



OHIO AUDITOR OF STATE
KEITH FABER



VILLAGE OF OAKWOOD
CUYAHOGA COUNTY

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VILLAGE OF OAKWOOD
CUYAHOGA COUNTY

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INDEPENDENT AUDITOR'S REPORT

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

To the Village Council:

Report on the Financial Statements

We have audited the accompanying cash-basis financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Oakwood, Cuyahoga County, Ohio (the Village), as of and for the years ended December 31, 2019 and 2018, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Oakwood, Cuyahoga County, Ohio, as of December 31, 2019 and 2018, and the respective changes in cash financial position and the budgetary comparison for the General Fund thereof for the years then ended in accordance with the accounting basis described in Note 2.

Accounting Basis

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

Other Matters

Other Information

We applied no procedures to management's discussion & analysis as listed in the table of contents. Accordingly, we express no opinion or any other assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 4, 2021, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.



Keith Faber
Auditor of State
Columbus, Ohio

August 4, 2021

**VILLAGE OF OAKWOOD, OHIO
CUYAHOGA COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)
FOR THE YEAR ENDED DECEMBER 31, 2019**

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, 2019, 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 2019 are as follows:

- Net position of governmental activities increased by 155,715, or 27.51 percent, from the prior year.
- The Village's general receipts are primarily property taxes, income taxes, grants and entitlements, and debt proceeds. These receipts represent 81 percent of total cash received for governmental activities.
- The Village's business-type activities is sanitary sewer. Net position increased by \$40,892. The Village's total disbursements for business-type activities increased by \$51,466.

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.

The statement of net position and statement of activities for 2019 reflect how the Village did financially within the limitations of the cash basis of accounting. The statement of net position presents the cash balances of the governmental and business-type activities of the Village at year-end. The statement of activities compares cash disbursements with program receipts for each governmental program and business-type activity.

VILLAGE OF OAKWOOD, OHIO
CUYAHOGA COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)
FOR THE YEAR ENDED DECEMBER 31, 2019

Program receipts include charges paid by the recipient of the program services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General cash receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function and business-type activity draws from the Village's general receipts.

These statements report the Village's cash position and the changes in cash position. Keeping in mind the limitations of the cash basis of accounting, these changes are one way to measure the Village's financial health. Over time, increases or decreases in the Village's cash position is one indicator of whether the Village's financial health is improving or deteriorating. When evaluating the Village's financial condition, consideration should be given to other nonfinancial factors as well, such as the Village's tax base, the extent of the Village's debt obligations, the reliance on non-local financial resources for operations, and the need for continued growth in the major local revenue sources, such as property and income taxes.

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

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

Reporting the Village's Most Significant Funds

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

Governmental Funds - Most of the Village's activities are reported in governmental funds. The governmental fund financial statements provide a detailed view of the Village's governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the Village's programs. 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 2019 are the General, General Capital Improvement and General Obligation Bond Retirement funds.

**VILLAGE OF OAKWOOD, OHIO
CUYAHOGA COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)
FOR THE YEAR ENDED DECEMBER 31, 2019**

The programs reported in governmental funds are related to those reported in the governmental activities section of the entity-wide statements. There are no reconciliations between the two reports as the Village reports on the cash basis.

Proprietary Funds - When the Village charges customers for the services it provides, these services are generally reported in proprietary funds. When the services are provided to the general public, the activity is reported as an enterprise fund. The Village's only enterprise fund, which is major, is the Sanitary Sewer fund.

The Government as a Whole

Table 1 provides a summary of the Village's net position for 2019 compared to 2018 on the cash basis.

Table 1 - Net Position

	Governmental Activities		Business-Type Activities		Total	
	2019	2018 *	2019	2018	2019	2018 *
ASSETS						
Equity in Pooled Cash and Cash Equivalents	\$ 437,882	\$ 564,540	\$ 69,626	\$ 28,734	\$ 507,508	\$ 593,274
Cash and Cash Equivalents:						
In Segregated Accounts	24,087	1,464	0	0	24,087	1,464
With Escrow Agents	259,750	0	0	0	259,750	-
Total Assets	\$ 721,719	\$ 566,004	\$ 69,626	\$ 28,734	\$ 791,345	\$ 594,738
NET POSITION						
Restricted:						
Police and Fire	\$ 64,481	\$ 24,004	\$ 0	\$ 0	\$ 64,481	\$ 24,004
Debt Services	3,397	63	0	0	3,397	63
Capital Projects	69,154	21,621	0	0	69,154	21,621
Other Purposes	8,461	7,832	0	0	8,461	7,832
Unrestricted	576,226	512,484	69,626	28,734	645,852	541,218
Total Net Position	\$ 721,719	\$ 566,004	\$ 69,626	\$ 28,734	\$ 791,345	\$ 594,738

* Restated

**VILLAGE OF OAKWOOD, OHIO
CUYAHOGA COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)
FOR THE YEAR ENDED DECEMBER 31, 2019**

Table 2 reflects the changes in net position in 2019 compared to 2018.

Table 2 - Change in Net Position

	Governmental Activities		Business Type Activities		Totals	
	2019	2018	2019	2018	2019	2018
<u>Receipts</u>						
Program Receipts						
Charges for Services	\$ 1,759,138	\$ 1,726,970	\$ 128,652	\$ 54,825	\$ 1,887,790	\$ 1,781,795
Operating Grants and Contributions	723,838	524,789	0	0	723,838	524,789
Total Program Receipts	<u>2,482,976</u>	<u>2,251,759</u>	<u>128,652</u>	<u>54,825</u>	<u>2,611,628</u>	<u>2,306,584</u>
General Receipts						
Property and Other Local Taxes	477,815	425,574	0	0	477,815	425,574
Income Taxes	7,532,478	7,153,591	0	0	7,532,478	7,153,591
Payments in Lieu of Taxes	47,549	5,270	0	0	47,549	5,270
Grants & Entitlements not restricted to specific programs	167,505	190,355	0	0	167,505	190,355
All Other Revenues	255,707	781,912	0	0	255,707	781,912
Debt Proceeds	3,691,588	3,376,899	0	0	3,691,588	3,376,899
Total General Receipts	<u>12,172,642</u>	<u>11,933,601</u>	<u>0</u>	<u>0</u>	<u>12,172,642</u>	<u>11,933,601</u>
Total Receipts	<u>14,655,618</u>	<u>14,185,360</u>	<u>128,652</u>	<u>54,825</u>	<u>14,784,270</u>	<u>14,240,185</u>
<u>Disbursements</u>						
Security of Persons and Property	4,291,194	4,196,638	0	0	4,291,194	4,196,638
Leisure Time Activities	357,477	420,233	0	0	357,477	420,233
Community Environment	296,485	341,785	0	0	296,485	341,785
Basic Utility Services	201,894	186,342	0	0	201,894	186,342
Transportation	1,319,866	1,653,323	0	0	1,319,866	1,653,323
General Government	3,495,859	3,341,414	0	0	3,495,859	3,341,414
Capital Outlay	568,933	1,527,049	0	0	568,933	1,527,049
Debt Service:						
Principal Retirement	3,729,234	2,690,811	713	713	3,729,947	2,691,524
Issuance Costs	42,555	24,123	0	0	42,555	24,123
Interest and Fiscal Charges	196,406	174,601	0	0	196,406	174,601
Sanitary Sewer	0	0	87,047	35,581	87,047	35,581
Total Disbursements	<u>14,499,903</u>	<u>14,556,319</u>	<u>87,760</u>	<u>36,294</u>	<u>14,587,663</u>	<u>14,592,613</u>
Change in Net Position	155,715	(370,959)	40,892	18,531	196,607	(352,428)
Net Position - Beginning of the Year, restated	566,004	936,963	28,734	10,203	594,738	947,166
Net Position - End of the Year	<u>\$ 721,719</u>	<u>\$ 566,004</u>	<u>\$ 69,626</u>	<u>\$ 28,734</u>	<u>\$ 791,345</u>	<u>\$ 594,738</u>

**VILLAGE OF OAKWOOD, OHIO
CUYAHOGA COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)
FOR THE YEAR ENDED DECEMBER 31, 2019**

Program receipts represent 17.7 percent of total receipts for 2019. They are primarily comprised of sanitary sewer fees, fines, recreation activity charges, and intergovernmental receipts such as motor vehicle license fees, gas tax money, license and permits, and charges to local governments for fire and EMS services. Program receipts increased by \$305,044 or 13.2 percent compared to the prior year due to increased funding for recreational activities, increased gas tax received, and more reimbursement of funds from purchases of equipment on fire EMS service contracts.

General receipts represent 82.3 percent of the Village's total receipts for 2019. Property and other local taxes and income taxes represent 65.8 percent of the general receipts. Grants, entitlements, and proceeds from debt represent 31.7 percent of general receipts. The remaining portion of general receipts is made up of all other receipts. General receipts increased by \$239,041 or 2.0 percent compared to the prior year. The Village had an increase in the amount of income tax collected during 2019 and debt proceeds, which was offset by a decrease in all other revenues.

Disbursements for general government represent the overhead costs of running the Village and the support services provided for other Village activities. These include the costs of Council, Mayor, Mayor's Court, Finance, and Council Clerk, as well as internal services such as payroll and purchasing. Disbursements for general government increase by \$154,445 or 4.6 percent compared to the prior year.

Disbursements for Capital Outlay decreased by \$958,116 or 62.7 percent. The decrease in capital outlay is due to less street project improvement for in 2019. Security of Persons and Property are the costs of police and fire protection, which increased by \$94,556 or 2.3 percent as compared to prior year.

Transportation expenses, the cost of maintaining roads decreased by \$333,457 of 20.2 percent. The decrease is due to less projects performed in 2019.

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

Governmental Activities

The first column of the Statement of Activities lists the major services provided by the Village. The next column identifies the costs of providing these services. The major program disbursements for governmental activities are Security of Persons and Property, Principal Retirement, and General Government, which account for 29.6, 25.7, and 24.1 percent of all governmental disbursements, respectively. The next two columns of the Statement titled Program Cash Receipts identifies amounts paid by people who are directly charged for the service, and for grants received by the Village that must be used to provide a specific service.

**VILLAGE OF OAKWOOD, OHIO
CUYAHOGA COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)
FOR THE YEAR ENDED DECEMBER 31, 2019**

This “net cost” amount represents the cost of the service, which ends up being paid from money provided by local taxpayers. These net costs are paid from the general receipts, which are presented at the bottom of the Statement. A comparison between the total cost of service and the net cost is presented in Table 3.

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

	Total Cost of Services		Net Cost of Services	
	2019	2018	2019	2018
Security of Persons and Property	\$ 4,291,194	\$ 4,196,638	\$ (2,709,907)	\$ (2,565,435)
Leisure Time Activities	357,477	420,233	(319,182)	(377,131)
Community Environment	296,485	341,785	(275,449)	(326,410)
Basic Utility Services	201,894	186,342	(201,894)	(186,342)
Transportation	1,319,866	1,653,323	(709,614)	(1,263,432)
General Government	3,495,859	3,341,414	(3,263,753)	(3,209,949)
Capital Outlay	568,933	1,527,049	(568,933)	(1,527,049)
Debt Service:				
Principal Retirement	3,729,234	2,690,811	(3,729,234)	(2,690,811)
Issuance Costs	42,555	24,123	(42,555)	(24,123)
Interest and Fiscal Charges	196,406	174,601	(196,406)	(174,604)
Total Governmental Activities	<u>\$14,499,903</u>	<u>\$14,556,319</u>	<u>\$ (12,016,927)</u>	<u>\$ (12,345,286)</u>

The dependence upon property and other local taxes, income taxes and other general receipts is apparent as over 82.9 percent of the net cost of services for governmental activities is supported through these general receipts.

Business-type Activities

Sanitary sewer total receipts increased by \$73,827 due to the increase in grant reimbursements related to repairs to the Village Pump Stations. Total disbursements increased slightly by \$51,466.

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 2019, the Village made amendments to its appropriation budget and receipts budget to reflect changing circumstances. Final budgeted receipts were the same as original budgeted receipts. The difference between final budgeted receipts and actual receipts was mostly due to an overestimate of income tax receipts.

**VILLAGE OF OAKWOOD, OHIO
CUYAHOGA COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)
FOR THE YEAR ENDED DECEMBER 31, 2019**

Final budgeted disbursements for 2019 were lower than original budgeted disbursements. The decrease of 2019 final budget disbursements were due to lower health claims. Actual disbursements for 2019 were lower than final budgeted amounts. This was due to an effort on the behalf of the Village departments to reduce their spending.

Capital Assets and Debt Administration

Capital Assets

The Village does not currently keep track of its capital assets and infrastructure in the accompanying financial statements, but records payments for capital assets as disbursements.

Debt Administration

At December 31, 2019, the Village had \$3,250,000 in outstanding General Obligation Notes, \$2,970,000 in outstanding General Obligation and Special Assessment bonds, with \$3,595,000 due within one year. The Village had \$802,451 in loans with the Ohio Public Works Commission, with \$29,272 due within one year for improvements to streets and sewer utilities. See Note 8 to the financial statements for more detail.

Current Issues

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

Contacting the Village's Financial Management

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

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**VILLAGE OF OAKWOOD, OHIO
 CUYAHOGA COUNTY
 STATEMENT OF NET POSITION – CASH BASIS
 DECEMBER 31, 2019**

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
ASSETS			
Equity in Pooled Cash and Cash Equivalents	\$ 437,882	\$ 69,626	\$ 507,508
Cash and Cash Equivalents:			
In Segregated Accounts	24,087	0	24,087
With Escrow Agents	<u>259,750</u>	<u>0</u>	<u>259,750</u>
Total Assets	<u>\$ 721,719</u>	<u>\$ 69,626</u>	<u>\$ 791,345</u>
NET POSITION			
Restricted:			
Police and Fire	\$ 64,481	\$ 0	\$ 64,481
Debt Services	3,397	0	3,397
Capital Projects	69,154	0	69,154
Other Purposes	8,461	0	8,461
Unrestricted	<u>576,226</u>	<u>69,626</u>	<u>645,852</u>
Total Net Position	<u>\$ 721,719</u>	<u>\$ 69,626</u>	<u>\$ 791,345</u>

See accompanying notes to the basic financial statements.

VILLAGE OF OAKWOOD, OHIO
CUYAHOGA COUNTY
STATEMENT OF ACTIVITIES – CASH BASIS
DECEMBER 31, 2019

	<u>Program Cash Receipts</u>			<u>Net (Disbursements) Receipts and Changes in Net Position</u>		
	<u>Cash Disbursements</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Primary Government:						
Governmental Activities						
Security of Persons and Property	\$ 4,291,194	\$ 1,581,287	\$ 0	\$ (2,709,907)	\$ 0	\$ (2,709,907)
Leisure Time Activities	357,477	38,295	0	(319,182)	0	(319,182)
Community Environment	296,485	21,036	0	(275,449)	0	(275,449)
Basic Utility Services	201,894	0	0	(201,894)	0	(201,894)
Transportation	1,319,866	205	610,047	(709,614)	0	(709,614)
General Government	3,495,859	118,315	113,791	(3,263,753)	0	(3,263,753)
Capital Outlay	568,933	0	0	(568,933)	0	(568,933)
Debt Service:						
Principal Retirement	3,729,234	0	0	(3,729,234)	0	(3,729,234)
Issuance Costs	42,555	0	0	(42,555)	0	(42,555)
Interest and Fiscal Charges	196,406	0	0	(196,406)	0	(196,406)
Total Governmental Activities	<u>14,499,903</u>	<u>1,759,138</u>	<u>723,838</u>	<u>(12,016,927)</u>	<u>0</u>	<u>(12,016,927)</u>
Business-Type Activities						
Sanitary Sewer	87,760	128,652	0	0	40,892	40,892
Total Business-type Activities	<u>87,760</u>	<u>128,652</u>	<u>0</u>	<u>0</u>	<u>40,892</u>	<u>40,892</u>
Total Primary Government	<u>\$ 14,587,663</u>	<u>\$ 1,887,790</u>	<u>\$ 723,838</u>	<u>(12,016,927)</u>	<u>40,892</u>	<u>(11,976,035)</u>
General Receipts						
Property and Other Local Taxes levied for:						
General Purposes				369,781	0	369,781
Debt Service Purpose				72,025	0	72,025
Other Purposes				36,009	0	36,009
Income Taxes levied for General Purposes				7,532,478	0	7,532,478
Payments in Lieu of Taxes				47,549	0	47,549
Grants & Entitlements not restricted to specific programs				167,505	0	167,505
All Other Revenues				255,707	0	255,707
Debt Proceeds				3,691,588	0	3,691,588
Total General Receipts and Transfers				<u>12,172,642</u>	<u>0</u>	<u>12,172,642</u>
Change in Net Position				155,715	40,892	196,607
Net Position - Beginning of Year, Restated				566,004	28,734	594,738
Net Position - End of Year				<u>\$ 721,719</u>	<u>\$ 69,626</u>	<u>\$ 791,345</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, 2019**

	<u>General</u>	<u>General Obligation Bond Retirement</u>	<u>General Capital Improvement</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS					
Equity in Pooled Cash and Cash Equivalents	\$ 324,607	\$ 3,313	\$ 916	\$ 109,046	\$ 437,882
Cash and Cash Equivalents:					
In Segregated Accounts	20,837	0	0	3,250	24,087
With Escrow Agents	-	0	259,750	0	259,750
Total Assets	<u>\$ 345,444</u>	<u>\$ 3,313</u>	<u>\$ 260,666</u>	<u>\$ 112,296</u>	<u>\$ 721,719</u>
FUND BALANCES					
Restricted for:					
Police Operations	\$ 0	\$ 0	\$ 0	\$ 2,246	\$ 2,246
Fire Operations	0	0	0	62	62
Police Pension	0	0	0	1,714	1,714
Drug and Alcohol Education Enforcement	0	0	0	60,459	60,459
Mayor's Court	0	0	0	6,920	6,920
Debt Service	0	3,313	0	84	3,397
Capital Improvement	0	0	0	69,154	69,154
Other Purposes	0	0	0	1,541	1,541
Committed to:					
Recreation	0	0	0	1,941	1,941
Capital Improvement	0	0	260,666	0	260,666
Bond Deposits	0	0	0	28,020	28,020
Other Purposes	20,837	0	0	4,949	25,786
Assigned to:					
Other Purposes	130,552	0	0	0	130,552
Unassigned (Deficit)	194,055	0	0	(64,794)	129,261
Total Fund Balances	<u>\$ 345,444</u>	<u>\$ 3,313</u>	<u>\$ 260,666</u>	<u>\$ 112,296</u>	<u>\$ 721,719</u>
Total Liabilities and Fund Balances	<u>\$ 345,444</u>	<u>\$ 3,313</u>	<u>\$ 260,666</u>	<u>\$ 112,296</u>	<u>\$ 721,719</u>

See accompanying notes to the basic financial statements.

**VILLAGE OF OAKWOOD, OHIO
 CUYAHOGA COUNTY
 STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES
 – CASH BASIS
 GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2019**

	General	General Obligation Bond Retirement	General Capital Improvement	Other Governmental Funds	Total Governmental Funds
RECEIPTS					
Property and Local Taxes	\$ 369,781	\$ 72,025	\$ 0	\$ 36,009	\$ 477,815
Income Taxes	7,532,478	0	0	0	7,532,478
Intergovernmental Revenues	162,740	3,177	0	611,635	777,552
Special Assessments	0	0	0	113,791	113,791
Charges for Services	822,416	0	0	315,118	1,137,534
Fines, Licenses, and Permits	573,592	0	0	48,012	621,604
Payments in Lieu of Taxes	0	0	0	47,549	47,549
Miscellaneous	240,698	0	0	15,009	255,707
Total Receipts	9,701,705	75,202	0	1,187,123	10,964,030
DISBURSEMENTS					
Current:					
Security of Persons and Property	4,042,676	0	0	248,518	4,291,194
Leisure Time Activities	0	0	0	357,477	357,477
Community Environment	252,962	0	39,302	4,221	296,485
Basic Utility Services	201,894	0	0	0	201,894
Transportation	544,604	0	0	775,262	1,319,866
General Government	3,489,391	0	0	6,468	3,495,859
Capital Outlay	77,581	0	427,208	64,144	568,933
Debt Service:					
Principal Retirement	0	3,610,000	0	119,234	3,729,234
Issuance Costs	0	42,555	0	0	42,555
Interest and Fiscal Charges	0	163,793	0	32,613	196,406
Total Disbursements	8,609,108	3,816,348	466,510	1,607,937	14,499,903
Excess of Receipts					
Over (Under) Disbursements	1,092,597	(3,741,146)	(466,510)	(420,814)	(3,535,873)
OTHER FINANCING SOURCES (USES)					
Transfers - In	0	473,000	307,000	547,250	1,327,250
Transfers - Out	(1,274,200)	0	0	(53,050)	(1,327,250)
Proceeds from Sale of Notes	0	3,250,000	0	0	3,250,000
Premium on Debt Issued	0	21,428	0	0	21,428
Inception of Capital Lease	0	0	420,160	0	420,160
Total Other Financing Sources (Uses)	(1,274,200)	3,744,428	727,160	494,200	3,691,588
Net Change in Fund Balances	(181,603)	3,282	260,650	73,386	155,715
Fund Balances - Beginning of Year, Restated	527,047	31	16	38,910	566,004
Fund Balances - End of Year	\$ 345,444	\$ 3,313	\$ 260,666	\$ 112,296	\$ 721,719

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, 2019

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
				Positive
				(Negative)
Revenues				
Property and Local Taxes	\$ 357,662	\$ 357,662	\$ 369,781	\$ 12,119
Income Taxes	7,653,811	7,653,811	7,532,478	(121,333)
Intergovernmental Revenues	165,361	165,361	162,740	(2,621)
Charges for Services	835,663	835,663	822,416	(13,247)
Fines, Licenses, and Permits	473,360	473,360	465,856	(7,504)
Miscellaneous	235,533	235,533	231,799	(3,734)
Total Revenues	<u>9,721,390</u>	<u>9,721,390</u>	<u>9,585,070</u>	<u>(136,320)</u>
Expenditures				
Current:				
Security of Persons and Property	4,599,847	4,131,267	4,095,080	36,187
Community Environment	280,250	257,117	255,512	1,605
Basic Utility Services	200,000	201,954	201,952	2
Transportation	560,495	552,911	548,228	4,683
General Government	3,255,162	3,411,889	3,376,246	35,643
Total Expenditures	<u>8,895,754</u>	<u>8,555,138</u>	<u>8,477,018</u>	<u>78,120</u>
Excess of Revenues Over Expenditures	<u>825,636</u>	<u>1,166,252</u>	<u>1,108,052</u>	<u>(58,200)</u>
Other Financing (Uses)				
Transfers Out	<u>(1,054,000)</u>	<u>(1,274,200)</u>	<u>(1,274,200)</u>	<u>0</u>
Total Other Financing (Uses)	<u>(1,054,000)</u>	<u>(1,274,200)</u>	<u>(1,274,200)</u>	<u>0</u>
Net Change in Fund Balance	(228,364)	(107,948)	(166,148)	(58,200)
Fund Balance - Beginning of Year	473,018	473,018	473,018	0
Prior Year Encumbrances Appropriated	24,708	24,708	24,708	0
Fund Balance - End of Year	<u>\$ 269,362</u>	<u>\$ 389,778</u>	<u>\$ 331,578</u>	<u>\$ (58,200)</u>

See accompanying notes to the basic financial statements.

**VILLAGE OF OAKWOOD, OHIO
 CUYAHOGA COUNTY
 STATEMENT OF FUND NET POSITION – CASH BASIS
 PROPRIETARY FUND
 DECEMBER 31, 2019**

	<u>Enterprise Fund</u>
	<u>Sanitary Sewer</u>
ASSETS	
Current Assets:	
Equity in Pooled Cash and Cash Equivalents	\$ 69,626
 NET POSITION	
Unrestricted	\$ 69,626

See accompanying notes to the basic financial statements.

**VILLAGE OF OAKWOOD, OHIO
 CUYAHOGA COUNTY
 STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN
 FUND NET POSITION – CASH BASIS
 PROPRIETARY FUND
 FOR THE YEAR ENDED DECEMBER 31, 2019**

	Enterprise Fund
	Sanitary Sewer
OPERATING RECEIPTS	
Charges for Services	\$ 128,652
Total Operating Receipts	128,652
OPERATING DISBURSEMENTS	
Contractual Services	87,047
Total Operating Disbursements	87,047
Operating Income	41,605
NONOPERATING (DISBURSEMENTS)	
Principal Retirement	(713)
Total Nonoperating (Disbursements)	(713)
Change in Net Position	40,892
Net Position - Beginning of Year	28,734
Net Position - End of Year	\$ 69,626

See accompanying notes to the basic financial statements.

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VILLAGE OF OAKWOOD, OHIO
CUYAHOGA COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 1: **REPORTING ENTITY**

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

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

A. Primary Government

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

B. Component Units

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

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

As discussed further in Note 2C, these financial statements are presented on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted (GAAP) in the United States of America. Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. Following are the more significant of the Village's accounting policies:

**VILLAGE OF OAKWOOD, OHIO
CUYAHOGA COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019
(CONTINUED)**

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

A. **Basis of Presentation**

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

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

The statement of net position presents cash balances of the governmental activities and business-type activities of the Village at year-end. The statement of activities compares disbursements with program receipts for each of the Village's governmental and business-type activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the Village is responsible. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function or business-type activity is self-financing on a cash basis or draws from the Village's general receipts.

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.

VILLAGE OF OAKWOOD, OHIO
CUYAHOGA COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019
(CONTINUED)

Proprietary fund statements distinguish operating transactions from nonoperating transactions. Operating receipts generally result from exchange transactions such as charges for services directly relating to the funds' principal services. Operating disbursements include costs of sales and services and administrative costs. The proprietary fund statements report all other receipts and disbursements as nonoperating.

B. Fund Accounting

The Village uses fund accounting to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. Funds are used to segregate resources that are restricted as to use. The funds of the Village are divided into three categories: governmental, proprietary, and fiduciary.

Governmental Funds

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

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

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 account for lease payments for Village equipment and large capital improvements.

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

Proprietary Funds

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

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

VILLAGE OF OAKWOOD, OHIO
CUYAHOGA COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019
(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 fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension (and other employee benefit) trust funds, investment trust funds, private-purpose trust funds, and custodial funds. Trust funds are distinguished from custodial funds by the existence of a trust agreement or equivalent arrangements that have certain characteristics. Custodial funds are used to report fiduciary activities that are not required to be reported in a trust fund. The Village does not have any fiduciary funds.

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.

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.

VILLAGE OF OAKWOOD, OHIO
CUYAHOGA COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019
(CONTINUED)

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

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

E. Cash and Investments

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

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

Cash held for the Village by a bank for the payment of debt principal and interest as they come due and to purchase capital assets from a capital lease is included on the financial statements as “cash and cash equivalents with escrow agents”.

The Village also has segregated bank accounts for monies held separate from the Village's central bank account. These interest-bearing depository accounts are presented as "cash and cash equivalents in segregated accounts" since they are not required to be deposited into the Village treasury.

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, 2019.

VILLAGE OF OAKWOOD, OHIO
CUYAHOGA COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019
(CONTINUED)

G. Inventories and Prepaids

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

H. Interfund Receivables/Payables

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

I. Capital Assets

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

J. Accumulated Leave

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

K. Employer Contributions to Cost-Sharing Pension Plans

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

L. Long-Term Obligations

The Village's cash basis financial statements do not report liabilities for bonds and other long-term obligations. Proceeds of debt are reported when cash is received and principal and interest payments are reported when paid. Lease payments are reported when paid.

M. Fund Balance

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

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

VILLAGE OF OAKWOOD, OHIO
CUYAHOGA COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019
(CONTINUED)

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

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

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

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

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

VILLAGE OF OAKWOOD, OHIO
CUYAHOGA COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019
(CONTINUED)

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

N. Net Position

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

O. Interfund Transactions

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

NOTE 3: CHANGE IN ACCOUNTING PRINCIPLES AND RESTATEMENT OF FUND BALANCE/NET POSITION

During the year, the Village implemented the following Governmental Accounting Standards Board (GASB) Statements to the extent they apply their cash basis of accounting:

GASB Statement No. 83, *Certain Asset Retirement Obligations*. This Statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). The implementation of this Statement did not have an effect on the financial statements of the Village.

GASB Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*. The objective of this Statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt.

**VILLAGE OF OAKWOOD, OHIO
CUYAHOGA COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019
(CONTINUED)**

These changes were incorporated in the Village's 2019 financial statements; however, there was no effect on the beginning net position/fund balance.

GASB Statement No. 90, *Majority Equity Interests – an amendment of GASB Statements No. 14 and No. 61*). The primary objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statements information for certain component units. The implementation of this Statement did not have an effect on the financial statements of the Village.

GASB Statement No. 84, *Fiduciary Activities*. This Statement established specific criteria for identifying activities that should be reported as fiduciary activities and clarifies whether and how business-type activities should report their fiduciary activities. Due to the implementation of GASB Statement No. 84, the Village will no longer be reporting agency funds. The Village reviewed its fiduciary funds and all funds have been reclassified as governmental funds.

The implementation of GASB Statement No. 84 had the following effect on Governmental fund balance/net position.

	General Fund	General Obligation Bond Retirement	Other Governmental	Total
Fund Balance December 31, 2018	\$ 506,111	\$ 31	\$ 19,139	\$ 525,281
Adjustments:				
GASB Statement No. 84	<u>20,936</u>	-	<u>19,787</u>	<u>40,723</u>
Restated Fund Balance December 31, 2018	<u>\$ 527,047</u>	<u>\$ 31</u>	<u>\$ 38,926</u>	<u>\$ 566,004</u>

	Governmental Activities
Net Position December 31, 2018	\$ 525,281
Adjustments:	
GASB Statement No. 84	<u>40,723</u>
Restated Net Position December 31, 2018	<u>\$ 566,004</u>

VILLAGE OF OAKWOOD, OHIO
CUYAHOGA COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019
(CONTINUED)

NOTE 4: BUDGETARY BASIS OF ACCOUNTING

The budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The Statements of Receipts, Disbursements, and Changes in Fund Balances – Budget and Actual - Budgetary Basis presented for the General Fund, is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The differences between the budgetary basis and the cash basis are outstanding year end encumbrances are treated as cash disbursements (budgetary basis) rather than as a component of fund balance (cash basis). The prior year encumbrances outstanding (budgetary basis) amounted to \$24,708. The current year encumbrances outstanding (budgetary basis) amounted to \$11,147 for the General Fund.

The revenues, expenditures, and other financing sources and uses of the General Fund include activity that is budgeted within special revenue funds (cash basis). However, on the budgetary basis, the activity of the special revenue funds is excluded resulting in an increase in fund balance of \$23,556.

NOTE 5: CASH, CASH EQUIVALENTS, AND INVESTMENTS

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

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

Inactive deposits are public deposits that Council has identified as not required for use within the current five year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories.

Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts, including passbook accounts.

**VILLAGE OF OAKWOOD, OHIO
CUYAHOGA COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019
(CONTINUED)**

Interim monies held by the Village can be deposited or invested in the following securities:

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

Investments in stripped principal or interest obligations reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. An investment must mature within five years from the date of purchase, unless matched to a specific obligation or debt of the Village, and must be purchased with the expectation that it will be held to maturity.

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

**VILLAGE OF OAKWOOD, OHIO
CUYAHOGA COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019
(CONTINUED)**

Cash on Hand

At December 31, 2019, the Village had \$600 in undeposited cash on hand which is included as part of “Equity in Pooled Cash and Cash Equivalents”.

Deposits

Custodial credit risk is the risk that in the event of bank failure, the Village will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year end, the Village’s bank balance of \$536,459 was covered by Federal depository insurance in the amount of \$249,138 and \$287,321 was exposed to custodial credit risk because it was uninsured and uncollateralized.

The Village has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits either be insured or protected by:

Eligible securities pledged to the Village and deposited with a qualified trustee by the financial institution as security for repayment whose fair value at all times shall be at least 105 percent of the deposits being secured; or

Participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total fair value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State. The Village’s financial institution had enrolled in OPCS as of December 31, 2019.

Investments

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

Interest Rate Risk

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

Credit Risk

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

**VILLAGE OF OAKWOOD, OHIO
CUYAHOGA COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019
(CONTINUED)**

Custodial Credit Risk

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

Concentration of Credit Risk

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

NOTE 6: PROPERTY TAX

Property taxes include amounts levied against all real and public utility property located in the Village. Property tax revenue received during 2019 for real and public utility property taxes represents collections of 2018 taxes. 2019 real property taxes are levied after October 1, 2019, on the assessed value as of January 1, 2019, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2019 real property taxes are collected in and intended to finance 2020.

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

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2019 public utility property taxes which became a lien December 31, 2018, are levied after October 1, 2019, and are collected in 2020 with real property taxes.

The full tax rate for all Village operations for the year ended December 31, 2019, was \$3.80 per \$1,000 of assessed value.

**VILLAGE OF OAKWOOD, OHIO
 CUYAHOGA COUNTY
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2019
 (CONTINUED)**

The assessed values of real and tangible personal property upon which 2019 property tax receipts were based are as follows:

Category	Assessed Value
Real Estate	\$ 124,499,770
Public Utility	5,350,530
Total Valuation	\$ 129,850,300

NOTE 7: LOCAL INCOME TAX

The Village levies a 2.5 percent income tax on substantially all income earned in the Village. In addition, Village residents employed in municipalities having an income tax less than 2.5 percent must pay the difference to the Village. Additional increases in the income tax rate require voter approval. Employers within the Village withhold income tax on employee compensation and remit at least quarterly and file an annual declaration. Income tax receipts, in the amount of \$7,532,478 were credited to the General Fund for 2019.

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VILLAGE OF OAKWOOD, OHIO
CUYAHOGA COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019
(CONTINUED)

NOTE 8: OUTSTANDING DEBT

Outstanding debt at December 31, 2019 consisted of the following:

Governmental Activities	Balance at 12/31/2018	Additions	Deletions	Balance at 12/31/2019	Due within one year
<u>General Obligation Notes</u>					
Various Purpose Notes, Series 2018:					
Service Department Improvement	\$ 280,000	\$ 0	\$ 280,000	\$ 0	\$ 0
Street Improvement	1,820,000	0	1,820,000	0	0
Various Purpose Notes	200,000	0	200,000	0	0
Equipment	35,000	0	35,000	0	0
Land Acquisition Notes, Series 2018	1,015,000	0	1,015,000	0	0
Various Purpose Notes, Series 2019:					
Service Department Improvement	0	265,000	0	265,000	265,000
Street Improvement	0	1,725,000	0	1,725,000	1,725,000
Various Purpose Notes	0	105,000	0	105,000	105,000
Equipment	0	105,000	0	105,000	105,000
Land Acquisition Notes, Series 2019	0	1,050,000	0	1,050,000	1,050,000
Total General Obligation Notes	<u>\$3,350,000</u>	<u>\$3,250,000</u>	<u>\$ 3,350,000</u>	<u>\$3,250,000</u>	<u>\$ 3,250,000</u>
<u>Bonds</u>					
SA Street Improvement, 2003 (2.5% - 5.5%)	235,000	0	45,000	190,000	45,000
SA Street Improvement, 2007 (5.25%)	375,000	0	35,000	340,000	35,000
Division Street Improvement 2012 (2.0% - 3.0%)	465,000	0	25,000	440,000	25,000
Medusa Street Improvement 2012 (2.0% - 3.0%)	360,000	0	20,000	340,000	20,000
Refunding GO Various Purpose, 2012 (2.0% - 3.0%)	840,000	0	130,000	710,000	135,000
Richmond Road Bikeway 2012 (2.0% - 3.0%)	1,035,000	0	85,000	950,000	85,000
Total Bonds	<u>\$3,310,000</u>	<u>\$ 0</u>	<u>\$ 340,000</u>	<u>\$2,970,000</u>	<u>\$ 345,000</u>
<u>OPWC Loans - Direct Placement of debt</u>					
Division Street Improvement	\$ 6,994	\$ 0	\$ 700	\$ 6,294	\$ 700
Richmond/Pettibone Street Improvement	148,546	0	5,825	142,721	5,825
Alexander Road Improvement	287,689	0	12,786	274,903	12,786
Macedonia Road Improvement	398,456	0	19,923	378,533	9,961
Total OPWC Loans	<u>\$ 841,685</u>	<u>\$ 0</u>	<u>\$ 39,234</u>	<u>\$ 802,451</u>	<u>\$ 29,272</u>
Total Governmental Activities	<u>\$7,501,685</u>	<u>\$3,250,000</u>	<u>\$ 3,729,234</u>	<u>\$7,022,451</u>	<u>\$ 3,624,272</u>
Business-Type Activities					
<u>OPWC Loans -Direct Placement of Debt</u>					
Richmond	\$ 5,699	\$ 0	\$ 713	\$ 4,986	\$ 713
Total Business-Type Activities	<u>\$ 5,699</u>	<u>\$ 0</u>	<u>\$ 713</u>	<u>\$ 4,986</u>	<u>\$ 713</u>
Total Debt	<u>\$7,507,384</u>	<u>\$3,250,000</u>	<u>\$ 3,729,947</u>	<u>\$7,027,437</u>	<u>\$ 3,624,985</u>

**VILLAGE OF OAKWOOD, OHIO
CUYAHOGA COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019
(CONTINUED)**

The annual requirements for all debt outstanding as of December 31, 2019, are as follows:

	Governmental		Business-Type
	Principal	Interest	Principal
2020	\$ 374,273	\$ 90,863	\$ 713
2021	389,234	79,925	713
2022	414,234	70,213	713
2023	409,234	58,950	713
2024	384,234	47,800	713
2025-2029	1,130,465	117,700	1,421
2030-2034	442,671	19,050	0
2035-2039	182,710	0	0
2040-2044	45,396	0	0
	<u>\$ 3,772,451</u>	<u>\$ 484,501</u>	<u>\$ 4,986</u>

During 2019, the Village issued \$2,200,000 of General Obligation Notes with an interest rate of 2.25 percent and mature on September 17, 2020.

During 2019, the Village issued \$1,050,000 of Land Acquisition Notes with an interest rate of 1.85 percent and mature on June 4, 2020.

The Village's direct borrowing from OPWC in the amount of \$807,437 contain a provision that in an event of default the amount of such default shall bear interest thereafter at the rate of 8 percent per annum until the date of payment, and outstanding amounts become immediately due. Also, OPWC may direct the county treasurer to pay the outstanding amount from portion of the local government fund that would otherwise be appropriated to the Village.

NOTE 9: INSURANCE AND RISK MANAGEMENT

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

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

**VILLAGE OF OAKWOOD, OHIO
CUYAHOGA COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019
(CONTINUED)**

NOTE 10: **DEFINED BENEFIT PENSION PLANS**

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

A. **Ohio Public Employees Retirement System**

Plan Description - Village employees, other than full-time police and firefighters, participate in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional pension plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan and the combined plan is a cost-sharing, multiple-employer defined benefit pension plan with defined contribution features. While members (e.g. Village employees) may elect the member-directed plan and the combined plan, substantially all employee members are in OPERS' traditional plan; therefore, the following disclosure focuses on the traditional pension plan.

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

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

**VILLAGE OF OAKWOOD, OHIO
CUYAHOGA COUNTY
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FOR THE YEAR ENDED DECEMBER 31, 2019
(CONTINUED)**

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

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

Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount. The base amount of a member's pension benefit is locked in upon receipt of the initial benefit payment for calculation of the annual cost-of-living adjustment.

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

**VILLAGE OF OAKWOOD, OHIO
CUYAHOGA COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019
(CONTINUED)**

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

	<u>State and Local</u>	<u>Public Safety</u>	<u>Law Enforcement</u>
2019 Statutory Maximum Contribution Rates			
Employer	14.0 %	18.1 %	18.1 %
Employee	10.0 %	*	**
2019 Actual Contribution Rates			
Employer:			
Pension	14.0 %	18.1 %	18.1 %
Post-employment Health Care Benefits	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
Total Employer	<u>14.0 %</u>	<u>18.1 %</u>	<u>18.1 %</u>
Employee	<u>10.0 %</u>	<u>12.0 %</u>	<u>13.0 %</u>

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

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

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The Village's contractually required contribution was \$262,905 for year 2019.

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

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

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

**VILLAGE OF OAKWOOD, OHIO
CUYAHOGA COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019
(CONTINUED)**

For members hired after July 1, 2013, the minimum retirement age is 52 for normal service retirement with at least 25 years of service credit. For members hired on or before July 1, 2013, the minimum retirement age is 48 for normal service retirement with at least 25 years of service credit.

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

Under normal service retirement, retired members who are at least 55 years old and have been receiving OP&F benefits for at least one year may be eligible for a cost-of-living allowance adjustment. The age 55 provision for receiving a COLA does not apply to those who are receiving a permanent and total disability benefit and statutory survivors. Members participating in the DROP program have separate eligibility requirements related to COLA.

Members retiring under normal service retirement, with less than 15 years of service credit on July 1, 2013, and members whose pension benefit became effective on or after July 1, 2013, will receive a COLA equal to a percentage of the members' base pension benefit where the percentage is the lesser of three percent or the percentage increase in the consumer price index, if any, over the 12 month period that ends on the thirtieth day of September of the immediately preceding year, rounded to the nearest one-tenth of one percent.

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

	Police
2019 Statutory Maximum Contribution Rates	
Employer	19.50 %
Employee	12.25 %
 2019 Actual Contribution Rates	
Employer:	
Pension	19.00 %
Post-employment Health Care Benefits	0.50
Total Employer	19.50 %
 Employee	12.25 %

Employer contribution rates are expressed as a percentage of covered payroll. The Village's contractually required contribution to OP&F was \$207,053 for 2019.

VILLAGE OF OAKWOOD, OHIO
CUYAHOGA COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019
(CONTINUED)

NOTE 11: **POST-EMPLOYMENT BENEFITS**

A. Ohio Public Employees Retirement System

Plan Description – The Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: the traditional pension plan, a cost-sharing, multiple-employer defined benefit pension plan; the member-directed plan, a defined contribution plan; and the combined plan, a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

OPERS maintains a cost-sharing, multiple-employer defined benefit post-employment health care trust, which funds multiple health care plans including medical coverage, prescription drug coverage and deposits to a Health Reimbursement Arrangement to qualifying benefit recipients of both the traditional pension and the combined plans. This trust is also used to fund health care for member-directed plan participants, in the form of a Retiree Medical Account (RMA). At retirement or refund, member directed plan participants may be eligible for reimbursement of qualified medical expenses from their vested RMA balance.

In order to qualify for postemployment health care coverage, age and service retirees under the traditional pension and combined plans must have twenty or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 75. See OPERS' Comprehensive Annual Report referenced below for additional information.

The Ohio Revised Code permits, but does not require OPERS to provide health care to its eligible benefit recipients. Authority to establish and amend health care coverage is provided to the Board in Chapter 145 of the Ohio Revised Code.

Disclosures for the health care plan are presented separately in the OPERS financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/financial/reports.shtml>, by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling (614) 222-5601 or 800-222-7377.

Funding Policy – The Ohio Revised Code provides the statutory authority requiring public employers to fund postemployment health care through their contributions to OPERS. A portion of each employer's contribution to OPERS is set aside to fund OPERS health care plans.

VILLAGE OF OAKWOOD, OHIO
CUYAHOGA COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019
(CONTINUED)

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2019, State and local employers contributed at a rate of 14.0 percent of earnable salary and public safety and law enforcement employers contributed at 18.1 percent. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. For 2019, OPERS did not allocate any employer contribution to health care for members in the Traditional Pension Plan and Combined Plan. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the Member-Directed Plan for 2019 was 4.0 percent.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The Village did not have any contributions in 2019.

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

Plan Description – The Village contributes to the Ohio Police and Fire Pension Fund (OP&F) sponsored healthcare program, a cost-sharing, multiple-employer defined post-employment healthcare plan administered by a third-party provider. This program is not guaranteed and is subject to change at any time upon action of the Board of Trustees. OP&F provides health care benefits including coverage for medical, prescription drug, dental, vision, and Medicare Part B Premium to retirees, qualifying benefit recipients and their eligible dependents.

OP&F provides access to postretirement health care coverage for any person who receives or is eligible to receive a monthly service, disability, or statutory survivor benefit, or is a spouse or eligible dependent child of such person. The health care coverage provided by OP&F meets the definition of an Other Post Employment Benefit (OPEB) as described in Government Accounting Standards Board (GASB) Statement No. 75.

The Ohio Revised Code allows, but does not mandate, OP&F to provide OPEB benefits. Authority for the OP&F Board of Trustees to provide health care coverage to eligible participants and to establish and amend benefits is codified in Chapter 742 of the Ohio Revised Code.

VILLAGE OF OAKWOOD, OHIO
CUYAHOGA COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019
(CONTINUED)

OP&F issues a publicly available financial report that includes financial information and required supplementary information for the plan. The report may be obtained by visiting the OP&F website at www.op-f.org or by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

Funding Policy – The Ohio Revised Code provides for contribution requirements of the participating employers and of plan members to the OP&F defined benefit pension plan. Participating employers are required to contribute to the pension plan at rates expressed as percentages of the payroll of active pension plan members, currently 19.5 percent and 24 percent of covered payroll for police and fire employer units, respectively. The Ohio Revised Code states that the employer contribution may not exceed 19.5 percent of covered payroll for police employer units and 24 percent of covered payroll for fire employer units. Active members do not make contributions to the OPEB Plan.

OP&F maintains funds for health care in two separate accounts. There is one account for health care benefits and one account for Medicare Part B reimbursements. A separate health care trust accrual account is maintained for health care benefits under IRS Code Section 115 trust. An Internal Revenue Code 401(h) account is maintained for Medicare Part B reimbursements.

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 2019, the portion of employer contributions allocated to health care was 0.5 percent of covered payroll. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees' primary responsibility to ensure that pension benefits are adequately funded and is limited by the provisions of Sections 115 and 401(h).

The OP&F Board of Trustees is also authorized to establish requirements for contributions to the health care plan by retirees and their eligible dependents or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

Beginning January 1, 2019, OP&F is changing its retiree health care model and the current self-insured health care plan will no longer be offered. In its place is a stipend-based health care model. A stipend funded by OP&F will be placed in individual Health Reimbursement Accounts that retirees will use to be reimbursed for health care expenses.

The Village's contractually required contribution to OP&F was \$5,449 for 2019.

**VILLAGE OF OAKWOOD, OHIO
CUYAHOGA COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019
(CONTINUED)**

NOTE 12: INTERFUND AND TRANSFERS

As of December 31, 2019, interfund transfers were as follows:

<u>Fund</u>	<u>Transfer In</u>	<u>Transfer Out</u>
General	\$ -	\$ 1,274,200
General Obligation Bond Retirement	473,000	-
General Capital Improvement	307,000	-
Other Governmental	547,250	53,050
Totals	<u>\$ 1,327,250</u>	<u>\$ 1,327,250</u>

Transfers from Other Governmental Funds into Street Construction, Maintenance, and Repair Fund (Other Governmental Fund) included monies that were required to be receipted in separate funds, but expended out of the Street Construction, Maintenance and Repair. All transfers are in compliance with Ohio Revised Code Sections 5705.14-5705.16.

NOTE 13: CONTINGENCIES

The Village is currently involved in a variety of litigations. It is the opinion of the Village's lawyers that the outcome of these will not have a material effect on the Village's financial position at December 31, 2019.

NOTE 14: CAPITAL LEASES

In 2019, the Village entered into new lease agreements for the purchase of various police, fire and service vehicles and equipment. In prior years, the Village has entered into lease agreements for the purchase of police cars, fire and service vehicles and equipment, a dump truck and van. The Village disbursed \$322,099 to pay lease costs for the year. The following is a schedule of the future minimum lease payments for capital leases:

	Governmental	
	<u>Principal</u>	<u>Interest</u>
2020	\$ 303,328	\$ 39,135
2021	312,666	29,697
2022	279,367	20,160
2023	185,589	11,159
2024	138,219	4,429
	<u>\$ 1,219,169</u>	<u>\$ 104,580</u>

All lease agreements are collateralized by the equipment that was purchased. In the event of a default the lessor may do declare due and payable, the present value of (a) any and all amounts which may be then due and payable (b) all rent payments remaining through the end of the then current fiscal year, discounted at the higher of 1.5 percent of the lowest rate allowed by law, or require the Village to return the equipment to the lessor.

**VILLAGE OF OAKWOOD, OHIO
CUYAHOGA COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)
FOR THE YEAR ENDED DECEMBER 31, 2018**

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, 2018, 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 2018 are as follows:

- Net position of governmental activities decreased by 411,682, or 43.9 percent, from the prior year.
- The Village's general receipts are primarily property taxes, income taxes, grants and entitlements, and debt proceeds. These receipts represent 79 percent of total cash received for governmental activities.
- The Village's business-type activities is sanitary sewer. Net position increased by \$18,531. The Village's total disbursements for business-type activities decreased by \$118.

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.

The statement of net position and statement of activities for 2018 reflect how the Village did financially within the limitations of the cash basis of accounting. The statement of net position presents the cash balances of the governmental and business-type activities of the Village at year-end. The statement of activities compares cash disbursements with program receipts for each governmental program and business-type activity.

VILLAGE OF OAKWOOD, OHIO
CUYAHOGA COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)
FOR THE YEAR ENDED DECEMBER 31, 2018

Program receipts include charges paid by the recipient of the program services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General cash receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function and business-type activity draws from the Village's general receipts.

These statements report the Village's cash position and the changes in cash position. Keeping in mind the limitations of the cash basis of accounting, these changes are one way to measure the Village's financial health. Over time, increases or decreases in the Village's cash position is one indicator of whether the Village's financial health is improving or deteriorating. When evaluating the Village's financial condition, consideration should be given to other nonfinancial factors as well, such as the Village's tax base, the extent of the Village's debt obligations, the reliance on non-local financial resources for operations, and the need for continued growth in the major local revenue sources, such as property and income taxes.

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

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

Reporting the Village's Most Significant Funds

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

Governmental Funds - Most of the Village's activities are reported in governmental funds. The governmental fund financial statements provide a detailed view of the Village's governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the Village's programs. 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 2018 are the General, and General Obligation Bond Retirement funds.

**VILLAGE OF OAKWOOD, OHIO
CUYAHOGA COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)
FOR THE YEAR ENDED DECEMBER 31, 2018**

The programs reported in governmental funds are related to those reported in the governmental activities section of the entity-wide statements. There are no reconciliations between the two reports as the Village reports on the cash basis.

Proprietary Funds - When the Village charges customers for the services it provides, these services are generally reported in proprietary funds. When the services are provided to the general public, the activity is reported as an enterprise fund. The Village's only enterprise fund, which is major, is the Sanitary Sewer fund.

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

The Government as a Whole

Table 1 provides a summary of the Village's net position for 2018 compared to 2017 on the cash basis.

Table 1 - Net Position

	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
ASSETS						
Equity in Pooled Cash and Cash Equivalents	\$ 523,817	\$ 933,454	\$ 28,734	\$ 10,203	\$ 552,551	\$ 943,657
Cash and Cash Equivalents:						
In Segregated Accounts	1,464	1,464	0	0	1,464	1,464
With Escrow Agents	0	2,045	0	0	0	2,045
Total Assets	\$ 525,281	\$ 936,963	\$ 28,734	\$ 10,203	\$ 554,015	\$ 947,166
NET POSITION						
Restricted:						
Street Maintenance	\$ 0	\$ 236,151	\$ 0	\$ 0	\$ 0	\$ 236,151
Police and Fire	24,004	40,040	0	0	24,004	40,040
Debt Services	63	2,634	0	0	63	2,634
Capital Projects	21,621	18,172	0	0	21,621	18,172
Other Purposes	5,102	6,315	0	0	5,102	6,315
Unrestricted	474,491	633,651	28,734	10,203	503,225	643,854
Total Net Position	\$ 525,281	\$ 936,963	\$ 28,734	\$ 10,203	\$ 554,015	\$ 947,166

**VILLAGE OF OAKWOOD, OHIO
CUYAHOGA COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)
FOR THE YEAR ENDED DECEMBER 31, 2018**

Table 2 reflects the changes in net position in 2018 compared to 2017.

Table 2 - Change in Net Position

	Governmental Activities		Business Type Activities		Totals	
	2018	2017	2018	2017	2018	2017
Receipts						
Program Receipts						
Charges for Services	\$ 1,686,247	\$ 1,624,577	\$ 54,825	\$ 46,271	\$ 1,741,072	\$ 1,670,848
Operating Grants and Contributions	524,789	1,054,970	0	0	524,789	1,054,970
Total Program Receipts	2,211,036	2,679,547	54,825	46,271	2,265,861	2,725,818
General Receipts						
Property and Other Local Taxes	425,574	405,601	0	0	425,574	405,601
Income Taxes	7,153,591	6,806,049	0	0	7,153,591	6,806,049
Payments in Lieu of Taxes	5,270	9,226	0	0	5,270	9,226
Grants & Entitlements not restricted to specific programs	190,355	201,095	0	0	190,355	201,095
All Other Revenues	781,912	471,758	0	0	781,912	471,758
Debt Proceeds	3,376,899	2,848,940	0	0	3,376,899	2,848,940
Total General Receipts	11,933,601	10,742,669	0	0	11,933,601	10,742,669
Total Receipts	14,144,637	13,422,216	54,825	46,271	14,199,462	13,468,487
Disbursements						
Security of Persons and Property	4,196,638	4,167,527	0	0	4,196,638	4,167,527
Leisure Time Activities	420,233	392,491	0	0	420,233	392,491
Community Environment	341,785	265,273	0	0	341,785	265,273
Basic Utility Services	186,342	208,991	0	0	186,342	208,991
Transportation	1,653,323	1,182,177	0	0	1,653,323	1,182,177
General Government	3,341,414	3,225,337	0	0	3,341,414	3,225,337
Capital Outlay	1,527,049	651,490	0	0	1,527,049	651,490
Debt Service:						
Principal Retirement	2,690,811	2,830,811	713	713	2,691,524	2,831,524
Issuance Costs	24,123	125,897	0	0	24,123	125,897
Interest and Fiscal Charges	174,601	72,107	0	0	174,601	72,107
Sanitary Sewer	0	0	35,581	35,699	35,581	35,699
Total Disbursements	14,556,319	13,122,101	36,294	36,412	14,592,613	13,158,513
Change in Net Position	(411,682)	300,115	18,531	9,859	(393,151)	309,974
Net Position - Beginning of the Year	936,963	636,848	10,203	344	947,166	637,192
Net Position - End of the Year	\$ 525,281	\$ 936,963	\$ 28,734	\$ 10,203	\$ 554,015	\$ 947,166

VILLAGE OF OAKWOOD, OHIO
CUYAHOGA COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)
FOR THE YEAR ENDED DECEMBER 31, 2018

Program receipts represent 16.0 percent of total receipts for 2018. They are primarily comprised of sanitary sewer fees, fines, recreation activity charges, and intergovernmental receipts such as motor vehicle license fees, gas tax money, license and permits, and charges to local governments for fire and EMS services. Program receipts decreased by \$459,957 or 16.9 percent compared to the prior year due to less funding for recreational activities, less gas tax received, and less reimbursement of funds from purchases of equipment on fire EMS service contracts.

General receipts represent 84.0 percent of the Village's total receipts for 2018. Property and other local taxes and income taxes represent 63.5 percent of the general receipts. Grants, entitlements, and proceeds from debt represent 29.9 percent of general receipts. The remaining portion of general receipts is made up of all other receipts. General receipts increased by \$1,190,932 or 11.1 percent compared to the prior year. The Village had an increase in the amount of income tax collected during 2018 and debt proceeds.

Disbursements for general government represent the overhead costs of running the Village and the support services provided for other Village activities. These include the costs of Council, Mayor, Mayor's Court, Finance, and Council Clerk, as well as internal services such as payroll and purchasing. Disbursements for general government increase by \$116,077 or 3.6 percent compared to the prior year.

Disbursements for Capital Outlay increased by \$875,559 or 134.4 percent. The increase in capital outlay is due to improvements to the senior center. Security of Persons and Property are the costs of police and fire protection, which increased by \$29,111 or 0.7 percent as compared to prior year.

Transportation expenses, the cost of maintaining roads increased by \$471,146 of 39.9 percent. The increase is due to a joint resurfacing project and railroad crossings repair the Village did with the City of Solon and Glenwillow.

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

Governmental Activities

The first column of the Statement of Activities lists the major services provided by the Village. The next column identifies the costs of providing these services. The major program disbursements for governmental activities are Security of Persons and Property, Principal Retirement, and General Government, which account for 28.8, 18.5, and 23.0 percent of all governmental disbursements, respectively. The next two columns of the Statement titled Program Cash Receipts identifies amounts paid by people who are directly charged for the service, and for grants received by the Village that must be used to provide a specific service.

**VILLAGE OF OAKWOOD, OHIO
CUYAHOGA COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)
FOR THE YEAR ENDED DECEMBER 31, 2018**

This “net cost” amount represents the cost of the service, which ends up being paid from money provided by local taxpayers. These net costs are paid from the general receipts, which are presented at the bottom of the Statement. A comparison between the total cost of service and the net cost is presented in Table 3.

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

	Total Cost of Services		Net Cost of Services	
	2018	2017	2018	2017
Security of Persons and Property	\$ 4,196,638	\$ 4,167,527	\$ (2,565,435)	\$ (2,611,313)
Leisure Time Activities	420,233	392,491	(377,131)	(340,076)
Community Environment	341,785	265,273	(326,410)	(250,892)
Basic Utility Services	186,342	208,991	(186,342)	(208,991)
Transportation	1,653,323	1,182,177	(1,263,432)	(295,016)
General Government	3,341,414	3,225,337	(3,209,949)	(3,055,961)
Capital Outlay	1,527,049	651,490	(1,527,049)	(651,490)
Debt Service:				
Principal Retirement	2,690,811	2,830,811	(2,690,811)	(2,830,811)
Issuance Costs	24,123	125,897	(24,123)	(125,897)
Interest and Fiscal Charges	174,601	72,107	(174,601)	(72,107)
Total Governmental Activities	<u>\$ 14,556,319</u>	<u>\$ 13,122,101</u>	<u>\$ (12,345,283)</u>	<u>\$ (10,442,554)</u>

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 2018, the Village made amendments to its appropriation budget and receipts budget to reflect changing circumstances. Final budgeted receipts were more than original budgeted receipts due to an unanticipated increase in the income tax collections. The difference between final budgeted receipts and actual receipts was mostly due to an underestimate of income tax receipts.

**VILLAGE OF OAKWOOD, OHIO
CUYAHOGA COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)
FOR THE YEAR ENDED DECEMBER 31, 2018**

Final budgeted disbursements for 2018 were higher than original budgeted disbursements. The increases of 2018 final budget disbursements were due to higher health care costs. Actual disbursements for 2018 were lower than final budgeted amounts. This was due to an effort on the behalf of the Village departments to reduce their spending.

Capital Assets and Debt Administration

Capital Assets

The Village does not currently keep track of its capital assets and infrastructure in the accompanying financial statements, but records payments for capital assets as disbursements.

Debt Administration

At December 31, 2018, the Village had \$3,310,000 in outstanding General Obligation and Special Assessment bonds, with \$340,000 due within one year. The Village had \$841,685 in loans with the Ohio Public Works Commission, with \$39,946 due within one year for improvements to streets and sewer utilities. See Note 8 to the financial statements for more detail.

Current Issues

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

Contacting the Village's Financial Management

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

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**VILLAGE OF OAKWOOD, OHIO
 CUYAHOGA COUNTY
 STATEMENT OF NET POSITION – CASH BASIS
 DECEMBER 31, 2018**

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
ASSETS			
Equity in Pooled Cash and Cash Equivalents	\$ 523,817	\$ 28,734	\$ 552,551
Cash and Cash Equivalents:			
In Segregated Accounts	<u>1,464</u>	<u>0</u>	<u>1,464</u>
Total Assets	<u>\$ 525,281</u>	<u>\$ 28,734</u>	<u>\$ 554,015</u>
NET POSITION			
Restricted:			
Police and Fire	\$ 24,004	\$ 0	\$ 24,004
Debt Services	63	0	63
Capital Projects	21,621	0	21,621
Other Purposes	5,102	0	5,102
Unrestricted	<u>474,491</u>	<u>28,734</u>	<u>503,225</u>
Total Net Position	<u>\$ 525,281</u>	<u>\$ 28,734</u>	<u>\$ 554,015</u>

See accompanying notes to the basic financial statements.

**VILLAGE OF OAKWOOD, OHIO
CUYAHOGA COUNTY
STATEMENT OF ACTIVITIES – CASH BASIS
DECEMBER 31, 2018**

	Cash Disbursements	Program Cash Receipts		Net (Disbursements) Receipts and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	Total
Primary Government:						
Governmental Activities						
Security of Persons and Property	\$ 4,196,638	\$ 1,625,353	\$ 5,850	\$ (2,565,435)	\$ 0	\$ (2,565,435)
Leisure Time Activities	420,233	43,102	0	(377,131)	0	(377,131)
Community Environment	341,785	15,375	0	(326,410)	0	(326,410)
Basic Utility Services	186,342	0	0	(186,342)	0	(186,342)
Transportation	1,653,323	146	389,745	(1,263,432)	0	(1,263,432)
General Government	3,341,414	2,271	129,194	(3,209,949)	0	(3,209,949)
Capital Outlay	1,527,049	0	0	(1,527,049)	0	(1,527,049)
Debt Service:						
Principal Retirement	2,690,811	0	0	(2,690,811)	0	(2,690,811)
Issuance Costs	24,123	0	0	(24,123)	0	(24,123)
Interest and Fiscal Charges	174,601	0	0	(174,601)	0	(174,601)
Total Governmental Activities	<u>14,556,319</u>	<u>1,686,247</u>	<u>524,789</u>	<u>(12,345,283)</u>	<u>0</u>	<u>(12,345,283)</u>
Business-Type Activities						
Sanitary Sewer	36,294	54,825	0	0	18,531	18,531
Total Business-type Activities	<u>36,294</u>	<u>54,825</u>	<u>0</u>	<u>0</u>	<u>18,531</u>	<u>18,531</u>
Total Primary Government	<u>\$ 14,592,613</u>	<u>\$ 1,741,072</u>	<u>\$ 524,789</u>	<u>(12,345,283)</u>	<u>18,531</u>	<u>(12,326,752)</u>
General Receipts						
Property and Other Local Taxes levied for:						
General Purposes				325,036	0	325,036
Debt Service Purpose				68,017	0	68,017
Other Purposes				32,521	0	32,521
Income Taxes levied for General Purposes				7,153,591	0	7,153,591
Payments in Lieu of Taxes				5,270	0	5,270
Grants & Entitlements not restricted to specific programs				190,355	0	190,355
All Other Revenues				781,912	0	781,912
Debt Proceeds				3,376,899	0	3,376,899
Total General Receipts and Transfers				<u>11,933,601</u>	<u>0</u>	<u>11,933,601</u>
Change in Net Position				(411,682)	18,531	(393,151)
Net Position - Beginning of Year				936,963	10,203	947,166
Net Position - End of Year				<u>\$ 525,281</u>	<u>\$ 28,734</u>	<u>\$ 554,015</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, 2018**

	<u>General</u>	<u>General Obligation Bond Retirement</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS				
Equity in Pooled Cash and Cash Equivalents	\$ 504,647	\$ 31	\$ 19,139	\$ 523,817
Cash and Cash Equivalents: In Segregated Accounts	1,464	0	0	1,464
Total Assets	<u>\$ 506,111</u>	<u>\$ 31</u>	<u>\$ 19,139</u>	<u>\$ 525,281</u>
FUND BALANCES				
Restricted for:				
Police Operations	\$ 0	\$ 0	\$ 2,246	\$ 2,246
Fire Operations	0	0	1,232	1,232
Police Pension	0	0	66	66
Drug and Alcohol Education and Enforcement	0	0	20,460	20,460
Mayor's Court	0	0	1,489	1,489
Debt Service	0	31	32	63
Capital Improvement	0	0	21,605	21,605
Other Purposes	0	0	1,290	1,290
Committed to:				
Recreation	0	0	106	106
Capital Improvement	0	0	16	16
Other Purposes	1,464	0	753	2,217
Assigned to:				
Other Purposes	222,153	0	0	222,153
Unassigned (Deficit)	282,494	0	(30,156)	252,338
Total Fund Balances	<u>\$ 506,111</u>	<u>\$ 31</u>	<u>\$ 19,139</u>	<u>\$ 525,281</u>

See accompanying notes to the basic financial statements.

VILLAGE OF OAKWOOD, OHIO
CUYAHOGA COUNTY
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES
- CASH BASIS
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2018

	General	General Obligation Bond Retirement	Other Governmental Funds	Total Governmental Funds
RECEIPTS				
Property and Local Taxes	\$ 325,036	\$ 68,017	\$ 32,521	\$ 425,574
Income Taxes	7,153,591	0	0	7,153,591
Intergovernmental Revenues	190,204	3,009	392,737	585,950
Special Assessments	0	0	129,194	129,194
Charges for Services	761,861	0	317,744	1,079,605
Fines, Licenses, and Permits	558,723	0	47,919	606,642
Payments in Lieu of Taxes	0	0	5,270	5,270
Miscellaneous	751,002	0	30,910	781,912
Total Receipts	9,740,417	71,026	956,295	10,767,738
DISBURSEMENTS				
Current:				
Security of Persons and Property	3,857,930	0	338,708	4,196,638
Leisure Time Activities	0	0	420,233	420,233
Community Environment	244,202	0	97,583	341,785
Basic Utility Services	186,342	0	0	186,342
Transportation	533,615	0	1,119,708	1,653,323
General Government	3,339,677	0	1,737	3,341,414
Capital Outlay	104,548	1,011,229	411,272	1,527,049
Debt Service:				
Principal Retirement	0	2,601,500	89,311	2,690,811
Issuance Costs	0	24,123	0	24,123
Interest and Fiscal Charges	0	111,276	63,325	174,601
Total Disbursements	8,266,314	3,748,128	2,541,877	14,556,319
Excess of Receipts Over (Under) Disbursements	1,474,103	(3,677,102)	(1,585,582)	(3,788,581)
OTHER FINANCING SOURCES (USES)				
Transfers - In	0	300,100	1,354,698	1,654,798
Transfers - Out	(1,606,398)	0	(48,400)	(1,654,798)
Proceeds from Sale of Notes	0	3,350,000	0	3,350,000
Premium on Debt Issued	0	26,899	0	26,899
Total Other Financing Sources (Uses)	(1,606,398)	3,676,999	1,306,298	3,376,899
Net Change in Fund Balances	(132,295)	(103)	(279,284)	(411,682)
Fund Balances - Beginning of Year	638,406	134	298,423	936,963
Fund Balances - End of Year	\$ 506,111	\$ 31	\$ 19,139	\$ 525,281

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, 2018**

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		<u>(Negative)</u>
Revenues				
Property and Local Taxes	\$ 323,703	\$ 335,000	\$ 325,036	\$ (9,964)
Income Taxes	6,503,044	6,796,206	7,153,591	357,385
Intergovernmental Revenues	172,907	180,702	190,204	9,502
Charges for Services	692,577	723,799	761,861	38,062
Fines, Licenses, and Permits	507,913	530,810	558,723	27,913
Miscellaneous	682,706	713,483	751,002	37,519
Total Revenues	<u>8,882,850</u>	<u>9,280,000</u>	<u>9,740,417</u>	<u>460,417</u>
Expenditures				
Current:				
Security of Persons and Property	4,289,764	3,974,769	3,959,072	15,697
Community Environment	233,066	244,208	244,202	6
Basic Utility Services	200,000	186,343	186,342	1
Transportation	555,139	541,126	541,079	47
General Government	3,081,341	3,362,331	3,360,327	2,004
Total Expenditures	<u>8,359,310</u>	<u>8,308,777</u>	<u>8,291,022</u>	<u>17,755</u>
Excess of Revenues Over Expenditures	<u>523,540</u>	<u>971,223</u>	<u>1,449,395</u>	<u>478,172</u>
Other Financing (Uses)				
Transfers Out	(998,000)	(1,606,398)	(1,606,398)	0
Total Other Financing (Uses)	<u>(998,000)</u>	<u>(1,606,398)</u>	<u>(1,606,398)</u>	<u>0</u>
Net Change in Fund Balance	(474,460)	(635,175)	(157,003)	478,172
Fund Balance - Beginning of Year	610,307	610,307	610,307	0
Prior Year Encumbrances Appropriated	19,714	19,714	19,714	0
Fund Balance - End of Year	<u>\$ 155,561</u>	<u>\$ (5,154)</u>	<u>\$ 473,018</u>	<u>\$ 478,172</u>

See accompanying notes to the basic financial statements.

**VILLAGE OF OAKWOOD, OHIO
CUYAHOGA COUNTY
STATEMENT OF FUND NET POSITION – CASH BASIS
PROPRIETARY FUND
DECEMBER 31, 2018**

	<u>Enterprise Fund</u>
	<u>Sanitary Sewer</u>
ASSETS	
Current Assets:	
Equity in Pooled Cash and Cash Equivalents	<u>\$ 28,734</u>
NET POSITION	
Unrestricted	<u>\$ 28,734</u>

See accompanying notes to the basic financial statements.

**VILLAGE OF OAKWOOD, OHIO
 CUYAHOGA COUNTY
 STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN
 FUND NET POSITION – CASH BASIS
 PROPRIETARY FUND
 FOR THE YEAR ENDED DECEMBER 31, 2018**

	Enterprise Fund
	Sanitary Sewer
OPERATING RECEIPTS	
Charges for Services	\$ 54,825
Total Operating Receipts	54,825
OPERATING DISBURSEMENTS	
Contractual Services	35,581
Total Operating Disbursements	35,581
Operating Income	19,244
NONOPERATING (DISBURSEMENTS)	
Principal Retirement	(713)
Total Nonoperating (Disbursements)	(713)
Change in Net Position	18,531
Net Position - Beginning of Year	10,203
Net Position - End of Year	\$ 28,734

See accompanying notes to the basic financial statements.

VILLAGE OF OAKWOOD, OHIO
CUYAHOGA COUNTY
STATEMENT OF FIDUCIARY NET POSITION – CASH BASIS
FIDUCIARY FUNDS
DECEMBER 31, 2018

	<u>Agency</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	\$ 17,057
Cash and Cash Equivalents:	
in Segregated Accounts	<u>23,666</u>
Total Assets	<u>\$ 40,723</u>
Net Position	
Unrestricted	<u>\$ 40,723</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, 2018**

NOTE 1: **REPORTING ENTITY**

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

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

A. **Primary Government**

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

B. **Component Units**

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

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

VILLAGE OF OAKWOOD, OHIO
CUYAHOGA COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018
(CONTINUED)

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

As discussed further in Note 2C, these financial statements are presented on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted (GAAP) in the United States of America. Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. Following are the more significant of the Village's accounting policies:

A. Basis of Presentation

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

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

The statement of net position presents cash balances of the governmental activities and business-type activities of the Village at year-end. The statement of activities compares disbursements with program receipts for each of the Village's governmental and business-type activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the Village is responsible. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function or business-type activity is self-financing on a cash basis or draws from the Village's general receipts.

VILLAGE OF OAKWOOD, OHIO
CUYAHOGA COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018
(CONTINUED)

Fund Financial Statements During the year, the Village segregates transactions related to certain Village functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Village at this more detailed level. The focus of governmental and enterprise fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by type.

Proprietary fund statements distinguish operating transactions from nonoperating transactions. Operating receipts generally result from exchange transactions such as charges for services directly relating to the funds' principal services. Operating disbursements include costs of sales and services and administrative costs. The proprietary fund statements report all other receipts and disbursements as nonoperating.

B. Fund Accounting

The Village uses fund accounting to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. Funds are used to segregate resources that are restricted as to use. The funds of the Village are divided into three categories: governmental, proprietary, and fiduciary.

Governmental Funds

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

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

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.

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

VILLAGE OF OAKWOOD, OHIO
CUYAHOGA COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018
(CONTINUED)

Proprietary Funds

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

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

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

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

Fiduciary Funds

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

C. Basis of Accounting

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

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

VILLAGE OF OAKWOOD, OHIO
CUYAHOGA COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018
(CONTINUED)

D. Budgetary Process

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

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

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

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

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

E. Cash and Investments

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

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

VILLAGE OF OAKWOOD, OHIO
CUYAHOGA COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018
(CONTINUED)

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, 2018.

G. Inventories and Prepays

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

H. Interfund Receivables/Payables

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

I. Capital Assets

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

J. Accumulated Leave

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

K. Employer Contributions to Cost-Sharing Pension Plans

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

L. Long-Term Obligations

The Village's cash basis financial statements do not report liabilities for bonds and other long-term obligations. Proceeds of debt are reported when cash is received and principal and interest payments are reported when paid. Lease payments are reported when paid.

VILLAGE OF OAKWOOD, OHIO
CUYAHOGA COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018
(CONTINUED)

M. Fund Balance

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

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

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

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

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

VILLAGE OF OAKWOOD, OHIO
CUYAHOGA COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018
(CONTINUED)

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

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

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

N. Net Position

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

O. Interfund Transactions

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

VILLAGE OF OAKWOOD, OHIO
CUYAHOGA COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018
(CONTINUED)

NOTE 3: CHANGE IN ACCOUNTING PRINCIPLES

During the year, the Village implemented the following Governmental Accounting Standards Board (GASB) Statements to the extent they apply their cash basis of accounting:

GASB 85 addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits (OPEB)). These changes were incorporated in the Village's fiscal year 2018 financial statements; however, there was no effect on beginning net position/fund balance.

GASB 86 improves consistency in accounting and financial reporting for in-substance defeasance of debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. These changes were incorporated in the Village's fiscal year 2018 financial statements; however, there was no effect on beginning net position/fund balance.

GASB 75 established standards for measuring and recognizing Postemployment benefit liabilities, deferred outflows of resources, deferred inflows of resources and expense/expenditure. The implementation of this pronouncement did not have an effect on the Village's financial statements.

NOTE 4: BUDGETARY BASIS OF ACCOUNTING

The budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The Statements of Receipts, Disbursements, and Changes in Fund Balances – Budget and Actual - Budgetary Basis presented for the General Fund, is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The differences between the budgetary basis and the cash basis are outstanding year end encumbrances are treated as cash disbursements (budgetary basis) rather than as a component of fund balance (cash basis). The prior year encumbrances outstanding (budgetary basis) amounted to \$19,714. The current year encumbrances outstanding (budgetary basis) amounted to \$24,708 for the General Fund.

The revenues, expenditures, and other financing sources and uses of the General Fund include activity that is budgeted within special revenue funds (cash basis). However, on the budgetary basis, the activity of the special revenue funds is excluded resulting in a decrease in fund balance of \$6,210.

VILLAGE OF OAKWOOD, OHIO
CUYAHOGA COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018
(CONTINUED)

NOTE 5: CASH, CASH EQUIVALENTS, AND INVESTMENTS

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

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

Inactive deposits are public deposits that Council has identified as not required for use within the current five year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts, including passbook accounts.

Interim monies held by the Village can be deposited or invested in the following securities:

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio or Ohio local governments;

**VILLAGE OF OAKWOOD, OHIO
CUYAHOGA COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018
(CONTINUED)**

5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio).

Investments in stripped principal or interest obligations reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. An investment must mature within five years from the date of purchase, unless matched to a specific obligation or debt of the Village, and must be purchased with the expectation that it will be held to maturity.

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

Cash on Hand

At December 31, 2018, the Village had \$600 in undeposited cash on hand which is included as part of "Equity in Pooled Cash and Cash Equivalents".

Deposits

Custodial credit risk is the risk that in the event of bank failure, the Village will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year end, the Village's bank balance of \$617,231 was covered by Federal depository insurance in the amount of \$273,667 and \$343,564 was exposed to custodial credit risk because it was uninsured and uncollateralized.

The Village has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits either be insured or protected by:

Eligible securities pledged to the City and deposited with a qualified trustee by the financial institution as security for repayment whose fair value at all times shall be at least 105 percent of the deposits being secured; or

Participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

VILLAGE OF OAKWOOD, OHIO
CUYAHOGA COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018
(CONTINUED)

OPCS requires the total fair value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State. The Village's financial institution had enrolled in OPCS as of December 31, 2018.

Investments

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

Interest Rate Risk

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

Credit Risk

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

Custodial Credit Risk

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

Concentration of Credit Risk

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

**VILLAGE OF OAKWOOD, OHIO
 CUYAHOGA COUNTY
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2018
 (CONTINUED)**

NOTE 6: PROPERTY TAX

Property taxes include amounts levied against all real and public utility property located in the Village. Property tax revenue received during 2018 for real and public utility property taxes represents collections of 2017 taxes. 2018 real property taxes are levied after October 1, 2018, on the assessed value as of January 1, 2018, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2018 real property taxes are collected in and intended to finance 2019.

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

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2018 public utility property taxes which became a lien December 31, 2017, are levied after October 1, 2018, and are collected in 2019 with real property taxes.

The full tax rate for all Village operations for the year ended December 31, 2018, was \$3.80 per \$1,000 of assessed value. The assessed values of real and tangible personal property upon which 2018 property tax receipts were based are as follows:

Category	Assessed Value
Real Estate	\$ 112,107,960
Public Utility	5,104,940
Total Valuation	\$ 117,212,900

NOTE 7: LOCAL INCOME TAX

The Village levies a 2.5 percent income tax on substantially all income earned in the Village. In addition, Village residents employed in municipalities having an income tax less than 2.5 percent must pay the difference to the Village. Additional increases in the income tax rate require voter approval. Employers within the Village withhold income tax on employee compensation and remit at least quarterly and file an annual declaration. Income tax receipts, in the amount of \$7,153,591 were credited to the General Fund for 2018.

**VILLAGE OF OAKWOOD, OHIO
CUYAHOGA COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018
(CONTINUED)**

NOTE 8: OUTSTANDING DEBT

Outstanding debt at December 31, 2018 consisted of the following:

	Balance at 12/31/2017	Additions	Deletions	Balance at 12/31/2018	Due within one year
Governmental Activities					
<u>General Obligation Notes</u>					
Various Purpose Notes, Series 2018:					
Service Department Improvement	\$ 295,500	\$ 280,000	\$ 295,500	\$ 280,000	\$ 280,000
Street Improvement	1,831,000	1,820,000	1,831,000	1,820,000	1,820,000
Various Purpose Notes	210,000	200,000	210,000	200,000	200,000
Equipment	10,000	35,000	10,000	35,000	35,000
Land Acquisition Notes, Series 2018	0	1,015,000	0	1,015,000	1,015,000
Total General Obligation Notes	\$ 2,346,500	\$3,350,000	\$ 2,346,500	\$ 3,350,000	\$ 3,350,000
<u>Bonds</u>					
SA Street Improvement, 2003 (2.5% - 5.5%)	\$ 275,000	\$ -	\$ 40,000	\$ 235,000	\$ 45,000
SA Street Improvement, 2007 (5.25%)	405,000	0	30,000	375,000	35,000
Division Street Improvement 2012 (2.0% - 3.0%)	490,000	0	25,000	465,000	25,000
Medusa Street Improvement 2012 (2.0% - 3.0%)	380,000	0	20,000	360,000	20,000
Refunding GO Various Purpose, 2012 (2.0% - 3.0%)	970,000	0	130,000	840,000	130,000
Richmond Road Bikeway 2012 (2.0% - 3.0%)	1,115,000	0	80,000	1,035,000	85,000
Total Bonds	\$ 3,635,000	\$ 0	\$ 325,000	\$ 3,310,000	\$ 340,000
<u>OPWC Loans</u>					
Division Street Improvement	\$ 7,694	\$ 0	\$ 700	\$ 6,994	\$ 700
Richmond/Pettibone Street Improvement	154,371	0	5,825	148,546	5,825
Alexander Road Improvement	300,475	0	12,786	287,689	12,786
Macedonia Road Improvement	323,389	75,067	0	398,456	19,923
Total OPWC Loans	\$ 785,929	\$ 75,067	\$ 19,311	\$ 841,685	\$ 39,234
Total Governmental Activities	\$ 6,767,429	\$3,425,067	\$ 2,690,811	\$ 7,501,685	\$ 3,729,234
Business-Type Activities					
<u>OPWC Loans</u>					
Richmond	\$ 6,412	\$ 0	\$ 713	\$ 5,699	\$ 712
Total Business-Type Activities	\$ 6,412	\$ 0	\$ 713	\$ 5,699	\$ 712
Total Debt	\$ 6,773,841	\$3,425,067	\$ 2,691,524	\$ 7,507,384	\$ 3,729,946

VILLAGE OF OAKWOOD, OHIO
CUYAHOGA COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018
(CONTINUED)

The annual requirements for all debt outstanding as of December 31, 2018, are as follows:

	Governmental		Business-Type
	Principal	Interest	Principal
2019	\$ 379,234	\$ 101,675	\$ 712
2020	374,273	90,863	713
2021	389,234	79,925	713
2022	414,234	70,213	713
2023	409,234	58,950	713
2024-2028	1,311,165	153,463	2,135
2029-2033	607,671	31,088	0
2034-2038	192,671	0	0
2039-2043	71,054	0	0
2044	2,915	0	0
	<u>\$ 4,151,685</u>	<u>\$ 586,177</u>	<u>\$ 5,699</u>

During 2018, the Village issued \$2,335,000 of General Obligation Notes with an interest rate of 3.125 percent and mature on September 19, 2019.

During 2018, the Village issued \$1,015,000 of Land Acquisition Notes with an interest rate of 2.15 percent and mature on June 6, 2019.

NOTE 9: INSURANCE AND RISK MANAGEMENT

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

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

VILLAGE OF OAKWOOD, OHIO
CUYAHOGA COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018
(CONTINUED)

NOTE 10: **DEFINED BENEFIT PENSION PLANS**

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

A. **Ohio Public Employees Retirement System**

Plan Description - Village employees, other than full-time police and firefighters, participate in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional pension plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan and the combined plan is a cost-sharing, multiple-employer defined benefit pension plan with defined contribution features. While members (e.g. Village employees) may elect the member-directed plan and the combined plan, substantially all employee members are in OPERS' traditional plan; therefore, the following disclosure focuses on the traditional pension plan.

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

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

**VILLAGE OF OAKWOOD, OHIO
CUYAHOGA COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018
(CONTINUED)**

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

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

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

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

**VILLAGE OF OAKWOOD, OHIO
CUYAHOGA COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018
(CONTINUED)**

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

	<u>State and Local</u>	<u>Public Safety</u>	<u>Law Enforcement</u>
2018 Statutory Maximum Contribution Rates			
Employer	14.0 %	18.1 %	18.1 %
Employee	10.0 %	*	**
2018 Actual Contribution Rates			
Employer:			
Pension	14.0 %	18.1 %	18.1 %
Post-employment Health Care Benefits	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
Total Employer	<u>14.0 %</u>	<u>18.1 %</u>	<u>18.1 %</u>
Employee	<u>10.0 %</u>	<u>12.0 %</u>	<u>13.0 %</u>

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

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

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The Village's contractually required contribution was \$235,616 for year 2018.

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

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

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

**VILLAGE OF OAKWOOD, OHIO
 CUYAHOGA COUNTY
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2018
 (CONTINUED)**

For members hired after July 1, 2013, the minimum retirement age is 52 for normal service retirement with at least 25 years of service credit. For members hired on or before July 1, 2013, the minimum retirement age is 48 for normal service retirement with at least 25 years of service credit.

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

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

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

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

	Police
2018 Statutory Maximum Contribution Rates	
Employer	19.50 %
Employee	12.25 %
 2018 Actual Contribution Rates	
Employer:	
Pension	19.00 %
Post-employment Health Care Benefits	0.50
Total Employer	19.50 %
 Employee	 12.25 %

Employer contribution rates are expressed as a percentage of covered payroll. The Village's contractually required contribution to OP&F was \$168,746 for 2018.

VILLAGE OF OAKWOOD, OHIO
CUYAHOGA COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018
(CONTINUED)

NOTE 11: **POST-EMPLOYMENT BENEFITS**

A. Ohio Public Employees Retirement System

Plan Description – The Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: the traditional pension plan, a cost-sharing, multiple-employer defined benefit pension plan; the member-directed plan, a defined contribution plan; and the combined plan, a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

OPERS maintains a cost-sharing, multiple-employer defined benefit post-employment health care trust, which funds multiple health care plans including medical coverage, prescription drug coverage and deposits to a Health Reimbursement Arrangement to qualifying benefit recipients of both the traditional pension and the combined plans. This trust is also used to fund health care for member-directed plan participants, in the form of a Retiree Medical Account (RMA). At retirement or refund, member directed plan participants may be eligible for reimbursement of qualified medical expenses from their vested RMA balance.

In order to qualify for postemployment health care coverage, age and service retirees under the traditional pension and combined plans must have twenty or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 75. See OPERS' COMPREHENSIVE ANNUAL FINANCIAL REPORT referenced below for additional information.

The Ohio Revised Code permits, but does not require OPERS to provide health care to its eligible benefit recipients. Authority to establish and amend health care coverage is provided to the Board in Chapter 145 of the Ohio Revised Code.

Disclosures for the health care plan are presented separately in the OPERS financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/financial/reports.shtml>, by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling (614) 222-5601 or 800-222-7377.

Funding Policy – The Ohio Revised Code provides the statutory authority requiring public employers to fund postemployment health care through their contributions to OPERS. A portion of each employer's contribution to OPERS is set aside to fund OPERS health care plans.

VILLAGE OF OAKWOOD, OHIO
CUYAHOGA COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018
(CONTINUED)

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2018, State and local employers contributed at a rate of 14.0 percent of earnable salary and public safety and law enforcement employers contributed at 18.1 percent. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. For 2018, OPERS did not allocate any employer contribution to health care for members in the Traditional Pension Plan and Combined Plan. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the Member-Directed Plan for 2018 was 4.0 percent.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The Village did not have any contributions in 2018.

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

Plan Description – The Village contributes to the Ohio Police and Fire Pension Fund (OP&F) sponsored healthcare program, a cost-sharing, multiple-employer defined post-employment healthcare plan administered by a third-party provider. This program is not guaranteed and is subject to change at any time upon action of the Board of Trustees. OP&F provides health care benefits including coverage for medical, prescription drug, dental, vision, and Medicare Part B Premium to retirees, qualifying benefit recipients and their eligible dependents.

OP&F provides access to postretirement health care coverage for any person who receives or is eligible to receive a monthly service, disability, or statutory survivor benefit, or is a spouse or eligible dependent child of such person. The health care coverage provided by OP&F meets the definition of an Other Post Employment Benefit (OPEB) as described in Government Accounting Standards Board (GASB) Statement No. 75.

The Ohio Revised Code allows, but does not mandate, OP&F to provide OPEB benefits. Authority for the OP&F Board of Trustees to provide health care coverage to eligible participants and to establish and amend benefits is codified in Chapter 742 of the Ohio Revised Code.

VILLAGE OF OAKWOOD, OHIO
CUYAHOGA COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018
(CONTINUED)

OP&F issues a publicly available financial report that includes financial information and required supplementary information for the plan. The report may be obtained by visiting the OP&F website at www.op-f.org or by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

Funding Policy – The Ohio Revised Code provides for contribution requirements of the participating employers and of plan members to the OP&F defined benefit pension plan. Participating employers are required to contribute to the pension plan at rates expressed as percentages of the payroll of active pension plan members, currently 19.5 percent and 24 percent of covered payroll for police and fire employer units, respectively. The Ohio Revised Code states that the employer contribution may not exceed 19.5 percent of covered payroll for police employer units and 24 percent of covered payroll for fire employer units. Active members do not make contributions to the OPEB Plan.

OP&F maintains funds for health care in two separate accounts. There is one account for health care benefits and one account for Medicare Part B reimbursements. A separate health care trust accrual account is maintained for health care benefits under IRS Code Section 115 trust. An Internal Revenue Code 401(h) account is maintained for Medicare Part B reimbursements.

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 2018, the portion of employer contributions allocated to health care was 0.5 percent of covered payroll. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees' primary responsibility to ensure that pension benefits are adequately funded and is limited by the provisions of Sections 115 and 401(h).

The OP&F Board of Trustees is also authorized to establish requirements for contributions to the health care plan by retirees and their eligible dependents or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

Beginning January 1, 2019, OP&F is changing its retiree health care model and the current self-insured health care plan will no longer be offered. In its place is a stipend-based health care model. A stipend funded by OP&F will be placed in individual Health Reimbursement Accounts that retirees will use to be reimbursed for health care expenses.

The Village's contractually required contribution to OP&F was \$4,441 for 2018.

**VILLAGE OF OAKWOOD, OHIO
 CUYAHOGA COUNTY
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2018
 (CONTINUED)**

NOTE 12: INTERFUND AND TRANSFERS

As of December 31, 2018, interfund transfers were as follows:

<u>Fund</u>	<u>Transfer In</u>	<u>Transfer Out</u>
General	\$ -	\$ 1,606,398
General Obligation Bond Retirement	300,100	-
Other Governmental	1,354,698	48,400
Totals	<u>\$ 1,654,798</u>	<u>\$ 1,654,798</u>

Transfers from Other Governmental Funds into Street Construction, Maintenance, and Repair Fund (Other Governmental Fund) included monies that were required to be receipted in separate funds, but expended out of the Street Construction, Maintenance and Repair. All transfers are in compliance with Ohio Revised Code Sections 5705.14-5705.16.

NOTE: 13: CONTINGENCIES

The Village is currently involved in a variety of litigations. It is the opinion of the Village's lawyers that the outcome of these will not have a material effect on the Village's financial position at December 31, 2018.

NOTE: 14: CAPITAL LEASES

In 2018, the Village entered into a new lease agreement for the purchase of various police, fire and service vehicles and equipment. In prior years, the Village has entered into lease agreements for the purchase of police cars, fire and service vehicles and equipment, a dump truck and van. The Village disbursed \$249,141 to pay lease costs for the year. The following is a schedule of the future minimum lease payments for capital leases:

	Governmental	
	<u>Principal</u>	<u>Interest</u>
2019	\$ 200,974	\$ 24,090
2020	157,169	18,702
2021	161,791	13,980
2022	166,553	9,317
2023	68,681	4,409
2024	71,169	1,921
	<u>\$ 826,337</u>	<u>\$ 72,419</u>

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OHIO AUDITOR OF STATE KEITH FABER



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

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

To the Village Council:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the cash-basis financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Oakwood, Cuyahoga County, Ohio (the Village) as of and for the years ended December 31, 2019 and 2018, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements and have issued our report thereon dated August 4, 2021, wherein we noted the Village uses a special purpose framework other than generally accepted accounting principles.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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



Keith Faber
Auditor of State
Columbus, Ohio

August 4, 2021

**VILLAGE OF OAKWOOD
CUYAHOGA COUNTY**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2019 AND 2018**

Finding Number	Finding Summary	Status	Additional Information
2017-001	<p>Noncompliance Finding / Significant Deficiency – Cash Reconciliation: Supporting documentation for multiple reconciling items was not initially available and resulted in significant delays in completion of the prior audit.</p>	Corrected	
2017-002	<p>Noncompliance Finding / Significant Deficiency – Proper, Public Purpose – Credit Card Charges: Various credit card transactions where Ohio Revised Code 5705.41-(D) certifications (e.g. purchase orders) could not be located and the proper public purpose was not clear for certain credit card disbursements.</p>	Partially Corrected	Similar comment issued in the management letter

OHIO AUDITOR OF STATE KEITH FABER



VILLAGE OF OAKWOOD

CUYAHOGA COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 8/31/2021

88 East Broad Street, Columbus, Ohio 43215
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at
www.ohioauditor.gov