



Dave Yost • Auditor of State

VILLAGE OF OAKWOOD
CUYAHOGA COUNTY

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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 cash-basis 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 year ended December 31, 2015, 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 activities, each major fund, and the aggregate remaining fund information of the Village of Oakwood, Cuyahoga County, Ohio, as of December 31, 2015, and the respective changes in cash financial position and the respective budgetary comparison for the General Fund and Street Construction, Maintenance, and Repair Fund thereof for the year 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. The financial statements are prepared on the cash basis of accounting, which differs from generally accepted accounting principles. We did not modify our opinion regarding this matter.

Other Matters

Other Information

We applied no procedures to Management's Discussion & Analysis as listed in the table of contents. Accordingly, 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 April 7, 2017 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

April 7, 2017

**VILLAGE OF OAKWOOD, OHIO
CUYAHOGA COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2015
(Unaudited)**

The discussion and analysis of the Village of Oakwood's (the Village) financial performance provides an overall review of the Village's financial activities for the year ended December 31, 2015, 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 2015 are as follows:

- Net position of governmental activities increased by \$113,453, or 17.9 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 77 percent of total cash received for governmental activities.
- The Village's business-type activities is sanitary sewer. Net position decreased by \$530, or 4.9 percent. The Village's total receipts for business-type activities increased by \$49,136 from 2014.

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, 2015
(Unaudited)

The statement of net position and statement of activities for 2015 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.

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.

VILLAGE OF OAKWOOD, OHIO
CUYAHOGA COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2015
(Unaudited)

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 2015 are the General, Street Construction, Maintenance and Repair, General Obligation Bond Retirement, and General Capital Improvement 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 2015 compared to 2014 on the cash basis.

Table 1 - Net Position

	Governmental		Business-Type		Total	
	Activities		Activities			
	2015	2014	2015	2014	2015	2014
ASSETS						
Equity in Pooled Cash and Cash Equivalents	\$ 736,244	\$ 555,323	\$ 10,340	\$ 10,870	\$ 746,584	\$ 566,193
Cash and Cash Equivalents:						
In Segregated Accounts	5,906	0	0	0	5,906	0
With Escrow Agents	6,393	79,767	0	0	6,393	79,767
Total Assets	<u>\$ 748,543</u>	<u>\$ 635,090</u>	<u>\$ 10,340</u>	<u>\$ 10,870</u>	<u>\$ 758,883</u>	<u>\$ 645,960</u>
NET POSITION						
Restricted:						
Street Maintenance	\$ 74,394	\$ 28,352	\$ 0	\$ 0	\$ 74,394	\$ 28,352
Police and Fire	73,202	37,071	0	0	73,202	37,071
Debt Services	354	2,285	0	0	354	2,285
Capital Projects	0	84	0	0	0	84
Other Purposes	22,186	83,077	0	0	22,186	83,077
Unrestricted	578,407	484,221	10,340	10,870	588,747	495,091
Total Net Position	<u>\$ 748,543</u>	<u>\$ 635,090</u>	<u>\$ 10,340</u>	<u>\$ 10,870</u>	<u>\$ 758,883</u>	<u>\$ 645,960</u>

**VILLAGE OF OAKWOOD, OHIO
CUYAHOGA COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2015
(Unaudited)**

Table 2 reflects the changes in net position in 2015 compared to 2014.

Table 2 - Change in Net Position

	Governmental Activities		Business Type Activities		Totals	
	2015	2014	2015	2014	2015	2014
<u>Receipts</u>						
Program Receipts						
Charges for Services	\$ 1,401,419	\$ 1,637,755	\$ 59,079	\$ 48,259	\$ 1,460,498	\$ 1,686,014
Operating Grants and Contributions	598,421	593,123	0	0	598,421	593,123
Capital Grants and Contributions	223,716	0	0	0	223,716	0
Total Program Receipts	2,223,556	2,230,878	59,079	48,259	2,282,635	2,279,137
General Receipts						
Property and Other Local Taxes	411,525	405,408	0	0	411,525	405,408
Income Taxes	6,567,216	6,335,969	0	0	6,567,216	6,335,969
Grants & Entitlements not restricted to specific programs	166,995	175,752	0	0	166,995	175,752
Investment Income	2	250	0	0	2	250
All Other Revenues	798,517	513,176	38,316	0	836,833	513,176
Debt Proceeds	2,871,417	2,865,046	0	0	2,871,417	2,865,046
Total General Receipts	10,815,672	10,295,601	38,316	0	10,853,988	10,295,601
Total Receipts	13,039,228	12,526,479	97,395	48,259	13,136,623	12,574,738
<u>Disbursements</u>						
Security of Persons and Property	3,980,529	3,874,254	0	0	3,980,529	3,874,254
Leisure Time Activities	344,008	279,789	0	0	344,008	279,789
Community Environment	200,153	208,112	0	0	200,153	208,112
Basic Utility Services	195,991	177,642	0	0	195,991	177,642
Transportation	1,112,318	1,403,507	0	0	1,112,318	1,403,507
General Government	3,017,602	3,016,253	0	0	3,017,602	3,016,253
Capital Outlay	840,084	230,958	0	0	840,084	230,958
Debt Service:						
Principal Retirement	3,018,025	3,114,763	713	0	3,018,738	3,114,763
Interest and Fiscal Charges	217,065	201,873	0	0	217,065	201,873
Sanitary Sewer	0	0	97,212	60,735	97,212	60,735
Total Disbursements	12,925,775	12,507,151	97,925	60,735	13,023,700	12,567,886
Excess (Deficiency) of Receipts over						
Disbursements before Transfers	113,453	19,328	(530)	(12,476)	112,923	6,852
Transfers	0	(12,000)	0	12,000	0	0
Change in Net Position	113,453	7,328	(530)	(476)	112,923	6,852
Net Position at January 1	635,090	627,762	10,870	11,346	645,960	639,108
Net Position at December 31	\$ 748,543	\$ 635,090	\$ 10,340	\$ 10,870	\$ 758,883	\$ 645,960

VILLAGE OF OAKWOOD, OHIO
CUYAHOGA COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2015
(Unaudited)

Program receipts represent 17.4 percent of total receipts for 2015. They are primarily comprised of sanitary sewer fees, 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 decreased by \$3,498 or 0.2 percent compared to the prior year.

General receipts represent 82.6 percent of the Village's total receipts for 2015. Property and other local taxes and income taxes represent 64.3 percent of the general receipts. Grants, entitlements, and proceeds from debt represent 28.0 percent of general receipts. The remaining portion of general receipts is made up of all other receipts. General receipts increased by \$558,387 or 5.4 percent compared to the prior year. The Village had an increase in the amount of income tax collected during 2015.

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 only by \$1,349 compared to the prior year.

Disbursements for Capital Outlay increased by \$609,126. This increase is associated with funds utilized in 2015 for the Alexander Road Improvement project. Security of Persons and Property are the costs of police and fire protection, which increased by \$106,275 or 2.7 percent as compared to prior year. The increase was due to additional staff required by additional fire contracts entered into during 2015.

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, Principal Retirement, and Transportation, which account for 30.8, 23.3, 23.3, and 8.6 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, 2015
(Unaudited)**

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	
	2015	2014	2015	2014
Security of Persons and Property	\$ 3,980,529	\$ 3,874,254	\$ (2,645,652)	\$ (2,296,097)
Leisure Time Activities	344,008	279,789	(344,008)	(235,695)
Community Environment	200,153	208,112	(185,115)	(192,780)
Basic Utility Services	195,991	177,642	(195,991)	(177,642)
Transportation	1,112,318	1,403,507	(450,738)	(1,025,592)
General Government	3,017,602	3,016,253	(2,805,541)	(2,800,873)
Capital Outlay	840,084	230,958	(840,084)	(230,958)
Debt Service:				
Principal Retirement	3,018,025	3,114,763	(3,018,025)	(3,114,763)
Interest and Fiscal Charges	217,065	201,873	(217,065)	(201,873)
Total Governmental Activities	<u>\$12,925,775</u>	<u>\$12,507,151</u>	<u>\$ (10,702,219)</u>	<u>\$ (10,276,273)</u>

The dependence upon property and other local taxes, income taxes and other general receipts is apparent as over 82.8 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 2015, the Village made amendments to its appropriation budget and receipts budget to reflect changing circumstances. Final budgeted receipts were the same as the original budgeted receipts. The difference between final budgeted receipts and actual receipts was mostly due to an underestimate of income tax receipts.

**VILLAGE OF OAKWOOD, OHIO
CUYAHOGA COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2015
(Unaudited)**

Final budgeted disbursements for 2015 in the amount of \$8,834,337 were higher than original budgeted disbursements in the amount of \$7,599,688 by \$1,234,649. The decreases in the 2015 final budget disbursements were due to several factors, but primarily related to increased general government expenditures and transfers out. Actual disbursements for 2015 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, 2015, the Village had \$4,335,000 in outstanding General Obligation and Special Assessment bonds, with \$380,000 due within one year. The Village had \$726,592 in loans with the Ohio Public Works Commission, with \$7,237 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, 2015**

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
ASSETS			
Equity in Pooled Cash and Cash Equivalents	\$ 736,244	\$ 10,340	\$ 746,584
Cash and Cash Equivalents:			
In Segregated Accounts	5,906	-	5,906
With Escrow Agents	6,393	-	6,393
Total Assets	<u>\$ 748,543</u>	<u>\$ 10,340</u>	<u>\$ 758,883</u>
NET POSITION			
Restricted:			
Street Maintenance	\$ 74,394	\$ -	\$ 74,394
Police and Fire	73,202	-	73,202
Debt Services	354	-	354
Other Purposes	22,186	-	22,186
Unrestricted	578,407	10,340	588,747
Total Net Position	<u>\$ 748,543</u>	<u>\$ 10,340</u>	<u>\$ 758,883</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, 2015**

	Program Cash Receipts				Net (Disbursements) Receipts and Changes in Net Position		
	Cash Disbursements	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Primary Government:							
Governmental Activities							
Security of Persons and Property	\$ 3,980,529	\$ 1,334,877	\$ 0	\$ 0	\$ (2,645,652)	\$ 0	\$ (2,645,652)
Leisure Time Activities	344,008	0	0	0	(344,008)	0	(344,008)
Community Environment	200,153	11,250	3,788	0	(185,115)	0	(185,115)
Basic Utility Services	195,991	0	0	0	(195,991)	0	(195,991)
Transportation	1,112,318	53,422	384,442	223,716	(450,738)	0	(450,738)
General Government	3,017,602	1,870	210,191	0	(2,805,541)	0	(2,805,541)
Capital Outlay	840,084	0	0	0	(840,084)	0	(840,084)
Debt Service:							
Principal Retirement	3,018,025	0	0	0	(3,018,025)	0	(3,018,025)
Interest and Fiscal Charges	217,065	0	0	0	(217,065)	0	(217,065)
Total Governmental Activities	<u>12,925,775</u>	<u>1,401,419</u>	<u>598,421</u>	<u>223,716</u>	<u>(10,702,219)</u>	<u>0</u>	<u>(10,702,219)</u>
Business-Type Activities							
Sanitary Sewer	97,925	59,079	0	0	0	(38,846)	(38,846)
Total Business-type Activities	<u>97,925</u>	<u>59,079</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(38,846)</u>	<u>(38,846)</u>
Total Primary Government	<u>\$ 13,023,700</u>	<u>\$ 1,460,498</u>	<u>\$ 598,421</u>	<u>\$ 223,716</u>	<u>(10,702,219)</u>	<u>(38,846)</u>	<u>(10,741,065)</u>
General Receipts							
Property and Other Local Taxes levied for:							
General Purposes					316,314	0	316,314
Debt Service Purpose					48,066	0	48,066
Other Purposes					47,145	0	47,145
Income Taxes levied for General Purposes					6,567,216	0	6,567,216
Grants & Entitlements not restricted to specific programs					166,995	0	166,995
Investment Income					2	0	2
All Other Revenues					798,517	38,316	836,833
Debt Proceeds					2,871,417	0	2,871,417
Transfers							0
Total General Receipts and Transfers					<u>10,815,672</u>	<u>38,316</u>	<u>10,853,988</u>
Change in Net Position					113,453	(530)	112,923
Net Position - Beginning of Year					635,090	10,870	645,960
Net Position - End of Year					<u>\$ 748,543</u>	<u>\$ 10,340</u>	<u>\$ 758,883</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, 2015**

	General	Street Construction Maintenance and Repair	General Obligation Bond Retirement	General Capital Improvement	Other Governmental Funds	Total Governmental Funds
ASSETS						
Equity in Pooled Cash and Cash Equivalents	\$ 614,752	\$ 74,394	\$ 116	\$ (36,345)	\$ 83,327	\$ 736,244
Cash and Cash Equivalents:						
In Segregated Accounts	5,906	-	-	-	-	5,906
With Escrow Agents	6,393	-	-	-	-	6,393
Total Assets	\$ 627,051	\$ 74,394	\$ 116	\$ (36,345)	\$ 83,327	\$ 748,543
FUND BALANCES						
Restricted for:						
Street Maintenance	\$ 0	\$ 74,394	\$ 0	\$ 0	\$ 0	\$ 74,394
Police Operations	0	0	0	0	981	981
Fire Operations	0	0	0	0	28,691	28,691
Police Pension	0	0	0	0	282	282
Drug and Alcohol Education and Enforcement	0	0	0	0	43,248	43,248
Mayor's Court	0	0	0	0	2,030	2,030
Debt Service	0	0	116	0	238	354
Other Purposes	0	0	0	0	4,501	4,501
Committed to:						
Recreation	0	0	0	0	2,603	2,603
Other Purposes	12,299	0	0	0	753	13,052
Assigned to:						
Other Purposes	21,688	0	0	0	0	21,688
Unassigned (Deficit)	593,064	0	0	(36,345)	0	556,719
Total Fund Balances	\$ 627,051	\$ 74,394	\$ 116	\$ (36,345)	\$ 83,327	\$ 748,543

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, 2015

	General	Street Construction Maintenance and Repair	General Obligation Bond Retirement	General Capital Improvement	Other Governmental Funds	Total Governmental Funds
RECEIPTS						
Property and Local Taxes	\$ 316,314	\$ 0	\$ 48,066	\$ 0	\$ 47,145	\$ 411,525
Income Taxes	6,567,216	0	0	0	0	6,567,216
Intergovernmental Revenues	189,441	321,391	0	223,716	63,000	797,548
Special Assessments	0	0	0	0	191,533	191,533
Charges for Services	619,623	0	0	0	344,481	964,104
Fines, Licenses, and Permits	421,845	0	0	0	15,470	437,315
Interest	2	0	0	0	0	2
Miscellaneous	486,953	307,764	0	0	3,851	798,568
Total Receipts	8,601,394	629,155	48,066	223,716	665,480	10,167,811
DISBURSEMENTS						
Current:						
Security of Persons and Property	3,590,174	0	0	0	390,355	3,980,529
Leisure Time Activities	0	0	0	0	344,008	344,008
Community Environment	200,153	0	0	0	0	200,153
Basic Utility Services	195,991	0	0	0	0	195,991
Transportation	490,354	621,788	0	0	176	1,112,318
General Government	3,013,785	0	2,000	0	1,817	3,017,602
Capital Outlay	73,374	0	0	766,710	0	840,084
Debt Service:						
Principal Retirement	0	6,525	2,976,500	0	35,000	3,018,025
Interest and Fiscal Charges	0	0	31,618	0	185,447	217,065
Total Disbursements	7,563,831	628,313	3,010,118	766,710	956,803	12,925,775
Excess of Receipts						
Over (Under) Disbursements	1,037,563	842	(2,962,052)	(542,994)	(291,323)	(2,757,964)
OTHER FINANCING SOURCES (USES)						
Transfers - In	0	113,200	395,000	202,000	395,500	1,105,700
Transfers - Out	(1,042,500)	0	0	0	(63,200)	(1,105,700)
Advances - In	68,000	0	0	0	0	68,000
Advances - Out	0	(68,000)	0	0	0	(68,000)
Proceeds from Sale of Debt	0	0	0	249,565	0	249,565
Proceeds from Sale of Notes	0	0	2,565,000	55,000	0	2,620,000
Premium on Debt Issued	0	0	1,852	0	0	1,852
Total Other Financing Sources (Uses)	(974,500)	45,200	2,961,852	506,565	332,300	2,871,417
Net Change in Fund Balances	63,063	46,042	(200)	(36,429)	40,977	113,453
Fund Balances - Beginning of Year	563,988	28,352	316	84	42,350	635,090
Fund Balances - End of Year	\$ 627,051	\$ 74,394	\$ 116	\$ (36,345)	\$ 83,327	\$ 748,543

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, 2015

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget
				Positive
				(Negative)
Revenues				
Property and Local Taxes	\$ 316,641	\$ 316,641	\$ 316,314	\$ (327)
Income Taxes	5,593,972	5,593,972	6,567,216	973,244
Intergovernmental Revenues	161,366	161,366	189,441	28,075
Charges for Services	527,796	527,796	619,623	91,827
Fines, Licenses, and Permits	359,329	359,329	421,845	62,516
Interest	2	2	2	0
Miscellaneous	409,757	409,757	481,047	71,290
Total Revenues	<u>7,368,863</u>	<u>7,368,863</u>	<u>8,595,488</u>	<u>1,226,625</u>
Expenditures				
Current:				
Security of Persons and Property	3,742,577	3,672,352	3,617,125	55,227
Community Environment	256,607	224,415	200,296	24,119
Basic Utility Services	213,197	213,197	195,991	17,206
Transportation	549,259	540,459	491,141	49,318
General Government	2,007,548	3,183,914	3,024,828	159,086
Total Expenditures	<u>6,769,188</u>	<u>7,834,337</u>	<u>7,529,381</u>	<u>304,956</u>
Excess of Revenues Over(Under) Expenditures	<u>599,675</u>	<u>(465,474)</u>	<u>1,066,107</u>	<u>1,531,581</u>
Other Financing Sources (Uses)				
Advances In	0	0	68,000	68,000
Transfers Out	(830,500)	(1,000,000)	(1,042,500)	(42,500)
Total Other Financing Sources (Uses)	<u>(830,500)</u>	<u>(1,000,000)</u>	<u>(974,500)</u>	<u>25,500</u>
Net Change in Fund Balance	(230,825)	(1,465,474)	91,607	1,557,081
Fund Balance - Beginning of Year	462,533	462,533	462,533	0
Prior Year Encumbrances Appropriated	28,395	28,395	28,395	0
Fund Balance - End of Year	<u>\$ 260,103</u>	<u>\$ (974,546)</u>	<u>\$ 582,535</u>	<u>\$ 1,557,081</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, 2015**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental Revenues	\$ 350,838	\$ 350,838	\$ 321,391	\$ (29,447)
Miscellaneous	335,962	335,962	307,764	(28,198)
Total Revenues	<u>686,800</u>	<u>686,800</u>	<u>629,155</u>	<u>(57,645)</u>
Expenditures				
Current:				
Transportation	998,475	999,975	623,920	376,055
Debt Service:				
Principal Retirement	6,525	6,525	6,525	-
Total Expenditures	<u>1,005,000</u>	<u>1,006,500</u>	<u>630,445</u>	<u>376,055</u>
Excess of Revenues Over(Under) Expenditures	<u>(318,200)</u>	<u>(319,700)</u>	<u>(1,290)</u>	<u>318,410</u>
Other Financing Sources (Uses)				
Transfers In	113,200	113,200	113,200	-
Advances Out	-	-	(68,000)	(68,000)
Total Other Financing Sources (Uses)	<u>113,200</u>	<u>113,200</u>	<u>45,200</u>	<u>(68,000)</u>
Net Change in Fund Balance	(205,000)	(206,500)	43,910	250,410
Fund Balance - Beginning of Year	28,352	28,352	28,352	-
Fund Balance - End of Year	<u>\$ (176,648)</u>	<u>\$ (178,148)</u>	<u>\$ 72,262</u>	<u>\$ 250,410</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, 2015**

	<u>Enterprise Fund</u>
	<u>Sanitary Sewer</u>
ASSETS	
Current Assets:	
Equity in Pooled Cash and Cash Equivalents	\$ <u>10,340</u>
NET POSITION	
Unrestricted	\$ <u>10,340</u>

See accompanying 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, 2015**

	Enterprise Fund
	Sanitary Sewer
OPERATING RECEIPTS	
Charges for Services	\$ 59,079
Miscellaneous	38,316
Total Operating Receipts	97,395
OPERATING DISBURSEMENTS	
Contractual Services	83,736
Material and Supplies	13,476
Total Operating Disbursements	97,212
Change in Net Position	(530)
Net Position - Beginning of Year	10,870
Net Position - End of Year	\$ 10,340

See accompanying notes to the basic financial statements.

**VILLAGE OF OAKWOOD, OHIO
CUYAHOGA COUNTY
STATEMENT OF FIDUCIARY NET POSITION – CASH BASIS
FIDUCIARY FUNDS
DECEMBER 31, 2015**

	<u>Agency</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	\$ 60,627
Cash and Cash Equivalents: in Segregated Accounts	<u>46,472</u>
Total Assets	<u>\$ 107,099</u>
Net Position	
Unrestricted	<u>\$ 107,099</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, 2015**

NOTE 1: **REPORTING ENTITY**

The Village of Oakwood, Cuyahoga County, Ohio (the Village), is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Village is directed by a seven-member Council elected for four-year terms. 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, 2015
(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, 2015
(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.

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

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

VILLAGE OF OAKWOOD, OHIO
CUYAHOGA COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015
(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, 2015
(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, 2015
(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 was \$2, all of which was earned from other funds.

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, 2015.

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, 2015
(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. 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, 2015
(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, 2015
(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 2015, the Village implemented the following Governmental Accounting Standards Board (GASB) Statements as applicable to the cash accounting basis:

GASB Statement No.68, “Accounting and Financial Reporting for Pensions, an amendment of GASB Statement No. 27.” The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. This Statement establishes standards for measuring and recognizing liabilities, deferred outflows of resources, and deferred inflows of resources, and expense/expenditures. The requirements of this Statement will improve the decision-usefulness of information in employer and governmental nonemployer contributing entity financial reports and will enhance its value for assessing accountability and interperiod equity by requiring recognition of the entire net pension liability and a more comprehensive measure of pension expense. Decision-usefulness and accountability also will be enhanced through new note disclosures and required supplementary information.

GASB Statement No.71, “Pension Transition for contributions Made Subsequent to the Measurement Date, an amendment of GASB Statement No. 68.” This Statement amends paragraph 137 of Statement 68 to require that, at transition, a government recognize a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability. The requirements of this Statement will eliminate the source of a potential significant understatement of restated beginning net position and expense in the first year of implementation of Statement 68 in the accrual-basis financial statements of employers and nonemployer contributing entities.

These GASB Statements did not have an effect on the Village’s financial statements.

VILLAGE OF OAKWOOD, OHIO
CUYAHOGA COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015
(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, and Street Construction, Maintenance, and Repair Fund, are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The differences between the budgetary basis and the cash basis are outstanding year end encumbrances are treated as cash disbursements (budgetary basis) rather than as a component of fund balance (cash basis). The prior year encumbrances outstanding (budgetary basis) amounted to \$28,395 for the General Fund, and the Street Construction, Maintenance, and Repair Fund did not have any prior year encumbrances. The current year encumbrances outstanding (budgetary basis) amounted to \$38,924 for the General Fund. The Street Construction, Maintenance, and Repair 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 \$6,707.

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, 2015
(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, 2015
(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, 2015, the Village had \$600 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 \$948,741 was covered by Federal depository insurance in the amount of \$316,943 and \$631,798 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, 2015
(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 risk is that, in the event of the failure of the counterparty, the Village will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The 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 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 2015 for real and public utility property taxes represents collections of 2014 taxes. 2015 real property taxes are levied after October 1, 2015, on the assessed value as of January 1, 2015, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2015 real property taxes are collected in and intended to finance 2016.

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
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 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2015
 (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. 2015 public utility property taxes which became a lien December 31, 2014, are levied after October 1, 2015, and are collected in 2016 with real property taxes.

The full tax rate for all Village operations for the year ended December 31, 2015, was \$3.80 per \$1,000 of assessed value. The assessed values of real and tangible personal property upon which 2015 property tax receipts were based are as follows:

Category	Assessed Value
Real Estate	\$ 113,607,600
Public Utility	4,342,420
Total Valuation	\$ 117,950,020

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 \$6,567,216 were credited to the General Fund for 2015.

VILLAGE OF OAKWOOD, OHIO
CUYAHOGA COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015
(CONTINUED)

NOTE 8: OUTSTANDING DEBT

Outstanding debt at December 31, 2015 consisted of the following:

Governmental Activities	Balance at 12/31/2014	Additions	Deletions	Balance at 12/31/2015	Due within one year
<u>General Obligation Notes</u>					
Service Department Improvement	\$ 340,500	\$ 320,000	\$ 340,500	\$ 320,000	\$ 320,000
Street Improvement	471,000	450,000	471,000	450,000	450,000
Street Improvement 2010	950,000	940,000	950,000	940,000	940,000
Street Improvement 2011	530,000	520,000	530,000	520,000	520,000
Various Purpose Notes	355,000	350,000	355,000	350,000	350,000
Equipment 2012	40,000	40,000	40,000	40,000	-
Total General Obligation Notes	<u>\$2,686,500</u>	<u>\$ 2,620,000</u>	<u>\$ 2,686,500</u>	<u>\$ 2,620,000</u>	<u>\$ 2,580,000</u>
<u>Bonds</u>					
GO Various Purpose Water, 1996 (6.60%)	\$ 10,747	\$ -	\$ 5,372	\$ 5,375	\$ 5,375
SA Various Purpose Water, 1996 (6.60%)	9,253	-	4,628	4,625	4,625
	20,000	-	10,000	10,000	10,000
GO Various Purpose Sewer, 1996 (6.60%)	45,227	-	21,537	23,690	23,690
SA Various Purpose Sewer, 1996 (6.60%)	59,773	-	28,463	31,310	31,310
	105,000	-	50,000	55,000	55,000
SA Street Improvement, 2003 (2.5% - 5.5%)	385,000	-	35,000	350,000	35,000
SA Street Improvement, 2007 (5.25%)	495,000	-	30,000	465,000	30,000
Division Street Improvement 2012 (2.0% - 3.0%)	565,000	-	25,000	540,000	25,000
Medusa Street Improvement 2012 (2.0% - 3.0%)	440,000	-	20,000	420,000	20,000
Refunding GO Various Purpose, 2012 (2.0% - 3.0%)	1,340,000	-	120,000	1,220,000	125,000
Richmond Road Bikeway 2012 (2.0% - 3.0%)	1,350,000	-	75,000	1,275,000	80,000
Total Bonds	<u>\$4,700,000</u>	<u>\$ -</u>	<u>\$ 365,000</u>	<u>\$ 4,335,000</u>	<u>\$ 380,000</u>
<u>OPWC Loans</u>					
Division Street Improvement	\$ 9,794	\$ -	\$ 700	\$ 9,094	\$ 700
Richmond/Pettibone Street Improvement	171,846	-	5,825	166,021	5,825
Alexander Road Improvement	294,075	25,579	-	319,654	-
Macedonia Road Improvement	-	223,986	-	223,986	-
Total OPWC Loans	<u>\$ 475,715</u>	<u>\$ 249,565</u>	<u>\$ 6,525</u>	<u>\$ 718,755</u>	<u>\$ 6,525</u>
Total Governmental Activities	<u>\$7,862,215</u>	<u>\$ 2,869,565</u>	<u>\$ 3,058,025</u>	<u>\$ 7,673,755</u>	<u>\$ 2,966,525</u>
Business-Type Activities					
<u>OPWC Loans</u>					
Richmond	\$ 8,550	\$ -	\$ 713	\$ 7,837	\$ 712
Total Business-Type Activities	<u>\$ 8,550</u>	<u>\$ -</u>	<u>\$ 713</u>	<u>\$ 7,837</u>	<u>\$ 712</u>
Total Debt	<u>\$7,870,765</u>	<u>\$ 2,869,565</u>	<u>\$ 3,058,738</u>	<u>\$ 7,681,592</u>	<u>\$ 2,967,237</u>

VILLAGE OF OAKWOOD, OHIO
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FOR THE YEAR ENDED DECEMBER 31, 2015
(CONTINUED)

The annual requirements for all debt outstanding as of December 31, 2015, are as follows:

	Governmental		Business-Type
	Principal	Interest	Principal
2016	\$ 386,525	\$ 128,042	\$ 712
2017	326,525	116,931	713
2018	331,525	107,463	713
2019	346,525	97,188	713
2020	351,525	86,313	713
2021-2025	1,667,627	273,532	3,565
2026-2030	831,227	79,451	708
2031-2035	219,125	8,700	-
2036-2040	29,124	-	-
2041-2044	20,387	-	-
	<u>\$ 4,510,115</u>	<u>\$ 897,620</u>	<u>\$ 7,837</u>

During 2015, the Village obtained new loans from Ohio Public Works Commission to improve Alexander and Macedonia Roads. These interest free loans will be paid over the next twenty-five years, with the first payment occurring in 2016. These loans are not included in the above table, as the amortization schedule is not yet available.

During 2015, the Village issued \$2,620,000 of General Obligation Notes with an interest rate of 1.375 percent and mature on September 22, 2016.

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
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015
(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 - Village employees, other than full-time police and firefighters, participate 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 and the combined plan is a cost-sharing, multiple-employer defined benefit pension plan with defined contribution features. While members (e.g. Village employees) may elect the member-directed plan and the combined plan, substantially all employee members are in OPERS' traditional plan; therefore, the following disclosure focuses on the traditional pension plan.

OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of the traditional plan. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about OPERS' fiduciary net position that may be obtained by visiting <https://www.opers.org/financial/reports.shtml>, by writing to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 800-222-7377.

Senate Bill (SB) 343 was enacted into law with an effective date of January 7, 2013. In the legislation, members were categorized into three groups with varying provisions of the law applicable to each group. The following table provides age and service requirements for retirement and the retirement formula applied to final average salary (FAS) for the three member groups under the traditional plan as per the reduced benefits adopted by SB 343 (see OPERS CAFR referenced above for additional information):

**VILLAGE OF OAKWOOD, OHIO
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015
(CONTINUED)**

Group A Eligible to retire prior to January 7, 2013 or five years after January 7, 2013	Group B 20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013	Group C Members not in other Groups and members hired on or after January 7, 2013
State and Local	State and Local	State and Local
Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	Formula: 2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35
Public Safety	Public Safety	Public Safety
Age and Service Requirements: Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	Age and Service Requirements: Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	Age and Service Requirements: Age 52 with 25 years of service credit or Age 56 with 15 years of service credit
Law Enforcement	Law Enforcement	Law Enforcement
Age and Service Requirements: Age 52 with 15 years of service credit	Age and Service Requirements: Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	Age and Service Requirements: Age 48 with 25 years of service credit or Age 56 with 15 years of service credit
Public Safety and Law Enforcement	Public Safety and Law Enforcement	Public Safety and Law Enforcement
Formula: 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25	Formula: 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25	Formula: 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25

Final average Salary (FAS) represents the average of the three highest years of earnings over a member's career for Groups A and B. Group C is based on the average of the five highest years of earnings over a member's career.

Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount.

When a benefit recipient has received benefits for 12 months, an annual cost of living adjustment (COLA) is provided. This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. For those retiring prior to January 7, 2013, the COLA will continue to be a 3 percent simple annual COLA. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, the COLA will be based on the average percentage increase in the Consumer Price Index, capped at 3 percent.

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(CONTINUED)

Funding Policy - The Ohio Revised Code (ORC) provides statutory authority for member and employer contributions as follows:

	<u>State and Local</u>	<u>Public Safety</u>	<u>Law Enforcement</u>
2015 Statutory Maximum Contribution Rates			
Employer	14.0 %	18.1 %	18.1 %
Employee	10.0 %	*	**
2015 Actual Contribution Rates			
Employer:			
Pension	12.0 %	16.1 %	16.1 %
Post-employment Health Care Benefits	<u>2.0</u>	<u>2.0</u>	<u>2.0</u>
Total Employer	<u>14.0 %</u>	<u>18.1 %</u>	<u>18.1 %</u>
Employee	<u>10.0 %</u>	<u>12.0 %</u>	<u>13.0 %</u>

* This rate is determined by OPERS' Board and has no maximum rate established by ORC.

** This rate is also determined by OPERS' Board, but is limited by ORC to not more than 2 percent greater than the Public Safety rate.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The Village's contractually required contribution was \$219,226 for year 2015.

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

Plan Description - Village full-time police and firefighters participate in Ohio Police and Fire Pension Fund (OPF), a cost-sharing, multiple-employer defined benefit pension plan administered by OPF. OPF 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. OPF issues a publicly available financial report that includes financial information and required supplementary information and detailed information about OPF fiduciary net position. The report that may be obtained by visiting the OPF website at www.op-f.org or by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

Upon attaining a qualifying age with sufficient years of service, a member of OPF may retire and receive a lifetime monthly pension. OPF offers four types of service retirement: normal, service commuted, age/service commuted and actuarially reduced. Each type has different eligibility guidelines and is calculated using the member's average annual salary. The following discussion of the pension formula relates to normal service retirement.

For members hired after July 1, 2013, the minimum retirement age is 52 for normal service retirement with at least 25 years of service credit.

**VILLAGE OF OAKWOOD, OHIO
 CUYAHOGA COUNTY
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2015
 (CONTINUED)**

For members hired on or before July 1, 2013, the minimum retirement age is 48 for normal service retirement with at least 25 years of service credit.

The annual pension benefit for normal service retirement is equal to a percentage of the allowable average annual salary. The percentage equals 2.5 percent for each of the first 20 years of service credit, 2.0 percent for each of the next five years of service credit and 1.5 percent for each year of service credit in excess of 25 years. The maximum pension of 72 percent of the allowable average annual salary is paid after 33 years of service credit.

Under normal service retirement, retired members who are at least 55 years old and have been receiving OPF benefits for at least one year may be eligible for a cost-of-living allowance adjustment. The age 55 provision for receiving a COLA does not apply to those who are receiving a permanent and total disability benefit and statutory survivors.

Members retiring under normal service retirement, with less than 15 years of service credit on July 1, 2013, will receive a COLA equal to either three percent or the percent increase, if any, in the consumer price index (CPI) over the 12-month period ending on September 30 of the immediately preceding year, whichever is less. The COLA amount for members with at least 15 years of service credit as of July 1, 2013 is equal to three percent of their base pension or disability benefit.

Funding Policy - The Ohio Revised Code (ORC) provides statutory authority for member and employer contributions as follows:

	<u>Police</u>	<u>Firefighters</u>
2015 Statutory Maximum Contribution Rates		
Employer	19.50 %	24.00 %
Employee:		
January 1, 2015 through July 1, 2015	11.50 %	11.50 %
July 2, 2015 through December 31, 2015	12.25 %	12.25 %
2015 Actual Contribution Rates		
Employer:		
Pension	19.00 %	23.50 %
Post-employment Health Care Benefits	<u>0.50</u>	<u>0.50</u>
Total Employer	<u>19.50 %</u>	<u>24.00 %</u>
Employee:		
January 1, 2015 through July 1, 2015	11.50 %	11.50 %
July 2, 2015 through December 31, 2015	12.25 %	12.25 %

Employer contribution rates are expressed as a percentage of covered payroll. The Village's contractually required contribution to OPF was \$118,070 for 2015.

**VILLAGE OF OAKWOOD, OHIO
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015
(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. OPERS' eligibility requirements for post-employment health care coverage changed for those retiring on and after January 1, 2016. Please see the Plan Statement in the OPERS 2014 CAFR, the latest available, for details.

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 2015 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
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FOR THE YEAR ENDED DECEMBER 31, 2015
(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 Pension Plan and Combined Plan was 2.0% during calendar year 2015. Effective January 1, 2016, the portion of employer contributions allocated to health care remains at 2.0% for both plans, as recommended by 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 provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. Payment amounts vary depending on the number of covered dependents and the coverage selected. The Village's actual employer contributions for December 31, 2015, 2014 and 2013 which were used to fund post-employment benefits were \$36,538, \$57,154, and \$18,715, respectively; 100 percent has been contributed for 2015, 2014 and 2013.

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 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.

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.

VILLAGE OF OAKWOOD, OHIO
CUYAHOGA COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015
(CONTINUED)

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 .5 percent of covered payroll from January 1, 2015 thru December 31, 2015. 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.

The Village's contributions to OP&F which were allocated to fund post-employment health care benefits for police and firefighters were \$3,107, \$3,418, and \$21,821 for 2015, 2014, and 2013 respectively. The full amount has been contributed for 2015, 2014 and 2013.

**VILLAGE OF OAKWOOD, OHIO
CUYAHOGA COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015
(CONTINUED)**

NOTE 12: INTERFUND AND TRANSFERS

As of December 31, 2015, interfund transfers were as follows:

<u>Fund</u>	<u>Transfer In</u>	<u>Transfer Out</u>
General	\$ -	\$ 1,042,500
Street Construction, Maintenance and Repair	113,200	-
General Obligation Bond Retirement	395,000	-
General Capital Improvement	202,000	-
Other Governmental	395,500	63,200
Totals	<u>\$ 1,105,700</u>	<u>\$ 1,105,700</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.

NOTE: 13: CONTINGENCIES

The Village is currently involved in a variety of litigations. It is the opinion of the Village's lawyers that the outcome of these will not have a material effect on the Village's financial position at December 31, 2015.

NOTE: 14: CAPITAL LEASES

In prior years, the Village has entered into lease agreements for the purchase of a dump truck, van, police cars and various road equipment. The Village disbursed \$78,991 to pay lease costs for the year. The following is a schedule of the future minimum lease payments for capital leases:

	Governmental	
	<u>Principal</u>	<u>Interest</u>
2016	\$ 74,965	\$ 4,027
2017	24,124	2,093
2018	24,865	1,352
2019	25,629	588
	<u>\$ 149,583</u>	<u>\$ 8,060</u>

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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, 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 cash-basis 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 year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements and have issued our report thereon dated April 7, 2017, 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. Therefore, unidentified material weaknesses or significant deficiencies may exist. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings that we consider significant deficiencies. We consider findings 2015-001 and 2015-002 to be significant deficiencies.

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 instances of noncompliance or other matters we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2015-001 and 2015-002.

Village's Response to Findings

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

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.



Dave Yost
Auditor of State
Columbus, Ohio

April 7, 2017

**VILLAGE OF OAKWOOD
CUYAHOGA COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2015**

FINDING NUMBER 2015-001

Noncompliance Finding / Significant Deficiency – Cash Reconciliation

Ohio Admin. Code § 117-2-02 (A) requires all local public offices shall maintain an accounting system and accounting records sufficient to enable the public office to identify, assemble, analyze, classify, record and report its transactions, maintain accountability for the related assets (and liabilities, if generally accepted accounting principles apply), document compliance with finance-related legal and contractual requirements and prepare financial statements required by rule 117-2-03 of the Administrative Code.

A necessary step in the internal control over financial reporting is to reconcile the bank balance to the accounting record's cash book balance. Bank reconciliation means accounting for the differences between the bank statement's balances and the cash and investment book balances according to the entity's records at a specific point in time. In order for the bank reconciliation to be an effective internal control, the bank reconciliation should be performed each month within a few days of receiving the entity's bank statements and should include all bank accounts held by the entity. Additionally, all differences between the bank statement balances and accounting record balances should be identified, documented, and if necessary, adjusted to the accounting records immediately.

The following issues were noted related to the Village's bank reconciliations and accounting records:

- The original December 31, 2015 bank reconciliation indicated an unknown bank over book variance of \$563. During the audit the Village management was able to reduce their bank over book variance to \$75.
- The original December 31, 2015 bank reconciliation listed a net of \$37,846 of various "book adjustments" comprised of a lease payment and unrecorded receipts dating back as far as April 2014. These items were not corrected to the accounting records and financial statements by year-end. Management subsequently adjusted the financial statements and accounting records for these items in 2016.
- The Village holds several special purpose bank accounts for purposes such as employee health benefits, fall festival and equipment leases. These accounts totaling \$30,477 at December 31, 2015 were not included in the Village's original December 31, 2015 bank reconciliation, accounting records and financial statements. Management subsequently adjusted the financial statements and accounting records for these items.
- After inclusion of the aforementioned special purpose bank accounts, the Village's total reconciled cash and investments at December 31, 2015 did not agree to its original financial statement fund balances by a variance of \$70,845. Management subsequently adjusted the financial statements and accounting records for these items.
- The Village's payroll clearing account had outstanding checks at December 31, 2015 of \$55,637. These items detail listing, however, was not initially available. Management subsequently provided support for these items.

These accounting and bank reconciliation errors contributed to a significant delay in the completion of the Village's required financial statement audit for the year ended December 31, 2015.

Failure to reconcile all bank accounts and clearly document all reconciling adjustments timely substantially increases the risk of bank overdrafts, theft, and various accounting and financial statement errors. Additionally, failure to maintain required accounting records inhibits management's ability to monitor the Village's financial activity and prepare accurate financial statements.

FINDING NUMBER 2015-001 – (Continued)

The Village should ensure bank to book reconciliations are performed monthly for all accounts. Any noted discrepancies should be promptly investigated, documented and corrected in the accounting records.

Officials' Response: Due to continuous personnel changes in the Finance Department and Part-time Staffing we did incur delayed timelines for gathering various documents. Deficiencies have been noted and action has been taken to correct.

FINDING NUMBER 2015-002

Noncompliance Finding / Significant Deficiency – Public Record Availability

Ohio Rev. Code § 149.43(B)(1) indicates upon request and subject to division (B)(8) of this section, all public records responsive to the request shall be promptly prepared and made available for inspection to any person at all reasonable times during regular business hours. **Ohio Rev. Code § 149.43(B)(2)** indicates to facilitate broader access to public records, a public office or the person responsible for public records shall organize and maintain public records in a manner that they can be made available for inspection or copying in accordance with division (B) of this section.

Various public records requested for the 2015 financial statement audit, including outstanding check listings, employee wage/salary approvals, payroll time sheets, expenditure vouchers and receipt packets were not made available for several months after being requested resulting in significant delays in completing required audit procedures. Additionally, no supporting documentation was located for two disbursements tested totaling \$1,909.

Failure to maintain readily available supporting documentation for all transactions hinders management's ability to ensure the Village's funds are being expended for proper public purposes and may lead to financial statement and other accounting errors.

The Village should implemented policies and procedures to ensure all public records are properly maintained and are readily available for public inspection.

Officials' Response: Due to continuous personnel changes in the Finance Department and Part-time Staffing we did incur delayed timelines for gathering various documents. Deficiencies have been noted and action has been taken to correct.

**VILLAGE OF OAKWOOD
CUYAHOGA COUNTY**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2015**

Finding Number	Finding Summary	Status	Additional Information
2014-001	Noncompliance Finding / Significant Deficiency – Cash Reconciliation - Ohio Admin. Code § 117-2-02 (A): Several accounting errors were included in the year-end bank reconciliation.	Not Corrected	Repeated as Finding Number 2015-001
2014-002	Noncompliance Finding / Significant Deficiency – Public Record Availability Ohio Rev. Code § 149.43(B)(1): Various public records were not made available for several months after being requested.	Not Corrected	Repeated as Finding Number 2015-002

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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
MAY 4, 2017