

# **Village Of Oakwood, Ohio**

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2000**





**STATE OF OHIO**  
**OFFICE OF THE AUDITOR**  

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**JIM PETRO, AUDITOR OF STATE**

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Honorable Mayor and Members of Council  
Village of Oakwood  
Oakwood Village, Ohio

We have reviewed the Independent Auditor's Report of the Village of Oakwood, Cuyahoga County, prepared by Ciuni & Panichi, Inc., for the audit period January 1, 2000 to December 31, 2000. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

A handwritten signature in black ink, appearing to read "Jim Petro".

**JIM PETRO**  
Auditor of State

May 30, 2001

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# **VILLAGE OF OAKWOOD, OHIO**

FOR THE YEAR ENDED DECEMBER 31, 2000

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## INDEPENDENT AUDITORS' REPORT

Honorable Mayor and  
Members of Council  
Village of Oakwood, Ohio

We have audited the accompanying financial statement of the Village of Oakwood, Ohio (the "Village"), as of and for the year ended December 31, 2000, as listed in the Table of Contents. This financial statement is the responsibility of the Village's management. Our responsibility is to express an opinion on this financial statement based on our audit.

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

As discussed in Note 1, the Village prepares its financial statement on the cash basis, which is a comprehensive basis of accounting other than generally accepted accounting principles

In our opinion, the financial statement referred to above presents fairly, in all material respects, the cash and unencumbered cash balances of the Village of Oakwood as of December 31, 2000, and the revenues it received and expenditures it paid for the year then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 23, 2001 on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

*Ciuni & Panichi, Inc.*

Cleveland, Ohio  
February 23, 2001

# VILLAGE OF OAKWOOD, OHIO

## COMBINED STATEMENT OF CASH RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND CASH BALANCES – ALL GOVERNMENTAL FUND TYPES

### FOR THE YEAR ENDED DECEMBER 31, 2000

	Governmental Fund Types				Total (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	
<u>Receipts</u>					
Local Taxes	\$ 3,238,107	\$ 115,737	\$ 51,318	\$ 74,027	\$ 3,479,189
Intergovernmental Revenues	402,447	1,416,074	-	-	1,818,521
Special Assessments	-	-	115,822	-	115,822
Charges for Services	212,656	221,800	-	-	434,456
Fines, Licenses, and Permits	263,198	19,849	-	-	283,047
Investment Income	191,400	-	-	-	191,400
Reimbursements Received	253,124	-	-	-	253,124
Miscellaneous	5,080	2,114	-	-	7,194
Total Receipts	<u>4,566,012</u>	<u>1,775,574</u>	<u>167,140</u>	<u>74,027</u>	<u>6,582,753</u>
<u>Disbursements</u>					
Security of Persons and Property	1,914,370	907,826	-	-	2,822,196
Public Health Services	-	1,692	-	-	1,692
Leisure Time Activities	-	176,699	-	-	176,699
Community Environment	185,452	-	-	-	185,452
Basic Utility Services	458,938	-	-	-	458,938
Transportation	43,672	620,161	-	-	663,833
General Government	1,766,687	18,163	-	-	1,784,850
Capital Outlay	-	-	-	62,917	62,917
Debt Service:					
Principal Retirement	-	-	1,364,000	-	1,364,000
Interest and Fiscal Charges	-	-	162,334	-	162,334
Total Disbursements	<u>4,369,119</u>	<u>1,724,541</u>	<u>1,526,334</u>	<u>62,917</u>	<u>7,682,911</u>
Total Receipts Over (Under)					
Disbursements	<u>196,893</u>	<u>51,033</u>	<u>(1,359,194)</u>	<u>11,110</u>	<u>(1,100,158)</u>
<u>Other Financing Sources (Uses)</u>					
Operating Transfers - In	-	227,162	1,359,591	-	1,586,753
Operating Transfers - Out	(254,762)	(1,331,991)	-	-	(1,586,753)
Proceeds from Sale of Fixed Assets	7,086	-	-	-	7,086
Proceeds from Sale of Debt	-	710,000	-	-	710,000
Total Other Financing Sources (Uses)	<u>(247,676)</u>	<u>(394,829)</u>	<u>1,359,591</u>	<u>-</u>	<u>717,086</u>
Excess of Receipts and Other Financing Sources Over (Under) Disbursements and Other Financing Uses	(50,783)	(343,796)	397	11,110	(383,072)
Beginning Fund Cash Balance, As Restated	<u>1,205,620</u>	<u>1,248,125</u>	<u>10,735</u>	<u>49,280</u>	<u>2,513,760</u>
Ending Fund Cash Balance	<u>\$ 1,154,837</u>	<u>\$ 904,329</u>	<u>\$ 11,132</u>	<u>\$ 60,390</u>	<u>\$ 2,130,688</u>

The accompanying notes are an integral part of this financial statement



## VILLAGE OF OAKWOOD, OHIO

### COMBINED STATEMENT OF CASH RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND CASH BALANCES – PROPRIETARY FUND TYPES AND FIDUCIARY FUND TYPES

**FOR THE YEAR ENDED DECEMBER 31, 2000**

	Proprietary Fund Type	Fiduciary Fund Type	Total (Memorandum Only)
	<u>Enterprise</u>	<u>Agency</u>	<u>          </u>
<u>Operating Revenues</u>			
Charges for Services	\$ 61,094	\$ 101,986	\$ 163,080
Fines, Licenses and Permits	-	320,389	320,389
Miscellaneous	<u>2,667</u>	<u>-</u>	<u>2,667</u>
Total Operating Revenues	<u>63,761</u>	<u>422,375</u>	<u>486,136</u>
<u>Operating Expenses</u>			
Contractual Services	44,104	328,536	372,640
Supplies and Materials	1,422	-	1,422
Reimbursements Paid	-	100,447	100,447
Capital Outlay	<u>5,402</u>	<u>-</u>	<u>5,402</u>
Total Operating Expenses	<u>50,928</u>	<u>428,983</u>	<u>479,911</u>
Operating Income (Loss)	12,833	(6,608)	6,225
Beginning Cash Balance	<u>20,858</u>	<u>373,249</u>	<u>394,107</u>
Ending Cash Balance	\$ <u>33,691</u>	\$ <u>366,641</u>	\$ <u>400,332</u>

The accompanying notes are an integral part of this financial statement

# VILLAGE OF OAKWOOD, OHIO

## COMBINED STATEMENT OF RECEIPTS – BUDGET AND ACTUAL

### FOR THE YEAR ENDED DECEMBER 31, 2000

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<u>Fund Types/Funds</u>	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Governmental:			
General Fund	\$ 5,893,106	\$ 4,573,098	\$ (1,320,008)
Special Revenue Funds	3,947,418	2,712,736	(1,234,682)
Debt Service Fund	1,537,468	1,526,731	(10,737)
Capital Projects Funds	87,654	74,027	(13,627)
Proprietary:			
Enterprise Funds	75,230	63,761	(11,469)
Fiduciary:			
Agency Fund	<u>435,719</u>	<u>422,375</u>	<u>(13,344)</u>
Total (Memorandum Only)	\$ <u>11,976,595</u>	\$ <u>9,372,728</u>	\$ <u>(2,603,867)</u>

The accompanying notes are an integral part of this financial statement

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# VILLAGE OF OAKWOOD, OHIO

## COMBINED STATEMENT OF DISBURSEMENTS COMPARED WITH EXPENDITURE AUTHORITY

**FOR THE YEAR ENDED DECEMBER 31, 2000**

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<u>Fund Types/Funds</u>	<u>Prior Year Outstanding Encumbrances</u>	<u>2000 Appropriations</u>	<u>Total</u>
Governmental:			
General Fund	\$ 70,414	\$ 4,587,824	\$ 4,658,238
Special Revenue Funds	54,524	3,078,816	3,133,340
Debt Service Fund	-	1,526,473	1,526,473
Capital Projects Funds	2,330	79,570	81,900
Proprietary:			
Enterprise Funds	8,183	62,100	70,283
Fiduciary:			
Agency Funds	<u>8,443</u>	<u>102,710</u>	<u>111,153</u>
Total (Memorandum Only)	\$ <u>143,894</u>	\$ <u>9,437,493</u>	\$ <u>9,581,387</u>

The accompanying notes are an integral part of this financial statement

<u>Actual 2000 Disbursements</u>	<u>Outstanding Encumbrances at 12/31/00</u>	<u>Total</u>	<u>Variance Favorable (Unfavorable)</u>
\$ 4,623,881	\$ 21,735	\$ 4,645,616	\$ 12,622
3,056,532	15,923	3,072,455	60,885
1,526,334	-	1,526,334	139
62,917	6,652	69,569	12,331
50,928	-	50,928	19,355
<u>428,983</u>	<u>2,179</u>	<u>431,162</u>	<u>(320,009)</u>
\$ <u><u>9,749,575</u></u>	\$ <u><u>46,489</u></u>	\$ <u><u>9,796,064</u></u>	\$ <u><u>(214,677)</u></u>

# VILLAGE OF OAKWOOD, OHIO

## NOTES TO FINANCIAL STATEMENTS

**DECEMBER 31, 2000**

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### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### A. DESCRIPTION OF THE ENTITY

The Village is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio.

The Village operates under a council-mayor form of government and provides the following services: public safety and public services.

Management believes the financial statements included in this report represent all of the funds of the Village over which the Village has the ability to exercise direct operating control.

#### B. BASIS OF ACCOUNTING

The Village prepares its financial statements on a basis of accounting prescribed or permitted by the Auditor of State; consequently, certain revenues and the related assets are recognized when received rather than when earned, and certain expenditures are recognized when paid rather than when the obligation is incurred. A general fixed asset group and long-term debt group of accounts are not recorded in the financial statements by the Village under the basis of accounting used. By virtue of Ohio law, the Village is required to maintain the encumbrance method of accounting and to make appropriations.

#### C. INVESTMENTS AND INACTIVE FUNDS

Investment procedures are restricted by the provisions of the Ohio Revised Code. Purchased investments are valued at cost and are neither charged when purchased nor credited at the time of redemption to their respective fund balances. Interest is recognized and recorded when received.

#### D. FUND ACCOUNTING

The Village maintains its accounting records in accordance with the principles of "fund" accounting. Fund accounting is a concept developed to meet the needs of governmental entities in which legal or other restraints require the recording of specific receipts and disbursements. The transactions of each fund are reflected in a self-balancing group of accounts, an accounting entity which stands separate from the activities reported in other funds. The restrictions associated with each class of funds are as follows:

#### GOVERNMENTAL FUNDS

##### General Fund

The General Fund is the general 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.

# VILLAGE OF OAKWOOD, OHIO

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2000

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### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### D. FUND ACCOUNTING (CONTINUED)

##### Special Revenue Funds

To account for proceeds of specific revenue sources (other than expendable trust or major capital projects) that are legally restricted to disbursements for specified purposes.

##### Debt Service Fund

To account for the accumulation of resources for, and the payment of, general long term and special assessment debt principal and interest.

##### Capital Projects Funds

To account for financial resources to be used for the acquisition or construction of major capital facilities.

#### PROPRIETARY FUNDS

##### Enterprise Fund

To account for the Village's water and sewer operation. It is financed and operated in a manner similar to private business enterprises where the intent is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

#### FIDUCIARY FUNDS

##### Agency Funds

To account for assets held by the Village as an agent for individuals, private organizations, other governmental units, and/or other funds.

#### E. BUDGETARY PROCESS

##### 1. Budget

A budget of estimated cash receipts and disbursements is submitted to the county auditor, as secretary of the county budget commission, by July 20 of each year, for the period January 1 to December 31 of the following year.

# VILLAGE OF OAKWOOD, OHIO

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2000

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### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### E. BUDGETARY PROCESS (CONTINUED)

##### 2. Estimated Resources

The county budget commission certifies its actions to the Village by September 1. As part of this certification, the Village receives the official certificate of estimated resources which states the projected receipts of each fund. On or about January 1, this certificate is amended to include any unencumbered balances from the preceding year. Prior to December 31, the Village must revise its budget so that the total contemplated expenditures from a fund during the ensuing fiscal year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriation measure. Budgeted receipts as shown on the accompanying financial statements do not include January 1, 2000 unencumbered fund balances. However, those fund balances are available for appropriations.

##### 3. Appropriations

A temporary appropriation measure to control cash disbursements may be passed on or about January 1 of each year for the period January 1 to March 31. An annual appropriation measure must be passed by April 1 of each year for the period January 1 to December 31. The appropriation measure may be amended or supplemented during the year as new information becomes available. Appropriations may not exceed estimated resources.

##### 4. Encumbrances

The Village is required to use the encumbrance method of accounting by virtue of Ohio law. Under this system, purchase orders, contracts, and other commitments for the expenditure of funds are recorded in order to reserve the portion of the applicable appropriation.

At the close of each fiscal year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriations. The encumbered appropriation balance is carried forward to the succeeding fiscal year and need not be reappropriated.

#### F. PROPERTY, PLANT AND EQUIPMENT

Fixed assets acquired or constructed for general government service are recorded as expenditures. Depreciation is not recorded for those fixed assets.

#### G. TOTAL COLUMNS ON FINANCIAL STATEMENTS

Total columns on the financial statements are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. This data is not comparable to a consolidation. Interfund-type eliminations have not been made in the aggregation of this data.



# VILLAGE OF OAKWOOD, OHIO

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

### DECEMBER 31, 2000

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#### NOTE 2 - OUTSTANDING DEBT

##### A. NOTE DEBT

Note debt at December 31, 2000 consisted of the following:

	Balance at <u>12/31/99</u>	<u>Additions</u>	<u>Deletions</u>	Balance at <u>12/31/00</u>
<u>General Obligation Notes</u>				
Broadway Avenue (6.0%)	\$ 490,000	\$ 490,000	\$ (490,000)	\$ 490,000
Fire Department Building Improvements (6.0%)	<u>720,000</u>	<u>220,000</u>	<u>(720,000)</u>	<u>220,000</u>
	\$ <u>1,210,000</u>	\$ <u>710,000</u>	\$ <u>(1,210,000)</u>	\$ <u>710,000</u>

##### B. BONDED DEBT

Bonded debt at December 31, 2000 consisted of the following:

	Balance at <u>12/31/99</u>	<u>Additions</u>	<u>Deletions</u>	Balance at <u>12/31/00</u>
<u>General Obligation Bonds</u>				
Street Improvements, 1984 (9.75%)	\$ 15,660	\$ -	\$ (3,085)	\$ 12,575
Various Purpose, 1989 (6.95% - 8.50%)	375,000	-	(75,000)	300,000
Street Improvement, 1990 (7.375%)	5,927	-	(523)	5,404
Various Purpose Water, 1996 (6.60%)	67,155	-	(2,686)	64,469
Various Purpose Sewer, 1996 (6.60%)	249,826	-	(8,615)	241,211
 <u>Special Assessment Bonds</u>				
Street Improvement, 1984 (9.75%)	214,340	-	(41,915)	172,425
Street Improvement, 1990 (7.375%)	96,073	-	(8,477)	87,596
Various Purpose Water, 1996 (6.60%)	57,845	-	(2,314)	55,531
Street Improvement, 1996 (6.0%)	<u>330,174</u>	<u>-</u>	<u>(11,385)</u>	<u>318,789</u>
	\$ <u>1,412,000</u>	\$ <u>-</u>	\$ <u>(154,000)</u>	\$ <u>1,258,000</u>

# VILLAGE OF OAKWOOD, OHIO

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

### DECEMBER 31, 2000

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#### NOTE 2 - OUTSTANDING DEBT – CONTINUED

##### B. BONDED DEBT (CONTINUED)

The annual requirements to amortize all bonded debt outstanding as of December 31, 2000, including interest payments of \$580,464 are as follows:

<u>Year Ending December 31</u>	<u>Bonds</u>
2001	\$ 245,564
2002	233,463
2003	226,324
2004	218,818
2005	85,824
2006-2010	406,301
2011-2015	352,880
2016	<u>69,290</u>
Total	\$ <u>1,838,464</u>

#### NOTE 3 - PROPERTY TAX

Property taxes include amounts levied against all real, public utility, and tangible personal property located in the Village. Taxes collected on real property (other than public utility) in one calendar year are levied in the preceding calendar year on assessed values as of January 1 of that preceding year, the lien date. Assessed values are established by state statute at 35 percent of appraised market value. All property is required to be revalued every six years. The last revaluation was completed in 2000. Real property taxes are payable annually or semiannually. The first payment is due January 20, with the remainder payable by June 20.

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

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

# VILLAGE OF OAKWOOD, OHIO

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

### DECEMBER 31, 2000

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#### NOTE 3 - PROPERTY TAX – CONTINUED

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

The full tax rate for all Village operations for the year ended December 31, 2000, was \$11.40 per \$1,000 of assessed value. The assessed values of real and tangible personal property upon which 2000 property tax receipts were based are as follows:

<u>Category</u>	<u>2000 Assessed Value</u>
Real Estate	\$ 70,934,650
Public Utility	4,513,710
Tangible Personal	<u>19,333,219</u>
Total Valuation	\$ <u>94,781,579</u>

#### NOTE 4 - CASH, CASH EQUIVALENTS AND INVESTMENTS

Cash resources for a majority of the Village's individual funds are combined to form a pool of cash and investments which are stated at cost and amortized cost.

The Village may invest any monies not required to be used for a period of six months in the following classes of investments:

- Bonds, notes or other obligations guaranteed by the United States, or those for which the faith of the United States is pledged for payment of principal and interest;
- Discount notes of the Federal National Mortgage Association;
- Bonds of the State of Ohio; and
- Bonds of any municipal corporation, village, county, township or other political subdivision of this State, as to which there is no default of principal, interest or coupons.

Ohio law requires that deposits be placed in eligible banks or savings and loan associations located in Ohio. Any public depository in which the Village places deposits must pledge as collateral eligible securities with an aggregate market value equal to the excess of deposits not insured by the Federal Deposit Insurance Corporation (FDIC). The securities pledged as collateral are pledged to a pool for each individual financial institution in amounts equal to at least 110% of the carrying value of all public deposits held by each institution. Obligations that may be pledged as collateral are limited to obligations of the United States and its agencies and obligations of any state, county, municipal corporation or other legally constituted authority of any other state or any instrumentality of such county, municipal corporation or other authority.

# VILLAGE OF OAKWOOD, OHIO

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

**DECEMBER 31, 2000**

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### NOTE 4 - CASH, CASH EQUIVALENTS AND INVESTMENTS – CONTINUED

The Governmental Accounting Standards Board, Statement No. 3, has established risk categories for deposits and investments as follows:

#### Deposits:

- Category 1 - Insured or collateralized with securities held by the Village or by its agent in the Village's name.
- Category 2 - Collateralized with securities held by the pledging financial institution's trust department or agent in the Village's name.
- Category 3 - Uncollateralized, although secured by pooled securities pledged by financial institutions.

#### Investments:

- Category 1 - Insured or registered, or securities held by the Village or its agent in the Village's name.
- Category 2 - Uninsured and unregistered, with securities held by the counterparty's trust department or agent in the Village's name.
- Category 3 - Uninsured and unregistered, with securities held by the counterparty or by its trust department or agent but not in the Village's name.

At December 31, 2000, the carrying amount of the Village's deposits was (\$63,980) and the bank balance was \$127,322. Of the bank balance, \$100,000 was covered by Federal Depository Insurance and \$27,322 was collateralized with securities held by the pledging financial institution or their trust departments or agents but not in the Village's name.

### B. INVESTMENTS

The Village's investments are detailed below by type and are categorized to give an indication of the level of risk assumed as of December 31, 2000.

<u>Description</u>	<u>Risk Category 3</u>	<u>Carrying Amount</u>	<u>Fair Value</u>
Repurchase Agreement	\$ <u>2,595,000</u>	\$ <u>2,595,000</u>	\$ <u>2,595,000</u>

# VILLAGE OF OAKWOOD, OHIO

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

### DECEMBER 31, 2000

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#### NOTE 5 - LOCAL INCOME TAX

This locally levied tax of two percent (2%) is applied to gross salaries, wages and other personal service compensation earned by residents both in and out of Oakwood and to earnings of non-residents (except certain transients) earned in the village. It also applies to net income of business organizations conducted within the Village of Oakwood. Tax receipts are credited to the General Fund and amounted to \$3,121,135 in 2000.

#### NOTE 6 - INSURANCE

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% coinsured.

#### NOTE 7 - DEFINED BENEFIT PENSION PLANS

##### A. PUBLIC EMPLOYEES RETIREMENT SYSTEM

The Village of Oakwood contributes to the Public Employees Retirement System of Ohio ("System"), a cost-sharing multiple-employer defined benefit pension plan administered by the Public Employee Retirement Board. The System provides retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries. Benefits are established by Chapter 145 of the Ohio Revised Code. The System issues a stand-alone financial report. That report may be obtained by writing to the Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 466-2085 or 1-800-222-PERS (7377).

During 2000, PERS employees contributed 8.5 percent of their salary to the plan. The Retirement Board instituted a temporary employer contribution rate rollback for calendar year 2000. The decision to rollback rates was based on the December 31, 1998 actuarial study, which indicated that actuarial assets exceeded actuarial liabilities. The rate rollback was 20 percent and the 2000 employer contribution rate was 10.84 percent of covered payroll, of which 4.3 percent was applied towards the health care program for retirants. The Village's contributions to the System for the years ended December 31, 2000, 1999 and 1998 were \$89,167, \$111,930 and \$100,695, respectively, equal to the required contribution for the year.

##### B. OHIO POLICE AND FIRE PENSION FUND

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

# VILLAGE OF OAKWOOD, OHIO

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2000

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### NOTE 7 - DEFINED BENEFIT PENSION PLANS - CONTINUED

#### B. OHIO POLICE AND FIRE PENSION FUND - CONTINUED

Plan members are required to contribute 10 percent of their annual covered salary, while employers are required to contribute 19.5 percent for police officers. The Village of Oakwood's contributions to OP&F for the years ending December 31, 2000, 1999 and 1998 were \$130,579, \$128,040 and \$131,849, respectively, equal to the required contributions for each year.

### NOTE 8 – POST-EMPLOYMENT BENEFITS

#### A. PUBLIC EMPLOYEES RETIREMENT SYSTEM

PERS of Ohio provides post-retirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit. Health care coverage for disability recipients and primary survivor recipients is available. The health care coverage provided by the retirement system is considered an Other Post-employment Benefit (OPEB) as described in GASB Statement No. 12. A portion of each employer's contribution to PERS is set aside for the funding of post-retirement health care. The Ohio Revised Code provides statutory authority for employee and employer contributions. The employer contribution rate was rolled back for the year 2000. The employer contribution rate was 10.84 percent of covered payroll and the portion that was used to fund health care benefits was 4.3 percent.

The post-retirement health care coverage is advance-funded on an actuarially determined basis. The following assumptions and calculations were based on PERS' latest actuarial review performed as of December 31, 1999: an entry age normal actuarial cost method of valuation is used in determining the present value of benefit liabilities; the difference between assumed and actual experience is part of the unfunded actuarial accrued liability; the investment assumption rate for 1999 was 7.75 percent; all investments are carried at market value; for actuarial valuation purposes, a smoothed market approach is used – meaning that assets are adjusted annually to reflect 25 percent of unrealized market appreciation or depreciation on investment assets; individual pay increases are assumed to increase 4.75 percent compounded annually, with no change in the number of active employees; annual pay increases over and above the 4.75 percent base increase were assumed to range from 0.54 percent to 5.1 percent; and health care costs are assumed to increase 4.75 percent annually.

The number of active and contributing participants was 401,339. The Village's actual contributions for 2000, which were used to fund post-employment benefits, were \$58,627. The actuarial value of the Retirement System's net assets available for OPEB at December 31, 1999, the date of the latest actuarial review, was \$10,805,500,000. The actuarially accrued liability and the unfunded actuarial accrued liability, based on the actuarial cost method used, were \$12,473,600,000 and \$1,668,100,000, respectively.

# VILLAGE OF OAKWOOD, OHIO

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

### DECEMBER 31, 2000

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#### NOTE 8 – POST-EMPLOYMENT BENEFITS - CONTINUED

##### B. OHIO POLICE AND FIRE PENSION FUND

The OP&F provides post-retirement health care coverage to any person who received or is eligible to receive a monthly benefit check or is a spouse or eligible dependent child of such person. An eligible dependent child is any child under the age of eighteen whether or not the child is attending school or under the age of twenty two if attending school full-time or on a two-thirds basis. The health care coverage provided by the retirement system is considered an Other Post-employment Benefit (OPEB) as described in GASB Statement No. 12. The Ohio Revised Code provides that health care costs paid from the funds of OP&F be included in the employer's contribution rate. The total police employer contribution rate is 19.5 percent of covered payroll of which 7.25 percent is used to pay retiree health care expenses. The allocation is 7.5% in 2001. The Ohio Revised code provides the statutory authority allowing the OP&F's Board of Trustees to provide health care coverage to all eligible individuals. Health care funding and accounting is on a pay-as-you-go basis. Since July 1, 1992 most retirees have been required to contribute a portion of the cost of their health care coverage through a deduction from their monthly benefit payment.

The number of participants eligible to receive health care benefits as of December 31, 1999, the date of the last actuarial valuation available, was 12,467 for police. The Village's actual contributions for 2000 that were used to fund post-employment benefits were \$48,549 for police. The OP&F's total health care expense for the year ending December 31, 1999, the date of the latest actuarial valuation available, were \$95,004,633, which was net of member contributions of \$5,518,098.

#### NOTE 9 – CONTINGENCIES

The Village is currently involved in a variety of litigation. 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, 2000.

#### NOTE 10 – SUBSEQUENT EVENTS

During 2000, the Village authorized an issuance of \$200,000 in bond anticipation notes for Laurelton Drive improvement. In addition, the Village authorized an issuance of \$300,000 in bond anticipation notes for South Oakleaf Road. No proceeds were received during 2000.

#### NOTE 11 – RESTATEMENT OF PRIOR YEAR'S FUND BALANCE

During 2000, the Village noted adjustments that needed to be made in order to reconcile the fund balance to the bank statements. The majority of the adjustments related to bank transactions that were incorrectly recorded on the books during 1999. Based on this, the following restatement of the General Fund's fund balance was made:

Beginning fund balance, as previously reported	\$ 1,177,761
Adjustment	<u>27,859</u>
Restated fund balance	\$ <u>1,205,620</u>

**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL REQUIRED BY  
GOVERNMENT AUDITING STANDARDS**

Honorable Mayor and  
Members of Council  
Village of Oakwood, Ohio

We have audited the financial statements of the Village of Oakwood, Ohio (the "Village"), as of and for the year ended December 31, 2000, and have issued our report thereon dated February 23, 2001. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Village's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards* and are described in the accompanying schedule of findings as Items 00-1 and 00-2.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Village's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses.

A material weakness is a condition in which the design or operation of one or more of the internal control structure components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operations that we consider to be material weaknesses.



Honorable Mayor and  
Members of Council  
Village of Oakwood, Ohio

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This report is intended for the information of the Village Council, Village Management and the Auditor of State, federal awarding agencies, and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.



Cleveland, Ohio  
February 23, 2001

# **VILLAGE OF OAKWOOD, OHIO**

## SCHEDULE OF FINDINGS

**DECEMBER 31, 2000**

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### 1. SUMMARY OF AUDITOR'S RESULTS

(d)(I)(i)	Type of Financial Statement Opinion	Unqualified
(d)(I)(ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(I)(ii)	Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(I)(iii)	Was there any material reported noncompliance at the financial statement level (GAGAS)?	Yes

### 2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS

00-01 Per ORC Section 5705.41(D) no orders or contracts involving the expenditure of money is to be made unless there is attached a certificate of the fiscal officer that the amount required for the order or contract has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriated fund free from any previous encumbrances.

During our review of expenditures, Ciuni & Panichi, Inc. noted several instances where purchase orders were either issued after the Village received the invoice or issued for less than the invoice amount.

00-02 Per ORC Section 5705.39 the total appropriation from each fund should not exceed the total estimated revenue. No appropriation measure is to become effective until the County Auditor files a certificate that the total appropriations from each fund do not exceed the total official estimate or amended official estimate.

In 2000, the Ambulance Billing Service Special Revenue Fund had appropriations that were greater than the Certificate of Estimated Resources by \$7,159.

### 3. OTHER FINDINGS

None noted.

# **VILLAGE OF OAKWOOD, OHIO**

## SCHEDULE OF PRIOR AUDIT FINDINGS

**DECEMBER 31, 2000**

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99-1 Section 5705.41(D), Ohio Revised Code, states that no orders or contracts involving the expenditure of money are to be made unless there is a certificate of the fiscal officer that the amount required has been lawfully appropriated and is in the treasury. Our review of the Village's expenditures indicated several instances where the date of an order preceded the fiscal officer's certificate.

The same noncompliance was present during 2000. See the Schedule of Findings.

99-2 Bank Reconciliations

The Village did not accurately reconcile its bank activity to the book activity throughout 1998 and 1999. The primary reason was the inaccurate financial reports produced by the new payroll system. This resulted in adjustments being made in order to reconcile the bank activity to the book activity.

During 2000, the Village reviewed and corrected reconciling items in a timely manner, allowing for accurate reports and limited audit adjustments. In addition, the Village started the new year with accurate fund account balances.

**VILLAGE OF OAKWOOD**  
**24800 Broadway Avenue**  
**Oakwood Village, Ohio 44146-6395**

RESPONSE TO FINDINGS ASSOCIATED WITH  
 AUDIT CONDUCTED IN ACCORDANCE WITH  
*GOVERNMENT AUDITING STANDARDS*  
 FOR THE YEAR ENDED DECEMBER 31, 2000

Finding Number	Planned Correction Action	Anticipated Completion Date	Responsible Contact Person
00-1	The Village will monitor the encumbrance policy to ensure that purchase orders are properly issued and the Village remains in compliance with ORC Section 5705.41(D).	N/A	Karen Howse, Asst. Finance Director
00-2	The Village will monitor appropriations to ensure that they do not exceed estimated resources.	N/A	Karen Howse, Asst. Finance Director



STATE OF OHIO  
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

88 East Broad Street  
P.O. Box 1140  
Columbus, Ohio 43216-1140

Telephone 614-466-4514  
800-282-0370

Facsimile 614-466-4490

**VILLAGE OF OAKWOOD**

**CUYAHOGA COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
JUNE 7, 2001**