



Dave Yost • Auditor of State



VILLAGE OF OAKWOOD  
CUYAHOGA COUNTY

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# Dave Yost • Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

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

To the Village Council:

We have audited the accompanying financial statements of the governmental activities, the business-type activity, each major fund, and the aggregate remaining fund information of the Village of Oakwood, Cuyahoga County, Ohio, (the Village) as of and for the year ended December 31, 2010, which collectively comprise the Village's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Village's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure 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 our audit provides a reasonable basis for our opinions.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities, the business-type activity, each major fund, and the aggregate remaining fund information of the Village of Oakwood, Cuyahoga County, Ohio, as of December 31, 2010 and the respective changes in cash financial position, thereof and the respective budgetary comparison for the General, Street, Construction, Maintenance and Repair, and Mayor's Court Computerization funds thereof for the year then ended in conformity with the basis of accounting Note 2 describes.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 4, 2012, 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. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

We conducted our audit to opine on the Village's financial statements taken as a whole. Management's Discussion & Analysis includes tables of net assets, changes in net assets, and total and net cost of program services. These tables provide additional information, but are not part of the basic financial statements. However these tables are management's responsibility, and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. These tables were subject to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole. Other than the aforementioned procedures applied to the tables, we applied no procedures to any other information in Management's Discussion & Analysis, and we express no opinion or any other assurance on it.



**Dave Yost**  
Auditor of State

December 4, 2012

**VILLAGE OF OAKWOOD, OHIO  
CUYAHOGA COUNTY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2010**

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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, 2010, 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 2010 are as follows:

- Net assets of governmental activities decreased \$56,890, or 12.7 percent, from the prior year.
- The Village's general receipts are primarily property taxes, municipal taxes, and debt proceeds. These receipts represent 76.1 percent of total cash received for governmental activities.
- The Village's business-type activities are sanitary sewer. Net assets decreased by \$11,878, or 36.3 percent. The Village's total receipts for business-type activities decreased by \$1,683 due to fewer sewer charge collections.

**Basis of Accounting**

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

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

**Reporting the Government as a Whole**

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

**VILLAGE OF OAKWOOD, OHIO  
CUYAHOGA COUNTY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2010**

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The statement of net assets and statement of activities for 2010 reflect how the Village did financially within the limitations of the cash basis of accounting. The statement of net assets presents the cash balances and investments 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 real estate taxes.

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

- *Governmental Activities* - Most of the Village's basic services are reported here, including Police, Fire, EMS, Streets, and Parks. Real estate and property taxes finance most of these activities. Benefits provided through governmental activities are not necessarily paid for by the people receiving them.
- *Business-type Activities* - The Village has one business-type activity: Sanitary Sewer. Business-type activities are financed by a fee charged to the customers receiving the service.

**Reporting the Village's Most Significant Funds**

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



**VILLAGE OF OAKWOOD, OHIO  
CUYAHOGA COUNTY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2010**

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**Governmental Funds** - Most of the Village's activities are reported in governmental funds. The governmental fund financial statements provide a detailed view of the Village's governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the Village's programs. The Village's significant governmental funds are presented on the financial statements in separate columns. The information for nonmajor funds (funds whose activity or balances are not large enough to warrant separate reporting) is combined and presented in total in a single column. The Village's major governmental funds for 2010 are the General, Street Construction, Maintenance and Repair, Mayor's Court Computerization, 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 reporting 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 assets for 2010 compared to 2009 on the cash basis.

**Table 1 - Net Assets**

	Governmental Activities		Business-Type Activities		Total	
	2010	2009	2010	2009	2010	2009
<b>ASSETS</b>						
Equity in Pooled Cash and Cash Equivalents	\$ 391,240	\$ 448,130	\$ 20,793	\$ 32,671	\$ 412,033	\$ 480,801
<b>Total Assets</b>	<u>\$ 391,240</u>	<u>\$ 448,130</u>	<u>\$ 20,793</u>	<u>\$ 32,671</u>	<u>\$ 412,033</u>	<u>\$ 480,801</u>
<b>NET ASSETS</b>						
Restricted:						
Special Revenue	\$ 186,486	\$ 165,409	\$ 0	\$ 0	\$ 186,486	\$ 165,409
Debt Services	21,699	32,380	0	0	21,699	32,380
Capital Projects	1,375	80,907	0	0	1,375	80,907
Unrestricted	181,680	169,434	20,793	32,671	202,473	202,105
<b>Total Net Assets</b>	<u>\$ 391,240</u>	<u>\$ 448,130</u>	<u>\$ 20,793</u>	<u>\$ 32,671</u>	<u>\$ 412,033</u>	<u>\$ 480,801</u>

**VILLAGE OF OAKWOOD, OHIO  
CUYAHOGA COUNTY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2010**

Table 2 reflects the changes in net assets in 2010 compared to 2009.

**Table 2 - Change in Net Assets**

	Governmental Activities		Business Type Activities		Totals	
	2010	2009	2010	2009	2010	2009
<b>Receipts</b>						
Program Receipts						
Charges for Services	\$ 1,359,717	\$ 1,232,850	\$ 55,451	\$ 57,134	\$ 1,415,168	\$ 1,289,984
Operating Grants and Contributions	549,381	504,137	0	0	549,381	504,137
Total Program Receipts	<u>1,909,098</u>	<u>1,736,987</u>	<u>55,451</u>	<u>57,134</u>	<u>1,964,549</u>	<u>1,794,121</u>
General Receipts						
Property and Other Local Taxes	420,859	499,352	0	0	420,859	499,352
Income Taxes	4,268,576	3,656,811	0	0	4,268,576	3,656,811
Grants & Entitlements not restricted to specific programs	317,063	388,655	0	0	317,063	388,655
Investment Income	70	2,232	0	0	70	2,232
All Other Revenues	776,070	419,839	0	0	776,070	419,839
Debt Proceeds	4,845,000	3,839,000	0	0	4,845,000	3,839,000
Total General Receipts	<u>10,627,638</u>	<u>8,805,889</u>	<u>0</u>	<u>0</u>	<u>10,627,638</u>	<u>8,805,889</u>
<b>Total Receipts</b>	<u>12,536,736</u>	<u>10,542,876</u>	<u>55,451</u>	<u>57,134</u>	<u>12,592,187</u>	<u>10,600,010</u>
<b>Disbursements</b>						
Security of Persons and Property	3,327,792	3,203,889	0	0	3,327,792	3,203,889
Leisure Time Activities	197,113	195,454	0	0	197,113	195,454
Community Environment	264,054	256,501	0	0	264,054	256,501
Basic Utility Services	142,040	203,871	0	0	142,040	203,871
Transportation	1,097,522	1,032,283	0	0	1,097,522	1,032,283
General Government	3,101,219	2,362,261	0	0	3,101,219	2,362,261
Capital Outlay	192,246	727,298	0	0	192,246	727,298
Debt Service:						
Principal Retirement	4,024,700	3,102,206	0	0	4,024,700	3,102,206
Interest and Fiscal Charges	246,940	299,223	0	0	246,940	299,223
Sanitary Sewer	0	0	67,329	67,364	67,329	67,364
<b>Total Disbursements</b>	<u>12,593,626</u>	<u>11,382,986</u>	<u>67,329</u>	<u>67,364</u>	<u>12,660,955</u>	<u>11,450,350</u>
Increase (Decrease) in Net Assets	(56,890)	(840,110)	(11,878)	(10,230)	(68,768)	(850,340)
Net Assets at January 1	<u>448,130</u>	<u>1,288,240</u>	<u>32,671</u>	<u>42,901</u>	<u>480,801</u>	<u>1,331,141</u>
<b>Net Assets at December 31</b>	<u>\$ 391,240</u>	<u>\$ 448,130</u>	<u>\$ 20,793</u>	<u>\$ 32,671</u>	<u>\$ 412,033</u>	<u>\$ 480,801</u>

**VILLAGE OF OAKWOOD, OHIO  
CUYAHOGA COUNTY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2010**

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Program receipts represent 15.6 percent of total receipts for 2010. They are primarily comprised of sanitary sewer, fines and recreation activity charges. Intergovernmental receipts such as motor vehicle license fees, gas tax money, license and permits, and charges to local governments for fire and EMS services are included. Program receipts increased by \$170,428 or 9.5 percent compared to the prior year.

General receipts represent 84.4 percent of the Village's total receipts for 2010. Property and other local taxes and Income taxes represent 44.1 percent of the general receipts. Grants, entitlements, and proceeds from notes represent 48.6 percent of general receipts. The remaining portion of general receipts is made up of all other receipts. General receipts increased by \$1,821,749 or 20.7 percent compared to the prior year. The Village had an increase in the amount of notes issued.

Disbursements for general government represent the overhead costs of running the Village and the support services provided for other Village activities. These include the costs of Council, Mayor, Mayor's Court, Finance, and Clerk, as well as internal services such as payroll and purchasing. Disbursements for general government increased by \$738,958 or 31.3 percent compared to the prior year. This increase is due to an increase in health care costs.

Disbursements for Capital Outlay decreased by \$535,052 or 73.6 percent. This decrease was due to increase in capital purchases in prior years. Basic Utility Services, which are costs associated with the utilities of the Village, decreased by \$61,831 or 30.3 percent as compared to prior year. This decrease was due to elimination of a position within the Utility Service Department.

Security of Persons and Property are the costs of police and fire protection; Leisure Time Activities are the costs of maintaining the parks and senior center; Community Environment are the costs of regulating the construction of new and existing residential and commercial property; and Transportation is the cost of maintaining roads.

### **Governmental Activities**

The first column of the Statement of Activities lists the major services provided by the Village. The next column identifies the costs of providing these services. The major program disbursements for governmental activities are Security of Persons and Property, General Government, and Transportation, which account for 26.4, 24.6, and 8.71 percent of all governmental disbursements, respectively. The next two columns of the Statement titled Cash Program Receipts identifies amounts paid by people who are directly charged for the service, and for grants received by the Village that must be used to provide a specific service. 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.

**VILLAGE OF OAKWOOD, OHIO  
CUYAHOGA COUNTY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2010**

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

	Total Cost of Services		Net Cost of Services	
	2010	2009	2010	2009
Security of Persons and Property	\$ 3,327,792	\$ 3,203,889	\$ (2,379,487)	\$ (2,101,638)
Leisure Time Activities	197,113	195,454	(153,035)	(171,227)
Community Environment	264,054	256,501	(1,156)	(170,935)
Basic Utility Services	142,040	203,871	(41,979)	(203,871)
Transportation	1,097,522	1,032,283	(718,032)	(681,474)
General Government	3,101,219	2,362,261	(2,926,953)	(2,188,127)
Capital Outlay	192,246	727,298	(192,246)	(727,298)
Debt Service:				
Principal Retirement	4,024,700	3,102,206	(4,024,700)	(3,102,206)
Interest and Fiscal Charges	246,940	299,223	(246,940)	(299,223)
Total Governmental Activities	<u>\$ 12,593,626</u>	<u>\$ 11,382,986</u>	<u>\$ (10,684,528)</u>	<u>\$ (9,645,999)</u>

*Source: Statement of Activities-Governmental Activities*

The dependence upon property and other local taxes, income taxes and other general receipts is apparent as over 84.8 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 2010, the Village made amendments to its appropriation budget and receipts budget to reflect changing circumstances. Final budgeted receipts were greater than original budgeted receipts due to an increase in the income tax rate. The difference between final budgeted receipts and actual receipts was due to an overestimate of actual income tax receipts.

Final budgeted disbursements for 2010 were \$1,127,162 higher than original budgeted disbursements. The increase was due to the passage of an income tax increase. Actual disbursements for 2010 were \$422,723 lower than final budgeted amounts. This was due to an effort on the behalf of the Village departments to reduce their spending.

**VILLAGE OF OAKWOOD, OHIO  
CUYAHOGA COUNTY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2010**

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**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, 2010, the Village had \$3,015,000 in outstanding General Obligation bonds, with \$185,000 due within one year. The Village had \$39,924 in loans with the Ohio Public Works Commission, with \$2,208 due within one year for improvements to streets and sewer utilities. See Note 7 to the financial statements for more detail.

**Current Issues**

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

**Contacting the Village's Financial Management**

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

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**VILLAGE OF OAKWOOD, OHIO  
 CUYAHOGA COUNTY  
 STATEMENT OF NET ASSETS – CASH BASIS  
 DECEMBER 31, 2010**

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<b>ASSETS</b>			
Equity in Pooled Cash and Cash Equivalents	\$ 391,240	\$ 20,793	\$ 412,033
<b>Total Assets</b>	<u>\$ 391,240</u>	<u>\$ 20,793</u>	<u>\$ 412,033</u>
<b>NET ASSETS</b>			
Restricted:			
Special Revenue	\$ 186,486	\$ -	\$ 186,486
Debt Services	21,699	-	21,699
Capital Projects	1,375	-	1,375
Unrestricted	<u>181,680</u>	<u>20,793</u>	<u>202,473</u>
<b>Total Net Assets</b>	<u>\$ 391,240</u>	<u>\$ 20,793</u>	<u>\$ 412,033</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, 2010**

	Program Cash Receipts			Net (Disbursements) Receipts and Changes in Net Assets		
	Cash Disbursements	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	Total
<b>Primary Government:</b>						
<b>Governmental Activities</b>						
Security of Persons and Property	\$ 3,327,792	\$ 945,744	\$ 2,561	\$ (2,379,487)	\$ -	\$ (2,379,487)
Leisure Time Activities	197,113	42,825	1,253	(153,035)	-	(153,035)
Community Environment	264,054	262,898	-	(1,156)	-	(1,156)
Basic Utility Services	142,040	100,061	-	(41,979)	-	(41,979)
Transportation	1,097,522	-	379,490	(718,032)	-	(718,032)
General Government	3,101,219	8,189	166,077	(2,926,953)	-	(2,926,953)
Capital Outlay	192,246	-	-	(192,246)	-	(192,246)
Debt Service:						
Principal Retirement	4,024,700	-	-	(4,024,700)	-	(4,024,700)
Interest and Fiscal Charges	246,940	-	-	(246,940)	-	(246,940)
Total Governmental Activities	<u>12,593,626</u>	<u>1,359,717</u>	<u>549,381</u>	<u>(10,684,528)</u>	<u>-</u>	<u>(10,684,528)</u>
<b>Business-Type Activities</b>						
Sanitary Sewer	67,329	55,451	-	-	(11,878)	(11,878)
Total Business-type Activities	<u>67,329</u>	<u>55,451</u>	<u>-</u>	<u>-</u>	<u>(11,878)</u>	<u>(11,878)</u>
Total Primary Government	<u>\$ 12,660,955</u>	<u>\$ 1,415,168</u>	<u>\$ 549,381</u>	<u>(10,684,528)</u>	<u>(11,878)</u>	<u>(10,696,406)</u>
<b>General Receipts</b>						
Property and Other Local Taxes levied for:						
General Purposes				322,684	-	322,684
Debt Service Purpose				56,924	-	56,924
Other Purposes				41,251	-	41,251
Income Taxes levied for:						
General Purposes				4,268,576	-	4,268,576
Grants & Entitlements not restricted to specific programs				317,063	-	317,063
Investment Income				70	-	70
All Other Revenues				776,070	-	776,070
Debt Proceeds				4,845,000	-	4,845,000
Total General Receipts				<u>10,627,638</u>	<u>-</u>	<u>10,627,638</u>
Change in Net Assets				(56,890)	(11,878)	(68,768)
Net Assets - Beginning of Year				448,130	32,671	480,801
<b>Net Assets - End of Year</b>				<u>\$ 391,240</u>	<u>\$ 20,793</u>	<u>\$ 412,033</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, 2010**

	General	Street Construction Maintenance and Repair	Mayor's Court Computerization	General Obligation Bond Retirement	General Capital Improvement	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>							
Equity in Pooled Cash and Cash Equivalents	\$ 181,680	\$ 90,198	\$ 57,774	\$ 4,887	\$ 1,375	\$ 55,326	\$ 391,240
<b>Total Assets</b>	<b>\$ 181,680</b>	<b>\$ 90,198</b>	<b>\$ 57,774</b>	<b>\$ 4,887</b>	<b>\$ 1,375</b>	<b>\$ 55,326</b>	<b>\$ 391,240</b>
<b>FUND BALANCES</b>							
Reserved for:							
Encumbrances	\$ 39,006	\$ 82,720	\$ -	\$ -	\$ -	\$ 4,695	\$ 126,421
Undesignated, Reported in:							
General Fund	142,674	-	-	-	-	-	142,674
Special Revenue Funds	-	7,478	57,774	-	-	33,819	99,071
Debt Service Funds	-	-	-	4,887	-	16,812	21,699
Capital Projects Funds	-	-	-	-	1,375	-	1,375
<b>Total Fund Balances</b>	<b>\$ 181,680</b>	<b>\$ 90,198</b>	<b>\$ 57,774</b>	<b>\$ 4,887</b>	<b>\$ 1,375</b>	<b>\$ 55,326</b>	<b>\$ 391,240</b>

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, 2010**

	General	Street Construction Maintenance and Repair	Mayor's Court Computerization	General Obligation Bond Retirement	General Capital Improvement	Other Governmental Funds	Total Governmental Funds
<b>RECEIPTS</b>							
Property and Local Taxes	\$ 322,684	-	\$ -	\$ 56,924	\$ -	41,251	\$ 420,859
Income Taxes	4,268,576	-	-	-	-	-	4,268,576
Intergovernmental Revenues	317,063	326,448	-	-	-	53,042	696,553
Special Assessments	-	-	-	-	-	152,820	152,820
Charges for Services	479,124	-	-	-	-	307,472	786,596
Fines, Licenses, and Permits	571,177	-	1,630	-	-	86	572,893
Miscellaneous	783,702	-	-	-	-	9,737	793,439
<b>Total Receipts</b>	<b>6,742,326</b>	<b>326,448</b>	<b>1,630</b>	<b>56,924</b>	<b>-</b>	<b>564,408</b>	<b>7,691,736</b>
<b>DISBURSEMENTS</b>							
Current:							
Security of Persons and Property	2,855,386	-	3,802	-	-	468,604	3,327,792
Leisure Time Activities	-	-	-	-	-	197,113	197,113
Community Environment	254,135	-	-	-	-	9,919	264,054
Basic Utility Services	142,040	-	-	-	-	-	142,040
Transportation	28,644	1,068,306	-	-	-	572	1,097,522
General Government	3,095,844	-	-	-	-	5,375	3,101,219
Capital Outlay	-	-	2,768	-	189,478	-	192,246
Debt Service:							
Principal Retirement	-	-	-	3,940,729	-	83,971	4,024,700
Interest and Fiscal Charges	-	-	-	172,779	-	74,161	246,940
<b>Total Disbursements</b>	<b>6,376,049</b>	<b>1,068,306</b>	<b>6,570</b>	<b>4,113,508</b>	<b>189,478</b>	<b>839,715</b>	<b>12,593,626</b>
Excess of Receipts Over (Under) Disbursements	<b>366,277</b>	<b>(741,858)</b>	<b>(4,940)</b>	<b>(4,056,584)</b>	<b>(189,478)</b>	<b>(275,307)</b>	<b>(4,901,890)</b>
<b>OTHER FINANCING SOURCES (USES)</b>							
Transfers - In	-	52,000	-	197,500	69,946	254,585	574,031
Transfers - Out	(354,031)	(168,000)	-	-	-	(52,000)	(574,031)
Proceeds from Sale of Notes	-	950,000	-	3,855,000	40,000	-	4,845,000
Other Sources (Uses)	-	-	-	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>(354,031)</b>	<b>834,000</b>	<b>-</b>	<b>4,052,500</b>	<b>109,946</b>	<b>202,585</b>	<b>4,845,000</b>
Net Change in Fund Balances	12,246	92,142	(4,940)	(4,084)	(79,532)	(72,722)	(56,890)
Fund Balances - Beginning of Year	169,434	(1,944)	62,714	8,971	80,907	128,048	448,130
<b>Fund Balances - End of Year</b>	<b>\$ 181,680</b>	<b>\$ 90,198</b>	<b>\$ 57,774</b>	<b>\$ 4,887</b>	<b>\$ 1,375</b>	<b>\$ 55,326</b>	<b>\$ 391,240</b>

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, 2010**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Property and Local Taxes	\$ 311,800	\$ 339,504	\$ 322,684	\$ (16,820)
Income Tax	3,826,500	4,397,144	4,268,576	(128,568)
Intergovernmental Revenues	752,498	326,613	317,063	(9,550)
Charges for Services	50,000	493,555	479,124	(14,431)
Fines, Licenses, and Permits	561,500	588,381	571,177	(17,204)
Miscellaneous	235,000	807,307	783,702	(23,605)
<b>Total Revenues</b>	<u>5,737,298</u>	<u>6,952,504</u>	<u>6,742,326</u>	<u>(210,178)</u>
<b>Expenditures</b>				
Current:				
Security of Persons and Property	2,813,722	2,999,262	2,872,967	126,295
Community Environment	260,277	271,322	254,836	16,486
Basic Utility Services	199,692	223,421	150,194	73,227
Transportation	28,900	29,000	28,644	356
General Government	2,312,725	3,274,473	3,108,414	166,059
<b>Total Expenditures</b>	<u>5,615,316</u>	<u>6,797,478</u>	<u>6,415,055</u>	<u>382,423</u>
Excess of Revenues Over(Under) Expenditures	<u>121,982</u>	<u>155,026</u>	<u>327,271</u>	<u>172,245</u>
<b>Other Financing Sources (Uses)</b>				
Transfers Out	(305,000)	(250,000)	(354,031)	(104,031)
<b>Total Other Financing Sources (Uses)</b>	<u>(305,000)</u>	<u>(250,000)</u>	<u>(354,031)</u>	<u>(104,031)</u>
Net Change in Fund Balance	(183,018)	(94,974)	(26,760)	68,214
Fund Balance - Beginning of Year	126,888	126,888	126,888	-
Prior Year Encumbrances Appropriated	42,546	42,546	42,546	-
<b>Fund Balance - End of Year</b>	<u>\$ (13,584)</u>	<u>\$ 74,460</u>	<u>\$ 142,674</u>	<u>\$ 68,214</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, 2010**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Intergovernmental Revenues	\$ 448,500	\$ 495,000	\$ 326,448	\$ (168,552)
<b>Total Revenues</b>	<u>448,500</u>	<u>495,000</u>	<u>326,448</u>	<u>(168,552)</u>
<b>Expenditures</b>				
Current:				
Transportation	1,124,641	1,257,987	1,151,026	106,961
<b>Total Expenditures</b>	<u>1,124,641</u>	<u>1,257,987</u>	<u>1,151,026</u>	<u>106,961</u>
Excess of Revenues Over(Under) Expenditures	<u>(676,141)</u>	<u>(762,987)</u>	<u>(824,578)</u>	<u>(61,591)</u>
<b>Other Financing Sources (Uses)</b>				
Transfers - In	135,300	55,000	52,000	(3,000)
Transfers - Out	(130,000)	(169,000)	(168,000)	1,000
Proceeds from Sale of Notes	-	950,000	950,000	-
<b>Total Other Financing Sources (Uses)</b>	<u>5,300</u>	<u>836,000</u>	<u>834,000</u>	<u>(2,000)</u>
Net Change in Fund Balance	(670,841)	73,013	9,422	(63,591)
Fund Balance - Beginning of Year	(27,785)	(27,785)	(27,785)	-
Prior Year Encumbrances Appropriated	25,841	25,841	25,841	-
<b>Fund Balance - End of Year</b>	<u>\$ (672,785)</u>	<u>\$ 71,069</u>	<u>\$ 7,478</u>	<u>\$ (63,591)</u>

See accompanying notes to the basic financial statements.

**VILLAGE OF OAKWOOD, OHIO  
 CUYAHOGA COUNTY  
 STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCE –  
 BUDGET AND ACTUAL – BUDGET BASIS  
 MAYOR’S COURT COMPUTERIZATION FUND  
 FOR THE YEAR ENDED DECEMBER 31, 2010**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>		<u>Final Budget</u>
				<u>Positive</u>
				<u>(Negative)</u>
<b>Revenues</b>				
Fines, Licenses, and Permits	16,000	10,000	\$ 1,630	(8,370)
<b>Total Revenues</b>	<u>16,000</u>	<u>10,000</u>	<u>1,630</u>	<u>(8,370)</u>
<b>Expenditures</b>				
Current:				
Security of Persons and Property	13,500	13,500	2,768	10,732
Capital Outlay	4,000	4,000	3,802	198
<b>Total Expenditures</b>	<u>17,500</u>	<u>17,500</u>	<u>6,570</u>	<u>10,930</u>
Net Change in Fund Balance	(1,500)	(7,500)	(4,940)	2,560
Fund Balance - Beginning of Year	62,714	62,714	62,714	-
<b>Fund Balance - End of Year</b>	<u>\$ 61,214</u>	<u>\$ 55,214</u>	<u>\$ 57,774</u>	<u>\$ 2,560</u>

**VILLAGE OF OAKWOOD, OHIO  
 CUYAHOGA COUNTY  
 STATEMENT OF FUND NET ASSETS – CASH BASIS  
 PROPRIETARY FUND  
 DECEMBER 31, 2010**

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	<b>Business-Type Activities</b>
	<b>Sanitary Sewer</b>
<b>ASSETS</b>	
<b>Current Assets:</b>	
Equity in Pooled Cash and Cash Equivalents	\$ 20,793
	<b>20,793</b>
<b>NET ASSETS</b>	
Unrestricted	\$ 20,793
	<b>20,793</b>

See accompany notes to the basic financial statements.

**VILLAGE OF OAKWOOD, OHIO  
 CUYAHOGA COUNTY  
 STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN  
 FUND NET ASSETS – CASH BASIS  
 PROPRIETARY FUND  
 FOR THE YEAR ENDED DECEMBER 31, 2010**

	<b>Business-Type Activities</b>
	<b>Sanitary Sewer</b>
<b>OPERATING RECEIPTS</b>	
Charges for Services	\$ 55,451
<b>Total Operating Receipts</b>	<b>55,451</b>
<b>OPERATING DISBURSEMENTS</b>	
Contractual Services	53,562
Material and Supplies	13,767
<b>Total Operating Disbursements</b>	<b>67,329</b>
Operating Income (Loss)	<b>(11,878)</b>
Net Assets - Beginning of Year	32,671
<b>Net Assets - End of Year</b>	<b>\$ 20,793</b>

See accompany notes to the basic financial statements.

**VILLAGE OF OAKWOOD, OHIO  
CUYAHOGA COUNTY  
STATEMENT OF FIDUCIARY NET ASSETS – CASH BASIS  
FIDUCIARY FUNDS  
DECEMBER 31, 2010**

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	<u>Agency</u>
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	\$ 349,278
	<u><u>                    </u></u>
<b>Net Assets</b>	
Unrestricted	\$ 349,278
Total Net Assets	<u><u>                    </u></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, 2010**

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NOTE 1: **REPORTING ENTITY**

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

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

A. **Primary Government**

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

B. **Component Units**

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

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

**VILLAGE OF OAKWOOD, OHIO**  
**CUYAHOGA COUNTY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2010**  
**(CONTINUED)**

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

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

**A. Basis of Presentation**

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

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

**VILLAGE OF OAKWOOD, OHIO**  
**CUYAHOGA COUNTY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2010**  
**(CONTINUED)**

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

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

The statement of net assets presents the cash balance, investments, and all 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.

***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.

**VILLAGE OF OAKWOOD, OHIO**  
**CUYAHOGA COUNTY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2010**  
**(CONTINUED)**

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

B. **Fund Accounting** (Continued)

**Governmental Funds**

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

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

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

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

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

*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 from the General Fund.

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

**Proprietary Funds**

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

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

**VILLAGE OF OAKWOOD, OHIO**  
**CUYAHOGA COUNTY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2010**  
**(CONTINUED)**

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

B. **Fund Accounting** (Continued)

**Proprietary Funds** (Continued)

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

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

**Fiduciary Funds**

Fiduciary funds include pension trust funds, investment trust funds, private purpose trust funds, and agency funds. Trust funds are used to account for assets held under a trust agreement for individuals, private organizations, or other governments which are not available to support the Village’s own programs. The Village has no trust funds. Agency funds are purely custodial in nature and are used to hold resources for individuals, organizations, or other governments. The Village’s agency funds are: Maintenance Bond, Senior Center Rental, P.C. Deposit, Clearing, and Mayor’s Court.

C. **Basis of Accounting**

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

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

**VILLAGE OF OAKWOOD, OHIO**  
**CUYAHOGA COUNTY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2010**  
**(CONTINUED)**

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

**D. Budgetary Process**

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

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

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

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

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

**VILLAGE OF OAKWOOD, OHIO**  
**CUYAHOGA COUNTY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2010**  
**(CONTINUED)**

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

**E. Cash and Investments**

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

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

Interest earnings on investments are allocated to Village funds according to State statutes, grant requirements, or debt related requirements. Interest receipts credited to the General Fund, earned from other funds during 2010 was \$39.

**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, 2010.

**G. Interfund Receivables/Payables**

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

**H. Property, Plant, and Equipment**

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

**I. Accumulated Leave**

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

**VILLAGE OF OAKWOOD, OHIO**  
**CUYAHOGA COUNTY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2010**  
**(CONTINUED)**

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

J. **Fund Balance Reserve**

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

NOTE 3: **BUDGETARY BASIS OF ACCOUNTING**

The budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The Statements of Receipts, Disbursements, and Changes in Fund Balances – Budget and Actual - Budgetary Basis presented for the General Fund, Street Construction, Maintenance, and Repair Fund and Mayor’s Court Computerization Fund are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The differences between the budgetary basis and the cash basis are outstanding year end encumbrances are treated as cash disbursements (budgetary basis) rather than as a reservation of fund balance (cash basis). The prior year encumbrances outstanding at year end 2010 (budgetary basis) amounted to \$42,546 for the General Fund, and \$25,841 for the Street Construction, Maintenance, and Repair Fund. The current year encumbrances outstanding at December 31, 2010 (budgetary basis) amounted to \$39,006 for the General Fund and \$82,720 for the Street Construction, Maintenance, and Repair Fund. The Mayor’s Court Computerization Fund did not have any outstanding encumbrances at year end 2010. Therefore, budgetary basis equaled cash basis.

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

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

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



**VILLAGE OF OAKWOOD, OHIO**  
**CUYAHOGA COUNTY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2010**  
**(CONTINUED)**

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

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

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

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

**VILLAGE OF OAKWOOD, OHIO**  
**CUYAHOGA COUNTY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2010**  
**(CONTINUED)**

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

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

*Cash on Hand*

At December 31, 2010, the Village had \$575 which is held as petty cash.

*Deposits*

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

At December 31, 2010, the carrying amount of the Village deposits was \$760,736 and the bank balance was \$779,804. The entire bank balance was covered by Federal Depository Insurance.

*Investments*

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

*Interest Rate Risk*

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

**VILLAGE OF OAKWOOD, OHIO**  
**CUYAHOGA COUNTY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2010**  
**(CONTINUED)**

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

*Credit Risk*

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

*Custodial Credit Risk*

For an investment custodial credit risk that, in the event of the failure of the counterparty, the Village will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Village has no investment policy dealing with investment custodial risk beyond the requirement in State statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the Finance Director or qualified trustee.

*Concentration of Credit Risk*

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

NOTE 5: **PROPERTY TAXES**

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

**VILLAGE OF OAKWOOD, OHIO**  
**CUYAHOGA COUNTY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2010**  
**(CONTINUED)**

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

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

Public utility real and tangible personal property taxes collected in one calendar year are levied in the preceding calendar year on assessed values determined as of December 31 of the second year preceding the tax collection year, the lien date. Certain public utility tangible personal property currently is assessed at a percentage 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, 2010, was \$11.00 per \$1,000 of assessed value. The assessed values of real and tangible personal property upon which 2010 property tax receipts were based are as follows:

Category	Assessed Value
Real Estate	\$ 114,671,350
Public Utility	3,329,600
Total Valuation	\$ 118,000,950

NOTE 6: **LOCAL INCOME TAX**

This locally levied tax of 2.5 percent 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 with the Village. Income tax receipts, in the amount of \$4,268,576 were credited to the General Fund, for 2010.

**VILLAGE OF OAKWOOD, OHIO**  
**CUYAHOGA COUNTY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2010**  
**(CONTINUED)**

**NOTE 7: OUTSTANDING DEBT**

**Note Debt**

Note debt at December 31, 2010 consisted of the following:

**Governmental Debt**

<b><u>General Obligation Notes</u></b>	Balance at 12/31/2009	Additions	Deletions	Balance at 12/31/2010	Due within one year
Division Street Project	\$ 558,000	\$ 569,500	\$ 558,000	\$ 569,500	\$ 569,500
Service Department Improvement	343,500	350,500	343,500	350,500	350,500
Street Improvement	481,500	491,000	481,500	491,000	491,000
Street Improvement 2010	-	950,000	-	950,000	950,000
Various Purpose Notes	439,000	488,000	439,000	488,000	488,000
Medusa Project	437,000	446,000	437,000	446,000	446,000
Richmond Road Bikeway Project	1,580,000	1,550,000	1,580,000	1,550,000	1,550,000
<b>Total General Obligation Notes</b>	<b>\$ 3,839,000</b>	<b>\$ 4,845,000</b>	<b>\$ 3,839,000</b>	<b>\$ 4,845,000</b>	<b>\$ 4,845,000</b>
<b><u>Bonds</u></b>					
GO Street Improvements, 1990 (7.375%)	\$ 580	\$ -	\$ 580	\$ -	\$ -
SA Street Improvements, 1990 (7.375%)	9,420	-	9,420	-	-
	10,000	-	10,000	-	-
GO Various Purpose Water, 1996 (6.60%)	37,607	-	5,372	32,235	5,372
SA Various Purpose Water, 1996 (6.60%)	32,393	-	4,628	27,765	4,628
	70,000	-	10,000	60,000	10,000
GO Various Purpose Sewer, 1996 (6.60%)	135,681	-	15,076	120,605	17,229
SA Various Purpose Sewer, 1996 (6.60%)	179,319	-	19,924	159,395	22,771
	315,000	-	35,000	280,000	40,000
SA Street Improvement, 2003 (2.5% - 5.5%)	540,000	-	30,000	510,000	30,000
GO Various Purpose, 2004 (4.00% - 5.50%)	1,650,000	-	80,000	1,570,000	80,000
SA Street Improvement, 2007 (5.25%)	615,000	-	20,000	595,000	25,000
<b>Total Bonds</b>	<b>\$ 3,200,000</b>	<b>\$ -</b>	<b>\$ 185,000</b>	<b>\$ 3,015,000</b>	<b>\$ 185,000</b>
<b><u>OPWC Loans</u></b>					
Division Street Improvement	\$ 13,294	\$ -	\$ 700	\$ 12,594	\$ 700
Medusa Street Reconstruction	15,930	-	-	15,930	796
<b>Total OPWC Loans</b>	<b>\$ 29,224</b>	<b>\$ -</b>	<b>\$ 700</b>	<b>\$ 28,524</b>	<b>\$ 1,496</b>
<b>Total Governmental Debt</b>	<b>\$ 7,068,224</b>	<b>\$ 4,845,000</b>	<b>\$ 4,024,700</b>	<b>\$ 7,888,524</b>	<b>\$ 5,031,496</b>
<b>Proprietary Debt</b>					
<b><u>OPWC Loans</u></b>					
Richmond	\$ 12,113	\$ -	\$ 713	\$ 11,400	\$ 712
<b>Total Proprietary Debt</b>	<b>\$ 12,113</b>	<b>\$ -</b>	<b>\$ 713</b>	<b>\$ 11,400</b>	<b>\$ 712</b>
<b>Total Debt</b>	<b>\$ 7,080,337</b>	<b>\$ 4,845,000</b>	<b>\$ 4,025,413</b>	<b>\$ 7,899,924</b>	<b>\$ 5,032,208</b>

**VILLAGE OF OAKWOOD, OHIO  
CUYAHOGA COUNTY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2010  
(CONTINUED)**

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

**Note Debt** (Continued)

The annual requirements for all bonded debt outstanding as of December 31, 2010, including interest payments of \$1,310,763 are as follows:

	Governmental		Proprietary
	Principal	Interest	Principal
2011	\$ 186,497	\$ 160,784	\$ 712
2012	191,497	151,771	713
2013	196,497	142,559	713
2014	221,497	133,016	713
2015	221,497	121,950	713
2016 - 2020	992,482	436,159	3,562
2021 - 2025	927,482	156,649	3,562
2026 - 2030	106,075	7,875	712
	<u>\$ 3,043,524</u>	<u>\$ 1,310,763</u>	<u>\$ 11,400</u>

NOTE 8: **INSURANCE AND RISK MANAGEMENT**

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

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

**VILLAGE OF OAKWOOD, OHIO**  
**CUYAHOGA COUNTY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2010**  
**(CONTINUED)**

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NOTE 9: **DEFINED BENEFIT PENSION PLANS**

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

A. **Ohio Public Employees Retirement System**

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

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

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

For the year ended December 31, 2010, the members of all three plans were required to contribute 10.00 percent of their annual covered salary to fund pension obligations. The Village contributed 14.00 percent of covered payroll, of which 8.50 percent from January 1 through February 28, 2010 and 9.00 percent from March 1 through December 31, 2010 was used to fund pension benefits for retirees. The contribution rate is determined actuarially. The Ohio Revised Code provides statutory authority for member and employer contributions.

**VILLAGE OF OAKWOOD, OHIO**  
**CUYAHOGA COUNTY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2010**  
**(CONTINUED)**

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

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

The Village of Oakwood's required contributions for pension obligations to all three plans for the years ended December 31, 2010, 2009, and 2008 were \$225,370, \$279,442, and \$219,946, respectively. The full amount has been contributed for 2010, 2009, and 2008.

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

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

Plan members are required to contribute 10.00 percent of their annual covered salary, while employers are required to contribute 19.50 percent for police officers and 24.00 percent for firefighters. The portion of the Village's contributions to fund pension obligations was 12.75 percent for police officers and 17.25 percent for firefighters. Contributions are authorized by state statute. The Village's contributions to the OP&F Fund for the years ending December 31, 2010, 2009, and 2008 were \$136,137, \$138,201, and \$137,336, respectively.



**VILLAGE OF OAKWOOD, OHIO  
CUYAHOGA COUNTY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2010  
(CONTINUED)**

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**NOTE 10: POST-EMPLOYMENT BENEFITS**

**A. Ohio Public Employees Retirement System**

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

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

The Ohio Revised Code provides the statutory authority requiring public employers to fund post-employment health care through their contributions to OPERS. A portion of each employer's contribution to OPERS is set aside for the funding of post-employment health care benefits. The 2010 employer rate was 14.00 percent of covered payroll. The Ohio Revised Code currently limits the employer contribution to a rate not to exceed 14.00 percent of covered payroll for State and local employer units. Active members do not make contributions to the OPEB Plan.

OPERS Post-Employment Health Care Plan was established under, and is administered in accordance with, Internal Revenue Code 401(h). Each year, the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding of post-employment health care benefits. For 2010, the portion of employer contributions allocated to health care was 5.50 percent from January 1 through February 28 and 5.00 percent from March 1 through December 31. The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care benefits provided, by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected. Actual Village contributions for the years ending December 31, 2010, 2009 and 2008 which were used to fund post-employment benefits were \$88,538, \$109,781, and \$77,301.

**VILLAGE OF OAKWOOD, OHIO**  
**CUYAHOGA COUNTY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2010**  
**(CONTINUED)**

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

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

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

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

The Board of Trustees is authorized to allocate a portion of the total employer contributions made into the pension plan to the Section 115 trust and the Section 401(h) account as the employer contribution for retiree health care benefits. For the year ended December 31, 2010, the employer contribution allocated to the health care plan was 6.75 percent of covered payroll. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees’ primary responsibility to ensure that pension benefits are adequately funded and is limited by the provision of Sections 115 and 401(h).

**VILLAGE OF OAKWOOD, OHIO  
CUYAHOGA COUNTY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2010  
(CONTINUED)**

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

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

The OP&F Board of Trustees also is authorized to establish requirements for contributions to the health care plan by retirees and their eligible dependents, or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage period. The portion of the 2010 covered payroll that was used to fund post-employment health care benefits was \$54,106, representing 6.75 percent of covered payroll. Health care funding and accounting was on a pay-as-you-go basis. In addition, since July 1, 1992, most retirees have been required to contribute a portion of the cost of their health care coverage through a deduction from their monthly benefit payment. Beginning in 2001, all retirees and survivors have monthly health care contributions.

NOTE 11: **INTERFUND AND TRANSFERS**

As of December 31, 2010, interfund transfers were as follows:

<u>Fund</u>	<u>Transfer In</u>	<u>Transfer Out</u>
General	\$ -	\$ 354,031
Street Construction, Maintenance and Repair	52,000	168,000
General Obligation Bond Retirement	197,500	-
General Capital Improvement	69,946	-
Other Governmental	254,585	52,000
<b>Totals</b>	<b><u>\$ 574,031</u></b>	<b><u>\$ 574,031</u></b>

An interfund transfer of \$168,000 was made from the Street Construction, Maintenance, and Repair Fund to the General Obligation Bond Retirement Fund to pay debt relating to street projects. Transfers from Other Governmental Funds into Street Construction, Maintenance and Repair 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: 12: **CONTINGENCIES**

The Village is currently involved in 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, 2010.

**VILLAGE OF OAKWOOD, OHIO  
CUYAHOGA COUNTY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2010  
(CONTINUED)**

**NOTE 13: LEGAL COMPLIANCE**

**A. Appropriations Exceed Actual Resources**

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

<u>Fund</u>	<u>Actual Resources</u>	<u>Final Appropriations</u>	<u>Difference</u>
General	\$ 6,767,429	\$ 7,004,932	\$ (237,503)
Street Construction, Maintenance, and Repair	1,326,504	1,401,146	(74,642)
Permissive Auto	41,338	42,000	(662)
State Highway	11,642	13,000	(1,358)
Beautification	10,646	26,664	(16,018)
Senior Center	61,966	67,200	(5,234)
Holiday	6,552	6,772	(220)
Ambulance Billing	332,349	347,863	(15,514)
3% State Tax	654	900	(246)
General Obligation Bond	4,118,395	4,214,000	(95,605)
General Capital Improvement	190,853	205,157	(14,304)

**B. Appropriations Exceed Total Estimated Resources**

Ohio Revised Code Section 5705.39 prohibits appropriations from each fund from exceeding the total estimated resources. The General Fund's original appropriations exceeded estimated resources by \$13,584 and Street Construction, Maintenance, and Repair Fund's original appropriations exceeded estimated resources by \$672,785.



# Dave Yost • Auditor of State

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

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

To the Village Council:

We have audited the financial statements of the governmental activities, the business-type activity, each major fund, and the aggregate remaining fund information of Village of Oakwood, Cuyahoga County, Ohio, (the Village) as of and for the year ended December 31, 2010, which collectively comprise the Village's basic financial statements and have issued our report thereon dated December 4, 2012, wherein, we noted the Village uses a comprehensive accounting basis other than generally accepted accounting principles. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

### **Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Village's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of opining on the effectiveness of the Village's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Village's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, 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 more than a reasonable possibility that a material misstatement of the Township's financial statements will not be prevented, or detected and timely corrected.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

### **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, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

We did note certain matters not requiring inclusion in this report that we reported to the Village's management in a separate letter dated December 4, 2012.

We intend this report solely for the information and use of management, the audit committee, the Village Council, and others within the Village. We intend it for no one other than these specified parties.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive, flowing style.

**Dave Yost**  
Auditor of State

December 4, 2012

**VILLAGE OF OAKWOOD  
CUYAHOGA COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2010**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain</i></b>
2009-001	Significant Deficiency : Vacation and Sick Leave Balance accuracy	Yes	
2009-002	ORC Section 5705.41(b) - Expenditures exceeding appropriations	Yes	
2009-003	ORC Section 5705.39 and 5705.36 (A - Appropriations in excess of estimated and actual resources	Yes	

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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  
JANUARY 3, 2013