



Dave Yost • Auditor of State

VILLAGE OF OAKWOOD
CUYAHOGA COUNTY

TABLE OF CONTENTS

TITLE	PAGE
Independent Auditor's Report	1
For the Year Ended December 31, 2013:	
Management's Discussion and Analysis.....	3
Basic Financial Statements –	
Government-wide Financial Statements:	
Statement of Net Position – Cash Basis	11
Statement of Activities – Cash Basis	12
Fund Financial Statements:	
Statement of Assets and Fund Balances – Cash Basis – Governmental Funds	13
Statement of Receipts, Disbursements, and Changes in Fund Balances – Cash Basis – Governmental Funds	14
Statement of Receipts, Disbursements, and Changes in Fund Balance – Budget and Actual – Budget Basis – General Fund	15
Statement of Receipts, Disbursements, and Changes in Fund Balance – Budget and Actual – Budget Basis – Street Construction, Maintenance, and Repair Fund	16
Statement of Receipts, Disbursements, and Changes in Fund Balance – Budget and Actual – Budget Basis – Mayor's Court Computerization Fund	17
Statement of Fund Net Position – Cash Basis – Proprietary Fund	18
Statement of Receipts, Disbursements, And Changes In Fund Net Position – Cash Basis – Proprietary Fund	19
Statement of Fiduciary Net Position – Fiduciary Fund	20
Notes to the Basic Financial Statements	21
For the Year Ended December 31, 2012:	
Management's Discussion and Analysis.....	45
Basic Financial Statements –	
Government-wide Financial Statements:	
Statement of Net Position – Cash Basis	53
Statement of Activities – Cash Basis	54

VILLAGE OF OAKWOOD
CUYAHOGA COUNTY

TABLE OF CONTENTS

TITLE	PAGE
Fund Financial Statements:	
Statement of Assets and Fund Balances – Cash Basis – Governmental Funds	55
Statement of Receipts, Disbursements, and Changes in Fund Balances – Cash Basis – Governmental Funds	56
Statement of Receipts, Disbursements, and Changes in Fund Balance – Budget and Actual – Budget Basis – General Fund	57
Statement of Receipts, Disbursements, and Changes in Fund Balance – Budget and Actual – Budget Basis – Street Construction, Maintenance, and Repair Fund	58
Statement of Receipts, Disbursements, and Changes in Fund Balance – Budget and Actual – Budget Basis – Mayor’s Court Computerization Fund	59
Statement of Fund Net Position – Cash Basis – Proprietary Fund	60
Statement of Receipts, Disbursements, And Changes In Fund Net Position – Cash Basis – Proprietary Fund	61
Statement of Fiduciary Net Position – Fiduciary Fund	62
Notes to the Basic Financial Statements	63
Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required By <i>Government Auditing Standards</i>	85
Schedule of Prior Audit Findings.....	87



Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Village of Oakwood
Cuyahoga County
24800 Broadway Avenue
Oakwood Village, Ohio 44146

To the Village Council:

Report on the Financial Statements

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, Ohio (the Village), as of and for the years ended December 31, 2013 and 2012, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the cash accounting basis Note 2 describes. This responsibility includes determining that the cash accounting basis is acceptable for the circumstances. Management is also responsible for designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Village's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Village's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

Opinion

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, Cuyahoga County, Ohio, as of December 31, 2013 and 2012, and the respective changes in cash financial position and the respective budgetary comparisons for the General, Street Construction, Maintenance, and Repair, and Mayor's Court Computerization Funds thereof for the years then ended in accordance with the accounting basis described in Note 2.

Accounting Basis

We draw attention to Note 2 of the financial statements, which describes the accounting basis, which differs from generally accepted accounting principles. We did not modify our opinion regarding this matter.

Other Matters

Supplemental and Other Information

We audited to opine on the Village's financial statements that collectively comprise its basic financial statements.

Management's Discussion & Analysis includes tables of net position, changes in net position, governmental activities, and total and net cost of program services. This information provides additional analysis and is not a required part of the basic financial statements.

These tables are management's responsibility, and derive from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected these tables to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling these tables directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and in accordance with auditing standards generally accepted in the United States of America. In our opinion, these tables are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other than the aforementioned procedures applied to the tables, we applied no procedures to any other information in Management's Discussion & Analysis, and we express no opinion or any other assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 15, 2014, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.



Dave Yost
Auditor of State
Columbus, Ohio

December 15, 2014

**VILLAGE OF OAKWOOD, OHIO
CUYAHOGA COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2013**

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, 2013, 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 2013 are as follows:

- Net position of governmental activities increased by \$290,484, or 86.1 percent, from the prior year.
- The Village's general receipts are primarily property taxes, income taxes, grants and entitlements, and debt proceeds. These receipts represent 74.8 percent of total cash received for governmental activities.
- The Village's business-type activities is sanitary sewer. Net position increased by \$1,329, or 13.3 percent. The Village's total receipts for business-type activities increased by \$798.

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, 2013**

The statement of net position and statement of activities for 2013 reflect how the Village did financially within the limitations of the cash basis of accounting. The statement of net position 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 program 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 income taxes.

In the statement of net position 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 and 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 has one business-type activity: Sanitary Sewer. 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 three categories: governmental, proprietary, and fiduciary.

**VILLAGE OF OAKWOOD, OHIO
CUYAHOGA COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2013**

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 2013 are the General, Street Construction, Maintenance and Repair, Mayor's Court Computerization, and General Obligation Bond Retirement funds. 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 fund.

Fiduciary Funds - Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the Village's own programs. The accounting used for fiduciary funds is similar to that used for proprietary funds.

The Government as a Whole

Table 1 provides a summary of the Village's net position for 2013 compared to 2012 on the cash basis.

Table 1 - Net Position

	Governmental Activities		Business-Type Activities		Total	
	2013	2012	2013	2012	2013	2012
ASSETS						
Equity in Pooled Cash and						
Cash Equivalents	\$ 627,762	\$ 337,278	\$ 11,346	\$ 10,017	\$ 639,108	\$ 347,295
Total Assets	\$ 627,762	\$ 337,278	\$ 11,346	\$ 10,017	\$ 639,108	\$ 347,295
NET POSITION						
Restricted:						
Special Revenue	\$ 144,696	\$ 131,776	\$ 0	\$ 0	\$ 144,696	\$ 131,776
Debt Services	4,430	484	0	0	4,430	484
Capital Projects	12,612	1,470	0	0	12,612	1,470
Unrestricted	466,024	203,548	11,346	10,017	477,370	213,565
Total Net Position	\$ 627,762	\$ 337,278	\$ 11,346	\$ 10,017	\$ 639,108	\$ 347,295

**VILLAGE OF OAKWOOD, OHIO
CUYAHOGA COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2013**

Table 2 reflects the changes in net assets in 2013 compared to 2012.

Table 2 - Change in Net Position

	Governmental Activities		Business Type Activities		Totals	
	2013	2012	2013	2012	2013	2012
<u>Receipts</u>						
Program Receipts						
Charges for Services	\$ 1,590,299	\$ 1,216,133	\$ 47,912	\$ 47,399	\$ 1,638,211	\$ 1,263,532
Operating Grants and Contributions	721,881	596,144	0	0	721,881	596,144
Capital Grants and Contributions	0	0	0	0	0	0
Total Program Receipts	<u>2,312,180</u>	<u>1,812,277</u>	<u>47,912</u>	<u>47,399</u>	<u>2,360,092</u>	<u>1,859,676</u>
General Receipts						
Property and Other Local Taxes	350,390	400,466	0	0	350,390	400,466
Income Taxes	5,743,664	5,499,518	0	0	5,743,664	5,499,518
Grants & Entitlements not restricted to specific programs	143,980	222,636	0	0	143,980	222,636
Investment Income	300	56	0	0	300	56
All Other Revenues	779,395	355,479	0	0	779,395	355,479
Debt Proceeds	2,943,526	9,241,828	285	0	2,943,811	9,241,828
Total General Receipts	<u>9,961,255</u>	<u>15,719,983</u>	<u>285</u>	<u>0</u>	<u>9,961,540</u>	<u>15,719,983</u>
Total Receipts	<u>12,273,435</u>	<u>17,532,260</u>	<u>48,197</u>	<u>47,399</u>	<u>12,321,632</u>	<u>17,579,659</u>
<u>Disbursements</u>						
Security of Persons and Property	3,630,766	3,346,164	0	0	3,630,766	3,346,164
Leisure Time Activities	277,578	219,955	0	0	277,578	219,955
Community Environment	257,891	259,399	0	0	257,891	259,399
Basic Utility Services	210,711	179,702	0	0	210,711	179,702
Transportation	1,244,097	1,070,211	0	0	1,244,097	1,070,211
General Government	2,746,405	2,503,271	0	0	2,746,405	2,503,271
Capital Outlay	319,634	184,418	0	0	319,634	184,418
Debt Service:						
Principal Retirement	3,079,500	8,046,500	0	1,069	3,079,500	8,047,569
Issuance Costs	9,749	108,923	0	0	9,749	108,923
Interest and Fiscal Charges	206,620	199,473	0	0	206,620	199,473
Payment to Refunded Bond Escrow	0	1,348,759	0	0	0	1,348,759
Sanitary Sewer	0	0	46,868	43,688	46,868	43,688
Total Disbursements	<u>11,982,951</u>	<u>17,466,775</u>	<u>46,868</u>	<u>44,757</u>	<u>12,029,819</u>	<u>17,511,532</u>
Change in Net Position	290,484	65,485	1,329	2,642	291,813	68,127
Net Position at January 1	<u>337,278</u>	<u>271,793</u>	<u>10,017</u>	<u>7,375</u>	<u>347,295</u>	<u>279,168</u>
Net Position at December 31	<u>\$ 627,762</u>	<u>\$ 337,278</u>	<u>\$ 11,346</u>	<u>\$ 10,017</u>	<u>\$ 639,108</u>	<u>\$ 347,295</u>

**VILLAGE OF OAKWOOD, OHIO
CUYAHOGA COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2013**

Program receipts represent 19.2 percent of total receipts for 2013. They are primarily comprised of sanitary sewer, fines, recreation activity charges, and intergovernmental receipts such as motor vehicle license fees, gas tax money, license and permits, and charges to local governments for fire and EMS services. Program receipts increased by \$500,416 or 26.9 percent compared to the prior year.

General receipts represent 80.8 percent of the Village's total receipts for 2013. Property and other local taxes and income taxes represent 61.2 percent of the general receipts. Grants, entitlements, and proceeds from debt represent 31.0 percent of general receipts. The remaining portion of general receipts is made up of all other receipts. General receipts decreased by \$5,758,443 or 36.6 percent compared to the prior year. The Village had a decrease in the amount of debt issued during 2013.

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 Council Clerk, as well as internal services such as payroll and purchasing. Disbursements for general government increased by \$243,134 or 9.7 percent compared to the prior year. The increase is due to several factors, including an increase in health care costs, and increase in economic job creations and tax credits to help bring additional business into the Village.

Disbursements for Capital Outlay increased by \$135,216 or 73.3 percent. This increase is associated with additional road projects in 2013. Security of Persons and Property are the costs of police and fire protection, increased by \$284,602 or 8.5 percent as compared to prior year. The increase was due to additional staff required by additional fire contracts entered into during 2013.

Transportation expenses, the cost of maintaining roads; Basic Utility Services, which are costs associated with the utilities of the Village; Leisure Time Activities are the costs of maintaining the parks and senior center; and Community Environment are the costs of regulating the construction of new and existing residential and commercial property.

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 30.3, 22.9, and 10.4 percent of all governmental disbursements, respectively. The next two columns of the Statement titled Program Cash 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.

**VILLAGE OF OAKWOOD, OHIO
CUYAHOGA COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2013**

This “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.

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

	Total Cost of Services		Net Cost of Services	
	2013	2012	2013	2012
Security of Persons and Property	\$ 3,630,766	\$ 3,346,164	\$ (2,114,117)	\$ (2,197,561)
Leisure Time Activities	277,578	219,955	(223,643)	(170,323)
Community Environment	257,891	259,399	(240,444)	(221,813)
Basic Utility Services	210,711	179,702	(210,711)	(179,702)
Transportation	1,244,097	1,070,211	(724,028)	(713,867)
General Government	2,746,405	2,503,271	(2,542,325)	(2,283,159)
Capital Outlay	319,634	184,418	(319,634)	(184,418)
Debt Service:				
Principal Retirement	3,079,500	8,046,500	(3,079,500)	(8,046,500)
Issuance Costs	9,749	108,923	(9,749)	(108,923)
Interest and Fiscal Charges	206,620	199,473	(206,620)	(199,473)
Payment to Refunded Bond Escrow	0	1,348,759	0	(1,348,759)
Total Governmental Activities	<u>\$11,982,951</u>	<u>\$17,466,775</u>	<u>\$ (9,670,771)</u>	<u>\$ (15,654,498)</u>

The dependence upon property and other local taxes, income taxes and other general receipts is apparent as over 80.7 percent of the net cost of services for governmental activities is supported through these general receipts.

Business-type Activities

The Sanitary sewer operations of the Village are relatively small and routinely report receipts and cash disbursements that are relatively equal.

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.

During 2013, the Village made amendments to its appropriation budget and receipts budget to reflect changing circumstances. Final budgeted receipts were more than original budgeted receipts due to an unanticipated increase in the income tax collections. The difference between final budgeted receipts and actual receipts was mostly due to an overestimate of grant receipts.

**VILLAGE OF OAKWOOD, OHIO
CUYAHOGA COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2013**

Final budgeted disbursements for 2013 were higher than original budgeted disbursements. The increases of 2013 final budget disbursements were higher due to several factors. They included a new fire inspector due to new fire contracts, cost of living adjustments, and increased utility costs. Actual disbursements for 2013 were lower than final budgeted amounts. This was due to an effort on the behalf of the Village departments to reduce their spending.

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, 2013, the Village had \$5,045,000 in outstanding General Obligation and Special Assessment bonds, with \$345,000 due within one year. The Village had \$193,809 in loans with the Ohio Public Works Commission, with \$4,325 due within one year for improvements to streets and sewer utilities. See Note 8 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.

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**VILLAGE OF OAKWOOD, OHIO
 CUYAHOGA COUNTY
 STATEMENT OF NET POSITION – CASH BASIS
 DECEMBER 31, 2013**

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
ASSETS			
Equity in Pooled Cash and Cash Equivalents	\$ 627,762	\$ 11,346	\$ 639,108
Total Assets	<u>\$ 627,762</u>	<u>\$ 11,346</u>	<u>\$ 639,108</u>
NET POSITION			
Restricted:			
Special Revenue	\$ 144,696	\$ -	\$ 144,696
Debt Services	4,430	-	4,430
Capital Projects	12,612	-	12,612
Unrestricted	<u>466,024</u>	<u>11,346</u>	<u>477,370</u>
Total Net Position	<u>\$ 627,762</u>	<u>\$ 11,346</u>	<u>\$ 639,108</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, 2013**

	<u>Program Cash Receipts</u>			<u>Net (Disbursements) Receipts and Changes in Net Position</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:						
Governmental Activities						
Security of Persons and Property	\$ 3,630,766	\$ 1,516,649	\$ -	\$ (2,114,117)	\$ -	\$ (2,114,117)
Leisure Time Activities	277,578	53,935	-	(223,643)	-	(223,643)
Community Environment	257,891	14,925	2,522	(240,444)	-	(240,444)
Basic Utility Services	210,711	-	-	(210,711)	-	(210,711)
Transportation	1,244,097	-	520,069	(724,028)	-	(724,028)
General Government	2,746,405	4,790	199,290	(2,542,325)	-	(2,542,325)
Capital Outlay	319,634	-	-	(319,634)	-	(319,634)
Debt Service:						
Principal Retirement	3,079,500	-	-	(3,079,500)	-	(3,079,500)
Issuance Costs	9,749	-	-	(9,749)	-	(9,749)
Interest and Fiscal Charges	206,620	-	-	(206,620)	-	(206,620)
Total Governmental Activities	<u>11,982,951</u>	<u>1,590,299</u>	<u>721,881</u>	<u>(9,670,771)</u>	<u>-</u>	<u>(9,670,771)</u>
Business-Type Activities						
Sanitary Sewer	46,868	47,912	-	-	1,044	1,044
Total Business-type Activities	<u>46,868</u>	<u>47,912</u>	<u>-</u>	<u>-</u>	<u>1,044</u>	<u>1,044</u>
Total Primary Government	<u>\$ 12,029,819</u>	<u>\$ 1,638,211</u>	<u>\$ 721,881</u>	<u>(9,670,771)</u>	<u>1,044</u>	<u>(9,669,727)</u>
General Receipts						
Property and Other Local Taxes levied for:						
General Purposes				257,893	-	257,893
Debt Service Purpose				61,112	-	61,112
Other Purposes				31,385	-	31,385
Income Taxes levied for General Purposes				5,743,664	-	5,743,664
Grants & Entitlements not restricted to specific programs				143,980	-	143,980
Investment Income				300	-	300
All Other Revenues				779,395	-	779,395
Debt Proceeds				<u>2,943,526</u>	<u>285</u>	<u>2,943,811</u>
Total General Receipts				<u>9,961,255</u>	<u>285</u>	<u>9,961,540</u>
Change in Net Position				290,484	1,329	291,813
Net Position - Beginning of Year				<u>337,278</u>	<u>10,017</u>	<u>347,295</u>
Net Position - End of Year				<u>\$ 627,762</u>	<u>\$ 11,346</u>	<u>\$ 639,108</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, 2013**

	<u>General</u>	<u>Street Construction Maintenance and Repair</u>	<u>Mayor's Court Computerization</u>	<u>General Obligation Bond Retirement</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS						
Equity in Pooled Cash and Cash Equivalents	\$ 466,024	\$ 814	\$ 39,087	\$ 366	\$ 121,471	\$ 627,762
Total Assets	<u>\$ 466,024</u>	<u>\$ 814</u>	<u>\$ 39,087</u>	<u>\$ 366</u>	<u>\$ 121,471</u>	<u>\$ 627,762</u>
FUND BALANCES						
Restricted for:						
Street Maintenance	\$ -	\$ 814	\$ -	\$ -	\$ -	\$ 814
Police Operations	-	-	-	-	981	981
Fire Operations	-	-	-	-	58,868	58,868
Police Pension	-	-	-	-	523	523
Drug and Alcohol Education and Enforcement	-	-	-	-	36,159	36,159
Mayor's Court	-	-	39,087	-	-	39,087
Debt Service	-	-	-	366	4,064	4,430
Other Purposes	-	-	-	-	4,527	4,527
Committed to:						
Recreation	-	-	-	-	3,259	3,259
Capital Improvement	-	-	-	-	12,612	12,612
Other Purposes	-	-	-	-	478	478
Assigned to:						
Other Purposes	2,743	-	-	-	-	2,743
Unassigned (Deficit)	463,281	-	-	-	-	463,281
Total Fund Balances	<u>\$ 466,024</u>	<u>\$ 814</u>	<u>\$ 39,087</u>	<u>\$ 366</u>	<u>\$ 121,471</u>	<u>\$ 627,762</u>

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
FOR THE YEAR ENDED DECEMBER 31, 2013**

	General	Street Construction Maintenance and Repair	Mayor's Court Computerization	General Obligation Bond Retirement	Other Governmental Funds	Total Governmental Funds
RECEIPTS						
Property and Local Taxes	\$ 257,893	\$ -	\$ -	\$ 61,112	\$ 31,385	\$ 350,390
Income Taxes	5,743,664	-	-	-	-	5,743,664
Intergovernmental Revenues	169,094	461,384	-	-	58,685	689,163
Special Assessments	-	-	-	-	176,698	176,698
Charges for Services	718,815	-	-	-	347,954	1,066,769
Fines, Licenses, and Permits	502,030	-	13,249	-	8,251	523,530
Interest	300	-	-	-	-	300
Miscellaneous	421,297	357,998	-	-	100	779,395
Total Receipts	7,813,093	819,382	13,249	61,112	623,073	9,329,909
DISBURSEMENTS						
Current:						
Security of Persons and Property	3,229,917	-	29,731	-	371,118	3,630,766
Leisure Time Activities	-	-	-	-	277,578	277,578
Community Environment	250,206	-	-	-	7,685	257,891
Basic Utility Services	210,711	-	-	-	-	210,711
Transportation	475,740	767,867	-	-	490	1,244,097
General Government	2,744,643	-	-	-	1,762	2,746,405
Capital Outlay	-	280,276	-	-	39,358	319,634
Debt Service:						
Principal Retirement	-	-	-	2,994,255	85,245	3,079,500
Issuance Costs	-	-	-	9,749	-	9,749
Interest and Fiscal Charges	-	-	-	120,510	86,110	206,620
Total Disbursements	6,911,217	1,048,143	29,731	3,124,514	869,346	11,982,951
Excess of Receipts						
Over (Under) Disbursements	901,876	(228,761)	(16,482)	(3,063,402)	(246,273)	(2,653,042)
OTHER FINANCING SOURCES (USES)						
Transfers - In	-	54,900	-	295,000	348,400	698,300
Transfers - Out	(639,400)	(4,000)	-	-	(54,900)	(698,300)
Proceeds from Sale of Debt	-	174,759	-	-	-	174,759
Proceeds from Sale of Notes	-	-	-	2,766,500	-	2,766,500
Premium on Debt Issued	-	-	-	2,267	-	2,267
Total Other Financing Sources (Uses)	(639,400)	225,659	-	3,063,767	293,500	2,943,526
Net Change in Fund Balances	262,476	(3,102)	(16,482)	365	47,227	290,484
Fund Balances - Beginning of Year	203,548	3,916	55,569	1	74,244	337,278
Fund Balances - End of Year	\$ 466,024	\$ 814	\$ 39,087	\$ 366	\$ 121,471	\$ 627,762

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, 2013

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Property and Local Taxes	\$ 242,320	\$ 341,302	\$ 257,893	\$ (83,409)
Income Taxes	5,396,835	5,696,014	5,743,664	47,650
Intergovernmental Revenues	158,883	160,485	169,094	8,609
Charges for Services	675,410	682,220	718,815	36,595
Fines, Licenses, and Permits	471,715	476,471	502,030	25,559
Interest	282	285	300	15
Miscellaneous	395,857	399,848	421,297	21,449
Total Revenues	<u>7,341,302</u>	<u>7,756,625</u>	<u>7,813,093</u>	<u>56,468</u>
Expenditures				
Current:				
Security of Persons and Property	3,072,892	3,367,954	3,230,554	137,400
Community Environment	258,534	266,352	251,831	14,521
Basic Utility Services	181,386	220,129	210,711	9,418
Transportation	52,337	486,799	475,740	11,059
General Government	2,630,193	2,647,585	2,744,981	(97,396)
Total Expenditures	<u>6,195,342</u>	<u>6,988,819</u>	<u>6,913,817</u>	<u>75,002</u>
Excess of Revenues Over(Under) Expenditures	<u>1,145,960</u>	<u>767,806</u>	<u>899,276</u>	<u>131,470</u>
Other Financing Sources (Uses)				
Transfers Out	(1,144,200)	(677,000)	(639,400)	37,600
Total Other Financing Sources (Uses)	<u>(1,144,200)</u>	<u>(677,000)</u>	<u>(639,400)</u>	<u>37,600</u>
Net Change in Fund Balance	1,760	90,806	259,876	169,070
Fund Balance - Beginning of Year	164,721	164,721	164,721	-
Prior Year Encumbrances Appropriated	38,685	38,685	38,685	-
Fund Balance - End of Year	<u>\$ 205,166</u>	<u>\$ 294,212</u>	<u>\$ 463,282</u>	<u>\$ 169,070</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, 2013**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental Revenues	\$ 225,235	\$ 779,087	\$ 461,384	\$ (317,703)
Miscellaneous	174,765	604,511	357,998	(246,513)
Total Revenues	<u>400,000</u>	<u>1,383,598</u>	<u>819,382</u>	<u>(564,216)</u>
Expenditures				
Current:				
Transportation	1,126,654	928,840	767,867	160,973
Capital Outlay	-	-	280,276	(280,276)
Total Expenditures	<u>1,126,654</u>	<u>928,840</u>	<u>1,048,143</u>	<u>(119,303)</u>
Excess of Revenues Over(Under) Expenditures	<u>(726,654)</u>	<u>454,758</u>	<u>(228,761)</u>	<u>(683,519)</u>
Other Financing Sources (Uses)				
Transfers - In	56,000	56,000	54,900	(1,100)
Transfers - Out	-	(4,000)	(4,000)	-
Proceeds from Sale of Debt	-	-	174,759	174,759
Total Other Financing Sources (Uses)	<u>56,000</u>	<u>52,000</u>	<u>225,659</u>	<u>173,659</u>
Net Change in Fund Balance	(670,654)	506,758	(3,102)	(509,860)
Fund Balance - Beginning of Year	76	76	76	-
Prior Year Encumbrances Appropriated	3,840	3,840	3,840	-
Fund Balance - End of Year	<u>\$ (666,738)</u>	<u>\$ 510,674</u>	<u>\$ 814</u>	<u>\$ (509,860)</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
 FOR THE YEAR ENDED DECEMBER 31, 2013**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Fines, Licenses, and Permits	\$ 3,000	\$ -	\$ 13,249	\$ 13,249
Total Revenues	<u>3,000</u>	<u>-</u>	<u>13,249</u>	<u>13,249</u>
Expenditures				
Current:				
Security of Persons and Property	10,138	30,138	29,731	407
Total Expenditures	<u>10,138</u>	<u>30,138</u>	<u>29,731</u>	<u>407</u>
Net Change in Fund Balance	(7,138)	(30,138)	(16,482)	13,656
Fund Balance - Beginning of Year	55,431	55,431	55,431	-
Prior Year Encumbrances Appropriated	138	138	138	-
Fund Balance - End of Year	<u>\$ 48,431</u>	<u>\$ 25,431</u>	<u>\$ 39,087</u>	<u>\$ 13,656</u>

See accompanying notes to the basic financial statements.

**VILLAGE OF OAKWOOD, OHIO
 CUYAHOGA COUNTY
 STATEMENT OF FUND NET POSITION – CASH BASIS
 PROPRIETARY FUND
 DECEMBER 31, 2013**

	Business-Type Activities
	Sanitary Sewer
ASSETS	
Current Assets:	
Equity in Pooled Cash and Cash Equivalents	\$ 11,346
	11,346
NET POSITION	
Unrestricted	\$ 11,346
	11,346

See accompany notes to the basic financial statements.

**VILLAGE OF OAKWOOD, OHIO
 CUYAHOGA COUNTY
 STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN
 FUND NET POSITION – CASH BASIS
 PROPRIETARY FUND
 FOR THE YEAR ENDED DECEMBER 31, 2013**

	Business-Type Activities
	Sanitary Sewer
OPERATING RECEIPTS	
Charges for Services	\$ 47,912
Total Operating Receipts	47,912
OPERATING DISBURSEMENTS	
Contractual Services	32,670
Material and Supplies	14,198
Total Operating Disbursements	46,868
Operating Income (Loss)	1,044
NONOPERATING RECEIPTS (DISBURSEMENTS)	
Debt Proceeds	285
Total Nonoperating Revenues (Disbursements)	285
Change in Net Position	1,329
Net Position - Beginning of Year	10,017
Net Position - End of Year	\$ 11,346

See accompany notes to the basic financial statements.

**VILLAGE OF OAKWOOD, OHIO
CUYAHOGA COUNTY
STATEMENT OF FIDUCIARY NET POSITION – CASH BASIS
FIDUCIARY FUNDS
DECEMBER 31, 2013**

	<u>Agency</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	<u>\$ 155,456</u>
Net Position	
Unrestricted	<u>\$ 155,456</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, 2013**

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, 2013
(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. 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 position 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 position 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 position presents cash balances of the governmental activities 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 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.

VILLAGE OF OAKWOOD, OHIO
CUYAHOGA COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013
(CONTINUED)

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:

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.

Mayor's Court Computerization - 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.

VILLAGE OF OAKWOOD, OHIO
CUYAHOGA COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013
(CONTINUED)

The other governmental funds of the Village account for grants and other resources whose use is restricted, committed, or assigned 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.

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, 2013
(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.

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.

VILLAGE OF OAKWOOD, OHIO
CUYAHOGA COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013
(CONTINUED)

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 2013 was \$81.

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, 2013.

G. Inventories and Prepaids

The Village reports disbursements for inventory and prepaid items when paid. These items are not reflected as assets in the accompanying financial statements.

H. 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.

I. Capital Assets

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

J. 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.

K. Employer Contributions to Cost-Sharing Pension Plans

The Village recognizes the disbursement for employer contributions to cost-sharing pension plans when they are paid. As described in Notes 10 and 11, the employer contributions include portions for pension benefits and for post-retirement health care benefits.

VILLAGE OF OAKWOOD, OHIO
CUYAHOGA COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013
(CONTINUED)

L. Long-Term Obligations

The Village's cash basis financial statements do not report liabilities for bonds and other long-term obligations. Proceeds of debt are reported when cash is received and principal and interest payments are reported when paid. Since recording a capital asset when entering into a capital lease is not the result of a cash transaction, neither another financing source nor capital outlay expenditure is reported at inception. Lease payments are reported when paid.

M. Fund Balance

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

Nonspendable - The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or are legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of interfund loans.

Restricted - Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

Enabling legislation authorizes the Village to assess, levy, charge, or otherwise mandates payment of resources (from external resource providers) and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation. Legal enforceability means that the Village can be compelled by an external party-such as citizens, public interest groups, or the judiciary to use resources created by enabling legislation only for the purposes specified by the legislation.

VILLAGE OF OAKWOOD, OHIO
CUYAHOGA COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013
(CONTINUED)

Committed - The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by formal action (ordinance or resolution) of Village Council. Those committed amounts cannot be used for any other purpose unless Village Council removes or changes the specified use by taking the same type of action (ordinance or resolution) it employed to previously commit those amounts. In contrast to fund balance that is restricted by enabling legislation, the committed fund balance classification may be redeployed for other purposes with appropriate due process. Constraints imposed on the use of committed amounts are imposed by Village Council, separate from the authorization to raise the underlying revenue; therefore, compliance with these constraints is not considered to be legally enforceable. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned - Amounts in the assigned fund balance classification are intended to be used by the Village for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by Village Council or a Village official delegated that authority by ordinance, or by State Statute.

Unassigned - Unassigned fund balance is the residual classification for the General Fund and includes amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The Village applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

N. Net Position

The net position is reported as restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The Village's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted resources are available.

VILLAGE OF OAKWOOD, OHIO
CUYAHOGA COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013
(CONTINUED)

O. Interfund Transactions

Transfers between governmental and business-type activities on the government-wide financial statements are reported in the same manner as general receipts. Exchange transactions between funds are reported as receipts in the seller funds and as disbursements in the purchaser funds. Subsidies from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after nonoperating receipts/disbursements in proprietary funds. Repayments from funds responsible for particular disbursements to the funds that initially paid for them are not presented in the financial statements.

NOTE 3: Change in Basis of Accounting

For 2013, the Village implemented the following Governmental Accounting Standard Board (GASB) Statements:

GASB Statement Number 61, *The Financial Reporting Entity: Omnibus – an amendment of GASB Statements No. 14 and No. 34*. The objective of this Statement is to improve financial reporting for a governmental financial reporting entity. The requirements of Statement No. 14, *The Financial Reporting Entity*, and the related financial reporting requirements of Statement No. 34, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*, were amended to better meet user needs and to address reporting entity issues that have arisen since the issuance of those Statements. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2012 and have been implemented by the Village.

GASB Statement Number 66, *Technical Corrections – 2012 – an amendment of GASB Statements No. 10 and No. 62*. The objective of this Statement is to improve accounting and financial reporting for a governmental financial reporting entity by resolving conflicting guidance that resulted from the issuance of two pronouncements, Statements No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, and No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2012 and have been implemented by the Village.

VILLAGE OF OAKWOOD, OHIO
CUYAHOGA COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013
(CONTINUED)

NOTE 4: 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, 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 outstanding (budgetary basis) amounted to \$38,685 for the General Fund, \$3,840 for the Street Construction, Maintenance, and Repair Fund, and \$138 for the Mayor’s Court Computerization Fund. The current year encumbrances outstanding (budgetary basis) amounted to \$4,292 for the General Fund. The Street Construction, Maintenance, and Repair Fund and Mayor’s Court Computerization Fund did not have any current year encumbrances. Therefore, budgetary basis equaled cash basis.

The revenues, expenditures, and other financing sources and uses of the General Fund include activity that is budgeted within special revenue funds (cash basis). However, on the budgetary basis, the activity of the special revenue funds is excluded resulting in a decrease in fund balance of \$1,550.

NOTE 5: CASH, CASH EQUIVALENTS, AND INVESTMENTS

Monies held by the Village are classified by State statute into three categories.

Active deposits are public deposits determined to be necessary to meet current demands upon the Village treasury. Active monies must be maintained either as cash in the Village treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that Council has identified as not required for use within the current five year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not 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.

VILLAGE OF OAKWOOD, OHIO
CUYAHOGA COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013
(CONTINUED)

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits 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 held by the Village can be deposited or invested in the following securities:

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government 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 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 the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio or Ohio local governments;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) 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 Treasurer's investment pool (STAR Ohio).

VILLAGE OF OAKWOOD, OHIO
CUYAHOGA COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013
(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. An investment must mature within five years from the date of purchase, unless matched to a specific obligation or debt of the Village, and must be purchased with the expectation that it will be held to maturity.

Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

Cash on Hand

At December 31, 2013, the Village had \$575 in undeposited cash on hand which is included as part of "Equity in Pooled Cash and Cash Equivalents".

Deposits

Custodial credit risk is the risk that in the event of bank failure, the Village will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year end, the Village's bank balance of \$757,039 was covered by Federal depository insurance in the amount of \$250,000 and \$507,039 was exposed to custodial credit risk because it was uninsured and uncollateralized.

The Village has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the Village or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secured.

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.

VILLAGE OF OAKWOOD, OHIO
CUYAHOGA COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013
(CONTINUED)

Interest Rate Risk

As a means of limiting its exposure to fair value of losses caused by rising interest rates, the Village 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

State statute requires investments to have the highest possible rating by one of the national rating agency. The Village has no investment policy that would further limit its investment choices.

Custodial Credit Risk

For an investment custodial credit risks 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 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's 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.

NOTE 6: **PROPERTY TAX**

Property taxes include amounts levied against all real and public utility property located in the Village. Property tax revenue received during 2013 for real and public utility property taxes represents collections of 2012 taxes. 2013 real property taxes are levied after October 1, 2013, on the assessed value as of January 1, 2013, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2013 real property taxes are collected in and intended to finance 2014.

Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits later payment dates to be established.

**VILLAGE OF OAKWOOD, OHIO
 CUYAHOGA COUNTY
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2013
 (CONTINUED)**

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2013 public utility property taxes which became a lien December 31, 2012, are levied after October 1, 2013, and are collected in 2014 with real property taxes.

The full tax rate for all Village operations for the year ended December 31, 2013, was \$11.00 per \$1,000 of assessed value. The assessed values of real and tangible personal property upon which 2013 property tax receipts were based are as follows:

Category	Assessed Value
Real Estate	\$112,797,860
Public Utility	4,129,090
Total Valuation	\$116,926,950

NOTE 7: LOCAL INCOME TAX

The Village levies a 2.5 percent income tax on substantially all income earned in the Village. In addition, Village residents employed in municipalities having an income tax less than 2.5 percent must pay the difference to the Village. Additional increases in the income tax rate require voter approval. Employers within the Village withhold income tax on employee compensation and remit at least quarterly and file an annual declaration. Income tax receipts, in the amount of \$5,743,664 were credited to the General Fund for 2013.

VILLAGE OF OAKWOOD, OHIO
CUYAHOGA COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013
(CONTINUED)

NOTE 8: OUTSTANDING DEBT

Outstanding debt at December 31, 2013 consisted of the following:

Governmental Activities	Balance at 12/31/2012	Additions	Deletions	Balance at 12/31/2013	Due within one year
<u>General Obligation Notes</u>					
Service Department Improvement	\$ 350,500	\$ 350,500	\$ 350,500	\$ 350,500	\$ 350,500
Street Improvement	491,000	491,000	491,000	491,000	491,000
Street Improvement 2010	950,000	950,000	950,000	950,000	950,000
Street Improvement 2011	530,000	530,000	530,000	530,000	530,000
Various Purpose Notes	448,000	405,000	448,000	405,000	405,000
Equipment 2012	40,000	40,000	40,000	40,000	40,000
Total General Obligation Notes	\$ 2,809,500	\$ 2,766,500	\$ 2,809,500	\$ 2,766,500	\$ 2,766,500
<u>Bonds</u>					
GO Various Purpose Water, 1996 (6.60%)	\$ 21,491	\$ -	\$ 5,372	\$ 16,119	\$ 5,372
SA Various Purpose Water, 1996 (6.60%)	18,509	-	4,628	13,881	4,628
	40,000	-	10,000	30,000	10,000
GO Various Purpose Sewer, 1996 (6.60%)	86,147	-	19,383	66,764	21,537
SA Various Purpose Sewer, 1996 (6.60%)	113,853	-	25,617	88,236	28,463
	200,000	-	45,000	155,000	50,000
SA Street Improvement, 2003 (2.5% - 5.5%)	450,000	-	30,000	420,000	35,000
GO Various Purpose, 2004 (4.00% - 5.50%)	185,000	-	85,000	100,000	100,000
SA Street Improvement, 2007 (5.25%)	545,000	-	25,000	520,000	25,000
Division Street Improvement 2012 (2.0% - 3.0%)	590,000	-	-	590,000	25,000
Medusa Street Improvement 2012 (2.0% - 3.0%)	460,000	-	-	460,000	20,000
Refunding GO Various Purpose, 2012 (2.0% - 3.0%)	1,350,000	-	5,000	1,345,000	5,000
Richmond Road Bikeway 2012 (2.0% - 3.0%)	1,495,000	-	70,000	1,425,000	75,000
Total Bonds	\$ 5,315,000	\$ -	\$ 270,000	\$ 5,045,000	\$ 345,000
<u>OPWC Loans</u>					
Division Street Improvement	\$ 11,194	\$ -	\$ 1,050	\$ 10,144	\$ 700
Richmond/Pettibone Street Improvement	-	174,759	-	174,759	2,913
Total OPWC Loans	\$ 11,194	\$ 174,759	\$ 1,050	\$ 184,903	\$ 3,613
Total Governmental Activities	\$ 8,135,694	\$ 2,941,259	\$ 3,080,550	\$ 7,996,403	\$ 3,115,113
Business-Type Activities					
<u>OPWC Loans</u>					
Richmond	\$ 9,975	\$ -	\$ 1,069	\$ 8,906	\$ 712
Total Business-Type Activities	\$ 9,975	\$ -	\$ 1,069	\$ 8,906	\$ 712
Total Debt	\$ 8,145,669	\$ 2,941,259	\$ 3,081,619	\$ 8,005,309	\$ 3,115,825

**VILLAGE OF OAKWOOD, OHIO
CUYAHOGA COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013
(CONTINUED)**

The annual requirements for all bonded debt outstanding as of December 31, 2013, are as follows:

	Governmental		Business-Type
	Principal	Interest	Principal
2014	\$ 348,613	\$ 162,191	\$ 712
2015	371,525	148,925	713
2016	386,525	133,896	713
2017	326,525	120,613	713
2018	331,525	111,675	713
2019-2023	1,812,627	401,626	3,565
2024-2028	1,147,277	153,463	1,777
2029-2033	444,125	31,088	-
2034-2038	29,124	-	-
2039-2043	29,124	-	-
2044	2,913	-	-
	<u>\$ 5,229,903</u>	<u>\$ 1,263,477</u>	<u>\$ 8,906</u>

During 2013, the Village obtained a new loan from Ohio Public Works Commission to improve the Richmond Road and Pettibone Road Intersection. The interest free loan will be paid over the next thirty years, with the first payment occurring in 2014.

NOTE 9: 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.

VILLAGE OF OAKWOOD, OHIO
CUYAHOGA COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013
(CONTINUED)

NOTE 10: **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 separate 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. 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 in nature to, but less than, the Traditional Pension Plan benefit. Member contributions, the investment of which is self-directed by the members, 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 the Traditional Pension and the Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by visiting www.opers.org/investments/cafr.shtml, by writing to OPERS, 277 E. Town Street, Columbus, OH 43215-4642, or by calling (614) 222-5601 or (800) 222-7377.

The Ohio Revised Code provides statutory authority for member and employer contributions. For the year ended December 31, 2013, the members of all three plans were required to contribute 10.00 percent of their annual covered salaries. The Village's contribution rate was 14.00 percent of covered payroll. The pension allocation for the Traditional and Combined Plans was 13.00 percent during calendar year 2013. The Village's required pension contributions for the Traditional Pension and Combined Plans for the years ended December 31, 2013, 2012, and 2011 were \$243,289, \$230,782, and \$181,471, respectively; 100 percent has been contributed for 2013, 2012 and 2011.

VILLAGE OF OAKWOOD, OHIO
CUYAHOGA COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013
(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. That report is also available on OP&F’s website at www.op-f.org.

From January 1, 2013 thru July 1, 2013, Plan members were required to contribute 10.00 percent of their annual covered salary. From July 2, 2013 thru December 31, 2013, Plan members were required to contribute 10.75 percent of their annual covered salary. Throughout 2013, the Village is required to contribute 19.50 percent and 24.0 percent for police officers and firefighters, respectively.

The portion of the Village’s contributions to fund pension obligations from January 1, 2013 thru May 31, 2013, for both police officers and firefighters was 14.81 percent and 19.31 percent, respectively. The portion of the Village’s contributions to fund pension obligations from June 1, 2013 thru December 31, 2013 for both police officers and firefighters was 16.65 percent and 21.15 percent, respectively. The Village’s contributions to the OP&F Fund for the years ending December 31, 2013, 2012, and 2011 were \$96,422, \$71,990, and \$76,930, respectively. The full amount has been contributed for 2013, 2012, and 2011.

**VILLAGE OF OAKWOOD, OHIO
CUYAHOGA COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013
(CONTINUED)**

NOTE 11: **POST-EMPLOYMENT BENEFITS**

A. **Ohio Public Employees Retirement System**

Plan Description - The Ohio Public Employees Retirement System (OPERS) administers three separate 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; and 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.

OPERS maintains a cost-sharing, multiple-employer defined benefit post-employment healthcare 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 meets the definition of an Other Post-Employment Benefit (OPEB) as described in GASB Statement No. 45.

The Ohio Revised Code permits, but does not mandate, OPERS to provide the OPEB Plan to its eligible members and beneficiaries. Authority to establish and amend the OPEB Plan is provided in Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by visiting www.opers.org/investments/cafr.shtml, by writing to OPERS, 277 E. Town Street, Columbus, OH 43215-4642, or by calling (614) 222-5601 or (800) 222-7377.

Funding Policy - The Ohio Revised Code provides the statutory authority requiring public employers to fund post-retirement health care through their contributions to OPERS. A portion of each employer's contribution to OPERS is set aside for the funding of post-retirement health care coverage. The 2013 local government employer contribution 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 local government employers. Active members do not make contributions to the OPEB Plan.

VILLAGE OF OAKWOOD, OHIO
CUYAHOGA COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013
(CONTINUED)

OPERS' Post-employment Health Care plan was established under, and is administered in accordance with, Internal Revenue Code 401(h). Each year, the OPERS Board of Trustees determines the portion of the employer contribution rate that will be set aside for funding of post-employment health care benefits. The portion of employer contributions allocated to health care for members in the Traditional Plan was 1.00 percent during calendar year 2013. The portion of employer contributions allocated to health care for members in the Combined Plan was 1.00 percent during calendar year 2013. Effective January 1, 2014, the portion of employer contributions allocated to health care was raised to 2.00 percent for both plans, as recommended by the OPERS Actuary. The OPERS Board of Trustees is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care benefits provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The City's actual employer contributions for December 31, 2013, 2012 and 2011 which were used to fund post-employment benefits were \$18,715, \$17,752, and \$72,588, respectively; 100 percent has been contributed for 2013, 2012 and 2011.

Changes to the health care plan were adopted by the OPERS Board of Trustees on September 19, 2012, with a transition plan commencing January 1, 2014. With the recent passage of pension legislation under SB 343 and the approved health care changes, OPERS expects to be able to consistently allocate 4.00 percent of the employer contributions toward the health care fund after the end of the transition period. Payment amounts vary depending on the number of covered dependents and the coverage selected.

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

Plan Description - The City 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 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-retirement health care coverage for any person who receives or is eligible to receive a monthly service, disability, or statutory survivor benefit or is a spouse or eligible dependent child of such person. The health care coverage provided by OP&F meets the definition of 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, 2013
(CONTINUED)

The Ohio Revised Code allows, but does not mandate OP&F to provide OPEB benefits. Authority for the OP&F Board of Trustees to provide health care coverage to eligible participants and to establish and amend benefits is 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 OP&F, 140 E. Town Street, Columbus, OH 43215-5164. That report is also available on OP&F's website at www.op-f.org.

Funding Policy - The Ohio Revised Code provides for contribution requirements of the participating employers and of plan members to the OP&F (defined benefit pension plan). Participating employers are required to contribute to the pension plan at rates expressed as percentages of the payroll of active pension plan members, currently, 19.50 percent and 24.00 percent of covered payroll for police and fire employers, respectively. The Ohio Revised Code states that the employer contribution may not exceed 19.50 percent of covered payroll for police employer units and 24.00 percent of covered payroll for fire employer units. Active members do not make contributions to the OPEB plan.

OP&F maintains funds for health care in two separate accounts. One for health care benefits under an IRS Code Section 115 trust and one 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. The portion of employer contributions allocated to health care was 4.69 percent of covered payroll from January 1, 2013 thru May 31, 2013 and 2.85 percent of covered payroll from June 1, 2013 thru December 31, 2013. 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 provisions of the 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 selected.

**VILLAGE OF OAKWOOD, OHIO
 CUYAHOGA COUNTY
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2013
 (CONTINUED)**

The Village's contributions to OP&F which were allocated to fund post-employment health care benefits for police and firefighters were \$21,821, \$38,112, and \$40,728 for 2013, 2012, and 2011 respectively. The full amount has been contributed for 2013, 2012 and 2011.

NOTE 12: INTERFUND AND TRANSFERS

As of December 31, 2013, interfund transfers were as follows:

<u>Fund</u>	<u>Transfer In</u>	<u>Transfer Out</u>
General	\$ -	\$ 639,400
Street Construction, Maintenance and Repair	54,900	4,000
General Obligation Bond Retirement	295,000	-
Other Governmental	348,400	54,900
Totals	<u>\$ 698,300</u>	<u>\$ 698,300</u>

Transfers from Other Governmental Funds into Street Construction, Maintenance, and Repair Fund included monies that were required to be received in separate funds, but expended out of the Street Construction, Maintenance and Repair. Transfers from Street Construction, Maintenance and Repair fund into General Obligation Bond Retirement Fund were for payment of debt related to street improvements. 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, 2013
 (CONTINUED)**

NOTE: 13: **LEGAL COMPLIANCE**

A. Expenditures Exceed Appropriations

Contrary to Ohio Revised Code Section 5705.41(B) the Village had the following expenditures in excess of appropriations:

<u>Fund</u>	<u>Final Appropriations</u>	<u>Expenditures</u>	<u>Difference</u>
General Fund			
- General Government	\$ 2,647,585	\$ 2,744,981	\$ (97,396)
Street Construction, Maintenance, and Repair	932,840	1,052,143	(119,303)

B. Appropriations Exceed Estimated Resources

Contrary to Section 5705.39, Ohio Revised Code, the following fund had appropriations in excess of estimated resources plus beginning balances:

<u>Fund</u>	<u>Estimated Resources plus Beginning Balances</u>	<u>Appropriations</u>	<u>Difference</u>
<u>Original Budget</u>			
Street Construction, Maintenance, and Repair	\$ 459,916	\$ 1,126,654	\$ (666,738)

**VILLAGE OF OAKWOOD, OHIO
CUYAHOGA COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2012**

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**VILLAGE OF OAKWOOD, OHIO
CUYAHOGA COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2012**

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, 2012, 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 2012 are as follows:

- Net position of governmental activities increased \$65,485, or 24.1 percent, from the prior year.
- The Village's general receipts are primarily property taxes, municipal taxes, grants and entitlements, and debt proceeds. These receipts represent 89.7 percent of total cash received for governmental activities.
- The Village's business-type activities is sanitary sewer. Net position increased by \$2,642, or 35.8 percent. The Village's total receipts for business-type activities increased by \$4,625.

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, 2012**

The statement of net position and statement of activities for 2012 reflect how the Village did financially within the limitations of the cash basis of accounting. The statement of net position 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 program 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 income taxes.

In the statement of net position 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 and 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 has one business-type activity: Sanitary Sewer. 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 three categories: governmental, proprietary, and fiduciary.

**VILLAGE OF OAKWOOD, OHIO
CUYAHOGA COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2012**

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 2012 are the General, Street Construction, Maintenance and Repair, Mayor's Court Computerization, and General Obligation Bond Retirement, funds. 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 fund.

Fiduciary Funds - Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the Village's own programs. The accounting used for fiduciary funds is similar to that used for proprietary funds.

The Government as a Whole

Table 1 provides a summary of the Village's net position for 2012 compared to 2011 on the cash basis.

Table 1 - Net Position

	Governmental Activities		Business-Type Activities		Total	
	2012	2011	2012	2011	2012	2011
ASSETS						
Equity in Pooled Cash and						
Cash Equivalents	\$ 337,278	\$ 271,793	\$ 10,017	\$ 7,375	\$ 347,295	\$ 279,168
Total Assets	\$ 337,278	\$ 271,793	\$ 10,017	\$ 7,375	\$ 347,295	\$ 279,168
NET POSITION						
Restricted:						
Special Revenue	\$ 131,776	\$ 84,535	\$ 0	\$ 0	\$ 131,776	\$ 84,535
Debt Services	484	0	0	0	484	0
Capital Projects	1,470	5,935	0	0	1,470	5,935
Unrestricted	203,548	181,323	10,017	7,375	213,565	188,698
Total Net Position	\$ 337,278	\$ 271,793	\$ 10,017	\$ 7,375	\$ 347,295	\$ 279,168

**VILLAGE OF OAKWOOD, OHIO
CUYAHOGA COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2012**

Table 2 reflects the changes in net assets in 2012 compared to 2011.

Table 2 - Change in Net Position

	Governmental Activities		Business Type Activities		Totals	
	2012	2011	2012	2011	2012	2011
Receipts						
Program Receipts						
Charges for Services	\$ 1,216,133	\$ 880,720	\$ 47,399	\$ 42,774	\$ 1,263,532	\$ 923,494
Operating Grants and Contributions	596,144	542,799	0	0	596,144	542,799
Capital Grants and Contributions	0	25,000	0	0	0	25,000
Total Program Receipts	1,812,277	1,448,519	47,399	42,774	1,859,676	1,491,293
General Receipts						
Property and Other Local Taxes	400,466	413,428	0	0	400,466	413,428
Income Taxes	5,499,518	4,798,453	0	0	5,499,518	4,798,453
Grants & Entitlements not restricted to specific programs	222,636	290,972	0	0	222,636	290,972
Investment Income	56	25	0	0	56	25
All Other Revenues	355,479	491,957	0	0	355,479	491,957
Debt Proceeds	9,241,828	5,345,000	0	0	9,241,828	5,345,000
Total General Receipts	15,719,983	11,339,835	0	0	15,719,983	11,339,835
Total Receipts	17,532,260	12,788,354	47,399	42,774	17,579,659	12,831,128
Disbursements						
Security of Persons and Property	3,346,164	3,212,723	0	0	3,346,164	3,212,723
Leisure Time Activities	219,955	226,082	0	0	219,955	226,082
Community Environment	259,399	244,551	0	0	259,399	244,551
Basic Utility Services	179,702	210,741	0	0	179,702	210,741
Transportation	1,070,211	1,001,654	0	0	1,070,211	1,001,654
General Government	2,503,271	2,592,254	0	0	2,503,271	2,592,254
Capital Outlay	184,418	155,638	0	0	184,418	155,638
Debt Service:						
Principal Retirement	8,046,500	5,030,700	1,069	712	8,047,569	5,031,412
Issuance Costs	108,923	0	0	0	108,923	0
Interest and Fiscal Charges	199,473	233,458	0	0	199,473	233,458
Payment to Refunded Bond Escrow	1,348,759	0	0	0	1,348,759	0
Sanitary Sewer	0	0	43,688	55,480	43,688	55,480
Total Disbursements	17,466,775	12,907,801	44,757	56,192	17,511,532	12,963,993
Increase (Decrease) in Net Position	65,485	(119,447)	2,642	(13,418)	68,127	(132,865)
Net Position at January 1	271,793	391,240	7,375	20,793	279,168	412,033
Net Position at December 31	<u>\$ 337,278</u>	<u>\$ 271,793</u>	<u>\$ 10,017</u>	<u>\$ 7,375</u>	<u>\$ 347,295</u>	<u>\$ 279,168</u>

**VILLAGE OF OAKWOOD, OHIO
CUYAHOGA COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2012**

Program receipts represent 10.6 percent of total receipts for 2012. They are primarily comprised of sanitary sewer, fines, recreation activity charges, and intergovernmental receipts such as motor vehicle license fees, gas tax money, license and permits, and charges to local governments for fire and EMS services. Program receipts increased by \$368,383 or 24.7 percent compared to the prior year.

General receipts represent 89.4 percent of the Village's total receipts for 2012. Property and other local taxes and income taxes represent 37.5 percent of the general receipts. Grants, entitlements, and proceeds from debt represent 60.2 percent of general receipts. The remaining portion of general receipts is made up of all other receipts. General receipts increased by \$4,380,148 or 38.6 percent compared to the prior year. The Village had an increase in the amount of debt issued during 2012.

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 Council Clerk, as well as internal services such as payroll and purchasing. Disbursements for general government decreased by \$88,983 or 3.4 percent compared to the prior year. The decrease is due to several factors. The Village was fortunate to have a reduction in workers compensation rate, and health care stop loss claims decreased in 2012. Reorganization in some departments resulted in payroll and benefits savings. The Village experienced a cost reduction in property and casualty insurance fee, and legal representation fees reflected a reduction from year to year.

Disbursements for Capital Outlay increased by \$28,780 or 18.5 percent. This increase is associated with repairs to village buildings and vehicle purchases in 2012. Transportation expenses, the cost of maintaining roads, increased by \$68,557 or 6.8 percent as compared to prior year. The increase was due to additional road projects the Village undertook during 2012.

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

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 19.2, 14.3, and 6.1 percent of all governmental disbursements, respectively. The next two columns of the Statement titled Program Cash 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.

**VILLAGE OF OAKWOOD, OHIO
CUYAHOGA COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2012**

This “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.

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

	Total Cost of Services		Net Cost of Services	
	2012	2011	2012	2011
Security of Persons and Property	\$ 3,346,164	\$ 3,212,723	\$ (2,197,561)	\$ (2,398,360)
Leisure Time Activities	219,955	226,082	(170,323)	(179,980)
Community Environment	259,399	244,551	(221,813)	(214,286)
Basic Utility Services	179,702	210,741	(179,702)	(210,468)
Transportation	1,070,211	1,001,654	(713,867)	(658,212)
General Government	2,503,271	2,592,254	(2,283,159)	(2,378,180)
Capital Outlay	184,418	155,638	(184,418)	(155,638)
Debt Service:				
Principal Retirement	8,046,500	5,030,700	(8,046,500)	(5,030,700)
Issuance Costs	108,923	0	(108,923)	0
Interest and Fiscal Charges	199,473	233,458	(199,473)	(233,458)
Payment to Refunded Bond Escrow	1,348,759	0	(1,348,759)	0
Total Governmental Activities	<u>\$17,466,775</u>	<u>\$12,907,801</u>	<u>\$ (15,654,498)</u>	<u>\$ (11,459,282)</u>

The dependence upon property and other local taxes, income taxes and other general receipts is apparent as over 89.7 percent of the net cost of services for governmental activities is supported through these general receipts.

Business-type Activities

The Sanitary sewer operations of the Village are relatively small and routinely report receipts and cash disbursements that are relatively equal.

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.

During 2012, the Village made amendments to its appropriation budget and receipts budget to reflect changing circumstances. Final budgeted receipts were more than original budgeted receipts due to an unanticipated increase in the income tax collections. The difference between final budgeted receipts and actual receipts was mostly due to an overestimate of actual income tax receipts.

**VILLAGE OF OAKWOOD, OHIO
CUYAHOGA COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2012**

Final budgeted disbursements for 2012 were \$1,031,540 higher than original budgeted disbursements. The increases of 2012 final budget disbursements were higher due to several factors. They included a new fire inspector due to new fire contracts, cost of living adjustments, repairs to the senior van, and increased utility costs. Actual disbursements for 2012 were \$20,510 lower than final budgeted amounts. This was mostly due to a decrease contract services in general government.

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, 2012, the Village had \$5,315,000 in outstanding General Obligation and Special Assessment bonds, with \$270,000 due within one year. The Village had \$21,169 in loans with the Ohio Public Works Commission, with \$1,412 due within one year for improvements to streets and sewer utilities. See Note 8 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 POSITION – CASH BASIS
DECEMBER 31, 2012

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**VILLAGE OF OAKWOOD, OHIO
 CUYAHOGA COUNTY
 STATEMENT OF NET POSITION – CASH BASIS
 DECEMBER 31, 2012**

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
ASSETS			
Equity in Pooled Cash and Cash Equivalents	\$ 337,278	\$ 10,017	\$ 347,295
Total Assets	<u>\$ 337,278</u>	<u>\$ 10,017</u>	<u>\$ 347,295</u>
NET POSITION			
Restricted:			
Special Revenue	\$ 131,776	\$ -	\$ 131,776
Debt Services	484	-	484
Capital Projects	1,470	-	1,470
Unrestricted	<u>203,548</u>	<u>10,017</u>	<u>213,565</u>
Total Net Position	<u>\$ 337,278</u>	<u>\$ 10,017</u>	<u>\$ 347,295</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, 2012**

	<u>Program Cash Receipts</u>			<u>Net (Disbursements) Receipts and Changes in Net Position</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:						
Governmental Activities						
Security of Persons and Property	\$ 3,346,164	\$ 1,148,603	\$ -	\$ (2,197,561)	\$ -	\$ (2,197,561)
Leisure Time Activities	219,955	49,632	-	(170,323)	-	(170,323)
Community Environment	259,399	12,476	25,110	(221,813)	-	(221,813)
Basic Utility Services	179,702	-	-	(179,702)	-	(179,702)
Transportation	1,070,211	-	356,344	(713,867)	-	(713,867)
General Government	2,503,271	5,422	214,690	(2,283,159)	-	(2,283,159)
Capital Outlay	184,418	-	-	(184,418)	-	(184,418)
Debt Service:						
Principal Retirement	8,046,500	-	-	(8,046,500)	-	(8,046,500)
Issuance Costs	108,923	-	-	(108,923)	-	(108,923)
Interest and Fiscal Charges	199,473	-	-	(199,473)	-	(199,473)
Payment to Refunded Bond Escrow	1,348,759	-	-	(1,348,759)	-	(1,348,759)
Total Governmental Activities	<u>17,466,775</u>	<u>1,216,133</u>	<u>596,144</u>	<u>(15,654,498)</u>	<u>-</u>	<u>(15,654,498)</u>
Business-Type Activities						
Sanitary Sewer	<u>44,757</u>	<u>47,399</u>	<u>-</u>	<u>-</u>	<u>2,642</u>	<u>2,642</u>
Total Business-type Activities	<u>44,757</u>	<u>47,399</u>	<u>-</u>	<u>-</u>	<u>2,642</u>	<u>2,642</u>
Total Primary Government	<u>\$ 17,511,532</u>	<u>\$ 1,263,532</u>	<u>\$ 596,144</u>	<u>(15,654,498)</u>	<u>2,642</u>	<u>(15,651,856)</u>
General Receipts						
Property and Other Local Taxes levied for:						
General Purposes				305,618	-	305,618
Debt Service Purpose				60,408	-	60,408
Other Purposes				34,440	-	34,440
Income Taxes levied for General Purposes				5,499,518	-	5,499,518
Grants & Entitlements not restricted to specific programs				222,636	-	222,636
Investment Income				56	-	56
All Other Revenues				355,479	-	355,479
Debt Proceeds				9,241,828	-	9,241,828
Total General Receipts				<u>15,719,983</u>	<u>-</u>	<u>15,719,983</u>
Change in Net Position				65,485	2,642	68,127
Net Position - Beginning of Year				271,793	7,375	279,168
Net Position - End of Year				<u>\$ 337,278</u>	<u>\$ 10,017</u>	<u>\$ 347,295</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, 2012**

	<u>General</u>	<u>Street Construction Maintenance and Repair</u>	<u>Mayor's Court Computerization</u>	<u>General Obligation Bond Retirement</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS						
Equity in Pooled Cash and Cash Equivalents	\$ 203,548	\$ 3,916	\$ 55,569	\$ 1	\$ 74,244	\$ 337,278
Total Assets	<u>\$ 203,548</u>	<u>\$ 3,916</u>	<u>\$ 55,569</u>	<u>\$ 1</u>	<u>\$ 74,244</u>	<u>\$ 337,278</u>
FUND BALANCES						
Restricted for:						
Police Operations	\$ -	\$ -	\$ -	\$ -	\$ 6,433	\$ 6,433
Fire Operations	-	-	-	-	12,272	12,272
Police Pension	-	-	-	-	1,881	1,881
Drug and Alcohol Education and Enforcement	-	-	-	-	27,908	27,908
Mayor's Court	-	-	55,569	-	-	55,569
Debt Service	-	-	-	1	483	484
Other Purposes	-	-	-	-	1,232	1,232
Committed to:						
Recreation	-	-	-	-	14,402	14,402
Capital Improvement	-	-	-	-	1,470	1,470
Other Purposes	-	-	-	-	8,163	8,163
Assigned to:						
Other Purposes	38,827	-	-	-	-	38,827
Unassigned (Deficit)	164,721	-	-	-	-	164,721
Total Fund Balances	<u>\$ 203,548</u>	<u>\$ 3,916</u>	<u>\$ 55,569</u>	<u>\$ 1</u>	<u>\$ 74,244</u>	<u>\$ 337,278</u>

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
FOR THE YEAR ENDED DECEMBER 31, 2012**

	<u>General</u>	<u>Street Construction Maintenance and Repair</u>	<u>Mayor's Court Computerization</u>	<u>General Obligation Bond Retirement</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
RECEIPTS						
Property and Local Taxes	\$ 305,618	\$ -	\$ -	\$ 60,408	\$ 34,440	\$ 400,466
Income Taxes	5,499,518	-	-	-	-	5,499,518
Intergovernmental Revenues	222,636	299,042	-	-	57,302	578,980
Special Assessments	-	-	-	-	181,202	181,202
Charges for Services	467,798	-	-	-	277,735	745,533
Fines, Licenses, and Permits	474,317	-	8,896	-	18,490	501,703
Miscellaneous	310,584	46,486	-	-	25,960	383,030
Total Receipts	<u>7,280,471</u>	<u>345,528</u>	<u>8,896</u>	<u>60,408</u>	<u>595,129</u>	<u>8,290,432</u>
DISBURSEMENTS						
Current:						
Security of Persons and Property	3,009,847	-	7,996	-	328,321	3,346,164
Leisure Time Activities	-	-	-	-	219,955	219,955
Community Environment	241,415	-	-	-	17,984	259,399
Basic Utility Services	179,702	-	-	-	-	179,702
Transportation	39,994	1,029,579	-	-	638	1,070,211
General Government	2,500,421	-	-	1,000	1,850	2,503,271
Capital Outlay	-	93,097	-	-	91,321	184,418
Debt Service:						
Principal Retirement	-	-	-	7,941,500	105,000	8,046,500
Issuance Costs	-	-	-	108,923	-	108,923
Interest and Fiscal Charges	-	-	-	145,683	53,790	199,473
Total Disbursements	<u>5,971,379</u>	<u>1,122,676</u>	<u>7,996</u>	<u>8,197,106</u>	<u>818,859</u>	<u>16,118,016</u>
Excess of Receipts						
Over (Under) Disbursements	<u>1,309,092</u>	<u>(777,148)</u>	<u>900</u>	<u>(8,136,698)</u>	<u>(223,730)</u>	<u>(7,827,584)</u>
OTHER FINANCING SOURCES (USES)						
Transfers - In	-	777,400	-	239,050	343,316	1,359,766
Transfers - Out	(1,302,366)	-	-	-	(57,400)	(1,359,766)
Proceeds from Sale of Debt	-	-	-	3,895,000	-	3,895,000
Proceeds from Sale of Notes	-	-	-	5,280,000	-	5,280,000
Premium on Debt Issued	-	-	-	66,828	-	66,828
Payment to Refunded Bond Escrow Agent	-	-	-	(1,348,759)	-	(1,348,759)
Total Other Financing Sources (Uses)	<u>(1,302,366)</u>	<u>777,400</u>	<u>-</u>	<u>8,132,119</u>	<u>285,916</u>	<u>7,893,069</u>
Net Change in Fund Balances	6,726	252	900	(4,579)	62,186	65,485
Fund Balances - Beginning of Year	196,822	3,664	54,669	4,580	12,058	271,793
Fund Balances - End of Year	<u>\$ 203,548</u>	<u>\$ 3,916</u>	<u>\$ 55,569</u>	<u>\$ 1</u>	<u>\$ 74,244</u>	<u>\$ 337,278</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
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2012

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>		<u>Final Budget</u>
				<u>Positive</u>
				<u>(Negative)</u>
Revenues				
Property and Local Taxes	\$ 322,820	\$ 322,820	\$ 305,618	\$ (17,202)
Income Tax	5,570,479	5,897,952	5,499,518	(398,434)
Intergovernmental Revenues	225,509	238,766	222,636	(16,130)
Charges for Services	473,834	501,689	467,798	(33,891)
Fines, Licenses, and Permits	480,437	508,681	474,317	(34,364)
Miscellaneous	314,591	333,085	310,584	(22,501)
Total Revenues	<u>7,387,670</u>	<u>7,802,993</u>	<u>7,280,471</u>	<u>(522,522)</u>
Expenditures				
Current:				
Security of Persons and Property	3,183,069	3,064,912	3,035,062	29,850
Community Environment	275,226	256,459	244,767	11,692
Basic Utility Services	193,024	181,281	179,831	1,450
Transportation	59,978	51,766	41,753	10,013
General Government	3,554,983	2,634,322	2,508,651	125,671
Total Expenditures	<u>7,266,280</u>	<u>6,188,740</u>	<u>6,010,064</u>	<u>178,676</u>
Excess of Revenues Over(Under) Expenditures	<u>121,390</u>	<u>1,614,253</u>	<u>1,270,407</u>	<u>(343,846)</u>
Other Financing Sources (Uses)				
Transfers Out	<u>(1,098,200)</u>	<u>(1,144,200)</u>	<u>(1,302,366)</u>	<u>(158,166)</u>
Total Other Financing Sources (Uses)	<u>(1,098,200)</u>	<u>(1,144,200)</u>	<u>(1,302,366)</u>	<u>(158,166)</u>
Net Change in Fund Balance	(976,810)	470,053	(31,959)	(502,012)
Fund Balance - Beginning of Year	164,596	164,596	164,596	-
Prior Year Encumbrances Appropriated	<u>32,084</u>	<u>32,084</u>	<u>32,084</u>	<u>-</u>
Fund Balance - End of Year	<u>\$ (780,130)</u>	<u>\$ 666,733</u>	<u>\$ 164,721</u>	<u>\$ (502,012)</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, 2012**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>		<u>Final Budget</u>
				<u>Positive</u>
				<u>(Negative)</u>
Revenues				
Intergovernmental Revenues	1,125,103	1,197,454	\$ 299,042	\$ (898,412)
Miscellaneous	174,897	186,144	46,486	(139,658)
Total Revenues	<u>1,300,000</u>	<u>1,383,598</u>	<u>345,528</u>	<u>(1,038,070)</u>
Expenditures				
Current:				
Transportation	1,144,631	1,002,162	1,033,419	(31,257)
Capital Outlay	126,570	126,570	93,097	33,473
Debt Service:				
Principal Retirement	700	700	-	700
Total Expenditures	<u>1,271,901</u>	<u>1,129,432</u>	<u>1,126,516</u>	<u>2,216</u>
Excess of Revenues Over(Under) Expenditures	<u>28,099</u>	<u>254,166</u>	<u>(780,988)</u>	<u>(1,035,854)</u>
Other Financing Sources (Uses)				
Transfers - In	830,000	777,400	777,400	-
Total Other Financing Sources (Uses)	<u>830,000</u>	<u>777,400</u>	<u>777,400</u>	<u>-</u>
Net Change in Fund Balance	858,099	1,031,566	(3,588)	(1,035,854)
Fund Balance - Beginning of Year	748	748	748	-
Prior Year Encumbrances Appropriated	2,916	2,916	2,916	-
Fund Balance - End of Year	<u>\$ 861,763</u>	<u>\$ 1,035,230</u>	<u>\$ 76</u>	<u>\$ (1,035,854)</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
 FOR THE YEAR ENDED DECEMBER 31, 2012**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Fines, Licenses, and Permits	\$ 10,000	\$ -	\$ 8,896	\$ 8,896
Total Revenues	<u>10,000</u>	<u>-</u>	<u>8,896</u>	<u>8,896</u>
Expenditures				
Current:				
Security of Persons and Property	8,000	10,000	8,134	1,866
Total Expenditures	<u>8,000</u>	<u>10,000</u>	<u>8,134</u>	<u>1,866</u>
Net Change in Fund Balance	2,000	(10,000)	762	10,762
Fund Balance - Beginning of Year	54,669	54,669	54,669	-
Fund Balance - End of Year	<u>\$ 56,669</u>	<u>\$ 44,669</u>	<u>\$ 55,431</u>	<u>\$ 10,762</u>

See accompanying notes to the basic financial statements.

**VILLAGE OF OAKWOOD, OHIO
 CUYAHOGA COUNTY
 STATEMENT OF FUND NET POSITION – CASH BASIS
 PROPRIETARY FUND
 DECEMBER 31, 2012**

	Business-Type Activities
	Sanitary Sewer
ASSETS	
Current Assets:	
Equity in Pooled Cash and Cash Equivalents	\$ 10,017
NET POSITION	
Unrestricted	\$ 10,017

See accompany notes to the basic financial statements.

**VILLAGE OF OAKWOOD, OHIO
 CUYAHOGA COUNTY
 STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN
 FUND NET POSITION – CASH BASIS
 PROPRIETARY FUND
 FOR THE YEAR ENDED DECEMBER 31, 2012**

	Business-Type Activities
	Sanitary Sewer
OPERATING RECEIPTS	
Charges for Services	\$ 47,399
Total Operating Receipts	47,399
OPERATING DISBURSEMENTS	
Contractual Services	28,362
Material and Supplies	15,326
Total Operating Disbursements	43,688
Operating Income (Loss)	3,711
NONOPERATING RECEIPTS (DISBURSEMENTS)	
Principal Retirement	(1,069)
Total Nonoperating Revenues (Disbursements)	(1,069)
Change in Net Position	2,642
Net Position - Beginning of Year	7,375
Net Position - End of Year	\$ 10,017

See accompany notes to the basic financial statements.

**VILLAGE OF OAKWOOD, OHIO
CUYAHOGA COUNTY
STATEMENT OF FIDUCIARY NET POSITION – CASH BASIS
FIDUCIARY FUNDS
DECEMBER 31, 2012**

	<u>Agency</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	\$ 207,245
Net Position	
Unrestricted	\$ 207,245

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, 2012

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, 2012
(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. 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 position 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 position 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 position presents the cash balance of the governmental activities 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 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.

VILLAGE OF OAKWOOD, OHIO
CUYAHOGA COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012
(CONTINUED)

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:

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.

Mayor's Court Computerization - 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.

VILLAGE OF OAKWOOD, OHIO
CUYAHOGA COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012
(CONTINUED)

The other governmental funds of the Village account for grants and other resources whose use is restricted, committed, or assigned 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.

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, 2012
(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.

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.

VILLAGE OF OAKWOOD, OHIO
CUYAHOGA COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012
(CONTINUED)

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 2012 was \$21.

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, 2012.

G. Inventories and Prepaids

The Village reports disbursements for inventory and prepaid items when paid. These items are not reflected as assets in the accompanying financial statements.

H. 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.

I. Capital Assets

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

J. 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.

K. Employer Contributions to Cost-Sharing Pension Plans

The Village recognizes the disbursement for employer contributions to cost-sharing pension plans when they are paid. As described in Notes 10 and 11, the employer contributions include portions for pension benefits and for post-retirement health care benefits.

VILLAGE OF OAKWOOD, OHIO
CUYAHOGA COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012
(CONTINUED)

L. Long-Term Obligations

The Village's cash basis financial statements do not report liabilities for bonds and other long-term obligations. Proceeds of debt are reported when cash is received and principal and interest payments are reported when paid. Since recording a capital asset when entering into a capital lease is not the result of a cash transaction, neither another financing source nor capital outlay expenditure is reported at inception. Lease payments are reported when paid.

M. Fund Balance

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

Nonspendable - The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or are legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of interfund loans.

Restricted - Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

Enabling legislation authorizes the Village to assess, levy, charge, or otherwise mandates payment of resources (from external resource providers) and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation. Legal enforceability means that the Village can be compelled by an external party-such as citizens, public interest groups, or the judiciary to use resources created by enabling legislation only for the purposes specified by the legislation.

VILLAGE OF OAKWOOD, OHIO
CUYAHOGA COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012
(CONTINUED)

Committed - The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by formal action (ordinance or resolution) of Village Council. Those committed amounts cannot be used for any other purpose unless Village Council removes or changes the specified use by taking the same type of action (ordinance or resolution) it employed to previously commit those amounts. In contrast to fund balance that is restricted by enabling legislation, the committed fund balance classification may be redeployed for other purposes with appropriate due process. Constraints imposed on the use of committed amounts are imposed by Village Council, separate from the authorization to raise the underlying revenue; therefore, compliance with these constraints is not considered to be legally enforceable. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned - Amounts in the assigned fund balance classification are intended to be used by the Village for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by Village Council or a Village official delegated that authority by ordinance, or by State Statute.

Unassigned - Unassigned fund balance is the residual classification for the General Fund and includes amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The Village applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

N. Net Position

The net position are reported as restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The Village's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted resources are available.

VILLAGE OF OAKWOOD, OHIO
CUYAHOGA COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012
(CONTINUED)

O. Interfund Transactions

Transfers between governmental and business-type activities on the government-wide financial statements are reported in the same manner as general receipts. Exchange transactions between funds are reported as receipts in the seller funds and as disbursements in the purchaser funds. Subsidies from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after nonoperating receipts/disbursements in proprietary funds. Repayments from funds responsible for particular disbursements to the funds that initially paid for them are not presented in the financial statements.

NOTE 3: Change in Basis of Accounting and Restatement of Fund Balance

For 2012, the Village implemented the following Governmental Accounting Standard Board (GASB) Statements:

GASB Statement Number 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*. The objective of this Statement is to address issues related to the use of the alternative measurement method and the frequency and timing of measurements by employers that participate in agent multiple-employer other postemployment benefit (OPEB) plans. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2011.

GASB Statement Number 60, *Accounting and Financial Reporting for Service Concession Arrangements*. The objective of this Statement is to improve financial reporting by addressing issues related to service concession arrangements (SCAs), which are a type of public-private or public-public partnership. The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2011.

GASB Statement Number 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. The objective of this Statement is to incorporate into the GASB's authoritative literature certain accounting and financial reporting guidance that is included in the FASB and AICPA pronouncements which does not conflict with or contradict GASB pronouncements. The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2011.

GASB Statement Number 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. This Statement provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources. The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2011.

VILLAGE OF OAKWOOD, OHIO
CUYAHOGA COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012
(CONTINUED)

GASB Statement Number 64, *Derivative Instruments: Application of Hedge Accounting Termination Provisions*. The objective of this Statement is to clarify whether an effective hedging relationship continues after the replacement of a swap counterparty or a swap counterparty's credit support provider. This Statement sets forth criteria that establish when the effective hedging relationship continues and hedge accounting should continue to be applied. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2011

GASB Statement Number 65, *Items Previously Reported as Assets and Liabilities*. This Statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. The provisions of this Statement are effective for financial statements for periods beginning after December 15, 2012. Earlier application is encouraged.

NOTE 4: 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, 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 outstanding (budgetary basis) amounted to \$32,084 for the General Fund, and \$2,916 for the Street Construction, Maintenance, and Repair Fund. The current year encumbrances outstanding (budgetary basis) amounted to \$38,685 for the General Fund, \$3,840 for the Street Construction, Maintenance, and Repair Fund and \$138 for the Mayor's Court Computerization Fund. The Mayor's Court Computerization Fund did not have any prior year encumbrances. Therefore, budgetary basis equaled cash basis.

The revenues, expenditures, and other financing sources and uses of the General Fund include activity that is budgeted within special revenue funds (cash basis). However, on the budgetary basis, the activity of the special revenue funds is excluded resulting in an increase in fund balance of \$142.

VILLAGE OF OAKWOOD, OHIO
CUYAHOGA COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012
(CONTINUED)

NOTE 5: CASH, CASH EQUIVALENTS, AND INVESTMENTS

Monies held by the Village are classified by State statute into three categories.

Active deposits are public deposits determined to be necessary to meet current demands upon the Village treasury. Active monies must be maintained either as cash in the Village treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that Council has identified as not required for use within the current five year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not 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 deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits 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 held by the Village can be deposited or invested in the following securities:

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government 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 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 the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio or Ohio local governments;

VILLAGE OF OAKWOOD, OHIO
CUYAHOGA COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012
(CONTINUED)

5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) 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 Treasurer's investment pool (STAR Ohio).

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. An investment must mature within five years from the date of purchase, unless matched to a specific obligation or debt of the Village, and must be purchased with the expectation that it will be held to maturity.

Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

Cash on Hand

At December 31, 2012, the Village had \$575 in undeposited cash on hand which is included as part of "Equity in Pooled Cash and Cash Equivalents".

Deposits

Custodial credit risk is the risk that in the event of bank failure, the Village will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year end, the Village's bank balance of \$543,272 was fully insured by FDIC coverage.

The Village has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the Village or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secured.

VILLAGE OF OAKWOOD, OHIO
CUYAHOGA COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012
(CONTINUED)

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.

Interest Rate Risk

As a means of limiting its exposure to fair value of losses caused by rising interest rates, the Village 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

State statute requires investments to have the highest possible rating by one of the national rating agency. The Village has no investment policy that would further limit its investment choices.

Custodial Credit Risk

For an investment custodial credit risk 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 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's 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.

NOTE 6: **PROPERTY TAX**

Property taxes include amounts levied against all real and public utility property located in the Village. Property tax revenue received during 2012 for real and public utility property taxes represents collections of 2011 taxes. 2012 real property taxes are levied after October 1, 2012, on the assessed value as of January 1, 2012, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2012 real property taxes are collected in and intended to finance 2013.

**VILLAGE OF OAKWOOD, OHIO
 CUYAHOGA COUNTY
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2012
 (CONTINUED)**

Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits later payment dates to be established.

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2012 public utility property taxes which became a lien December 31, 2011, are levied after October 1, 2012, and are collected in 2013 with real property taxes.

The full tax rate for all Village operations for the year ended December 31, 2012, was \$11.00 per \$1,000 of assessed value. The assessed values of real and tangible personal property upon which 2012 property tax receipts were based are as follows:

Category	Assessed Value
Real Estate	\$110,837,860
Public Utility	3,767,220
Total Valuation	\$114,605,080

NOTE 7: LOCAL INCOME TAX

The Village levies a 2.5 percent income tax on substantially all income earned in the Village. In addition, Village residents employed in municipalities having an income tax less than 2.5 percent must pay the difference to the Village. Additional increases in the income tax rate require voter approval. Employers within the Village withhold income tax on employee compensation and remit at least quarterly and file an annual declaration. Income tax receipts, in the amount of \$5,499,518 were credited to the General Fund for 2012.

VILLAGE OF OAKWOOD, OHIO
CUYAHOGA COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012
(CONTINUED)

NOTE 8: OUTSTANDING DEBT

Outstanding debt at December 31, 2012 consisted of the following:

Governmental Activities	Restated Balance at 1/1/2012	Additions	Deletions	Balance at 12/31/2012	Due within one year
<u>General Obligation Notes</u>					
Division Street Project	\$ 569,500	\$ 569,500	\$ 1,139,000	\$ -	\$ -
Service Department Improvement	350,500	350,500	350,500	350,500	350,500
Street Improvement	491,000	491,000	491,000	491,000	491,000
Street Improvement 2010	950,000	950,000	950,000	950,000	950,000
Street Improvement 2011	530,000	530,000	530,000	530,000	530,000
Various Purpose Notes	488,000	448,000	488,000	448,000	448,000
Medusa Project	446,000	446,000	892,000	-	-
Richmond Road Bikeway Project	1,520,000	1,455,000	2,975,000	-	-
Equipment 2012	-	40,000	-	40,000	40,000
Total General Obligation Notes	\$ 5,345,000	\$ 5,280,000	\$ 7,815,500	\$ 2,809,500	\$ 2,809,500
<u>Bonds</u>					
GO Various Purpose Water, 1996 (6.60%)	\$ 26,863	\$ -	\$ 5,372	\$ 21,491	\$ 5,372
SA Various Purpose Water, 1996 (6.60%)	23,137	-	4,628	18,509	4,628
	50,000	-	10,000	40,000	10,000
GO Various Purpose Sewer, 1996 (6.60%)	103,376	-	17,229	86,147	19,383
SA Various Purpose Sewer, 1996 (6.60%)	136,624	-	22,771	113,853	25,617
	240,000	-	40,000	200,000	45,000
SA Street Improvement, 2003 (2.5% - 5.5%)	480,000	-	30,000	450,000	30,000
GO Various Purpose, 2004 (4.00% - 5.50%)	1,490,000	-	1,305,000	185,000	85,000
SA Street Improvement, 2007 (5.25%)	570,000	-	25,000	545,000	25,000
Division Street Improvement 2012 (2.0% - 3.0%)	-	590,000	-	590,000	-
Medusa Street Improvement 2012 (2.0% - 3.0%)	-	460,000	-	460,000	-
Refunding GO Various Purpose, 2012 (2.0% - 3.0%)	-	1,350,000	-	1,350,000	5,000
Richmond Road Bikeway 2012 (2.0% - 3.0%)	-	1,495,000	-	1,495,000	70,000
Total Bonds	\$ 2,830,000	\$ 3,895,000	\$ 1,410,000	\$ 5,315,000	\$ 270,000
<u>OPWC Loans</u>					
Division Street Improvement	\$ 11,894	\$ -	\$ 700	\$ 11,194	\$ 700
Total OPWC Loans	\$ 11,894	\$ -	\$ 700	\$ 11,194	\$ 700
Total Governmental Activities	\$ 8,186,894	\$ 9,175,000	\$ 9,226,200	\$ 8,135,694	\$ 3,080,200
Business-Type Activities					
<u>OPWC Loans</u>					
Richmond	\$ 10,688	\$ -	\$ 713	\$ 9,975	\$ 712
Total Business-Type Activities	\$ 10,688	\$ -	\$ 713	\$ 9,975	\$ 712
Total Debt	\$ 8,197,582	\$ 9,175,000	\$ 9,226,913	\$ 8,145,669	\$ 3,080,912

**VILLAGE OF OAKWOOD, OHIO
CUYAHOGA COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012
(CONTINUED)**

The annual requirements for all bonded debt outstanding as of December 31, 2012, are as follows:

	Governmental		Business-Type
	Principal	Interest	Principal
2013	\$ 270,700	\$ 198,145	\$ 712
2014	345,700	162,191	712
2015	365,700	148,925	713
2016	380,700	133,896	713
2017	320,700	120,613	712
2018-2022	1,738,500	454,351	3,563
2023-2027	1,323,500	195,838	2,850
2028-2032	515,700	45,713	-
2033	64,994	1,950	-
	<u>\$ 5,326,194</u>	<u>\$ 1,461,622</u>	<u>\$ 9,975</u>

NOTE 9: 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.

VILLAGE OF OAKWOOD, OHIO
CUYAHOGA COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012
(CONTINUED)

NOTE 10: **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**

Plan Description – The Village participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate 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 the member and vested employer contributions plus any investment earnings. The Combined Plan is a cost-sharing, multiple-employer defined benefit pension plan. Under the Combined Plan, OPERS invests employer contributions to provide a formula retirement benefit similar in nature to, but less than, the Traditional Pension Plan benefit. Member contributions, the investment of which is self-directed by the members, 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 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. Interested parties may obtain a copy by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 614-222-5601 or 800-222-7377.

Funding Policy – The Ohio Revised Code provides statutory authority for member and employer contributions and currently limits the employer contribution to a rate not to exceed 14 percent of covered payroll for state and local employer units. Member contribution rates, as set forth in the Ohio Revised Code, are not to exceed 10 percent of covered payroll for members in the State and local divisions. For the year ended December 31, 2012, members in the state and local divisions contributed 10 percent of covered payroll, while public safety and law enforcement members contributed 12.0 percent and 12.6 percent, respectively. Members in the state and local divisions may participate in all three plans. For 2012, member and employer contribution rates were consistent across all three plans.

VILLAGE OF OAKWOOD, OHIO
CUYAHOGA COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012
(CONTINUED)

The Village's 2012 contribution rate was 14.0 percent, except for those plan members in law enforcement or public safety, for whom the Village's contribution was 18.1 percent of covered payroll. The portion of employer contributions used to fund pension benefits is net of post-employment health care benefits. The portion of employer contribution allocated to health care for members in the Traditional Plan was 1 percent. Employer contribution rates are actuarially determined.

The Village's required contributions for pension obligations to the Traditional Pension and Combined Plans for the years ended December 31, 2012, 2011, and 2010 were \$230,782, \$181,471, and \$136,832, respectively. The full amount has been contributed for 2012, 2011, and 2010.

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

Plan Description – The Village contributes to the Ohio Police and Fire Pension Fund (OP&F), a cost-sharing multiple-employer defined benefit pension plan. OP&F provides retirement and disability 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 OP&F, 140 East Town Street, Columbus, Ohio 43215-5164.

Funding Policy – The Ohio Revised Code requires plan members to contribute 10.0 percent of their annual covered salary, while employers are required to contribute 19.5 percent for police officers and 24.0 percent for firefighters.

The OP&F Pension Fund is authorized by the Ohio Revised Code to allocate a portion of the employer contributions to retiree health care benefits. The portion of employer contributions used to fund pension benefits was 12.75 percent of covered payroll for police officers and 17.25 percent of covered payroll for firefighters. The Village's contributions to the OP&F Fund for the years ending December 31, 2012, 2011, and 2010 were \$71,990, \$76,930, and \$82,031, respectively. The full amount has been contributed for 2012, 2011, and 2010.

VILLAGE OF OAKWOOD, OHIO
CUYAHOGA COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012
(CONTINUED)

NOTE 11: **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.

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 2012 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 2012, the portion of employer contributions allocated to health care was 1.00 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. Actual Village contributions for the years ending December 31, 2012, 2011 and 2010 which were used to fund post-employment benefits were \$17,752, \$72,588, and \$88,538.

VILLAGE OF OAKWOOD, OHIO
CUYAHOGA COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012
(CONTINUED)

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

Plan Description – 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 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-retirement health care coverage for 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. The health care coverage provided by OP&F meets the definition of an Other Post-Employment Benefit (OPEB) as described in GASB Statement No. 45.

The Ohio Revised Code allows, but does not mandate OP&F to provide OPEB benefits. Authority for the OP&F Board of Trustees to provide health care coverage to eligible participants and to establish and amend benefits is 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 OP&F, 140 East Town Street, Columbus, Ohio 43215-5164.

Funding Policy – The Ohio Revised Code provides for contribution requirements of the participating employers and of plan members to the OP&F defined benefit pension plan. Participating employers are required by Ohio Revised Code to contribute to the pension plan at rates expressed as percentages of the payroll of active pension plan members, currently, 19.5 percent and 24.0 percent of covered payroll for police and fire employers, respectively. Active members do not make contributions to the OPEB Plan.

OP&F maintains funds for health care in two separate accounts. One for health care benefits under an IRS Code Section 115 trust and one for Medicare Part B reimbursements administrated 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, 2012
 (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, 2012, 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 provisions 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 selected.

The Village's contributions to OP&F which were allocated to fund post-employment health care benefits for police and firefighters were \$38,112, \$40,728 and \$54,106 for 2012, 2011, and 2010 respectively. The full amount has been contributed for 2012, 2011 and 2010.

NOTE 12: INTERFUND AND TRANSFERS

As of December 31, 2012, interfund transfers were as follows:

<u>Fund</u>	<u>Transfer In</u>	<u>Transfer Out</u>
General	\$ -	\$ 1,302,366
Street Construction, Maintenance and Repair	777,400	-
General Obligation Bond Retirement	239,050	-
Other Governmental	343,316	57,400
Totals	<u><u>\$ 1,359,766</u></u>	<u><u>\$ 1,359,766</u></u>

Transfers from Other Governmental Funds into Street Construction, Maintenance, and Repair Fund included monies that were required to be receipted in separate funds, but expended out of the Street Construction, Maintenance and Repair. 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, 2012
 (CONTINUED)**

NOTE: 13: **LEGAL COMPLIANCE**

Appropriations Exceed Estimated Resources

Contrary to Section 5705.39, Ohio Revised Code, the following fund had appropriations in excess of estimated resources plus beginning balances:

<u>Fund</u>	<u>Estimated Resources plus Beginning Balances</u>	<u>Original Appropriations</u>	<u>Difference</u>
<u>Original Budget</u>			
General Fund	\$ 7,584,350	\$ 8,364,480	\$ (780,130)



Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

Village of Oakwood
Cuyahoga County
24800 Broadway Avenue
Oakwood Village, Ohio 44146

To the Village Council:

We have audited in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Oakwood, Cuyahoga County, Ohio, (the Village) as of and for the years ended December 31, 2013 and 2012, and the related notes to the financial statements which collectively comprise the Village's basic financial statements and have issued our report thereon dated December 15, 2014, wherein we noted the Village uses a special purpose framework other than generally accepted accounting principles.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Village's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the Village's internal control. Accordingly, we have not opined on it.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Village's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

Compliance and Other Matters

As part of reasonably assuring whether the Village's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

Lausche Building, 615 Superior Ave., NW, Twelfth Floor, Cleveland, Ohio 44113-1801
Phone: 216-787-3665 or 800-626-2297 Fax: 216-787-3361

www.auditor.state.oh.us

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Village's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Village's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

Dave Yost
Auditor of State
Columbus, Ohio

December 15, 2014

**VILLAGE OF OAKWOOD
CUYAHOGA COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2013 AND 2012**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2011-001	ORC Section 5705.39 Appropriations in excess of estimated resources	No	Partially Corrected - Repeated in the management letter 2013 - 2012 audit

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Dave Yost • 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
DECEMBER 30, 2014**