

Village Of Oakwood, Ohio

Financial Statements

December 31, 2002 and 2001



**Auditor of State
Betty Montgomery**

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

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, 2001 to December 31, 2002. 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 cursive script that reads "Betty Montgomery".

BETTY MONTGOMERY
Auditor of State

June 24, 2003

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VILLAGE OF OAKWOOD, OHIO

FOR THE YEARS ENDED DECEMBER 31, 2002 AND 2001

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CIUNI & PANICHI
INC.

CERTIFIED PUBLIC ACCOUNTANTS
AND BUSINESS CONSULTING FIRM

a C&P Advisors Company

Independent Auditors' Report

Honorable Mayor and
Members of Council
Village of Oakwood, Ohio

We have audited the accompanying financial statements of the Village of Oakwood, Ohio (the "Village"), as of and for the years ended December 31, 2002 and 2001, as listed in the Table of Contents. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

As discussed in Note 1, the Village prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of the Village of Oakwood as of December 31, 2002 and 2001, and its combined cash receipts and disbursements and its combined budgeted and actual receipts and budgeted and actual disbursements and encumbrances, for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 23, 2000 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



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

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.

Cini & Parichi, Inc.

Cleveland, Ohio
April 23, 2003

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, 2002

	Governmental Fund Types				Total (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	
<u>Receipts</u>					
Local Taxes	\$ 3,249,454	\$ 120,388	\$ 63,175	\$ 72,957	\$ 3,505,974
Intergovernmental Revenues	312,488	864,835	-	-	1,177,323
Special Assessments	-	-	94,603	-	94,603
Charges for Services	239,495	226,835	-	-	466,330
Fines, Licenses, and Permits	229,713	15,380	-	-	245,093
Miscellaneous	246,794	1,785	-	-	248,579
Total Receipts	<u>4,277,944</u>	<u>1,229,223</u>	<u>157,778</u>	<u>72,957</u>	<u>5,737,902</u>
<u>Disbursements</u>					
Security of Persons and Property	1,960,649	226,214	-	-	2,186,863
Public Health Services	-	1,273	-	-	1,273
Leisure Time Activities	-	111,459	-	-	111,459
Community Environment	185,685	-	-	88,190	273,875
Basic Utility Services	491,690	-	-	-	491,690
Transportation	37,429	2,042,298	-	-	2,079,727
General Government	1,815,099	5,364	-	-	1,820,463
Capital Outlay					
Debt Service:					
Principal Retirement		-	1,980,000	-	1,980,000
Interest and Fiscal Charges		-	136,814	-	136,814
Total Disbursements	<u>4,490,552</u>	<u>2,386,608</u>	<u>2,116,814</u>	<u>88,190</u>	<u>9,082,164</u>
Total Receipts Over (Under)					
Disbursements	<u>(212,608)</u>	<u>(1,157,385)</u>	<u>(1,959,036)</u>	<u>(15,233)</u>	<u>(3,344,262)</u>
<u>Other Financing Sources (Uses)</u>					
Operating Transfers - In	-	158,329	1,074,105	-	1,232,434
Operating Transfers - Out	(192,896)	(1,008,788)	-	(30,750)	(1,232,434)
Proceeds from Sale of Debt	-	1,681,100	879,000	30,000	2,590,000
Proceeds from Sale of Fixed Assets	1,963	-	-	-	1,963
Total Other Financing Sources (Uses)	<u>(190,933)</u>	<u>830,641</u>	<u>1,953,105</u>	<u>(750)</u>	<u>2,592,063</u>
Excess of Receipts and Other Financing Sources Over (Under) Disbursements and Other Financing Uses	(403,541)	(326,744)	(5,931)	(15,983)	(752,199)
Beginning Fund Cash Balance	<u>1,021,037</u>	<u>862,338</u>	<u>5,950</u>	<u>141,981</u>	<u>2,031,306</u>
Ending Fund Cash Balance	<u>\$ 617,496</u>	<u>\$ 535,594</u>	<u>\$ 19</u>	<u>\$ 125,998</u>	<u>\$ 1,279,107</u>

The accompanying notes are an integral part of these financial statements

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, 2002

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	<u>Total (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Agency</u>	
<u>Operating Revenues</u>			
Charges for Services	\$ 100,676	\$ 82,457	\$ 183,133
Fines, Licenses and Permits	<u>-</u>	<u>273,361</u>	<u>273,361</u>
Total Operating Revenues	100,676	355,818	456,494
<u>Operating Expenses</u>			
Contractual Services	<u>26,091</u>	<u>275,111</u>	<u>301,202</u>
Operating Income (Loss)	74,585	80,707	155,292
<u>Non-Operating Revenues (Expenses)</u>			
Other Non-Operating Expenses	<u>(28,442)</u>	<u>(104,278)</u>	<u>(132,720)</u>
Net Revenues Over (Under) Expenses	46,143	(23,571)	22,572
Beginning Cash Balance	<u>67,062</u>	<u>435,705</u>	<u>502,767</u>
Ending Cash Balance	\$ <u>113,205</u>	\$ <u>412,134</u>	\$ <u>525,339</u>

The accompanying notes are an integral part of these financial statements

VILLAGE OF OAKWOOD, OHIO

COMBINED STATEMENT OF RECEIPTS – BUDGET AND ACTUAL

FOR THE YEAR ENDED DECEMBER 31, 2002

<u>Fund Types/Funds</u>	<u>Budget</u>	<u>Actual</u>	Variance Favorable <u>(Unfavorable)</u>
Governmental:			
General Fund	\$ 4,302,582	\$ 4,279,907	\$ (22,675)
Special Revenue Funds	3,155,592	3,068,652	(86,940)
Debt Service Fund	2,110,883	2,110,883	-
Capital Project Funds	102,957	102,957	-
Proprietary:			
Enterprise Funds	101,361	100,676	(685)
Fiduciary:			
Agency Fund	<u>358,522</u>	<u>355,818</u>	<u>(2,704)</u>
Total (Memorandum Only)	\$ <u>10,131,897</u>	\$ <u>10,018,893</u>	\$ <u>(113,004)</u>

The accompanying notes are an integral part of these financial statements

VILLAGE OF OAKWOOD, OHIO

COMBINED STATEMENT OF DISBURSEMENTS AND ENCUMBRANCES COMPARED WITH EXPENDITURE AUTHORITY

FOR THE YEAR ENDED DECEMBER 31, 2002

<u>Fund Types/Funds</u>	<u>Prior Year Carryover Encumbrances</u>	<u>2002 Appropriations</u>	<u>Total</u>
Governmental:			
General Fund	\$ 23,352	\$ 4,792,356	\$ 4,815,708
Special Revenue Funds	22,619	3,600,231	3,622,850
Debt Service Fund	-	2,116,824	2,116,824
Capital Projects Funds	-	118,945	118,945
Proprietary:			
Enterprise	685	96,250	96,935
Fiduciary:			
Agency	<u>2,704</u>	<u>385,116</u>	<u>387,820</u>
Total (Memorandum Only)	\$ <u>49,360</u>	\$ <u>11,109,722</u>	\$ <u>11,159,082</u>

Continued

The accompanying notes are an integral part of these financial statements

<u>Actual 2002 Disbursements</u>	<u>Encumbrances Outstanding at 12/31/02</u>	<u>Total</u>	<u>Variance Favorable (Unfavorable)</u>
\$ 4,683,448	\$ 17,855	\$ 4,701,303	\$ 114,405
3,395,396	101,793	3,497,189	125,661
2,116,814	-	2,116,814	10
118,940	-	118,940	5
54,533	5,804	60,337	36,598
<u>379,389</u>	<u>4,357</u>	<u>383,746</u>	<u>4,074</u>
\$ <u>10,748,520</u>	\$ <u>129,809</u>	\$ <u>10,878,329</u>	\$ <u>280,753</u>

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, 2001

	Governmental Fund Types				Total (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	
<u>Receipts</u>					
Local Taxes	\$ 3,412,807	\$ 123,752	\$ 59,367	\$ 77,152	\$ 3,673,078
Intergovernmental Revenues	330,965	518,343	-	-	849,308
Special Assessments	-	-	109,181	-	109,181
Charges for Services	357,545	256,189	-	-	613,734
Fines, Licenses, and Permits	265,432	19,239	-	-	284,671
Miscellaneous	391,738	99,627	739	-	492,104
Total Receipts	<u>4,758,487</u>	<u>1,017,150</u>	<u>169,287</u>	<u>77,152</u>	<u>6,022,076</u>
<u>Disbursements</u>					
Security of Persons and Property	2,013,986	-	-	-	2,013,986
Public Health Services	-	272,140	-	-	272,140
Leisure Time Activities	-	1,098	-	-	1,098
Community Environment	185,690	100,427	-	-	286,117
Basic Utility Services	527,359	-	-	-	527,359
Transportation	55,351	-	-	-	55,351
General Government	1,816,293	1,208,619	-	-	3,024,912
Capital Outlay	-	-	-	25,561	25,561
Debt Service:					
Principal Retirement	-	-	864,000	-	864,000
Interest and Fiscal Charges	-	-	130,734	-	130,734
Total Disbursements	<u>4,598,679</u>	<u>1,582,284</u>	<u>994,734</u>	<u>25,561</u>	<u>7,201,258</u>
Total Receipts Over (Under) Disbursements	<u>159,808</u>	<u>(565,134)</u>	<u>(825,447)</u>	<u>51,591</u>	<u>(1,179,182)</u>
<u>Other Financing Sources (Uses)</u>					
Operating Transfers - In	-	227,412	705,265	-	932,677
Operating Transfers - Out	(297,408)	(635,269)	-	-	(932,677)
Proceeds from Sale of Debt	-	931,000	115,000	30,000	1,076,000
Proceeds from Sale of Fixed Assets	3,800	-	-	-	3,800
Total Other Financing Sources (Uses)	<u>(293,608)</u>	<u>523,143</u>	<u>820,265</u>	<u>30,000</u>	<u>1,079,800</u>
Excess of Receipts and Other Financing Sources Over (Under) Disbursements and Other Financing Uses	(133,800)	(41,991)	(5,182)	81,591	(99,382)
Beginning 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>
Ending Fund Cash Balance	<u>\$ 1,021,037</u>	<u>\$ 862,338</u>	<u>\$ 5,950</u>	<u>\$ 141,981</u>	<u>\$ 2,031,306</u>

The accompanying notes are an integral part of these financial statements

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, 2001

	Proprietary Fund Type	Fiduciary Fund Type	Total (Memorandum Only)
	<u>Enterprise</u>	<u>Agency</u>	<u> </u>
<u>Operating Revenues</u>			
Charges for Services	\$ 100,059	\$ 127,378	\$ 227,437
Fines, Licenses and Permits	<u>-</u>	<u>342,941</u>	<u>342,941</u>
Total Operating Revenues	100,059	470,319	570,378
<u>Operating Expenses</u>			
Contractual Services	<u>46,956</u>	<u>334,591</u>	<u>381,547</u>
Operating Income (Loss)	53,103	135,728	188,831
<u>Non-Operating Revenues (Expenses)</u>			
Other Non-Operating Expenses	<u>(19,732)</u>	<u>(66,664)</u>	<u>(86,396)</u>
Net Revenues Over (Under) Expenses	33,371	69,064	102,435
Beginning Cash Balance	<u>33,691</u>	<u>366,641</u>	<u>400,332</u>
Ending Cash Balance	\$ <u>67,062</u>	\$ <u>435,705</u>	\$ <u>502,767</u>

The accompanying notes are an integral part of these financial statements

VILLAGE OF OAKWOOD, OHIO

COMBINED STATEMENT OF RECEIPTS – BUDGET AND ACTUAL

FOR THE YEAR ENDED DECEMBER 31, 2001

<u>Fund Types/Funds</u>	<u>Budget</u>	<u>Actual</u>	Variance Favorable <u>(Unfavorable)</u>
Governmental:			
General Fund	\$ 4,773,705	\$ 4,762,287	\$ (11,418)
Special Revenue Funds	2,301,407	2,175,562	(125,845)
Debt Service Fund	989,552	989,552	-
Capital Project Funds	113,804	107,152	(6,652)
Proprietary:			
Enterprise Funds	100,139	100,059	(80)
Fiduciary:			
Agency Fund	<u>472,498</u>	<u>470,319</u>	<u>(2,179)</u>
Total (Memorandum Only)	\$ <u>8,751,105</u>	\$ <u>8,604,931</u>	\$ <u>(146,174)</u>

The accompanying notes are an integral part of these financial statements

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VILLAGE OF OAKWOOD, OHIO

COMBINED STATEMENT OF DISBURSEMENTS AND ENCUMBRANCES COMPARED WITH EXPENDITURE AUTHORITY

FOR THE YEAR ENDED DECEMBER 31, 2001

<u>Fund Types/Funds</u>	<u>Carryover Encumbrances</u>	<u>2001 Appropriations</u>	<u>Total</u>
Governmental:			
General Fund	\$ 21,735	\$ 4,945,395	\$ 4,967,130
Special Revenue Funds	15,923	2,279,808	2,295,731
Debt Service Fund	-	995,000	995,000
Capital Projects Funds	6,652	21,500	28,152
Proprietary:			
Enterprise	-	73,020	73,020
Fiduciary:			
Agency	<u>2,179</u>	<u>406,837</u>	<u>409,016</u>
Total (Memorandum Only)	\$ <u>46,489</u>	\$ <u>8,721,560</u>	\$ <u>8,768,049</u>

The accompanying notes are an integral part of these financial statements

<u>Actual 2001 Disbursements</u>	<u>Encumbrances Outstanding at 12/31/01</u>	<u>Total</u>	<u>Variance Favorable (Unfavorable)</u>
\$ 4,896,087	\$ 23,352	\$ 4,919,439	\$ 47,691
2,217,553	22,619	2,240,172	55,559
994,734	-	994,734	266
25,561	-	25,561	2,591
66,688	685	67,373	5,647
<u>401,255</u>	<u>2,704</u>	<u>403,959</u>	<u>5,057</u>
\$ <u>8,601,878</u>	\$ <u>49,360</u>	\$ <u>8,651,238</u>	\$ <u>116,811</u>

VILLAGE OF OAKWOOD, OHIO

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2002 AND 2001

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

DECEMBER 31, 2002 AND 2001

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

DECEMBER 31, 2002 AND 2001

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, 2002 and 2001 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. At the close of each fiscal year, encumbered appropriation balances lapse and are reappropriated the subsequent fiscal year.

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.

VILLAGE OF OAKWOOD, OHIO

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2002 AND 2001

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

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.

NOTE 2 - 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.

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.

VILLAGE OF OAKWOOD, OHIO

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2002 AND 2001

NOTE 2 - CASH, CASH EQUIVALENTS AND INVESTMENTS – CONTINUED

Deposits (continued):

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, 2002, the carrying amount of the Village's deposits was \$(25,654) and the bank balance was \$123,236. Of the bank balance, \$100,000 was covered by Federal Depository Insurance and \$23,236 was collateralized with securities held by the pledging financial institution or their trust departments or agents but not in the Village's name. At December 31, 2001, the carrying amount of the Village's deposits was \$29,073 and the bank balance was \$98,022. The 2001 bank balance was covered in full by the Federal Depository Insurance.

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 year-end.

<u>Description</u>	<u>2002</u>		
	<u>Risk Category 2</u>	<u>Carrying Amount</u>	<u>Fair Value</u>
Repurchase Agreement	\$ <u>1,830,000</u>	\$ <u>1,830,000</u>	\$ <u>1,830,000</u>

<u>Description</u>	<u>2001</u>		
	<u>Risk Category 2</u>	<u>Carrying Amount</u>	<u>Fair Value</u>
Repurchase Agreement	\$ <u>2,505,000</u>	\$ <u>2,505,000</u>	\$ <u>2,505,000</u>

VILLAGE OF OAKWOOD, OHIO

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2002 AND 2001

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 1994. Real property taxes are payable annually or semiannually. The first payment is due January 20, with the remainder payable by June 20.

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

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

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

The full tax rate for all Village operations for the year ended December 31, 2002, was \$11.40 per \$1,000 of assessed value. The assessed values of real and tangible personal property upon which 2002 property tax receipts were based are as follows:

<u>Category</u>	<u>2002</u> <u>Assessed Value</u>	<u>2001</u> <u>Assessed Value</u>
Real Estate	\$ 87,087,590	\$ 86,189,350
Public Utility	3,954,230	4,458,060
Tangible Personal	<u>24,490,028</u>	<u>22,134,570</u>
Total Valuation	\$ <u>115,531,848</u>	\$ <u>112,781,980</u>

VILLAGE OF OAKWOOD, OHIO

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2002 AND 2001

NOTE 4 - 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 \$3,264,025 in 2002 and \$2,983,788 in 2001.

NOTE 5 - OUTSTANDING DEBT

A. NOTE DEBT

Note debt at December 31, 2001 consisted of the following:

<u>General Obligation Notes</u>	<u>Balance at 12/31/00</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at 12/31/01</u>
Broadway Avenue	\$ 490,000	\$ 490,000	\$ 490,000	\$ 490,000
Fire Station Improvements	220,000	115,000	220,000	115,000
Lynbrook Drive Improvements	-	366,000	-	366,000
Oakwood Community Park Improvements	-	75,000	-	75,000
Emergency Generator	-	30,000	-	30,000
Total General Obligation Notes	\$ <u>710,000</u>	\$ <u>1,076,000</u>	\$ <u>710,000</u>	\$ <u>1,076,000</u>

Note debt at December 31, 2002 consisted of the following:

<u>General Obligation Notes</u>	<u>Balance at 12/31/01</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at 12/31/02</u>
Broadway Avenue (3.5%)	\$ 490,000	\$ 490,000	\$ 490,000	\$ 490,000
Emergency Generator (3.5%)	30,000	30,000	30,000	30,000
Fire Department Building Improvements	115,000	115,000	115,000	115,000
Lynbrook Drive Improvements (3.5%)	366,000	366,000	366,000	366,000
Oakwood Community Park Improvements	75,000	75,000	75,000	75,000
Community Park Drive	-	1,514,000	750,000	764,000
Total General Obligation Notes	\$ <u>1,076,000</u>	\$ <u>2,590,000</u>	\$ <u>1,826,000</u>	\$ <u>1,840,000</u>

VILLAGE OF OAKWOOD, OHIO

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2002 AND 2001

NOTE 5 - OUTSTANDING DEBT – CONTINUED

B. BONDED DEBT

Bonded debt at December 31, 2001 consisted of the following:

	<u>Balance at</u> <u>12/31/00</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at</u> <u>12/31/01</u>
<u>General Obligation Bonds</u>				
Street Improvements, 1984 (9.75%)	\$ 12,575	\$ -	\$ 2,977	\$ 9,598
Various Purpose, 1989 (6.95% - 8.50%)	300,000	-	75,000	225,000
Street Improvement, 1990 (7.375%)	5,404	-	526	4,878
Various Purpose Water, 1996 (6.60%)	64,469	-	2,686	61,783
Various Purpose Sewer, 1996 (6.60%)	241,211	-	8,614	232,597
 <u>Special Assessment Bonds</u>				
Street Improvement, 1984 (9.75%)	172,425	-	42,023	130,402
Street Improvement, 1990 (7.375%)	87,596	-	8,474	79,122
Various Purpose Water, 1996 (6.60%)	55,531	-	2,314	53,217
Street Improvement, 1996 (6.60%)	<u>318,789</u>	<u>-</u>	<u>11,386</u>	<u>307,403</u>
	\$ <u>1,258,000</u>	\$ <u>-</u>	\$ <u>154,000</u>	\$ <u>1,104,000</u>

Bonded debt at December 31, 2002 consisted of the following:

	<u>Balance at</u> <u>12/31/01</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at</u> <u>12/31/02</u>
<u>General Obligation Bonds</u>				
Street Improvements, 1984 (9.75%)	\$ 9,598	\$ -	\$ 3,085	\$ 6,513
Various Purpose, 1989 (6.95% - 8.50%)	225,000	-	75,000	150,000
Street Improvement, 1990 (7.375%)	4,878	-	523	4,355
Various Purpose Water, 1996 (6.60%)	61,783	-	2,687	59,096
Various Purpose Sewer, 1996 (6.60%)	232,597	-	8,615	223,982
 <u>Special Assessment Bonds</u>				
Street Improvement, 1984 (9.75%)	130,402	-	41,915	88,487
Street Improvement, 1990 (7.375%)	79,122	-	8,477	70,645
Various Purpose Water, 1996 (6.60%)	53,217	-	2,313	50,904
Street Improvement, 1996 (6.60%)	<u>307,403</u>	<u>-</u>	<u>11,385</u>	<u>296,018</u>
	\$ <u>1,104,000</u>	\$ <u>-</u>	\$ <u>154,000</u>	\$ <u>950,000</u>

VILLAGE OF OAKWOOD, OHIO

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2002 AND 2001

NOTE 5 - OUTSTANDING DEBT – CONTINUED

B. BONDED DEBT (CONTINUED)

The annual requirements to amortize all bonded debt outstanding as of December 31, 2002, including interest payments of \$409,438 are as follows:

<u>Year Ending December 31</u>	<u>Bonds</u>
2003	\$ 226,324
2004	218,818
2005	85,824
2006	82,850
2007	79,876
2008-2012	385,156
2013-2016	<u>280,590</u>
Total	\$ <u>1,359,438</u>

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. OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM

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

VILLAGE OF OAKWOOD, OHIO

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2002 AND 2001

NOTE 7 - DEFINED BENEFIT PENSION PLANS – CONTINUED

A. OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM – CONTINUED

Plan members, other than law enforcement employees, are required to contribute 8.5 percent of their annual covered salary to Plan. The Village is required to contribute 13.55 percent for the years ending December 31, 2002 and 2001. For the year ending December 31, 2000, the Village was required to contribute 10.84 percent of covered payroll. During 2000, the Retirement Board instituted a temporary employer contribution rate rollback. 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 employee contribution rate was reduced from 13.55 percent to 10.84 percent. The Village's contributions to OPERS for the years ended December 31, 2002, 2001 and 2000 were \$208,850, \$192,309, and \$89,167, respectively, equal to the required contributions for each 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. Contribution requirements and 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.

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 contributions to OP&F for the years ending December 31, 2002, 2001, and 2000 were \$129,973, \$130,941, and \$130,579, respectively, equal required contributions for each year.

NOTE 8 - POSTEMPLOYMENT BENEFITS

A. OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM

The Ohio Public Employees' Retirement System (OPERS) provides postretirement 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 also available. The health care coverage provided by the retirement systems is considered in Other Postemployment Benefits (OPEB) as described in GASB Statement No. 12. A portion of each employer's contribution to OPERS is set aside for the funding of postretirement health care. The Ohio Revised Code provides statutory authority for employer contributions. During 2002, the employer contribution rate was 13.55 percent. The portion that was used to fund health care benefits in 2002 and 2001 was 5 percent and 4.3 percent, respectively.

VILLAGE OF OAKWOOD, OHIO

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2002 AND 2001

NOTE 8 - POSTEMPLOYMENT BENEFITS – CONTINUED

A. OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM – CONTINUED

For 2002:

The actuarially accrued postretirement health care liability for OPERS at December 31, 2001 was \$16.4 billion. The net assets were \$11.6 billion, leaving an unfounded actuarial accrued liability of \$4.8 billion. The number of active contributing participants was 402,041. The Village's actual contributions for 2002, which were used to fund postemployment benefits, were \$77,066.

For 2001:

The actuarially accrued postretirement health care liability for OPERS at December 31, 2000 was \$14.4 billion. The net assets were \$11.8 billion, leaving an unfounded actuarial accrued liability of \$2.6 billion. The number of active contributing participants was 411,076. The Village's actual contributions for 2001, which were used to fund postemployment benefits, were \$61,028.

B. OHIO POLICE AND FIRE PENSION FUND

The Ohio Police and Fire Pension Fund (OP&F) provides postretirement health care coverage to any person who receives 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 on Other Postemployment Benefit (OPEB) as described in GASB Statement No. 12. The Ohio Revised Code provides that health costs paid from the funds of the OP&F shall be included in the employer's contribution rate. The contribution rate is 19.5 percent of covered payroll of which 7.75 percent, 7.50 percent, and 7.25 percent were applied to the postemployment health care program for 2002, 2001, and 2000, respectively. Health care funding and accounting is on a pay-as-you-go basis. The Board defined allocation was 7.75 percent and 7.50 percent of covered payroll in 2002 and 2001, respectively. In addition, since July 1, 1992 most retirees have been required to contribute a portion of the cost of their health care coverage through a deduction from their monthly benefit payment.

For 2002:

The number of participants eligible to receive health care benefits as of December 31, 2001, the date of the last actuarial valuation available, was 13,174 for police. The Village's actual contributions for 2002 that were used to fund postemployment benefits were \$49,990 for police. The OP&F's total health care expenses for the year ending December 31, 2001, the date of the latest actuarial valuation available, were \$122,298,771, which was net of member contributions of \$6,874,699.

VILLAGE OF OAKWOOD, OHIO

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2002 AND 2001

NOTE 8 - POSTEMPLOYMENT BENEFITS – CONTINUED

B. OHIO POLICE AND FIRE PENSION FUND – CONTINUED

For 2001:

The number of participants eligible to receive health care benefits as of December 31, 2000 was 12,853 for police. The Village's actual contributions for 2001 that were used to fund postemployment benefits were \$50,362 for police. The OP&F's total health care expenses for the year ending December 31, 2000, the date of the latest actuarial valuation available, were \$106,160,054, which was net of member contributions of \$5,657,431.

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, 2002 and 2001.



Creating economic value through
knowledge, innovation, commitment, and service

CIUNI & PANICHI
INC.

CERTIFIED PUBLIC ACCOUNTANTS
AND BUSINESS CONSULTING FIRM

a C&P Advisors Company

**Report On Compliance And On Internal Control Over
Financial Reporting Based On An Audit Of Financial Statements
Performed In Accordance With *Government Auditing Standards***

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

We have audited the financial statements of the Village of Oakwood, Ohio (the "Village") as of and for the years ended December 31, 2002 and 2001, and have issued our report thereon dated April 23, 2003. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

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 no instances of noncompliance that are required to be reported under *Government Auditing Standards*

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 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 operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that we have reported to management of the Village in a separate letter dated April 23, 2003.



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

This report is intended solely for the information and use of the Village Council, Village Management, and the Auditor of State's Office and is not intended to be and should not be used by anyone other than these specified parties.

Cini & Parichi, Inc.

Cleveland, Ohio
April 23, 2003

VILLAGE OF OAKWOOD, OHIO

SCHEDULE OF FINDINGS

DECEMBER 31, 2002

1. SUMMARY OF AUDITOR'S RESULTS

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

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

None.

3. OTHER FINDINGS

None.

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

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.

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.

This item has been cleared.

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.

This item has been cleared.

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, 2002

Finding Number	Planned Correction Action	Anticipated Completion Date	Responsible Contact Person
Not applicable.			



**Auditor of State
Betty Montgomery**

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
JULY 15, 2003**