

PERRY

& Associates CPAs

PASSION *Beyond the Numbers*

**VILLAGE OF OAKWOOD
PAULDING COUNTY**

**REGULAR AUDIT
FOR THE YEARS ENDED DECEMBER 31, 2022 - 2021**

OHIO AUDITOR OF STATE
KEITH FABER



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Village Council
Village of Oakwood
PO Box 457
Oakwood, OH 45873

We have reviewed the *Independent Auditor's Report* of the Village of Oakwood, Paulding County, prepared by Perry & Associates, Certified Public Accountants, A.C., for the audit period January 1, 2021 through December 31, 2022. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

A handwritten signature in black ink that reads "Keith Faber".

Keith Faber
Auditor of State
Columbus, Ohio

December 13, 2023

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VILLAGE OF OAKWOOD
PAULDING COUNTY

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INDEPENDENT AUDITOR'S REPORT

Village of Oakwood
Paulding County
P.O. Box 457
Oakwood, Ohio 45873

To the Village Council:

Report on the Audit of the Financial Statements

Unmodified and Adverse Opinions

We have audited the financial statements of the Village of Oakwood, Paulding County, Ohio (the Village), which comprises the cash balances, receipts and disbursements for each governmental and proprietary fund type and the fiduciary fund type combined total as of and for the years ended December 31, 2022 and 2021, and the related notes to the financial statements.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements for each governmental and proprietary fund type and the fiduciary fund type combined total as of and for the years ended December 31, 2022 and 2021, and the related notes to the financial statements, in accordance with the financial reporting provisions which Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit, described in Note 2.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* section of our report, the accompanying financial statements do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Village, as of December 31, 2022 and 2021, or the changes in financial position, or cash flows thereof for the years then ended.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the Village, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 2 of the financial statements, the financial statements are prepared by the Village on the basis of the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 2 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Village's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Village's ability to continue as a going concern for a reasonable period of time.

Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 25, 2023, 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. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Village's 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.



Perry & Associates
Certified Public Accountants, A.C.
Marietta, Ohio

September 25, 2023

**VILLAGE OF OAKWOOD
PAULDING COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2022**

	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Combined Total</u>
Cash Receipts				
Property and Other Local Taxes	\$ 9,241	\$ 50,894	\$ -	\$ 60,135
Municipal Income Tax	157,895	-	-	157,895
Intergovernmental	30,422	79,224	-	109,646
Special Assessments	-	21,974	-	21,974
Charges for Services	-	156,419	-	156,419
Fines, Licenses and Permits	7,519	640	-	8,159
Earnings on Investments	275	30	-	305
Miscellaneous	1,202	273,729	-	274,931
<i>Total Cash Receipts</i>	<u>206,554</u>	<u>582,910</u>	<u>-</u>	<u>789,464</u>
Cash Disbursements				
Current:				
Security of Persons and Property	-	335,841	-	335,841
Transportation	-	16,484	-	16,484
General Government	108,167	4,360	-	112,527
Capital Outlay	9,777	26,926	130,552	167,255
Debt Service:				
Principal Retirement	-	252,417	7,751	260,168
Interest and Fiscal Charges	-	5,536	-	5,536
<i>Total Cash Disbursements</i>	<u>117,944</u>	<u>641,564</u>	<u>138,303</u>	<u>897,811</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>88,610</u>	<u>(58,654)</u>	<u>(138,303)</u>	<u>(108,347)</u>
Other Financing Receipts (Disbursements)				
Other Debt Proceeds	-	-	87,000	87,000
Transfers In	-	75,000	56,101	131,101
Transfers Out	(131,101)	-	-	(131,101)
Other Financing Sources	8,128	3,778	-	11,906
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(122,973)</u>	<u>78,778</u>	<u>143,101</u>	<u>98,906</u>
<i>Net Change in Fund Cash Balances</i>	<u>(34,363)</u>	<u>20,124</u>	<u>4,798</u>	<u>(9,441)</u>
<i>Fund Cash Balances, January 1</i>	<u>229,912</u>	<u>321,611</u>	<u>55,236</u>	<u>606,759</u>
<i>Fund Cash Balances, December 31</i>	<u>\$ 195,549</u>	<u>\$ 341,735</u>	<u>\$ 60,034</u>	<u>\$ 597,318</u>

The notes to the financial statements are an integral part of this statement.

**VILLAGE OF OAKWOOD
PAULDING COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)
PROPRIETARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2022**

	Enterprise
Operating Cash Receipts	
Charges for Services	\$ 712,198
Miscellaneous	2,549
	<u>714,747</u>
<i>Total Operating Cash Receipts</i>	<u>714,747</u>
Operating Cash Disbursements	
Personal Services	107,081
Contractual Services	460,640
Supplies and Materials	237,301
	<u>805,022</u>
<i>Total Operating Cash Disbursements</i>	<u>805,022</u>
<i>Operating Income (Loss)</i>	<u>(90,275)</u>
Non-Operating Receipts (Disbursements)	
Earnings on Investments (proprietary funds only)	2,857
Other Debt Proceeds	260,177
Capital Outlay	(5,446)
Principal Retirement	(115,000)
Interest and Other Fiscal Charges	(125,198)
Other Financing Sources	1,990
	<u>19,380</u>
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>19,380</u>
<i>Net Change in Fund Cash Balances</i>	(70,895)
<i>Fund Cash Balances, January 1</i>	<u>503,464</u>
<i>Fund Cash Balances, December 31</i>	<u>\$ 432,569</u>

The notes to the financial statements are an integral part of this statement.

VILLAGE OF OAKWOOD
PAULDING COUNTY

COMBINED STATEMENT OF ADDITIONS, DEDUCTIONS
AND CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)
FIDUCIARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2022

	<u>Custodial</u>
Additions	
Fines, Licenses and Permits for Distribution	\$ 8,950
<i>Total Additions</i>	<u>8,950</u>
Deductions	
Distributions to Other Governments	1,226
Distributions to Other Funds (Primary Gov't)	<u>8,084</u>
<i>Total Deductions</i>	<u>9,310</u>
Net Change in Fund Balances	(360)
<i>Fund Cash Balances, January 1</i>	<u>8,380</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$ 8,020</u></u>

The notes to the financial statements are an integral part of this statement.

VILLAGE OF OAKWOOD
Paulding County, Ohio
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 1 - Reporting Entity

The Village of Oakwood (the Village), Paulding County, 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. A publicly-elected six-member Council directs the Village. The Village provides general government services including police, Emergency Medical Services (EMS), fire protection, maintenance of streets, utilities (material gas, water, and sewer), and park operations (leisure time activities).

Public Entity Risk Pool

The Village participates in a public entity risk pool. Note 6 to the financial statements provides additional information for this entity.

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

Note 2 - Summary of Significant Accounting Policies

Basis of Presentation

The Village's financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types, and a combined statement of receipts disbursements and changes in fund balances (regulatory cash basis) for all proprietary fund types and a combined statement of additions, deductions and changes in fund balances (regulatory cash basis) for all fiduciary fund types which are all organized on a fund type basis.

Fund Accounting

The Village uses funds 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. The funds of the Village are presented below:

General Fund The General Fund accounts for and reports all financial resources not accounted for and reported in another fund. The General Fund balance is available to the Village for any purpose provided it is expended or transferred according to the general laws of Ohio.

Special Revenue Funds These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Village had the following significant Special Revenue Funds:

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

Police Levy Fund This fund receives revenue from property taxes to provide police protection to residents of the Village. The Police Levy is not self-supporting and is supplemented by the General fund.

Fire Levy Fund This fund receives revenue from property taxes to provide fire protection to residents of the Village. Additional revenues are derived from fire contracts with surrounding Township and Villages to provide fire services to their residents.

Emergency Medical Services (EMS) Levy Fund This fund receives revenue from property taxes to provide EMS services to residents of the Village. Additional revenues are derived from EMS contracts with surrounding Township and Villages to provide EMS services to their residents, and from charges for services for EMS runs.

VILLAGE OF OAKWOOD
Paulding County, Ohio
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 2 - Summary of Significant Accounting Policies (Continued)

Capital Project Funds These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Village had the following significant capital project fund:

Capital Improvement Fund This fund receives 40% of the Village property tax revenue. This revenue is used to make permanent improvements to the Village land and property.

Enterprise Funds These funds account for operations that are similar to private business enterprises, where management intends to recover the significant costs of providing certain goods or services through user charges. The Village had the following significant Enterprise Funds:

Water Fund This fund receives charges for services from residents to cover water service costs.

Sewer Fund This fund receives charges for services from residents to cover sewer service costs.

Natural Gas Bond Fund This fund received bond anticipation note proceeds in 2013 and then revenue bond proceeds in 2014. Both were used to retire existing debt. The original bond anticipation notes were issued for the construction of the Village's natural gas utility.

Fiduciary Funds Fiduciary funds include private purpose trust funds, investment trust funds, and custodial funds. Trust funds account for assets held under a trust agreement meeting certain criteria.

Custodial funds are purely custodial in nature and are used to report fiduciary activity that is not required to be reported in a trust fund. The Village's custodial fund accounts for the financial activity of the Village Mayor's Court.

For regulatory purposes, certain own source revenues are permitted to flow through clearing funds presented as custodial funds. The amounts distributed to the other funds of the entity are identified on the combined statement of additions, deductions and changes in fund balances (regulatory cash basis) for all fiduciary fund types. Also, for regulatory purposes, certain deposits and clearing funds are permitted to be presented as custodial funds.

Basis of Accounting

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (C). This basis is similar to the cash receipts and disbursements accounting basis. The Village recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (C) permit.

Budgetary Process

The Ohio Revised Code requires that each fund (except certain custodial funds) be budgeted annually.

Appropriations Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control, and appropriations may not exceed estimated resources. The Village Council must annually approve appropriation measures and subsequent amendments. Appropriations lapse at year end.

VILLAGE OF OAKWOOD
Paulding County, Ohio
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 2 - Summary of Significant Accounting Policies (Continued)

Estimated Resources Estimated resources include estimates of cash to be received (budgeted receipts) plus cash as of January 1. The County Budget Commission must approve estimated resources.

Encumbrances The Ohio Revised Code requires the Village to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year.

A summary of 2022 budgetary activity appears in Note 3.

Deposits and Investments

The Village's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

Investment in STAR Ohio is measured at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

Capital Assets

The Village records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

Fund Balance

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

Nonspendable The Village classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact. For regulatory purposes nonspendable fund balance includes unclaimed monies that are required to be held for five years before they may be utilized by the Village and the nonexpendable portion of the corpus in permanent funds.

Restricted Fund balance is *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.

Committed Council can *commit* amounts via formal action (resolution). The Village must adhere to these commitments unless the Council amends the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

Assigned Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. For regulatory purposes, assigned fund balance in the general fund is limited to encumbrances outstanding at year end.

VILLAGE OF OAKWOOD
Paulding County, Ohio
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 2 - Summary of Significant Accounting Policies (Continued)

Unassigned Unassigned fund balance is the residual classification for the General Fund and includes amounts not included 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.

For regulatory purposes, limited disclosure related to fund balance is included in Note 11.

Note 3 - Budgetary Activity

Budgetary activity for the year ended December 31, 2022 follows:

2022 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 173,295	\$ 214,682	\$ 41,387
Special Revenue	988,642	661,688	(326,954)
Capital Projects	282,047	143,101	(138,946)
Enterprise	1,348,191	979,771	(368,420)
Total	\$ 2,792,175	\$ 1,999,242	\$ (792,933)

2022 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 249,239	\$ 249,045	\$ 194
Special Revenue	678,761	641,564	37,197
Capital Projects	144,992	138,303	6,689
Enterprise	1,062,217	1,050,666	11,551
Total	\$ 2,135,209	\$ 2,079,578	\$ 55,631

VILLAGE OF OAKWOOD
Paulding County, Ohio
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 4 – Deposits and Investments

To improve cash management, cash received by the Village is pooled. Monies for all funds are maintained in this pool. The Ohio Revised Code prescribes allowable deposits and investments. The Village also has segregated accounts which include clearing accounts and amounts with fiscal and escrow agents that are not part of this pool. A summary of the Village's deposit and investment accounts are:

	2022
Demand deposits	\$ 696,478
Certificates of deposit	128,000
Total deposits	824,478
STAR Ohio	213,429
Total investments	213,429
Total carrying amount of deposits and investments held in the Pool (ties to FS)	\$ 1,037,907
 <i>Segregated Accounts - Not held in the Pool:</i>	
Gas Clearing Account	\$ 1,653
Water Clearing Account	89
Total Outside Accounts	1,742
 Total Deposits and Investments	 \$ 1,039,649

The Village has a payroll clearing account that is held outside of the deposit pool where gross payroll is held for distribution. The expenditures included in the accompanying financial statement reflect gross payroll. The balance in the Village's payroll clearing account represent unremitted employee payroll withholdings. At December 31, 2022, the balance of the payroll clearing account was \$0.

Deposits

Deposits are insured by the Federal Depository Insurance Corporation, or collateralized through 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.

Investments

Investments in STAR Ohio and mutual funds are not evidenced by securities that exist in physical or book-entry form.

Note 5 – Taxes

Property Taxes

Real property taxes become a lien on January 1 preceding the October 1 date for which the Council adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. The financial statements include homestead and rollback amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

Public utilities are also taxed on personal and real property located within the Village.

The County is responsible for assessing property, and for billing, collecting, and distributing all property taxes on behalf of the Village.

VILLAGE OF OAKWOOD
Paulding County, Ohio
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 5 – Taxes (Continued)

Income Taxes

The Village levies a municipal income tax of one percent on substantially all earned income arising from employment, residency, or business activities within the Village as well as certain income of residents earned outside of the Village. Employers within the Village withhold income tax on employee compensation and remit the tax to the Village through the City of Cleveland Central Collection Agency (CAA) either monthly or quarterly, as required. Corporations and other individual taxpayers pay estimated taxes quarterly and file a declaration annually.

The funds collected are deposited in the General Fund and disbursed annually after necessary costs of collecting, administering and enforcing the provisions of the tax, forty percent to the Capital Improvements Fund, and sixty percent to the General Fund.

Note 6 - Risk Management

The Village is a member of the Public Entities Pool of Ohio (The Pool). The Pool assumes the risk of loss up to the limits of the Village's policy. The Pool covers the following risks:

- General liability and casualty
- Public official's liability
- Cyber
- Law enforcement liability
- Automobile liability
- Vehicles
- Property
- Equipment breakdown

The Pool reported the following summary of assets and actuarially-measured liabilities available to pay those liabilities as of December 31:

	<u>2022</u>
Cash and investments	\$42,310,794
Actuarial liabilities	\$15,724,479

Note 7 - Defined Benefit Pension Plans

Ohio Public Employees Retirement System

The majority of Village employees (34 employees) belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2022, OPERS members contributed 10%, of their gross salaries and the Village contributed an amount equaling 14%, of participants' gross salaries. The Village has paid all contributions required through December 31, 2022.

VILLAGE OF OAKWOOD
Paulding County, Ohio
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 7 - Defined Benefit Pension Plans (Continued)

Ohio Police and Fire Retirement System

The Village's certified Fire Fighters and full-time Police Officers (3) belong to the Ohio Police and Fire Pension Fund (OP&F). OP&F is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OP&F participants contributed 12.25% of their wages in 2022. The Village contributed to OP&F an amount equal to 19.5 percent of full-time police members' wages and 24 percent of full-time fire fighters' wages. The Village has paid all contributions required through December 31, 2022.

Social Security

Some Village employees (11 employees) contribute to social security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2 percent of their gross salaries. The Village contributed an amount equal to 6.2 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2022.

Note 8 - Postemployment Benefits

Both OPERS and OP&F offer cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for members in the Traditional Pension Plan and Combined Plan was 0 percent during calendar year 2022. The portion of employer contributions allocated to health care for OPERS members in the Member Directed Plan was 4.0 percent during calendar year 2022. OP&F contributes 0.5 percent to fund these benefits.

Beginning January 1, 2019, OP&F changed its retiree health care model to a stipend-based health care model. A stipend funded by OP&F was placed in individual Health Reimbursement Accounts that retirees use to be reimbursed for health care expenses.

Effective January 1, 2022, OPERS discontinued the group plans currently offered to non-Medicare retirees and re-employed retirees. Instead, eligible non-Medicare retirees will select an individual medical plan. OPERS will provide a subsidy or allowance via an HRA allowance to those retirees who meet health care eligibility requirements. Retirees will be able to seek reimbursement for plan premiums and other qualified medical expenses.

Note 9 - Debt

Debt outstanding at December 31, 2022 was as follows:

	Principal	Interest Rate
Natural Gas Distribution System Revenue Bonds	\$ 1,665,000	5-5.8%
Rural Economic and Community Development Service Loan	603,385	4.875%
Ohio Public Works Commission Loans	89,352	0%
State Bank & Trust - Street Paving Loan	87,000	5%
State Bank & Trust - Legacy Buyout Loan	260,177	3.83%
Total	\$ 2,704,914	

VILLAGE OF OAKWOOD
Paulding County, Ohio
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 9 – Debt (Continued)

During 2014, the Village issued \$2,100,000 in Revenue Bonds to retire bond anticipation notes maturing in 2013. The original bond anticipation notes were used to finance the construction of a natural gas distribution system. The Village will begin making semiannual principal payments in 2015 from the revenues of the natural gas system. The last payment is scheduled for April 2034.

Proceeds from the Rural Economic and Community Development Services (RECDS) loan were used to retire Sanitary Sewer System First Mortgage Temporary Revenue Bonds which had been issued previously to pay a portion of the costs of constructing a sanitary sewage collection, treatment, and disposal system. The Village will make annual payments to RECDS through the year 2036.

The Village has the following five outstanding loans with the Ohio Public Works Commission:

This loan relates to a water plant aerator replacement project. The loan will be repaid in semiannual installments of \$414, with the loan maturing on July 1, 2030. The loan is collateralized by water and sewer receipts.

This loan relates to a Village street improvement project on Superior Street. The loan will be repaid in semiannual installments of \$1,296, with the loan maturing on January 1, 2030. The loan is collateralized by local tax receipts.

This loan relates to Village street improvement projects on Second and Estle Streets. The loan will be repaid in semiannual installments of \$563, with the loan maturing on July 1, 2031. The loan is collateralized by local tax receipts.

This loan relates to a Village storm sewer improvement project on First Street. The loan will be repaid in semiannual installments of \$522, with the loan maturing on July 1, 2032. The loan is collateralized by local tax receipts.

This loan relates to Water Treatment Plant project on Harmon Street. The loan will be repaid in semiannual installments of \$1,081, with the loan maturing on January 1, 2041. The loan is collateralized by local tax receipts.

During 2021, the Village obtained an ambulance purchase loan from the State Bank and Trust Company, related to purchase of a new ambulance for the EMS. The loan was due to be paid in 5 annual payments, with the first principal payment due on November 16, 2022. The interest on loan will be at a rate of 2.350%. The loan is collateralized by assignment of EMS contracts. This loan was paid off in 2022.

During 2022, the Village obtained a loan from the State Bank and Trust Company for \$260,177, related to buying out the Legacy Pipeline contract. The loan is to be paid in 7 annual payments, with the first principal payment due on July 20, 2023. The interest on the loan will be at a rate of 3.83%.

During 2022, the Village obtained a loan from the State Bank and Trust Company for \$87,000, related to funding a street paving project. The loan is to be paid in 5 annual payments, with the first principal payment due on October 14, 2023. The interest on the loan will be at a rate of 5%.

VILLAGE OF OAKWOOD
Paulding County, Ohio
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 9 – Debt (Continued)

Amortization

Amortization of the above remaining debt, including interest, is scheduled as follows:

Year Ending December 31:	Natural Gas Distribution System Revenue Bonds	Rural Economic and Community Development Service Loan	Ohio Public Works Commission Loans	State Bank - Street Paving Loan	State Bank - Legacy Buyout Loan	Total
2023	\$ 184,821	\$ 60,415	\$ 7,754	\$ 20,135	\$ 43,158	\$ 316,283
2024	184,946	60,904	7,754	20,135	43,158	316,897
2025	189,256	61,295	7,754	20,135	43,158	321,598
2026	192,586	60,589	7,754	20,135	43,158	324,222
2027	195,336	60,834	7,754	20,135	43,158	327,217
2028-2032	956,427	305,431	31,781	-	86,316	1,379,955
2033-2037	380,076	245,377	11,342	-	-	636,795
2038-2042	-	-	7,459	-	-	7,459
Total	\$ 2,283,448	\$ 854,845	\$ 89,352	\$ 100,675	\$ 302,106	\$ 3,630,426

Note 10 – Contingent Liabilities

Amounts grantor agencies pay to the Village are subject to audit and adjustment by the grantor, principally the federal government. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

Note 11 – Fund Balances

Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At year end, the Village had no outstanding encumbrances.

The fund balance of special revenue funds is either restricted or committed. The fund balance of capital projects funds are restricted, committed or assigned. These restricted, committed and assigned amounts in the special revenue and capital projects funds would include the outstanding encumbrances. In the general fund, outstanding encumbrances are considered assigned.

Note 12 – COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June, 2021 while the national state of emergency continues. During 2022, the Village received COVID-19 funding. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the Village. The impact on the Village's future operating costs, revenues, and additional recovery from funding, either federal or state, cannot be estimated.

**VILLAGE OF OAKWOOD
PAULDING COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2021**

	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Combined Total</u>
Cash Receipts				
Property and Other Local Taxes	\$ 8,949	\$ 49,656	\$ -	\$ 58,605
Municipal Income Tax	145,440	-	-	145,440
Intergovernmental	31,288	93,152	-	124,440
Special Assessments	-	21,034	-	21,034
Charges for Services	-	241,586	-	241,586
Fines, Licenses and Permits	550	50	-	600
Earnings on Investments	681	32	-	713
Miscellaneous	3,455	18,614	4,671	26,740
<i>Total Cash Receipts</i>	<u>190,363</u>	<u>424,124</u>	<u>4,671</u>	<u>619,158</u>
Cash Disbursements				
Current:				
Security of Persons and Property	-	346,515	-	346,515
Transportation	-	22,864	-	22,864
General Government	83,689	10,152	1,500	95,341
Capital Outlay	-	369,194	91,975	461,169
Debt Service:				
Principal Retirement	-	-	10,521	10,521
<i>Total Cash Disbursements</i>	<u>83,689</u>	<u>748,725</u>	<u>103,996</u>	<u>936,410</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>106,674</u>	<u>(324,601)</u>	<u>(99,325)</u>	<u>(317,252)</u>
Other Financing Receipts (Disbursements)				
Other Debt Proceeds	-	252,417	43,280	295,697
Transfers In	-	40,000	57,316	97,316
Transfers Out	(97,316)	-	-	(97,316)
Other Financing Sources	-	250	-	250
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(97,316)</u>	<u>292,667</u>	<u>100,596</u>	<u>295,947</u>
<i>Net Change in Fund Cash Balances</i>	9,358	(31,934)	1,271	(21,305)
<i>Fund Cash Balances, January 1</i>	<u>220,554</u>	<u>353,545</u>	<u>53,965</u>	<u>628,064</u>
<i>Fund Cash Balances, December 31</i>	<u>\$ 229,912</u>	<u>\$ 321,611</u>	<u>\$ 55,236</u>	<u>\$ 606,759</u>

The notes to the financial statements are an integral part of this statement.

**VILLAGE OF OAKWOOD
PAULDING COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)
PROPRIETARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2021**

	Enterprise
Operating Cash Receipts	
Charges for Services	\$ 663,939
Fees, Licenses and Permits	575
Miscellaneous	11,164
	<u>675,678</u>
<i>Total Operating Cash Receipts</i>	<u>675,678</u>
Operating Cash Disbursements	
Personal Services	119,374
Contractual Services	197,399
Supplies and Materials	125,195
	<u>441,968</u>
<i>Total Operating Cash Disbursements</i>	<u>441,968</u>
<i>Operating Income (Loss)</i>	<u>233,710</u>
Non-Operating Receipts (Disbursements)	
Earnings on Investments (proprietary funds only)	5,574
Capital Outlay	(50,208)
Principal Retirement	(98,000)
Interest and Other Fiscal Charges	(130,463)
Other Financing Sources	1,266
Other Financing Uses	(1,086)
	<u>(272,917)</u>
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(272,917)</u>
<i>Net Change in Fund Cash Balances</i>	(39,207)
<i>Fund Cash Balances, January 1</i>	<u>542,671</u>
<i>Fund Cash Balances, December 31</i>	<u>\$ 503,464</u>

The notes to the financial statements are an integral part of this statement.

VILLAGE OF OAKWOOD
PAULDING COUNTY

COMBINED STATEMENT OF ADDITIONS, DEDUCTIONS
AND CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)
FIDUCIARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2021

	<u>Custodial</u>
Additions	
Fines, Licenses and Permits for Distribution	\$ 8,540
<i>Total Additions</i>	<u>8,540</u>
Deductions	
Distributions to Other Governments	170
Distributions to Other Funds (Primary Gov't)	<u>730</u>
<i>Total Deductions</i>	<u>900</u>
Net Change in Fund Balances	7,640
<i>Fund Cash Balances, January 1</i>	<u>740</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$ 8,380</u></u>

The notes to the financial statements are an integral part of this statement.

VILLAGE OF OAKWOOD
Paulding County, Ohio
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 1 - Reporting Entity

The Village of Oakwood (the Village), Paulding County, 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. A publicly-elected six-member Council directs the Village. The Village provides general government services including police, Emergency Medical Services (EMS), fire protection, maintenance of streets, utilities (material gas, water, and sewer), and park operations (leisure time activities).

Public Entity Risk Pool

The Village participates in a public entity risk pool. Note 6 to the financial statements provides additional information for this entity.

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

Note 2 - Summary of Significant Accounting Policies

Basis of Presentation

The Village's financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types, and a combined statement of receipts disbursements and changes in fund balances (regulatory cash basis) for all proprietary fund types and a combined statement of additions, deductions and changes in fund balances (regulatory cash basis) for all fiduciary fund types which are all organized on a fund type basis.

Fund Accounting

The Village uses funds 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. The funds of the Village are presented below:

General Fund The General Fund accounts for and reports all financial resources not accounted for and reported in another fund. The General Fund balance is available to the Village for any purpose provided it is expended or transferred according to the general laws of Ohio.

Special Revenue Funds These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Village had the following significant Special Revenue Funds:

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

Police Levy Fund This fund receives revenue from property taxes to provide police protection to residents of the Village. The Police Levy is not self-supporting and is supplemented by the General fund.

Fire Levy Fund This fund receives revenue from property taxes to provide fire protection to residents of the Village. Additional revenues are derived from fire contracts with surrounding Township and Villages to provide fire services to their residents.

Emergency Medical Services (EMS) Levy Fund This fund receives revenue from property taxes to provide EMS services to residents of the Village. Additional revenues are derived from EMS contracts with surrounding Township and Villages to provide EMS services to their residents, and from changes for services for EMS runs.

VILLAGE OF OAKWOOD
Paulding County, Ohio
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 2 - Summary of Significant Accounting Policies (Continued)

Capital Project Funds These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Village had the following significant capital project fund:

Capital Improvement Fund This fund receives 40% of the Village property tax revenue. This revenue is used to make permanent improvements to the Village land and property.

Enterprise Funds These funds account for operations that are similar to private business enterprises, where management intends to recover the significant costs of providing certain goods or services through user charges. The Village had the following significant Enterprise Funds:

Water Fund This fund receives charges for services from residents to cover water service costs.

Sewer Fund This fund receives charges for services from residents to cover sewer service costs.

Natural Gas Bond Fund This fund received bond anticipation note proceeds in 2013 and then revenue bond proceeds in 2014. Both were used to retire existing debt. The original bond anticipation notes were issued for the construction of the Village's natural gas utility.

Fiduciary Funds Fiduciary funds include private purpose trust funds, investment trust funds, and custodial funds. Trust funds account for assets held under a trust agreement meeting certain criteria.

Custodial funds are purely custodial in nature and are used to report fiduciary activity that is not required to be reported in a trust fund. The Village's custodial fund accounts for the financial activity of the Village Mayor's Court.

For regulatory purposes, certain own source revenues are permitted to flow through clearing funds presented as custodial funds. The amounts distributed to the other funds of the entity are identified on the combined statement of additions, deductions and changes in fund balances (regulatory cash basis) for all fiduciary fund types. Also, for regulatory purposes, certain deposits and clearing funds are permitted to be presented as custodial funds.

Basis of Accounting

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (C). This basis is similar to the cash receipts and disbursements accounting basis. The Village recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (C) permit.

Budgetary Process

The Ohio Revised Code requires that each fund (except certain custodial funds) be budgeted annually.

Appropriations Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control, and appropriations may not exceed estimated resources. The Village Council must annually approve appropriation measures and subsequent amendments. Appropriations lapse at year end.

VILLAGE OF OAKWOOD
Paulding County, Ohio
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 2 - Summary of Significant Accounting Policies (Continued)

Estimated Resources Estimated resources include estimates of cash to be received (budgeted receipts) plus cash as of January 1. The County Budget Commission must approve estimated resources.

Encumbrances The Ohio Revised Code requires the Village to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year.

A summary of 2021 budgetary activity appears in Note 3.

Deposits and Investments

The Village's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

Investment in STAR Ohio is measured at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

Capital Assets

The Village records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

Fund Balance

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

Nonspendable The Village classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact. For regulatory purposes nonspendable fund balance includes unclaimed monies that are required to be held for five years before they may be utilized by the Village and the nonexpendable portion of the corpus in permanent funds.

Restricted Fund balance is *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.

Committed Council can *commit* amounts via formal action (resolution). The Village must adhere to these commitments unless the Council amends the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

Assigned Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. For regulatory purposes, assigned fund balance in the general fund is limited to encumbrances outstanding at year end.

VILLAGE OF OAKWOOD
Paulding County, Ohio
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 2 - Summary of Significant Accounting Policies (Continued)

Unassigned Unassigned fund balance is the residual classification for the General Fund and includes amounts not included 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.

For regulatory purposes, limited disclosure related to fund balance is included in Note 11.

Note 3 - Budgetary Activity

Budgetary activity for the year ended December 31, 2021 follows:

2021 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 201,194	\$ 190,363	\$ (10,831)
Special Revenue	730,692	716,791	(13,901)
Capital Projects	105,267	105,267	-
Enterprise	695,839	682,518	(13,321)
Total	\$ 1,732,992	\$ 1,694,939	\$ (38,053)

2021 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 179,703	\$ 181,005	\$ (1,302)
Special Revenue	750,216	748,725	1,491
Capital Projects	104,319	103,996	323
Enterprise	720,274	721,725	(1,451)
Total	\$ 1,754,512	\$ 1,755,451	\$ (939)

VILLAGE OF OAKWOOD
Paulding County, Ohio
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 4 – Deposits and Investments

To improve cash management, cash received by the Village is pooled. Monies for all funds are maintained in this pool. The Ohio Revised Code prescribes allowable deposits and investments. The Village also has segregated accounts which include clearing accounts and amounts with fiscal and escrow agents that are not part of this pool. A summary of the Village's deposit and investment accounts are:

	<u>2021</u>
Demand deposits	\$ 780,030
Certificates of deposit	128,000
Total deposits	<u>908,030</u>
STAR Ohio	<u>210,573</u>
Total investments	<u>210,573</u>
Total carrying amount of deposits and investments held in the Pool (ties to FS)	<u><u>\$ 1,118,603</u></u>
<i>Segregated Accounts - Not held in the Pool:</i>	
Gas Clearing Account	\$ 2,233
Water Clearing Account	161
Total Outside Accounts	<u><u>2,394</u></u>
Total Deposits and Investments	<u><u>\$ 1,120,997</u></u>

The Village has a payroll clearing account that is held outside of the deposit pool where gross payroll is held for distribution. The expenditures included in the accompanying financial statement reflect gross payroll. The balance in the Village's payroll clearing account represent unremitted employee payroll withholdings. At December 31, 2021, the balance of the payroll clearing account was \$0.

Deposits

Deposits are insured by the Federal Depository Insurance Corporation, or collateralized through 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.

Investments

Investments in STAR Ohio and mutual funds are not evidenced by securities that exist in physical or book-entry form.

Note 5 – Taxes

Property Taxes

Real property taxes become a lien on January 1 preceding the October 1 date for which the Council adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. The financial statements include homestead and rollback amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

Public utilities are also taxed on personal and real property located within the Village.

The County is responsible for assessing property, and for billing, collecting, and distributing all property taxes on behalf of the Village.

VILLAGE OF OAKWOOD
Paulding County, Ohio
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 5 – Taxes (Continued)

Income Taxes

The Village levies a municipal income tax of one percent on substantially all earned income arising from employment, residency, or business activities within the Village as well as certain income of residents earned outside of the Village. Employers within the Village withhold income tax on employee compensation and remit the tax to the Village through the City of Cleveland Central Collection Agency (CAA) either monthly or quarterly, as required. Corporations and other individual taxpayers pay estimated taxes quarterly and file a declaration annually.

The funds collected are deposited in the General Fund and disbursed annually after necessary costs of collecting, administering and enforcing the provisions of the tax, forty percent to the Capital Improvements Fund, and sixty percent to the General Fund.

Note 6 - Risk Management

The Village is a member of the Public Entities Pool of Ohio (The Pool). The Pool assumes the risk of loss up to the limits of the Village's policy. The Pool covers the following risks:

- General liability and casualty
- Public official's liability
- Cyber
- Law enforcement liability
- Automobile liability
- Vehicles
- Property
- Equipment breakdown

The Pool reported the following summary of assets and actuarially-measured liabilities available to pay those liabilities as of December 31:

	<u>2021</u>
Cash and investments	\$41,996,850
Actuarial liabilities	\$14,974,099

Note 7 - Defined Benefit Pension Plans

Ohio Public Employees Retirement System

The majority of Village employees (37 employees) belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2021, OPERS members contributed 10%, of their gross salaries and the Village contributed an amount equaling 14%, of participants' gross salaries. The Village has paid all contributions required through December 31, 2021.

VILLAGE OF OAKWOOD
Paulding County, Ohio
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 7 - Defined Benefit Pension Plans (Continued)

Ohio Police and Fire Retirement System

The Village's certified Fire Fighters and full-time Police Officers (3) belong to the Ohio Police and Fire Pension Fund (OP&F). OP&F is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OP&F participants contributed 12.25% of their wages in 2021. The Village contributed to OP&F an amount equal to 19.5 percent of full-time police members' wages and 24 percent of full-time fire fighters' wages. The Village has paid all contributions required through December 31, 2021.

Social Security

Some Village employees (12 employees) contribute to social security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2 percent of their gross salaries. The Village contributed an amount equal to 6.2 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2021.

Note 8 - Postemployment Benefits

Both OPERS and OP&F offer cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for members in the Traditional Pension Plan and Combined Plan was 0 percent during calendar year 2021. The portion of employer contributions allocated to health care for OPERS members in the Member Directed Plan was 4.0 percent during calendar year 2021. OP&F contributes 0.5 percent to fund these benefits.

Beginning January 1, 2019, OP&F changed its retiree health care model to a stipend-based health care model. A stipend funded by OP&F was placed in individual Health Reimbursement Accounts that retirees use to be reimbursed for health care expenses.

Note 9 - Debt

Debt outstanding at December 31, 2021 was as follows:

	Principal	Interest Rate
Natural Gas Distribution System Revenue Bonds	\$ 1,750,000	5-5.8%
Rural Economic and Community Development Service Loan	633,385	4.875%
Ohio Public Works Commission Loans	97,103	0%
State Bank & Trust - Ambulance Loan	252,417	2.35%
Total	\$ 2,732,905	

VILLAGE OF OAKWOOD
Paulding County, Ohio
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 9 – Debt (Continued)

During 2014, the Village issued \$2,100,000 in Revenue Bonds to retire bond anticipation notes maturing in 2013. The original bond anticipation notes were used to finance the construction of a natural gas distribution system. The Village will begin making semiannual principal payments in 2015 from the revenues of the natural gas system. The last payment is scheduled for April 2034.

Proceeds from the Rural Economic and Community Development Services (RECDS) loan were used to retire Sanitary Sewer System First Mortgage Temporary Revenue Bonds which had been issued previously to pay a portion of the costs of constructing a sanitary sewage collection, treatment, and disposal system. The Village will make annual payments to RECDS through the year 2036.

The Village has the following five outstanding loans with the Ohio Public Works Commission:

This loan relates to a water plant filtration project that was mandated by the Ohio Environmental Protection Agency (OEPA). The loan will be repaid in semiannual installments of \$3,851, with the loan maturing on January 1, 2021. The loan is collateralized by water and sewer receipts. This loan was paid off as scheduled in 2021.

This loan relates to a water plant aerator replacement project. The loan will be repaid in semiannual installments of \$414, with the loan maturing on July 1, 2030. The loan is collateralized by water and sewer receipts.

This loan relates to a Village street improvement project on Superior Street. The loan will be repaid in semiannual installments of \$1,296, with the loan maturing on January 1, 2030. The loan is collateralized by local tax receipts.

This loan relates to Village street improvement projects on Second and Estle Streets. The loan will be repaid in semiannual installments of \$563, with the loan maturing on July 1, 2031. The loan is collateralized by local tax receipts.

This loan relates to a Village storm sewer improvement project on First Street. The loan will be repaid in semiannual installments of \$522, with the loan maturing on July 1, 2032. The loan is collateralized by local tax receipts.

This loan relates to Water Treatment Plant project on Harmon Street. The loan will be repaid in semiannual installments of \$1,081, with the loan maturing on January 1, 2041. The loan is collateralized by local tax receipts.

During 2021, the Village obtained an ambulance purchase loan from the State Bank and Trust Company, related to purchase of a new ambulance for the EMS. The loan was due to be paid in 5 annual payments, with the first principal payment due on November 16, 2022. The interest on loan will be at a rate of 2.350%. The loan is collateralized by assignment of EMS contracts.

VILLAGE OF OAKWOOD
Paulding County, Ohio
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 9 – Debt (Continued)

Amortization

Amortization of the above remaining debt, including interest, is scheduled as follows:

Year Ending December 31:	Natural Gas Distribution System Revenue Bonds	Rural Economic and Community Development Service Loan	Ohio Public Works Commission Loans	State Bank - Ambulance Loan	Total
2022	\$ 181,446	\$ 60,878	\$ 7,754	\$ 54,151	\$ 304,229
2023	184,821	60,415	7,754	54,151	307,141
2024	184,946	60,904	7,754	54,151	307,755
2025	189,256	61,295	7,754	54,151	312,456
2026	192,586	60,589	7,754	54,151	315,080
2027-2031	962,425	304,669	35,764	-	1,302,858
2032-2036	569,414	306,973	12,949	-	889,336
2037-2041	-	-	9,620	-	9,620
Total	<u>\$ 2,464,894</u>	<u>\$ 915,723</u>	<u>\$ 97,103</u>	<u>\$ 270,755</u>	<u>\$ 3,748,475</u>

Note 10 – Contingent Liabilities

Amounts grantor agencies pay to the Village are subject to audit and adjustment by the grantor, principally the federal government. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

Note 11 – Fund Balances

Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At year end, the Village had no outstanding encumbrances.

The fund balance of special revenue funds is either restricted or committed. The fund balance of capital projects funds are restricted, committed or assigned. These restricted, committed and assigned amounts in the special revenue and capital projects funds would include the outstanding encumbrances. In the general fund, outstanding encumbrances are considered assigned.

Note 12 – COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June, 2021 while the national state of emergency continues. During 2021, the Village received COVID-19 funding. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the Village. The impact on the Village's future operating costs, revenues, and additional recovery from funding, either federal or state, cannot be estimated.

During 2021, the Village received \$6,074.54 in Cares Act funds sub granted from another government.

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

Village of Oakwood
Paulding County
P.O. Box 457
Oakwood, Ohio 45873

To the Village Council:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the cash balances, receipts, and disbursements for each governmental and proprietary fund type and the fiduciary fund type combined total as of and for the years ended December 31, 2022 and 2021, and the related notes to the financial statements of the Village of Oakwood, Paulding County, (the Village) and have issued our report thereon dated September 25, 2023, wherein we noted the Village followed financial reporting provisions Ohio Rev. Code § 117.38 and Ohio Admin. Code 117-2-03(C) permit.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Village's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control. Accordingly, we do not express an opinion on the effectiveness of the Village's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Village's financial statements will not be prevented, or detected and corrected, on a timely basis. 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 deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a certain deficiency in internal control, described in the accompanying schedule of audit findings as 2022-001 that we consider to be a material weakness.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Village's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of audit findings as items 2022-002 through 2022-005.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Village's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Perry and Associates
Certified Public Accountants, A.C.
Marietta, Ohio

September 25, 2023

VILLAGE OF OAKWOOD
PAULDING COUNTY

SCHEDULE OF AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

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

FINDING NUMBER 2022-001

Material Weakness

Financial Reporting

Accurate financial reporting is the responsibility of the Fiscal Officer and is essential to ensure information provided to the readers of the financial statements is accurate. The following errors with the Village's annual financial report were noted:

- Furtherance of Justice Fund receipt and disbursement activity was not recorded in the accounting system in 2022 and 2021;
- \$252,417 of debt proceeds relating to the purchase of an Ambulance were incorrectly recorded as Miscellaneous income in the EMS Levy Fund in 2021;
- \$43,280 of debt proceeds and the corresponding Capital Outlay relating to Ohio Public Works Commission Loan #CE18W were not recorded in the accounting system in the Capital Improvement Fund in 2021;
- An ambulance loan debt payment totaling \$257,953 was incorrectly recorded as a Capital Outlay expenditure instead of Principal Retirement and Interest in the EMS Levy Fund in 2022;
- \$87,000 of debt proceeds relating to a street paving project were incorrectly recorded as Miscellaneous income in the Capital Improvement Fund in 2022;
- \$260,177 of debt proceeds relating to the buyout of the Legacy contract were incorrectly recorded as Other Financing Uses in the Natural Gas Fund in 2022; and
- A voided expenditure of \$975 from the Mayor's Court Fund was incorrectly included in the December 31, 2022 bank reconciliation and included on the Village's financial statements.

Not posting receipts accurately resulted in the financial statements requiring several reclassifications and adjustments. The financial statements reflect all reclassifications and adjustments, and the Village has posted all adjustments to its accounting system.

To help ensure accuracy and reliability in the financial reporting process, we recommend that management perform a detailed review of its draft financial statements. Such a review should include procedures to ensure that all sources of revenues and expenses are properly identified and classified on the financial statements.

We also recommend the Fiscal Officer refer to the Ohio Village Handbook and other Auditor of State resources for guidance to determine the proper establishment of receipt and disbursement accounts and posting of receipts and disbursements.

Officials' Response – We did not receive a response from officials to this finding.

FINDING NUMBER 2022-002

Noncompliance

Ohio Revised Code Section 5705.41(D) requires that no subdivision or taxing unit shall make any contract or give any order involving the expenditure of money unless a certificate signed by the fiscal officer is attached thereto. The fiscal officer must certify that the amount required meeting any such contract or expenditure has been lawfully appropriated and is in the treasury, or is in the process of collection to the credit of an appropriate fund free from any previous encumbrance.

VILLAGE OF OAKWOOD
PAULDING COUNTY

SCHEDULE OF AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)

FINDING NUMBER 2022-002 (Continued)

Noncompliance (Continued)

Ohio Revised Code Section 5705.41(D) (Continued)

Only the subdivision's fiscal officer need sign the certificate. Every contract made without such a certificate shall be void, and no warrant shall be issued in payment of any amount due thereon.

There are several exceptions to the standard requirement stated above that a fiscal officer's certificate must be obtained prior to a subdivision or taxing authority entering into a contract or order involving the expenditure of money. The main exceptions are: "then and now" certificates, blanket certificates, and super blanket certificates, which are provided for in sections 5705.41(D)(1) and 5705.41(D)(3), respectively, of the Ohio Revised Code.

1. "Then and Now" certificate - If the fiscal officer can certify that both at the time that the contract or order was made ("then"), and at the time that the fiscal officer is completing the certification ("now"), that sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the taxing authority can authorize the drawing of a warrant for the payment of the amount due. The taxing authority has thirty days from the receipt of the "then and now" certificate to approve payment by ordinance or resolution. Amounts of less than \$3,000 may be paid by the fiscal officer without a resolution or ordinance upon completion of the "then and now" certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the taxing authority.

2. Blanket Certificate – Fiscal officers may prepare "blanket" certificates for a certain sum of money not in excess of an amount established by resolution or ordinance adopted by a majority of the members of the legislative authority against any specific line item account over a period not running beyond the end of the current fiscal year. The blanket certificates may, but need not, be limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time for any one particular line item appropriation.

3. Super Blanket Certificate – The entity may also make expenditures and contracts for any amount from a specific line-item appropriation account in a specified fund upon certification of the fiscal officer for most professional services, fuel, oil, food items, and any other specific recurring and reasonably predictable operating expense. This certification is not to extend beyond the current year. Only one super blanket certificate may be outstanding at a particular time for any one line-item appropriation.

The Village did not properly certify the availability of funds prior to purchase commitment for 25 of 39 (64%) of the expenditures tested for 2022 and 26 of 41 (63%) of the expenditures tested for 2021.

Unless the exceptions noted above are used, prior certification is not only required by statute but is a key control in the disbursement process to assure that purchase commitments receive prior approval.

To improve controls over disbursements and to help reduce the possibility of the Village's funds exceeding budgetary spending limitations, we recommend that the Fiscal Officer certify that the funds are or will be available prior to an obligation being incurred by the Village. When prior certification is not possible, "then and now" certification should be used.

Officials' Response – We did not receive a response from officials to this finding.

VILLAGE OF OAKWOOD
PAULDING COUNTY

SCHEDULE OF AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)

FINDING NUMBER 2022-003

Noncompliance

Ohio Revised Code Section 149.351 (A) states, in part, that “all records are the property of the public office concerned and shall not be removed, destroyed, mutilated, transferred, or otherwise damaged or disposed of, in whole or in part, except as provided by law or under the rules adopted by the records commissions.”

- During testing of Mayor’s Court, the Village could not provide any Mayor’s Court accounting system reports for 2022 and 2021. Due to the inability to review the reports from the accounting system, we were unable to verify that the Village’s Mayor’s Court was remitting the correct amounts to the Village, State, and County.
- During our testing of disbursements, we noted that 4 disbursement voucher packets did not contain adequate supporting documentation. We were able to determine by other means that disbursements appear to be for a proper public purpose.

Inadequate supporting documentation eliminates a significant control point, obscures the audit trail and provides for the opportunity for errors and irregularities occurring and not being detected by management in a timely manner. In addition, lack of adequate supporting documentation could result in the Village making inappropriate disbursements for goods or services not actually received by the Village.

We recommend that the Village maintain all required documents and accounting system information that is needed to fulfill the requirements of the Ohio Revised Code.

Officials’ Response – We did not receive a response from officials to this finding.

FINDING NUMBER 2022-004

Noncompliance

Ohio Revised Code Section 733.40 requires all fines, forfeitures, and cost in ordinance cases and all fees collected by the mayor, or which in any manner come into his or her hands, or which are due to such mayor or a marshal, chief of police, or other officer of the municipal corporation, any other fees and expenses which have been advanced out of the treasury of the municipal corporation, and all money received by such mayor for the use of such municipal corporation, shall be paid by clerk into the Village’s treasury on the first Monday of each month.

During 2022 and 2021, the Village Mayor’s Court did not remit monies collected to the Village by the first Monday of each month.

These weaknesses could allow recording errors and irregularities to occur and remain undetected.

We recommend the Village distribute the correct fines collected by the Village’s Mayor’s Court to the Village’s General Fund and other applicable agencies by the required dates.

Officials’ Response – We did not receive a response from officials to this finding.

VILLAGE OF OAKWOOD
PAULDING COUNTY

SCHEDULE OF AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)

FINDING NUMBER 2022-005

Noncompliance

Ohio Revised Code Section 2949.091 requires the court, in which any person is convicted of or pleads guilty to any offense, to impose on the following sums as costs in the case in addition to any other court costs that the court is required by law to impose upon the offender:

- Thirty dollars if the offense is a felony;
- Twenty dollars if the offense is a misdemeanor other than a traffic offense that is not a moving violation; or
- Ten dollars if the offense is a traffic offense that is not a moving violation, excluding parking violations.

All such monies collected during the month shall be transmitted on or before the twentieth of the following month by the clerk of the courts to the Treasurer of State.

The Village consistently did not remit the amounts due to the State on or before the twentieth day of the following month throughout 2022 and 2021.

The Village should remit the State portion of Mayor's Court fines and fees collected to the State on or before the twentieth day of the following month and submit all reports as required timely.

Officials' Response – We did not receive a response from officials to this finding.

VILLAGE OF OAKWOOD
PAULDING COUNTY

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

Finding Number	Finding Summary	Status	Additional Information
2020-001	Ohio Revised Code Section 5705.10(D)	Corrected	N/A
2020-002	Financial Reporting	Not Corrected	Repeated as Finding 2022-002

OHIO AUDITOR OF STATE KEITH FABER



VILLAGE OF OAKWOOD

PAULDING 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 12/26/2023

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