reported here, including Police, Fire, EMS, streets, and parks. Property taxes, along with income taxes, finance most of these activities. Benefits provided through governmental activities are not necessarily paid for by the people receiving them.
- *Business-type Activities* - The Village's only business-type activity is sanitary sewer service. Business-type activities are financed by a fee charged to the customers receiving the service.

Reporting the Village's Most Significant Funds

Fund financial statements provide detailed information about the Village's major funds, not the Village as a whole. The Village establishes separate funds to better manage its many activities and to help demonstrate that money that is restricted as to how it may be used is being spent for the intended purpose. The funds of the Village are split into two categories: governmental and proprietary.

**VILLAGE OF OAKWOOD, OHIO
CUYAHOGA COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2008
(UNAUDITED)**

Governmental Funds - Most of the Village's activities are reported in governmental funds. The governmental fund financial statements provide a detailed view of the Village's governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the Village's programs. The Village's significant governmental funds are presented on the financial statements in separate columns. The information for nonmajor funds (funds whose activity or balances are not large enough to warrant separate reporting) is combined and presented in total in a single column. The Village's major governmental funds for 2008 are the General Fund, Street Construction, Maintenance, and Repair Fund, the General Obligation Bond Retirement Fund, and the General Capital Improvement Fund. The programs reported in governmental funds are related to those reported in the governmental activities section of the entity-wide statements. There are no reconciliations between the two reports as the Village reports on the cash basis.

Proprietary Funds - When the Village charges customers for the services it provides, these services are generally reported in proprietary funds. When the services are provided to the general public, the activity is reported as an enterprise fund. The Village has no major enterprise funds.

The Government as a Whole

Table 1 provides a summary of the Village's net assets for 2008 compared to 2007 on the cash basis.

Table 1 - Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2008	2007	2008	2007	2008	2007
<u>Assets</u>						
Equity in Pooled Cash and Cash Equivalents	\$ 1,288,240	\$ 1,592,944	\$ 42,901	\$ 47,871	\$ 1,331,141	\$ 1,640,815
Total Assets	\$ 1,288,240	\$ 1,592,944	\$ 42,901	\$ 47,871	\$ 1,331,141	\$ 1,640,815
<u>Net Assets</u>						
Restricted:						
Special Revenue	\$ 468,528	\$ 461,151	\$ 0	\$ 0	\$ 468,528	\$ 461,151
Debt Services	23,779	90	0	0	23,779	90
Capital Projects	484,347	70,725	0	0	484,347	70,725
Unrestricted	311,586	1,060,978	42,901	47,871	354,487	1,108,849
Total Net Assets	\$ 1,288,240	\$ 1,592,944	\$ 42,901	\$ 47,871	\$ 1,331,141	\$ 1,640,815

**VILLAGE OF OAKWOOD, OHIO
CUYAHOGA COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2008
(UNAUDITED)**

Table 2 reflects the changes in net assets in 2008 compared to 2007.

Table 2 - Change in Net Assets

	Governmental Activities		Business Type Activities		Totals	
	2008	2007	2008	2007	2008	2007
Receipts						
Program Receipts						
Charges for Services	\$ 770,977	\$ 942,105	\$ 65,450	\$ 79,076	\$ 836,427	\$ 1,021,181
Operating Grants and Contributions	654,320	1,005,524	0	0	654,320	1,005,524
Total Program Receipts	1,425,297	1,947,629	65,450	79,076	1,490,747	2,026,705
General Receipts						
Property and Other Local Taxes	492,792	580,191	0	0	492,792	580,191
Income Taxes	3,921,837	3,785,600	0	0	3,921,837	3,785,600
Grants and Entitlements Not Restricted to Specific Programs	288,020	292,499	0	0	288,020	292,499
Investment Income	38,000	138,450	0	0	38,000	138,450
All Other Revenues	408,591	269,302	0	0	408,591	269,302
Debt Proceeds	2,931,500	2,820,930	0	14,250	2,931,500	2,835,180
Premium on Debt Proceeds	1,000	0	0	0	1,000	0
Total General Receipts	8,081,740	7,886,972	0	14,250	8,081,740	7,901,222
Total Receipts	9,507,037	9,834,601	65,450	93,326	9,572,487	9,927,927
Disbursements						
Security of Persons and Property	2,897,334	2,622,882	0	0	2,897,334	2,622,882
Public Health Services	117,003	490	0	0	117,003	490
Leisure Time Activities	201,710	197,475	0	0	201,710	197,475
Community Environment	245,969	195,871	0	0	245,969	195,871
Basic Utility Services	211,171	212,645	0	0	211,171	212,645
Transportation	1,042,652	1,301,744	0	0	1,042,652	1,301,744
General Government	2,502,547	2,152,511	0	0	2,502,547	2,152,511
Capital Outlay	19,376	49,505	0	0	19,376	49,505
Debt Service:						
Principal Retirement	2,301,000	2,545,000	0	0	2,301,000	2,545,000
Interest and Fiscal Charges	272,979	262,655	0	0	272,979	262,655
Sanitary Sewer	0	0	70,420	174,245	70,420	174,245
Total Disbursements	9,811,741	9,540,778	70,420	174,245	9,882,161	9,715,023
Increase (Decrease) in Net Assets	(304,704)	293,823	(4,970)	(80,919)	(309,674)	212,904
Net Assets - January 1	1,592,944	1,299,121	47,871	128,790	1,640,815	1,427,911
Net Assets - December 31	\$ 1,288,240	\$ 1,592,944	\$ 42,901	\$ 47,871	\$ 1,331,141	\$ 1,640,815

**VILLAGE OF OAKWOOD, OHIO
CUYAHOGA COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2008
(UNAUDITED)**

Program receipts represent 15.6 percent of total receipts for 2008. They are primarily comprised of sanitary sewer, fines and recreation activity charges. Intergovernmental receipts such as motor vehicle license fees, gas excise tax, licenses and permits, and charges to local governments for fire and EMS services are included. Program receipts decreased by \$535,958 or 26.4 percent compared to the prior year. This was primarily due to a general decrease in services provided by other governmental funds.

General receipts represent 84.4 percent of the Village's total receipts for 2008. Property and other local taxes and Income Taxes represent 54.6 percent of the general receipts. Grants, entitlements, investment earnings, proceeds from debt and other revenues make up the balance of general receipts. Other receipts are insignificant and somewhat unpredictable receipt sources. General receipts increased by \$180,518 or 2.3 percent compared to the prior year. General receipts increased mainly due to higher fines paid in Mayor's court, increased permit activity in the building department and increased refunds and reimbursements.

Disbursements for general government represent the overhead costs of running the Village and the support services provided for other Village activities. These include the costs of Council, Mayor, Mayor's Court, Finance, and Clerk, as well as internal services such as payroll and purchasing. Disbursements for general government increased by \$350,036 or 16.3 percent compared to the prior year, due to a cost of living adjustment for all employees in addition to increased benefits costs.

Security of Persons and Property are the costs of police and fire protection; Leisure Time Activities are the costs of maintaining the parks and senior center; Community Environment are the costs of regulating the construction of new and existing residential and commercial property; Basic Utility Services are costs associated with utilities in the General Fund, and Transportation is the cost of maintaining roads.

Governmental Activities

The first column of the Statement of Activities lists the major services provided by the Village. The next column identifies the costs of providing these services. The major program disbursements for governmental activities are Security of Persons and Property, General Government, and Transportation, which account for 29.5, 25.5, and 10.6 percent of all governmental disbursements, respectively. The next two columns of the Statement entitled Program Receipts identifies amounts paid by people who are directly charged for the service, and for grants received by the Village that must be used to provide a specific service. The "net cost" amount represents the cost of the service, which ends up being paid from money provided by local taxpayers. These net costs are paid from the general receipts, which are presented at the bottom of the Statement. A comparison between the total cost of service and the net cost is presented in Table 3.

**VILLAGE OF OAKWOOD, OHIO
CUYAHOGA COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2008
(UNAUDITED)**

Table 3 - Comparison of Total Cost and Net Cost of Services

	Total Cost of Services 2008	Net Cost of Services 2008
Security of Persons and Property	\$ 2,897,334	\$ (2,578,731)
Public Health Services	117,003	65,236
Leisure Time Activities	201,710	(166,435)
Community Environment	245,969	(187,962)
Basic Utility Services	211,171	(211,171)
Transportation	1,042,652	(550,088)
General Government	2,502,547	(2,163,938)
Capital Outlay	19,376	(19,376)
Debt Service:		
Principal Retirement	2,301,000	(2,301,000)
Interest and Fiscal Charges	272,979	(272,979)
Total Governmental Activities	<u>\$ 9,811,741</u>	<u>\$ (8,386,444)</u>

The dependence upon property taxes and income taxes is apparent as over 85.5 percent of the net cost of services for governmental activities are supported through these general receipts.

Business-type Activities

The Sanitary Sewer operations of the Village is relatively small and routinely reports receipts and cash disbursements that are relatively equal.

The Village's Funds

Total governmental funds had receipts, not including transfers, of \$9,507,037 for 2008 and disbursements, not including transfers of \$9,811,741 for 2008. One significant change from the prior year is a large decrease in charges for services and intergovernmental receipts due to a general decrease in services provided by other governmental funds in the current year. In addition, there was a large increase in General Government from the prior year due to a cost of living adjustment for all employees and increased benefits costs in the current year

General Fund Budgeting Highlights

The Village's budget is prepared according to Ohio law and is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund.

**VILLAGE OF OAKWOOD, OHIO
CUYAHOGA COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2008
(UNAUDITED)**

During 2008, the Village made amendments to its appropriation budget and receipts budget to reflect changing circumstances. Final budgeted receipts were equal to original budgeted receipts. The difference between final budgeted receipts and actual receipts was not significant after Council certified to amend resources.

Final budgeted disbursements for 2008 were \$122,538 higher than original budgeted disbursements. Actual disbursements for 2008 were \$96,518 lower than final budgeted amounts. This was due to less expenditures than anticipated in our legal department, Mayor's court, and miscellaneous contractual project payments.

Capital Assets and Debt Administration

Capital Assets

The Village does not currently keep track of its capital assets and infrastructure in the accompanying financial statements, but records payments for capital assets as disbursements.

Debt Administration

At December 31, 2008, the Village had \$3,370,000 in outstanding bonds with \$170,000 due within one year for various purposes and street improvements and \$2,931,500 in outstanding notes. The Village had \$42,755 in loans with the Ohio Public Works Commission, with \$2,210 due within one year for various road improvements. See Note 7 to the financial statements for more detail.

Current Issues

The Village will continue to pursue capital through the form of notes to improve the Village streets, acquire new service garage and purchase new vehicles for a more efficient operation.

Contacting the Village's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the Village's finances and to reflect the Village's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Brian Thompson, Finance Director, Village of Oakwood, 24800 Broadway Avenue, Oakwood Village, Ohio 44146.

**VILLAGE OF OAKWOOD, OHIO
 CUYAHOGA COUNTY
 STATEMENT OF NET ASSETS – CASH BASIS
 DECEMBER 31, 2008**

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<u>ASSETS</u>			
Equity in Pooled Cash and Cash Equivalents	\$ 1,288,240	\$ 42,901	\$ 1,331,141
Total Assets	<u>\$ 1,288,240</u>	<u>\$ 42,901</u>	<u>\$ 1,331,141</u>
<u>NET ASSETS</u>			
Restricted:			
Special Revenue	\$ 468,528	\$ 0	\$ 468,528
Debt Services	23,779	0	23,779
Capital Projects	484,347	0	484,347
Unrestricted	<u>311,586</u>	<u>42,901</u>	<u>354,487</u>
Total Net Assets	<u>\$ 1,288,240</u>	<u>\$ 42,901</u>	<u>\$ 1,331,141</u>

See accompanying notes to the basic financial statements.

**VILLAGE OF OAKWOOD, OHIO
CUYAHOGA COUNTY
STATEMENT OF ACTIVITIES – CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2008**

	<u>Program Cash Receipts</u>			<u>Net (Disbursements) Receipts and Changes in Net Assets</u>		
	<u>Cash Disbursements</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Primary Government:						
<u>Governmental Activities</u>						
Security of Persons and Property	\$ 2,897,334	\$ 318,603	\$ 0	\$ (2,578,731)	0	\$ (2,578,731)
Public Health Services	117,003	182,239	0	65,236	0	65,236
Leisure Time Activities	201,710	35,275	0	(166,435)	0	(166,435)
Community Environment	245,969	32,607	25,400	(187,962)	0	(187,962)
Basic Utility Services	211,171	0	0	(211,171)	0	(211,171)
Transportation	1,042,652	0	492,564	(550,088)	0	(550,088)
General Government	2,502,547	202,253	136,356	(2,163,938)	0	(2,163,938)
Capital Outlay	19,376	0	0	(19,376)	0	(19,376)
Debt Service:						
Principal Retirement	2,301,000	0	0	(2,301,000)	0	(2,301,000)
Interest and Fiscal Charges	272,979	0	0	(272,979)	0	(272,979)
Total Governmental Activities	<u>9,811,741</u>	<u>770,977</u>	<u>654,320</u>	<u>(8,386,444)</u>	<u>0</u>	<u>(8,386,444)</u>
<u>Business-Type Activities</u>						
Sanitary Sewer	70,420	65,450	0	0	(4,970)	(4,970)
Total Business-type Activities	<u>70,420</u>	<u>65,450</u>	<u>0</u>	<u>0</u>	<u>(4,970)</u>	<u>(4,970)</u>
Total Primary Government	<u>\$ 9,882,161</u>	<u>\$ 836,427</u>	<u>\$ 654,320</u>	<u>(8,386,444)</u>	<u>(4,970)</u>	<u>(8,391,414)</u>
<u>General Receipts</u>						
Property and Other Local Taxes levied for:						
General Purposes				391,101	0	391,101
Debt Service Purpose				67,794	0	67,794
Other Purposes				33,897	0	33,897
Income Taxes levied for:						
General Purposes				3,758,182	0	3,758,182
Capital Outlay				62,498	0	62,498
Other Purposes				101,157	0	101,157
Grants & Entitlements not restricted to specific p				288,020	0	288,020
Investment Income				38,000	0	38,000
All Other Revenues				408,591	0	408,591
Debt Proceeds				2,931,500	0	2,931,500
Premium on Debt Proceeds				1,000	0	1,000
Total General Receipts				<u>8,081,740</u>	<u>0</u>	<u>8,081,740</u>
Change in Net Assets				(304,704)	(4,970)	(309,674)
Net Assets - Beginning of Year				1,592,944	47,871	1,640,815
Net Assets - End of Year				<u>\$ 1,288,240</u>	<u>\$ 42,901</u>	<u>\$ 1,331,141</u>

See accompanying notes to the basic financial statements.

**VILLAGE OF OAKWOOD, OHIO
CUYAHOGA COUNTY
STATEMENT OF ASSETS AND FUND BALANCES –
CASH BASIS – GOVERNMENTAL FUNDS
DECEMBER 31, 2008**

	General	Street Construction Maintenance and Repair	General Obligation Bond Retirement	General Capital Improvement	Other Governmental Funds	Total Governmental Funds
ASSETS						
Equity in Pooled Cash and Cash Equivalents	\$ 311,586	\$ 276,469	\$ 857	\$ 484,347	\$ 214,981	\$ 1,288,240
Total Assets	\$ 311,586	\$ 276,469	\$ 857	\$ 484,347	\$ 214,981	\$ 1,288,240
FUND BALANCES						
Reserved for:						
Encumbrances	\$ 69,191	\$ 39,274	\$ 0	\$ 39,794	\$ 34,765	\$ 183,024
Unreserved, Undesignated, Reported in:						
General Fund	242,395	0	0	0	0	242,395
Special Revenue Funds	0	237,195	0	0	157,294	394,489
Debt Service Funds	0	0	857	0	22,922	23,779
Capital Projects Funds	0	0	0	444,553	0	444,553
Total Fund Balances	\$ 311,586	\$ 276,469	\$ 857	\$ 484,347	\$ 214,981	\$ 1,288,240

See accompanying notes to the basic financial statements.

VILLAGE OF OAKWOOD, OHIO
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES –
CASH BASIS – GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2008

	General	Street Construction Maintenance and Repair	General Obligation Bond Retirement	General Capital Improvement	Other Governmental Funds	Total Governmental Funds
Receipts						
Property and Local Taxes	\$ 391,101	\$ 0	\$ 67,794	\$ 0	\$ 33,897	\$ 492,792
Income Taxes	3,758,182	0	0	62,498	101,157	3,921,837
Intergovernmental Revenues	288,020	446,117	0	0	46,447	780,584
Special Assessments	0	0	0	0	127,803	127,803
Charges for Services	217,649	0	0	0	218,034	435,683
Fines, Licenses, and Permits	318,063	0	0	0	17,231	335,294
Interest	38,000	0	0	0	0	38,000
Miscellaneous	235,137	171,293	0	0	36,114	442,544
Total Receipts	5,246,152	617,410	67,794	62,498	580,683	6,574,537
Disbursements						
Current:						
Security of Persons and Property	2,738,580	0	0	0	158,754	2,897,334
Public Health Services	0	0	0	0	117,003	117,003
Leisure Time Activities	0	0	0	0	201,710	201,710
Community Environment	230,478	0	0	0	15,491	245,969
Basic Utility Services	211,171	0	0	0	0	211,171
Transportation	60,293	981,590	0	0	769	1,042,652
General Government	2,478,022	0	4,143	0	20,382	2,502,547
Capital Outlay	0	0	0	19,376	0	19,376
Debt Service:						
Principal Retirement	0	531,000	1,713,343	0	56,657	2,301,000
Interest and Fiscal Charges	0	20,651	204,539	0	47,789	272,979
Total Disbursements	5,718,544	1,533,241	1,922,025	19,376	618,555	9,811,741
Excess of Receipts Over (Under) Disbursements	(472,392)	(915,831)	(1,854,231)	43,122	(37,872)	(3,237,204)
Other Financing Sources (Uses)						
Transfers In	0	46,500	245,000	0	162,000	453,500
Transfers Out	(277,000)	(130,000)	0	0	(46,500)	(453,500)
Premium on Sale of Notes	0	1,000	0	0	0	1,000
Proceeds from Sale of Notes	0	951,000	1,610,000	370,500	0	2,931,500
Total Other Financing Sources (Uses)	(277,000)	868,500	1,855,000	370,500	115,500	2,932,500
Net Change in Fund Balances	(749,392)	(47,331)	769	413,622	77,628	(304,704)
Fund Balances - Beginning of Year	1,060,978	323,800	88	70,725	137,353	1,592,944
Fund Balances - End of Year	\$ 311,586	\$ 276,469	\$ 857	\$ 484,347	\$ 214,981	\$ 1,288,240

See accompanying notes to the basic financial statements.

VILLAGE OF OAKWOOD, OHIO
CUYAHOGA COUNTY
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL – BUDGET BASIS
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2008

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
				Positive (Negative)
Receipts				
Property and Local Taxes	\$ 359,006	\$ 359,006	\$ 391,101	\$ 32,095
Income Tax	3,893,501	3,893,501	3,758,182	(135,319)
Intergovernmental Revenues	298,391	298,391	288,020	(10,371)
Charges for Services	225,486	225,486	217,649	(7,837)
Fines, Licenses, and Permits	329,515	329,515	318,063	(11,452)
Interest	39,368	39,368	38,000	(1,368)
Miscellaneous	243,603	243,603	235,137	(8,466)
Total Receipts	<u>5,388,870</u>	<u>5,388,870</u>	<u>5,246,152</u>	<u>(142,718)</u>
Disbursements				
Current:				
Security of Persons and Property	2,633,196	2,805,695	2,776,096	29,599
Community Environment	247,123	249,849	231,442	18,407
Basic Utility Services	297,345	228,304	217,075	11,229
Transportation	57,450	61,000	60,500	500
General Government	2,526,601	2,539,405	2,502,622	36,783
Total Disbursements	<u>5,761,715</u>	<u>5,884,253</u>	<u>5,787,735</u>	<u>96,518</u>
Excess of Revenues Over (Under) Expenditures	<u>(372,845)</u>	<u>(495,383)</u>	<u>(541,583)</u>	<u>(46,200)</u>
Other Financing Sources (Uses)				
Transfers Out	<u>(277,000)</u>	<u>(277,000)</u>	<u>(277,000)</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>(277,000)</u>	<u>(277,000)</u>	<u>(277,000)</u>	<u>0</u>
Net Change in Fund Balance	<u>(649,845)</u>	<u>(772,383)</u>	<u>(818,583)</u>	<u>(46,200)</u>
Fund Balance - Beginning of Year	989,048	989,048	989,048	0
Prior Year Encumbrances Appropriated	71,930	71,930	71,930	0
Fund Balance - End of Year	<u>\$ 411,133</u>	<u>\$ 288,595</u>	<u>\$ 242,395</u>	<u>\$ (46,200)</u>

See accompanying notes to the basic financial statements.

**VILLAGE OF OAKWOOD, OHIO
 CUYAHOGA COUNTY
 STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCE –
 BUDGET AND ACTUAL – BUDGET BASIS
 STREET CONSTRUCTION, MAINTENANCE, AND REPAIR FUND
 FOR THE YEAR ENDED DECEMBER 31, 2008**

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget Positive (Negative)
<u>Receipts</u>				
Intergovernmental Revenues	\$ 472,194	\$ 506,877	\$ 446,117	\$ (60,760)
Miscellaneous	181,306	194,623	171,293	(23,330)
Total Receipts	<u>653,500</u>	<u>701,500</u>	<u>617,410</u>	<u>(84,090)</u>
<u>Disbursements</u>				
Current:				
Transportation	986,268	1,048,191	1,020,864	27,327
Debt Service:				
Principal	531,000	531,000	531,000	0
Interest and Fiscal Charges	20,651	20,651	20,651	0
Total Disbursements	<u>1,537,919</u>	<u>1,599,842</u>	<u>1,572,515</u>	<u>27,327</u>
Excess of Revenues Over (Under) Expenditures	<u>(884,419)</u>	<u>(898,342)</u>	<u>(955,105)</u>	<u>(56,763)</u>
<u>Other Financing Sources (Uses)</u>				
Operating Transfers - In	46,500	46,500	46,500	0
Operating Transfers - Out	(130,000)	(130,000)	(130,000)	0
Proceeds from Sale of Debt	0	531,000	1,000	(530,000)
Proceeds from Sale of Notes	0	421,000	951,000	530,000
Total Other Financing Sources (Uses)	<u>(83,500)</u>	<u>868,500</u>	<u>868,500</u>	<u>0</u>
Net Change in Fund Balance	<u>(967,919)</u>	<u>(29,842)</u>	<u>(86,605)</u>	<u>(56,763)</u>
Fund Balance - Beginning of Year	297,581	297,581	297,581	0
Prior Year Encumbrances Appropriated	26,219	26,219	26,219	0
Fund Balance - End of Year	<u>\$ (644,119)</u>	<u>\$ 293,958</u>	<u>\$ 237,195</u>	<u>\$ (56,763)</u>

See accompanying notes to the basic financial statements.

**VILLAGE OF OAKWOOD, OHIO
 CUYAHOGA COUNTY
 STATEMENT OF FUND NET ASSETS –
 CASH BASIS - PROPRIETARY FUND
 DECEMBER 31, 2008**

	Business- Type Activities
	Sanitary Sewer
<u>ASSETS</u>	
<u>Current Assets</u>	
Equity in Pooled Cash and Cash Equivalents	\$ 42,901
 <u>NET ASSETS</u>	
Unrestricted	\$ 42,901

See accompany notes to the basic financial statements.

**VILLAGE OF OAKWOOD, OHIO
 CUYAHOGA COUNTY
 STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN
 FUND NET ASSETS –
 CASH BASIS - PROPRIETARY FUND
 DECEMBER 31, 2008**

	Business-Type Activities
	Sanitary Sewer
<u>Operating Receipts</u>	
Charges for Services	\$ 65,450
Total Operating Receipts	65,450
 <u>Operating Disbursements</u>	
Contractual Services	56,537
Material and Supplies	13,527
Total Operating Disbursements	70,064
Operating Income (Loss)	(4,614)
 <u>Nonoperating Receipts (Disbursements)</u>	
Principal Retirement	(356)
Total Nonoperating Receipts (Disbursements)	(356)
Change in Net Assets	(4,970)
 Net Assets - Beginning of Year	 47,871
Net Assets - End of Year	\$ 42,901

See accompany notes to the basic financial statements.

**VILLAGE OF OAKWOOD, OHIO
CUYAHOGA COUNTY
STATEMENT OF FIDUCIARY NET ASSETS –
CASH BASIS - FIDUCIARY FUNDS
DECEMBER 31, 2008**

	<u>Agency</u>
<u>Assets</u>	
Equity in Pooled Cash and Cash Equivalents	<u>\$ 599,233</u>
<u>Net Assets</u>	
Unrestricted	<u>\$ 599,233</u>

See accompanying notes to the basic financial statements.

**VILLAGE OF OAKWOOD, OHIO
CUYAHOGA COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008**

NOTE 1: **REPORTING ENTITY**

The Village of Oakwood, Cuyahoga County, Ohio (the Village), 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. The Village is directed by a seven-member Council elected for four-year terms, which includes two at-large members. The Mayor is elected to a four-year term. The services provided by the Village are refuse collections (contracted), sanitary sewer utilities, income tax collections, park operations, and safety forces.

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

A. **Primary Government**

The primary government consists of all funds, departments, boards, and agencies that are not legally separate from the Village.

B. **Component Units**

Component units are legally separate organizations for which the Village is financially accountable. The Village is financially accountable for an organization if the Village appoints a voting majority of the organization's governing board and **1)** the Village is able to significantly influence the programs or services performed or provided by the organization; or **2)** the Village is legally entitled to or can otherwise access the organization's resources; **3)** the Village is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide support to, the organization; or **4)** the Village is obligated for the debt of the organization. The Village does not have any component units.

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

VILLAGE OF OAKWOOD, OHIO
CUYAHOGA COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008
(CONTINUED)

NOTE 2: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

As discussed further in Note 2C, these financial statements are presented on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted (GAAP) in the United States of America. Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. In the government-wide financial statements and the fund financial statements for the proprietary funds, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied to the extent they are applicable to the cash basis of accounting, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails. The Village does not apply FASB statements issued after November 30, 1989, to its business-type activities and to its enterprise fund. Following are the more significant of the Village's accounting policies:

A. Basis of Presentation

The Village's basic financial statements consist of government-wide statements, including a statement of net assets and a statement of activities, and fund financial statements, which provide a more detailed level of financial information.

Government-wide Financial Statements The statement of net assets and the statement of activities display information about the Village as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements distinguish between those activities of the Village that are governmental and those that are considered business-type. Governmental activities generally are financed through taxes, intergovernmental receipts, or other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

The statement of net assets presents the cash balances and net assets of all the governmental and business-type activities of the Village at year-end. The statement of activities compares disbursements with program receipts for each of the Village's governmental and business-type activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the Village is responsible. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting

VILLAGE OF OAKWOOD, OHIO
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008
(CONTINUED)

NOTE 2: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

A. **Basis of Presentation** (Continued)

Government-wide Financial Statements (Continued)

the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function or business-type activity is self-financing on a cash basis or draws from the Village's general receipts.

Fund Financial Statements During the year, the Village segregates transactions related to certain Village functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Village at this more detailed level. The focus of governmental and enterprise fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by type.

Proprietary fund statements distinguish operating transactions from nonoperating transactions. Operating receipts generally result from exchange transactions such as charges for services directly relating to the funds' principal services. Operating disbursements include costs of sales and services and administrative costs. The proprietary fund statements report all other receipts and disbursements as nonoperating.

B. **Fund Accounting**

The Village uses fund accounting to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. Funds are used to segregate resources that are restricted as to use. The funds of the Village are divided into three categories: governmental, proprietary, and fiduciary.

Governmental Funds

The Village classifies funds financed primarily from taxes, intergovernmental receipts (e.g., grants), and other nonexchange transactions as governmental funds. The Village's major governmental funds are as follows:

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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008
(CONTINUED)

NOTE 2: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

B. Fund Accounting (Continued)

Governmental Funds (Continued)

General Fund - The General Fund is the operating fund of the Village. It is used to account for all financial resources except those required by law or contract to be accounted for in another fund.

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

General Obligation Bond Retirement Fund - This fund is used to retire and pay debt obligations. Funds are received from property tax revenue and transfers when scheduled from other funds.

General Capital Improvement Fund - This fund is used to track capital improvement projects for the Village, as well as improvements made to Village property. Funds are received from income tax revenue and transfers when needed from the General Fund.

The other governmental funds of the Village account for grants and other resources whose use is restricted to a particular purpose.

Proprietary Funds

The Village classifies funds financed primarily from user charges for goods or services as proprietary. Proprietary funds are classified as either enterprise or internal service.

Enterprise Funds - Enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services. The Sanitary Sewer Fund is the Village's only enterprise fund and it is not considered a major fund.

Internal Service Funds - The Village does not maintain any internal service funds.

VILLAGE OF OAKWOOD, OHIO
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008
(CONTINUED)

NOTE 2: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

B. Fund Accounting (Continued)

Fiduciary Funds

Fiduciary funds include pension trust funds, investment trust funds, private purpose trust funds, and agency funds. Trust funds are used to 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. The Village has no trust funds. Agency funds are purely custodial in nature and are used to hold resources for individuals, organizations, or other governments. The Village's agency funds are: Maintenance Bond, Senior Center Rental, P.C. Deposit, Clearing, and Mayor's Court.

C. Basis of Accounting

The Village's financial statements are prepared using the cash basis of accounting. Receipts are recorded in the Village's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when the liability is incurred.

As a result of the use of this cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities and the related expenses) are not recorded in these financial statements.

D. Budgetary Process

All funds, except agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations ordinance, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount the Village Council may appropriate.

The appropriations ordinance is the Village Council's authorization to spend resources and sets limits on cash disbursements plus encumbrances at the level of control selected by the Village Council.

VILLAGE OF OAKWOOD, OHIO
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008
(CONTINUED)

NOTE 2: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

D. Budgetary Process (Continued)

The legal level of control has been established by Council at the personal services and other expenditures object levels within each department for all funds.

The certificate of estimated resources may be amended during the year if projected increases or decreases in receipts are identified by the Fiscal Officer. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the amended certificate of estimated resources in effect at the time final appropriations were passed by Village Council.

The appropriations ordinance is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation ordinance for that fund that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by Village Council during the year.

E. Cash and Investments

To improve cash management, cash received by the Village is pooled and invested. Individual fund integrity is maintained through Village records. Interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents".

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or negative receipts (contra revenue), respectively.

Interest earnings on investments are allocated to Village funds according to State statutes, grant requirements, or debt related requirements. Interest receipts credited to the General Fund during 2008 was \$38,000.

VILLAGE OF OAKWOOD, OHIO
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008
(CONTINUED)

NOTE 2: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

F. Restricted Assets

Cash, cash equivalents, and investments are reported as restricted when limitations on their use change the nature or normal understanding of their use. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments, or imposed by law through constitutional provisions or enabling legislation. The Village has no restricted assets as of December 31, 2008.

G. Interfund Receivables/Payables

The Village reports advances-in and advances-out for interfund loans. These items are not reflected as assets and liabilities in the accompanying financial statements.

H. Property, Plant, and Equipment

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

I. Accumulated Leave

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

J. Fund Balance Reserve

The Village reserves any portion of fund balances which are not available for appropriation or which are legally separate for a specific use. Unreserved fund balance indicates that portion of fund balance which is available for appropriation in future periods.

VILLAGE OF OAKWOOD, OHIO
CUYAHOGA COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008
(CONTINUED)

NOTE 3: BUDGETARY BASIS OF ACCOUNTING

The budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The Statements of Receipts, Disbursements, and Changes in Fund Balances – Budget and Actual - Budgetary Basis presented for the General Fund, and Street Construction, Maintenance, and Repair Fund are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The differences between the budgetary basis and the cash basis are outstanding year end encumbrances are treated as cash disbursements (budgetary basis) rather than as a reservation of fund balance (cash basis). The prior year encumbrances appropriated during 2008 (budgetary basis) amounted to \$71,930 for the General Fund and \$26,219 for the Street Construction, Maintenance, and Repair Fund. The current year encumbrances outstanding at December 31, 2008 (budgetary basis) amounted to \$69,191 for the General Fund, and \$39,274 for the Street Construction, Maintenance, and Repair Fund.

NOTE 4: CASH, CASH EQUIVALENTS, AND INVESTMENTS

Cash resources of several individual funds are combined to form a pool of cash, cash equivalents, and investments. In addition, investments are separately held by a number of individual funds. Statutes require the reclassification of funds held by the Village into three categories.

“Active” funds are those funds required to be kept in “cash” or “near cash” status for immediate use by the Village. Such funds must be maintained either as cash in the Village Treasury or in depository accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts or in money market deposit accounts.

“Inactive” funds are those funds not required for use within the current five year period of designation of depositories. Inactive funds may be deposited or invested only as certificates of deposit maturing no later than the end of the current period of designation of depositories or by savings or deposit accounts including, but not limited to, passbook accounts.

“Interim” funds are those funds not needed for immediate use but needed before the end of the current period of designation of depositories. Interim funds must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit, or by savings or deposit accounts, including passbook accounts. Interim monies may be deposited or invested in the following securities:

VILLAGE OF OAKWOOD, OHIO
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008
(CONTINUED)

NOTE 4: **CASH, CASH EQUIVALENTS, AND INVESTMENTS** (Continued)

1. United States Treasury notes, bills, bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal or interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any Federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, and Student Loan Marketing Association. All Federal agency securities shall be direct issuances of Federal government agencies or instrumentalities.
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
5. Bonds and other obligations of the State of Ohio or Ohio local governments;
6. No-load money market mutual funds consisting exclusively of obligations described in the first two sections and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasury Asset Reserve of Ohio (STAROhio); and
8. Banker's acceptances and commercial paper, if training requirements have been met.

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. Investments may only be made through specified dealers and institutions.

Cash on Hand

At December 31, 2008, the Village had \$600 which is held as petty cash.

**VILLAGE OF OAKWOOD, OHIO
CUYAHOGA COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008
(CONTINUED)**

NOTE 4: **CASH, CASH EQUIVALENTS, AND INVESTMENTS** (Continued)

Deposits

Custodial credit is the risk that, in the event of a bank failure, the Village's deposits or collateral securities may not be returned. The Village's policy is to place deposits with major local banks approved by the Village Council. All deposits, except for deposits held by fiscal and escrow agents, are collateralized with eligible securities in amounts equal to at least 105 percent of the carrying value of the deposits. Such collateral, as permitted by Chapter 135 of the Ohio Revised Code, is held in financial institution pools at Federal Reserve banks, or at member banks of the Federal Reserve system in the name of the respective depository bank, and pledged as a pool of collateral against all of the public deposits it holds, or as specific collateral held at a Federal Reserve bank in the name of the Village.

At December 31, 2008, the carrying amount of the Village's deposits was \$309,774 and the bank balance was \$372,912. Of the bank balance, \$250,000 was covered by Federal depository insurance and \$122,912 was exposed to custodial credit risk because it was uninsured and uncollateralized.

Investments

The Village has a formal investment policy. The objective of the policy shall be the preservation of capital and protection of principal while earning investment interest. Safety of principal is the primary objective of the investment program. The Village records all its investments at cost. All investments are in an internal investment pool.

The Village's investments are detailed below by type and are categorized to give an indication of the level of risk assumed as of year-end.

	2008		
Description	Risk Category 2	Carrying Amount	Fair Value
Repurchase Agreement	<u>\$ 1,620,000</u>	<u>\$ 1,620,000</u>	<u>\$1,620,000</u>

Interest Rate Risk

As a means of limiting its exposure to fair value of losses caused by rising interest rates, the Village's investment policy requires that operating funds be invested primarily in short-term investments maturing within five years from the date of purchase and that the Village's investment portfolio be structured so that securities mature to meet cash requirements for ongoing operations and/or long-term debt payments. The stated intent of the policy is to avoid the need to sell securities prior to maturity.

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FOR THE YEAR ENDED DECEMBER 31, 2008
(CONTINUED)

NOTE 4: **CASH, CASH EQUIVALENTS, AND INVESTMENT** (Continued)

Credit Risk

The credit risk of the Village's investments are in the table above. The credit ratings were provided from Moody's and Standard and Poor's carrying a rating of AAA. The Village has no investment policy that would further limit its investment choices.

Custodial Credit Risk

For an investment, custodial credit risk is that, in the event of the failure of the counterparty, the Village will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Repurchase Agreements are exposed to custodial credit risk in that they are uninsured, unregistered and held by a third party custodian designated by the Finance Director. The Village has no investment policy dealing with investment custodial risk beyond the requirement in State statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the Finance Director or qualified trustee.

Concentration of Credit Risk

Safety of principal is the foremost objective of the Village's investment program. Investments of the Village shall be undertaken in a manner that seeks to ensure preservation of capital in the overall portfolio. To attain this objective, diversification is required in order that potential losses on individual securities do not exceed income generated from the remainder of the portfolio. The Village's policy does not limit the percentage invested in any one investment. As of December 31, 2008, 100 percent of the Village's investments are invested in a repurchase agreement.

NOTE 5: **PROPERTY TAX**

Property taxes include amounts levied against all real, public utility, and tangible personal property located in the Village. Taxes collected on real property (other than public utility) in one calendar year are levied in the preceding calendar year on assessed values as of January 1 of that preceding year, the lien date. Assessed values are established by state statute at 35 percent of appraised market value. All property is required to be revalued every six years. Real property taxes are payable annually or semiannually. The first payment is due January 20, with the remainder payable by June 20.

**VILLAGE OF OAKWOOD, OHIO
 CUYAHOGA COUNTY
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2008
 (CONTINUED)**

NOTE 5: **PROPERTY TAX** (Continued)

Taxes collected on tangible personal property (other than public utility) in one calendar year are levied in the prior calendar year on assessed values during and at the close of the most recent fiscal year of the taxpayer that ended on or before March 31 of that calendar year, and at the tax rates determined in the preceding year. Tangible personal property used in business (except for public utilities) is currently assessed for ad valorem taxation purposes at 25 percent of its true value. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20.

Public utility real and tangible personal property taxes collected in one calendar year are levied in the preceding calendar year on assessed values determined as of December 31 of the second year preceding the tax collection year, the lien date. Certain public utility tangible personal property currently is assessed at percent of its true value. Public utility property taxes are payable on the same dates as real property taxes described previously.

The County Treasurer collects property taxes on behalf of all taxing districts in the county, including the Village of Oakwood. The County Auditor periodically remits to the Village its portion of the taxes collected.

The full tax rate for all Village operations for the year ended December 31, 2008, was \$11.00 per \$1,000 of assessed value. The assessed values of real and tangible personal property upon which 2008 property tax receipts were based are as follows:

<u>Category</u>	<u>Assessed Value</u>
Real Estate	\$112,191,300
Public Utility	3,508,360
Tangible Personal	<u>16,213,595</u>
Total Valuation	<u>\$131,913,255</u>

NOTE 6: **LOCAL INCOME TAX**

This locally levied tax of 2 percent is applied to gross salaries, wages and other personal service compensation earned by residents both in and out of the Village and to earnings of non-residents (except certain transients) earned in the Village. It also applies to net income of business organizations conducted with the Village. Tax receipts are credited to the Village amounted to \$3,921,837 in 2008.

VILLAGE OF OAKWOOD, OHIO
CUYAHOGA COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008
(CONTINUED)

NOTE 7: OUTSTANDING DEBT

Outstanding debt at December 31, 2008, consisted of the following:

Governmental Debt

	Balance at 12/31/2007	Additions	Deletions	Balance at 12/31/2008
<u>General Obligation Notes</u>				
Division Street Project	\$ 531,000	\$ 531,000	\$ 531,000	\$ 531,000
Various Purpose Notes	0	370,500	0	370,500
Medusa Project	0	420,000	0	420,000
Richmond Road Bikeway Project	1,610,000	1,610,000	1,610,000	1,610,000
Total General Obligation Notes	2,141,000	2,931,500	2,141,000	2,931,500
<u>Bonds</u>				
GO Street Improvements, 1990 (7.375%)	1,742	0	581	1,161
SA Street Improvements, 1990 (7.375%)	28,258	0	9,419	18,839
	<u>30,000</u>	<u>0</u>	<u>10,000</u>	<u>20,000</u>
GO Various Purpose Water, 1996 (6.60%)	45,665	0	2,686	42,979
SA Various Purpose Water, 1996 (6.60%)	39,335	0	2,314	37,021
	<u>85,000</u>	<u>0</u>	<u>5,000</u>	<u>80,000</u>
GO Various Purpose Sewer, 1996 (6.60%)	163,679	0	15,076	148,603
SA Various Purpose Sewer, 1996 (6.60%)	216,321	0	19,924	196,397
	<u>380,000</u>	<u>0</u>	<u>35,000</u>	<u>345,000</u>
SA Street Improvement, 2003 (2.5%-5.5%)	590,000	0	25,000	565,000
GO Various Purpose, 2004 (4.00%-5.50%)	1,795,000	0	70,000	1,725,000
SA Street Improvement, 2007 (5.25%)	650,000	0	15,000	635,000
Total Bonds	3,530,000	0	160,000	3,370,000
<u>OPWC Loans</u>				
Division Street Improvement	14,000	0	0	14,000
Medusa Street Reconstruction	15,930	0	0	15,930
Total OPWC Loans	29,930	0	0	29,930
Total Governmental Debt	5,700,930	2,931,500	2,301,000	6,331,430
<u>Proprietary Debt</u>				
<u>OPWC Loans</u>				
Richmond	13,181	0	356	12,825
Total OPWC Loans	13,181	0	356	12,825
Total Proprietary Debt	13,181	0	356	12,825
TOTAL DEBT	\$ 5,714,111	\$ 2,931,500	\$ 2,301,356	\$ 6,344,255

VILLAGE OF OAKWOOD, OHIO
CUYAHOGA COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008
(CONTINUED)

NOTE 7: **OUTSTANDING DEBT** (Continued)

	<u>Governmental</u>		<u>Proprietary</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>
2009	\$ 171,497	\$ 178,369	\$ 713
2010	186,497	145,461	713
2011	186,497	160,784	713
2012	191,497	151,771	713
2013	196,497	142,559	712
2014-2018	1,032,483	547,438	3,562
2019-2023	1,082,483	274,225	3,562
2024-2028	352,479	33,988	2,137
Total	<u>\$ 3,399,930</u>	<u>\$ 1,634,595</u>	<u>\$ 12,825</u>

NOTE 8: **INSURANCE AND RISK MANAGEMENT**

The Village maintains comprehensive insurance coverage with private carriers for real property, building contents and vehicles. Vehicle policies include liability coverage for bodily injury and property damage. Real property and contents are 80 percent coinsured.

The Village has established a formal self-insurance program for liabilities arising from employee health and life benefits. This exposure is accounted for in the General Fund which is responsible for collecting interfund premiums from other Village funds and departments, paying claim settlements and purchasing other specified insurance policies. Reinsurance for any individual loss over \$10,000 is covered by Benefit Services Inc.

NOTE 9: **DEFINED BENEFIT PENSION PLANS**

All of the Village's full-time employees participate in one of two separate retirement plans which are cost-sharing multiple employer defined benefit pension plans.

A. **Ohio Public Employees Retirement System**

The Village participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three pension plans. The Traditional Pension Plan is a cost-sharing, multiple-employer defined benefit pension plan. The Member-Directed Plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the Member-Directed Plan, members accumulate retirement assets equal to the value of member and vested employer contributions plus any investment earnings.

VILLAGE OF OAKWOOD, OHIO
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008
(CONTINUED)

NOTE 9: **DEFINED BENEFIT PENSION PLANS** (Continued)

A. **Ohio Public Employees Retirement System** (Continued)

The Combined Plan is a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and a defined contribution plan. Under the Combined Plan, employer contributions are invested by the retirement system to provide a formula retirement benefit similar to the Traditional Pension Plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the Member-Directed Plan.

OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of both the Traditional Pension and Combined plans. Members of the Member-Directed Plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling (614) 222-5601 or 800-222-7377. <http://www.opers.org>.

For the year ended December 31, 2008, the members of all three plans were required to contribute 10.00 percent of their annual covered salary to fund pension obligations. The Village contributed 14.00 percent of covered payroll, of which 7.00 percent was used to fund health care coverage for retirees. The contribution rate is determined actuarially. The Ohio Revised Code provides statutory authority for member and employer contributions.

The Village of Oakwood's required contributions for pension obligations to all three plans for the years ended December 31, 2008, 2007, and 2006 were \$219,946, \$220,604, and \$213,106, respectively. The full amount has been contributed for 2008, 2007, and 2006.

VILLAGE OF OAKWOOD, OHIO
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008
(CONTINUED)

NOTE 9: **DEFINED BENEFIT PENSION PLANS** (Continued)

B. Ohio Police and Fire Pension Fund (the “OP&F Fund”)

The Village contributes to the Ohio Police and Fire Pension Fund (OP&F), a cost-sharing, multiple-employer defined benefit pension plan. The OP&F provides retirement and disability pension benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by the Ohio State Legislature and are codified in Chapter 742 of the Ohio Revised Code. OP&F issues a publicly available financial report that includes financial information and required supplementary information for the Plan. That report may be obtained by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

Plan members are required to contribute 10.00 percent of their annual covered salary, while employers are required to contribute 19.50 percent for police officers and 24.00 percent for firefighters. The portion of the Village’s contributions to fund pension obligations was 12.75 percent for police officers and 17.25 percent for firefighters. Contributions are authorized by state statute. The Village’s contributions to the OP&F Fund for the years ending December 31, 2008, 2007, and 2006 were \$137,336, \$148,537, and \$138,651, respectively.

NOTE 10: **POST-EMPLOYMENT BENEFITS**

A. Ohio Public Employees Retirement System

The Ohio Public Employees Retirement System (OPERS) maintains a cost-sharing, multiple-employer defined benefit post-employment health care plan, which includes a medical plan, prescription drug program, and Medicare Part B premium reimbursement, to qualifying members of both the Traditional Pension and the Combined plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including post-employment health care coverage. In order to qualify for post-employment health care coverage, age and service retirees under the Traditional Pension and Combined plans must have ten or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS is considered an Other Post-Employment Benefit (OPEB) as described in GASB Statement No. 45.

VILLAGE OF OAKWOOD, OHIO
CUYAHOGA COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008
(CONTINUED)

NOTE 10: **POST-EMPLOYMENT BENEFITS** (Continued)

A. **Ohio Public Employees Retirement System** (Continued)

The Ohio Revised Code permits, but does not mandate, OPERS to provide OPEB benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

The Ohio Revised Code provides the statutory authority requiring public employers to fund post-employment health care through their contributions to OPERS. A portion of each employer's contribution to OPERS is set aside for the funding of post-employment health care benefits. The 2008 employer rate was 14.00 percent of covered payroll. The Ohio Revised Code currently limits the employer contribution to a rate not to exceed 14.00 percent of covered payroll for State and local employer units. Active members do not make contributions to the OPEB Plan.

OPERS Post-Employment Health Care Plan was established under, and is administered in accordance with, Internal Revenue Code 401(h). Each year, the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding of post-employment health care benefits. For 2008, the portion of employer contributions allocated to health care was 7.00 percent. The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care benefits provided, by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

Benefits are advance-funded using the individual entry age actuarial cost method. Significant actuarial assumptions, based on OPERS' latest actuarial review performed as of December 31, 2007, include a rate of return on investments of 6.50 percent, an annual increase in active employee total payroll of 4.00 percent, compounded annually (assuming no change in the number of active employees), and an additional increase in total payroll over and above 4.00 percent, were assumed to range from .50 percent and 6.30 percent. Health care costs were assumed to increase at the projected wage inflation rate plus an additional factor ranging from .50 percent to 4.00 percent annually for the next 7 years. In subsequent years (8 and beyond), health care costs were assumed to increase at 4.00 percent (the projected wage inflation rate).

All investments are carried at market. For actuarial valuation purposes, a smoothed market approach is used. Under this approach, assets are adjusted to reflect 25.00 percent of unrealized market appreciation or depreciation on investment assets annually, not to exceed a 12.00 percent corridor.

VILLAGE OF OAKWOOD, OHIO
CUYAHOGA COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008
(CONTINUED)

NOTE 10: **POST-EMPLOYMENT BENEFITS** (Continued)

A. **Ohio Public Employees Retirement System** (Continued)

On September 9, 2004, the OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP) with an effective date of January 1, 2007. The HCPP restructures OPERS' health care coverage to improve the financial solvency of the fund in response to increasing health care costs. Member and employer contribution rates increased as of January 1, 2006, January 1, 2007, and January 1, 2008, which allowed additional funds to be allocated to the health care plan.

B. **Ohio Police and Fire Pension Plan (the "OP&F Fund")**

The Village contributes to the Ohio Police and Fire Pension Fund (OP&F) sponsored health care program, a cost-sharing, multiple-employer defined post employment health care plan administered by the OP&F. OP&F provides health care benefits, including coverage for medical, prescription drugs, dental, vision, Medicare Part B Premium, and long term care to retirees, qualifying benefit recipients, and their eligible dependents.

OP&F provides access to post-employment health care coverage to any person who receives or is eligible to receive a monthly service, disability, or survivor benefit check, or is a spouse or eligible dependent child of such person. An eligible dependent child is any child under the age of 18 whether or not the child is attending school, or under the age of 22 if attending school full-time or on a two-thirds basis. The health care coverage provided by OP&F is considered an Other Post-Employment Benefit (OPEB) as described in GASB Statement No. 45. Health care funding and accounting is on a pay-as-you-go basis. The Ohio Revised Code allows, but does not mandate, OP&F to provide OPEB benefits. Authority for the OP&F's Board of Trustees to provide health care coverage to eligible participants and to establish and amend benefits are codified in Chapter 742 of the Ohio Revised Code. OP&F maintains funds for health care in two separate accounts. One account is for health care benefits under IRS Code Section 115 trust and one account is for Medicare Part B reimbursements administered as an Internal Revenue Code 401(h) account, both of which are within the defined benefit pension plan under the authority granted by the Ohio Revised Code to the OP&F Board of Trustees.

VILLAGE OF OAKWOOD, OHIO
CUYAHOGA COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008
(CONTINUED)

NOTE 10: **POST-EMPLOYMENT BENEFITS** (Continued)

B. Ohio Police and Fire Pension Plan (the “OP&F Fund”) (Continued)

The Board of Trustees is authorized to allocate a portion of the total employer contributions made into the pension plan to the Section 115 trust and the Section 401(h) account as the employer contribution for retiree health care benefits. For the year ended December 31, 2008, the employer contribution allocated to the health care plan was 6.75 percent of covered payroll. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees' primary responsibility to ensure that pension benefits are adequately funded and is limited by the provision of Sections 115 and 401(h).

In addition, since July 1, 1992, most retirees were required to contribute a portion of the cost of their health care coverage through a deduction from their monthly benefit payment. Beginning in 2001, all retirees and survivors have monthly health care contributions. The number of OP&F participants eligible to receive health care benefits as of December 31, 2007, the date of the last actuarial valuation, was 14,295 for police and 10,583 for firefighters.

The OP&F Board of Trustees also is authorized to establish requirements for contributions to the health care plan by retirees and their eligible dependents, or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage period.

The portion of the 2008 covered payroll that was used to fund post-employment health care benefits was \$59,034, representing 6.75 percent of covered payroll. Health care funding and accounting was on a pay-as-you-go basis. In addition, since July 1, 1992, most retirees have been required to contribute a portion of the cost of their health care coverage through a deduction from their monthly benefit payment. Beginning in 2001, all retirees and survivors have monthly health care contributions. As of December 31, 2007, the date of the last actuarial evaluation available, the number of participants eligible to receive health care benefits was 14,295 for police and 10,583 for firefighters. The OP&F Fund does not provide separate data on the funded status and funding progress of post-employment health care benefits. The Fund's total health care expenses for the year ended December 31, 2007 were \$93,205,319, which was net of member contributions of \$56,031,875.

**VILLAGE OF OAKWOOD, OHIO
 CUYAHOGA COUNTY
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2008
 (CONTINUED)**

NOTE 11: INTERFUND AND TRANSFERS

As of December 31, 2008, interfund transfers were as follows:

<u>Fund</u>	<u>Transfer In</u>	<u>Transfer Out</u>
General Fund	\$ 0	\$ 277,000
Street Construction, Maintenance and Repair	46,500	130,000
General Obligation Bond Retirement	245,000	0
Other Governmental	162,000	46,500
Totals	<u>\$ 453,500</u>	<u>\$ 453,500</u>

An interfund transfer of \$130,000 was made from the Street Construction, Maintenance, and Repair Fund to the General Obligation Bond Retirement Fund to pay debt relating to street projects. Transfers from Other Governmental Funds, which were the Permissive Tax Fund and State Highway Fund, into Street Construction, Maintenance and Repair Fund included monies that were required to be receipted in those specific separate funds, but qualifying expenditures were expensed in the Street Construction, Maintenance and Repair Fund. Transfers from the General Fund were to cover general operating costs. All transfers are in compliance with Ohio Revised Code Sections 5705.14-5705.16.

NOTE 12: CONTINGENCIES

The Village is currently involved in a variety of litigations. It is the opinion of the Village's lawyers that the outcome of these will not have a material effect on the Village's financial position at December 31, 2008.

NOTE 13: LEGAL COMPLIANCE

Ohio Revised Code Section 5705.39 prohibits appropriations from each fund from exceeding the total estimated resources. The Street Construction, Maintenance, and Repair Fund's original estimated resources were \$644,119 less than original appropriations.

JAMES G. ZUPKA, C.P.A., INC.

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**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**

To the Members of Village Council
Village of Oakwood, Ohio

We have audited the financial statements of the governmental activities, the business-type activity, each major fund, and the aggregate remaining fund information of the Village of Oakwood, Cuyahoga County, Ohio, as of and for the years ended December 31, 2009 and 2008, which collectively comprise the Village of Oakwood, Ohio's basic financial statements and have issued our report thereon dated April 19, 2010, wherein we noted the Village uses a comprehensive basis of accounting other than generally accepted accounting principles. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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 entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting 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 financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified a certain deficiency in internal control over financial reporting, described in the accompanying Schedule of Findings that we consider to be a significant deficiency in internal control over financial reporting as noted in **Item 2009-1**. 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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Village of Oakwood, Ohio's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings as **Item 2009-2** and **Item 2009-3**.

We noted certain matters that we reported to management of the Village of Oakwood, Ohio, in a separate letter dated April 19, 2010.

The Village of Oakwood, Ohio's responses to the findings identified in our audit are described in the accompanying Schedule of Findings. We did not audit the Village of Oakwood, Ohio's responses and, accordingly, we express no opinion on them.

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



James G. Zupka, CPA, Inc.
Certified Public Accountants

April 19, 2010

**VILLAGE OF OAKWOOD, OHIO
CUYAHOGA COUNTY
SCHEDULE OF FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008**

Findings Related to the Financial Statements Required to be Reported in Accordance with GAGAS

Item 2009-1: Significant Deficiency - Vacation and Sick Leave

Condition/Criteria

The vacation and sick leave time for all Village employees must be recorded according to the Village's policy. All leave balances must be monitored and reviewed throughout the year.

During our review of the Village's leave balances, we noted that there were many employees with discrepancies between the employee's timesheet and the Village's vacation and sick leave records.

Cause

Improper accruing of employee leave time and lack of monitoring of leave time on a periodic basis.

Effect

Employees could use more leave time than what is available for their use.

Recommendation

We recommend that the Village review the leave balances for all employees and reconcile balances between the system and time sheets on a periodic basis.

Client Response

In process of reconciling leave balances between what is recorded in the system to the time sheets

**VILLAGE OF OAKWOOD, OHIO
 CUYAHOGA COUNTY
 SCHEDULE OF FINDINGS
 FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008**

Findings Related to the Financial Statements Required to be Reported in Accordance with GAGAS (Continued)

Item 2009-2: Noncompliance Finding - Expenditures and Encumbrances Exceed Appropriations

Condition/Criteria

Ohio Revised Code Section 5705.41(b) prohibits a village from expending monies unless it has been appropriated. The following funds had expenditures that exceeded appropriations as of December 31, 2009.

<u>Fund</u>	<u>Appropriations</u>	<u>Expenditures</u>	<u>Difference</u>
Special Assessment Bond Retirement Fund	\$ 110,600	\$ 142,096	\$ (31,496)
General Capital Improvement Fund	968,394	1,724,240	(755,846)

Effect

The Village did not comply with Ohio Revised Code Section 5705.41(b).

Recommendation

We recommend that the Village exercise due care to ensure expenditures do not exceed final appropriations. This will assist the Village in complying with the Ohio Revised Code Section 5705.41(b).

Client Response

Village will comply with Ohio Revised Code Section 5705.41(b)

**VILLAGE OF OAKWOOD, OHIO
CUYAHOGA COUNTY
SCHEDULE OF FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008**

Findings Related to the Financial Statements Required to be Reported in Accordance with GAGAS (Continued)

Item 2009-3: Noncompliance Finding - Appropriations Exceed Actual Resources

Condition/Criteria

Ohio Revised Code Section 5705.39 provides in relevant part that the total appropriations from each fund shall not exceed the total of the estimated revenue available for expenditure therefrom, as certified prior to the making of the appropriation or supplemental appropriation. In addition, Ohio Revised Code Section 5705.36(A)(4) provides that upon a determination by the fiscal officer of a subdivision that the revenue to be collected by the subdivision will be less than the amount included in an official certificate and that the amount of the deficiency will reduce available resources below the level of current appropriations, the fiscal officer shall certify the amount of the deficiency to the commission, and the commission shall certify an amended certificate reflecting the deficiency. During our review, we discovered three funds in which final appropriations were greater than actual resources (actual revenues plus beginning unencumbered balances) as of December 31, 2009:

<u>Fund</u>	<u>Actual Resources</u>	<u>Final Appropriations</u>	<u>Difference</u>
General Fund	\$ 5,947,689	\$ 6,309,055	\$ (361,366)
Street Construction, Maintenance, and Repair Fund	1,690,403	1,706,123	(15,720)
Bond Retirement Fund	1,797,941	2,887,659	(1,089,718)
Ambulance Billing Service Fund	361,186	366,379	(5,193)

Cause

The Village failed to either amend the Village's certificate of estimated resources or adjust the Village's final appropriations to ensure compliance with Ohio Revised Code Sections 5705.39, 5705.36(A)(4), and 5705.36(A)(5).

Effect

The Village failed to comply with Ohio Revised Code Sections 5705.39, 5705.36(A)(4), and 5705.36(A)(5).

Recommendation

We recommend that the Village certify these amounts of deficiency to the Budget Commission and request that the Commission certify an amended certificate reflecting the deficiency. We also recommend the Village amend the final appropriations for these funds to reflect the actual amount of available revenue.

Client Response

Village will comply with Ohio Revised Code Section 5705.36(A) at end of year.

**VILLAGE OF OAKWOOD, OHIO
 CUYAHOGA COUNTY
 STATUS OF PRIOR AUDIT FINDINGS
 DECEMBER 31, 2009 AND 2008**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected; Partially Corrected; Significantly Different Corrective Action Taken; or No Longer Valid; Explain:
2007-01	Bank accounts were not reconciled to the Village's books timely.	No	Partially corrected. Repeated as a management comment.
2007-02	Certificates of Fiscal Officer were not being completed for all required instances.	Yes	Corrected.



Mary Taylor, CPA
Auditor of State

VILLAGE OF OAKWOOD

CUYAHOGA COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
JUNE 8, 2010