



OHIO AUDITOR OF STATE
KEITH FABER



**VILLAGE OF OAKWOOD
PAULDING COUNTY
DECEMBER 31, 2020 AND 2019**

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INDEPENDENT AUDITOR'S REPORT

Village of Oakwood
Paulding County
P.O. Box 457
Oakwood, Ohio 45873-0457

To the Village Council:

Report on the Financial Statements

We have audited the accompanying 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 year ended December 31, 2020 and for each governmental, proprietary and fiduciary fund type as of and for the year ended December 31, 2019, and related notes of the Village of Oakwood, Paulding County, Ohio (the Village).

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements 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.

Efficient • Effective • Transparent

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

As described in Note 2 of the financial statements, the Village prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements.

Although the effects on the financial statements of the variances between the regulatory accounting basis and GAAP are not reasonably determinable, we presume they are material.

Though the Village does not intend these statements to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. Our opinion on this accounting basis is in the *Opinion on Regulatory Basis of Accounting* paragraph below.

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* paragraph, the financial statements referred to above 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, 2020 and 2019, and the respective changes in financial position or cash flows thereof for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the 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 year ended December 31, 2020 and for each governmental, proprietary, and fiduciary fund type as of and for the year ended December 31, 2019, and related notes of the Village, in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 2.

Emphasis of Matters

As discussed in Note 13 to the financial statements, during 2020, the Village adopted new accounting guidance in Governmental Accounting Standards Board Statement No. 84, *Fiduciary Activities*. In addition, as discussed in Note 14 to the 2020 financial statements and Note 12 to the 2019 financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Village. We did not modify our opinion regarding these matters.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 8, 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

June 8, 2021

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VILLAGE OF OAKWOOD
PAULDING COUNTY

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2020**

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
Cash Receipts				
Property and Other Local Taxes	\$9,608	\$52,572		\$62,180
Municipal Income Tax	126,072			126,072
Intergovernmental	30,729	234,732	\$109,139	374,600
Special Assessments		22,669		22,669
Charges for Services		163,448		163,448
Fines, Licenses and Permits	45			45
Earnings on Investments	2,898	30		2,928
Miscellaneous	16,352	48,576		64,928
<i>Total Cash Receipts</i>	<u>185,704</u>	<u>522,027</u>	<u>109,139</u>	<u>816,870</u>
Cash Disbursements				
Current:				
Security of Persons and Property		235,309		235,309
Transportation		66,286		66,286
General Government	64,315	2,019		66,334
Capital Outlay	7,019	178,332	189,547	374,898
Debt Service:				
Principal Retirement		46,075	8,550	54,625
Interest and Fiscal Charges		450	38	488
<i>Total Cash Disbursements</i>	<u>71,334</u>	<u>528,471</u>	<u>198,135</u>	<u>797,940</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>114,370</u>	<u>(6,444)</u>	<u>(88,996)</u>	<u>18,930</u>
Other Financing Receipts (Disbursements)				
Transfers In		24,300	45,489	69,789
Transfers Out	(69,789)			(69,789)
Other Financing Sources		4,774		4,774
Other Financing Uses	(1,500)			(1,500)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(71,289)</u>	<u>29,074</u>	<u>45,489</u>	<u>3,274</u>
<i>Net Change in Fund Cash Balances</i>	43,081	22,630	(43,507)	22,204
<i>Fund Cash Balances, January 1</i>	<u>177,473</u>	<u>330,915</u>	<u>97,472</u>	<u>605,860</u>
<i>Fund Cash Balances, December 31</i>	<u>\$220,554</u>	<u>\$353,545</u>	<u>\$53,965</u>	<u>\$628,064</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 (CASH BASIS)
PROPRIETARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2020**

	Proprietary Fund Type
	Enterprise
Operating Cash Receipts	
Charges for Services	\$641,740
Miscellaneous	4,058
	645,798
<i>Total Operating Cash Receipts</i>	<i>645,798</i>
Operating Cash Disbursements	
Personal Services	116,250
Contractual Services	195,554
Supplies and Materials	85,606
	397,410
<i>Total Operating Cash Disbursements</i>	<i>397,410</i>
<i>Operating Income</i>	<i>248,388</i>
Non-Operating Receipts (Disbursements)	
Capital Outlay	(16,304)
Earnings on Investments	1,789
Principal Retirement	(92,000)
Interest and Other Fiscal Charges	(135,129)
Other Financing Sources	1,183
Other Financing Uses	(1,236)
	(241,697)
<i>Total Non-Operating Receipts (Disbursements)</i>	<i>(241,697)</i>
<i>Net Change in Fund Cash Balances</i>	<i>6,691</i>
<i>Fund Cash Balances, January 1</i>	<i>535,980</i>
<i>Fund Cash Balances, December 31</i>	<i>\$542,671</i>

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

VILLAGE OF OAKWOOD
PAULDING COUNTY

STATEMENT OF ADDITIONS, DEDUCTIONS
AND CHANGE IN FUND BALANCE (CASH BASIS)
FIDUCIARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2020

	<u>Custodial</u>
Additions	
Fines, Licenses, and Permits for Distribution	<u>\$300</u>
<i>Net Change in Fund Cash Balance</i>	300
<i>Fund Cash Balance, January 1</i>	<u>440</u>
<i>Fund Cash Balance, December 31</i>	<u><u>\$740</u></u>

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

**VILLAGE OF OAKWOOD
PAULDING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020**

Note 1 – Reporting Entity

The Village of Oakwood, Paulding 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. A publicly elected six-member Council directs the Village. The Village provides maintenance of streets, water, sewer, and natural gas utilities, park operations, police services, fire protection services, and emergency medical services.

Public Entity Risk Pool

The Village participates in a public entity risk pool, the Public Entities Pool of Ohio (PEP). Note 9 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 (cash basis) for all governmental fund types, and a combined statement of receipts, disbursements and changes in fund balances (cash basis) for the proprietary fund type and a statement of additions, deductions and change in fund balance (cash basis) for the fiduciary fund type 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:

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 townships and villages to provide EMS services to their residents and from charges for services for EMS runs.

Coronavirus Relief Fund This fund received federal grant funds to supplement Village operations during the coronavirus pandemic.

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:

Infrastructure Fund This fund accounts for and reports proceeds from grants and loans from the Ohio Public Works Commission for the Village's water and sewer related projects.

**VILLAGE OF OAKWOOD
PAULDING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020
(Continued)**

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:

Sewer Fund This fund accounts for the provision of sanitary sewer services to the Village residents and commercial users.

Natural Gas Fund This fund accounts for the provision of natural gas services to the Village residents and commercial users.

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's 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 other funds of the entity are identified on the statement of additions, deductions and change in fund balance (cash basis) the fiduciary fund type. 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 (D). 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 (D) 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.

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 2020 budgetary activity appears in Note 3.

VILLAGE OF OAKWOOD
PAULDING COUNTY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020
(Continued)

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.

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*.

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 12.

**VILLAGE OF OAKWOOD
PAULDING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020
(Continued)**

Note 3 – Budgetary Activity

Budgetary activity for the year ending December 31, 2020 follows:

2020 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$101,263	\$185,704	\$84,441
Special Revenue	485,986	551,101	65,115
Capital Projects	81,449	154,628	73,179
Enterprise	674,300	648,770	(25,530)
Custodial	3,500	300	(3,200)
Total	\$1,346,498	\$1,540,503	\$194,005

2020 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$147,487	\$142,623	\$4,864
Special Revenue	540,623	528,471	12,152
Capital Projects	198,135	198,135	
Enterprise	644,210	642,079	2,131
Total	\$1,530,455	\$1,511,308	\$19,147

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. A summary of the Village's deposit and investment accounts are as follows:

	2020
Demand deposits	\$833,082
Certificates of deposit	128,000
Total deposits	961,082
STAR Ohio	210,393
Total carrying amount of deposits and investments	\$1,171,475

The Village does not use a separate payroll clearing account. The expenditures included in the accompanying financial statement reflect net payroll plus all unpaid payroll withholdings. At December 31, 2020, the Village is holding \$6,733 in unremitted employee payroll withholdings.

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation or collateralized by 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.

**VILLAGE OF OAKWOOD
PAULDING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020
(Continued)**

Investments

The Village's bond trustee for its Natural Gas bond and reserve funds hold the Village's STAR Ohio accounts in book entry form in the Village's name. Investments in STAR Ohio 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 non-business, owner occupancy, and homestead exemption credits and/or homestead and rollback deductions. The financial statements include these credits and/or deduction 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.

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 either monthly or quarterly, as required. Corporations and other individual taxpayers pay estimated taxes quarterly and file a declaration annually.

Note 6 – Debt

Debt outstanding at December 31, 2020 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Natural Gas Distribution Systems Revenue Bonds	\$1,820,000	5-5.8%
Rural Economic and Community Development Services Loan	661,385	5%
Ohio Public Works Commission Loans	64,344	0%
Total	<u><u>\$2,545,729</u></u>	

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 started making semiannual principal payments in 2015 from the revenues of the natural gas system. The last payment is scheduled for April 2034.

**VILLAGE OF OAKWOOD
PAULDING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020
(Continued)**

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 (OPWC). All maturity dates were extended by six months due to a July 2020 payment deferral which no payments were required by OPWC due to the COVID-19 pandemic:

The first OPWC 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.

The second OPWC loan relates to a water plant aerator replacement project. The loan will be repaid in semiannual installments of \$414, with the loan maturing on January 1, 2031. The loan is collateralized by water and sewer receipts.

The third OPWC 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 July 1, 2030. The loan is collateralized by local tax receipts.

The fourth OPWC loan relates to Village street improvement projects on Second and Estel Streets. The loan will be repaid in semiannual installments of \$562, with the loan maturing on January 1, 2032. The loan is collateralized by local tax receipts.

The fifth OPWC 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 January 1, 2033. The loan is collateralized by local tax receipts.

Amortization

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

Year ending December 31:	Natural Gas Distribution System Revenue Bonds	RECDS Loan	OPWC Loans
2021	\$168,195	\$60,243	\$9,439
2022	179,320	60,877	5,587
2023	184,820	60,415	5,587
2024	184,945	60,904	5,587
2025	189,255	61,295	5,587
2026-2030	961,810	304,419	27,937
2031-2035	762,607	306,453	4,620
2036-2040		61,360	
Total	<u>\$2,630,952</u>	<u>\$975,966</u>	<u>\$64,344</u>

**VILLAGE OF OAKWOOD
PAULDING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020
(Continued)**

Note 7 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

The majority of Village 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 health care and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent of their gross salaries, and the Village contributed an amount equaling 14 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2020.

Ohio Police and Fire Retirement System

The Village's full-time Police Officers 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 health care and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OP&F participants contributed 12.25 percent of their wages. The Village contributed to OP&F an amount equal to 19.5 percent of full-time police members' wages. The Village has paid all contributions required through December 31, 2020.

Social Security

The Fire Chief and firefighters contributed 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, 2020.

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 OPERS members in the Traditional Pension Plan and Combined Plan was 0 percent during calendar year 2020. The portion of employer contributions allocated to health care for OPERS members in the Member Directed Plan was 4 percent during calendar year 2020. 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.

**VILLAGE OF OAKWOOD
PAULDING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020
(Continued)**

Note 9 – Risk Management

Risk Pool Membership

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, 2019 (the latest available information):

	<u>2019</u>
Cash and investments	\$38,432,610
Actuarial liabilities	\$14,705,917

Workers’ Compensation

Workers’ Compensation coverage is provided by the State of Ohio. The Village pays the State Workers’ Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

Note 10 – Miscellaneous Revenues

Miscellaneous receipts in the General Fund primarily consisted of Ohio Bureau of Workers Compensation premium refunds and a refund for a laptop. Miscellaneous receipts in the Special Revenue Fund primarily consisted of a contribution for EMS upgrades.

Note 11 – Interfund Transfers

During 2020, the following transfers were made:

<u>Fund</u>	<u>Amount</u>
General Fund Transfer Out to:	
Capital Improvements Fund	\$45,489
Police Levy Fund	<u>24,300</u>
Total	<u><u>\$69,789</u></u>

**VILLAGE OF OAKWOOD
PAULDING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020
(Continued)**

Transfers are used to move receipts from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and to use unrestricted receipts collected in the General Fund to finance various programs accounted for in the other funds in accordance with budgetary authorizations.

Note 12 – Fund Balances

The fund balance of Special Revenue Funds are restricted. The fund balance of Capital Projects Funds are restricted or committed.

Note 13 – Change in Accounting Principles

For 2020, the Village has made changes to their cash basis reporting model. These changes include modifications to the definition of fiduciary funds, adding a separate Statement of Additions, Deductions and Change in Fund Balance (Cash Basis) – Fiduciary Fund Type, and removing the fund balance classifications from the Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Cash Basis) – All Proprietary and Fiduciary Fund Types.

The implementation of GASB Statement No. 84 did not have an effect on the fund balance of the governmental and proprietary funds as previously reported. Due to the implementation of GASB Statement No. 84, the new classification of Custodial Fund is reporting a beginning net position of \$440.

Note 14 – COVID-19

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Village. In addition, the impact on the Village's future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated.

During 2020, the Village received CARES Act funding. Of the amounts received, \$73,762 was spent on-behalf of other governments. These amounts are reflected as general government expenditures in the Coronavirus Relief Special Revenue Fund on the accompanying financial statements.

Note 15 – Compliance

Contrary to Ohio Rev. Code § 5705.10(D), the Village recorded grant proceeds in the wrong fund.

**VILLAGE OF OAKWOOD
PAULDING COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2019**

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
Cash Receipts				
Property and Other Local Taxes	\$8,579	\$50,770		\$59,349
Municipal Income Tax	142,424			142,424
Intergovernmental	30,437	44,827	\$34,400	109,664
Special Assessments		19,237		19,237
Charges for Services		161,469		161,469
Fines, Licenses and Permits	3,295	300		3,595
Earnings on Investments	1,487	32		1,519
Miscellaneous	7,937	16,152		24,089
<i>Total Cash Receipts</i>	<u>194,159</u>	<u>292,787</u>	<u>34,400</u>	<u>521,346</u>
Cash Disbursements				
Current:				
Security of Persons and Property		230,975		230,975
Transportation		61,042		61,042
General Government	64,749	13,132	1,500	79,381
Capital Outlay	2	3,821	34,800	38,623
Debt Service:				
Principal Retirement		44,955	16,940	61,895
Interest and Fiscal Charges		1,731	186	1,917
<i>Total Cash Disbursements</i>	<u>64,751</u>	<u>355,656</u>	<u>53,426</u>	<u>473,833</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>129,408</u>	<u>(62,869)</u>	<u>(19,026)</u>	<u>47,513</u>
Other Financing Receipts (Disbursements)				
Transfers In		24,230	51,815	76,045
Transfers Out	(76,045)			(76,045)
Other Financing Sources		302		302
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(76,045)</u>	<u>24,532</u>	<u>51,815</u>	<u>302</u>
<i>Net Change in Fund Cash Balances</i>	53,363	(38,337)	32,789	47,815
<i>Fund Cash Balances, January 1</i>	<u>124,110</u>	<u>369,252</u>	<u>64,683</u>	<u>558,045</u>
Fund Cash Balances, December 31				
Restricted		330,915	321	331,236
Committed			97,151	97,151
Assigned	46,224			46,224
Unassigned	131,249			131,249
<i>Fund Cash Balances, December 31</i>	<u>\$177,473</u>	<u>\$330,915</u>	<u>\$97,472</u>	<u>\$605,860</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 (CASH BASIS)
ALL PROPRIETARY AND FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2019**

	Proprietary Fund Type	Fiduciary Fund Type	Totals (Memorandum Only)
	Enterprise	Agency	
Operating Cash Receipts			
Charges for Services	\$614,939		\$614,939
Miscellaneous	3,137		3,137
<i>Total Operating Cash Receipts</i>	<u>618,076</u>		<u>618,076</u>
Operating Cash Disbursements			
Personal Services	98,217		98,217
Contractual Services	195,809		195,809
Supplies and Materials	120,170		120,170
<i>Total Operating Cash Disbursements</i>	<u>414,196</u>		<u>414,196</u>
<i>Operating Income</i>	<u>203,880</u>		<u>203,880</u>
Non-Operating Receipts (Disbursements)			
Capital Outlay	(4,217)		(4,217)
Earnings on Investments	9,362		9,362
Principal Retirement	(86,000)		(86,000)
Interest and Other Fiscal Charges	(139,521)		(139,521)
Other Financing Sources	1,766	\$4,820	6,586
Other Financing Uses	(521)	(4,600)	(5,121)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(219,131)</u>	<u>220</u>	<u>(218,911)</u>
<i>Net Change in Fund Cash Balances</i>	(15,251)	220	(15,031)
<i>Fund Cash Balances, January 1</i>	<u>551,231</u>	<u>220</u>	<u>551,451</u>
<i>Fund Cash Balances, December 31</i>	<u>\$535,980</u>	<u>\$440</u>	<u>\$536,420</u>

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

**VILLAGE OF OAKWOOD
PAULDING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019**

Note 1 – Reporting Entity

The Village of Oakwood, Paulding 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. A publicly elected six-member Council directs the Village. The Village provides maintenance of streets, water, sewer, and natural gas utilities, park operations, police services, fire protection services, and emergency medical services.

Public Entity Risk Pool

The Village participates in a public entity risk pool, the Public Entities Pool of Ohio (PEP). Note 9 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 (cash basis) for all governmental fund types, and a combined statement of receipts, disbursements and changes in fund balances (cash basis) for all proprietary and fiduciary fund types which are 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:

Police Levy Fund This fund receives property tax levy money to provide police services to the Village residents. It is also supplemented by the General Fund.

Fire Levy Fund This fund receives property tax levy money to provide fire protection to the Village residents. Additional revenues are derived from fire contracts with surrounding townships and villages to provide fire services to their residents.

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 townships and villages to provide EMS services to their residents and from charges for services for EMS runs.

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 Funds:

**VILLAGE OF OAKWOOD
PAULDING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019
(Continued)**

CDBG Fund This fund accounts for and reports grant proceeds passed through the Paulding County Commissioners and restricted for water facility improvements.

Capital Improvements Fund This fund receives 40 percent of the Village income tax revenue. This revenue is used to make permanent improvements to the Village's 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:

Sewer Fund This fund accounts for the provision of sanitary sewer services to the Village residents and commercial users.

Natural Gas Fund This fund accounts for the provision of natural gas services to the Village residents and commercial users.

Fiduciary Funds Fiduciary funds include private purpose trust funds and agency funds. Trust funds 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.

Agency 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 disburses these funds as directed by the individual, organization or other government. The Village had the following significant Agency Fund:

Mayor's Court Fund This fund receives fines, bonds, and costs generated by the Mayor's Court. Fine money is disbursed to the State Treasurer, the Village, and Paulding County.

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 (D). 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 (D) permit.

Budgetary Process

The Ohio Revised Code requires that each fund (except certain agency 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.

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.

VILLAGE OF OAKWOOD
PAULDING COUNTY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019
(Continued)

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 2019 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.

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*. Governmental funds other than the General Fund report all fund balances as *assigned* unless they are restricted or committed. In the General Fund, *assigned* amounts represent intended uses established by Village Council or a Village official delegated that authority by resolution, or by State Statute.

**VILLAGE OF OAKWOOD
PAULDING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019
(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.

Note 3 – Budgetary Activity

Budgetary activity for the year ending December 31, 2019 follows:

2019 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$194,296	\$194,159	(\$137)
Special Revenue	318,073	317,319	(754)
Capital Projects	51,815	86,215	34,400
Enterprise	664,219	629,204	(35,015)
Agency	4,820	4,820	
Total	\$1,233,223	\$1,231,717	(\$1,506)

2019 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$143,393	\$140,796	\$2,597
Special Revenue	368,743	355,656	13,087
Capital Projects	53,446	53,426	20
Enterprise	699,261	644,455	54,806
Agency	5,000	4,600	400
Total	\$1,269,843	\$1,198,933	\$70,910

Note 4 – Deposits and Investments

The Village maintains a deposit and investment pool all funds use. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of deposits and investments at December 31 was as follows:

	2019
Demand deposits	\$805,677
Certificates of deposit	128,000
Total deposits	933,677
STAR Ohio	208,603
Total deposits and investments	\$1,142,280

**VILLAGE OF OAKWOOD
PAULDING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019
(Continued)**

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation or collateralized by 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

The Village's bond trustee for its Natural Gas bond and reserve funds hold the Village's STAR Ohio accounts in book entry form in the Village's name. Investments in STAR Ohio 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 non-business, owner occupancy, and homestead exemption credits and/or homestead and rollback deductions. The financial statements include these credits and/or deduction 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.

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 either monthly or quarterly, as required. Corporations and other individual taxpayers pay estimated taxes quarterly and file a declaration annually.

Note 6 – Debt

Debt outstanding at December 31, 2019 was as follows:

**VILLAGE OF OAKWOOD
PAULDING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019
(Continued)**

	Principal	Interest Rate
Natural Gas Distribution System Revenue Bonds	\$1,885,000	5-5.8%
Rural Economic and Community Development Services Loan	688,385	4.88%
Ohio Water Development Authority Loan	1,904	4.00%
Ohio Public Works Commission Loans	70,989	0.00%
Fire Station Construction Loan	46,075	2.14%
Total	\$2,692,353	

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 started 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 Ohio Water Development Authority (OWDA) loan relates to a water plant filtration project that was mandated by the Ohio Environmental Protection Agency. The loan will be repaid in semiannual installments of \$1,960, including interest, with the loan maturing on July 1, 2020. The loan is collateralized by water receipts.

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

The first OPWC 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 July 1, 2020. The loan is collateralized by water and sewer receipts.

The second OPWC 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.

The third OPWC 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.

The fourth OPWC loan relates to Village street improvement projects on Second and Estel Streets. The loan will be repaid in semiannual installments of \$562, with the loan maturing on July 1, 2031. The loan is collateralized by local tax receipts.

The fifth OPWC 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.

**VILLAGE OF OAKWOOD
PAULDING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019
(Continued)**

The fire station construction loan, obtained from the State Bank and Trust Company, related to construction of a fire station within the Village corporation limits. The loan will be paid in 240 monthly-principal payments, with the first principal payment due on May 5, 2007. On April 5, 2017, the interest rate shall be at a rate per annum equal to the rate of the 10-year United States Treasury bonds. The full amount of the loan was \$600,000. The Village made a \$100,000 principal payment on March 4, 2008, and a \$25,762.11 principal payment on September 12, 2016. The loan is collateralized by assignment of fire and EMS contracts.

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

Year ending December 31:	Natural Gas Distribution System Revenue	RECDS Loan	OWDA Loans	OPWC Loans	Fire Station Construction Loan
	Bonds				
2020	\$166,570	\$60,559	\$1,943	\$13,290	\$46,690
2021	168,195	60,243		5,587	
2022	179,320	60,877		5,587	
2023	184,820	60,415		5,587	
2024	184,945	60,904		5,587	
2025-2029	959,500	304,730		27,936	
2030-2034	954,172	306,347		7,415	
2035-2039		122,450			
Total	<u>\$2,797,522</u>	<u>\$1,036,525</u>	<u>\$1,943</u>	<u>\$70,989</u>	<u>\$46,690</u>

Note 7 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

The majority of Village 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 health care and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent of their gross salaries, and the Village contributed an amount equaling 14 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2019.

Ohio Police and Fire Retirement System

The Village's full-time Police Officers 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 health care and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OP&F participants contributed 12.25 percent of their wages. The Village contributed to OP&F an amount equal to 19.5 percent of full-time police members' wages. The Village has paid all contributions required through December 31, 2019.

VILLAGE OF OAKWOOD
PAULDING COUNTY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019
(Continued)

Social Security

The Fire Chief and firefighters contributed 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, 2019.

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 OPERS members in the Traditional Pension Plan and Combined Plan was 0 percent during calendar year 2019. The portion of employer contributions allocated to health care for OPERS members in the Member Directed Plan was 4 percent during calendar year 2019. 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 – Risk Management

Risk Pool Membership

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, 2019:

	<u>2019</u>
Cash and investments	\$38,432,610
Actuarial liabilities	\$14,705,917

VILLAGE OF OAKWOOD
PAULDING COUNTY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019
(Continued)

Workers' Compensation

Workers' Compensation coverage is provided by the State of Ohio. The Village pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

Note 10 – Miscellaneous Revenues

Miscellaneous receipts in the General Fund primarily consisted of Ohio Bureau of Workers Compensation premium refunds and a donation to the Village homecoming.

Note 11 – Interfund Transfers

During 2019, the following transfers were made:

<u>Fund</u>	<u>Amount</u>
General Fund Transfer Out to:	
Capital Improvements Fund	\$51,815
Police Levy Fund	24,230
Total	<u>\$76,045</u>

Transfers are used to move receipts from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and to use unrestricted receipts collected in the General Fund to finance various programs accounted for in the other funds in accordance with budgetary authorizations.

Note 12 – Subsequent Events

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Village. In addition, the impact on the Village's future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated.

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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
Paulding County
P.O. Box 457
Oakwood, Ohio 45873-0457

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 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 year ended December 31, 2020 and for each governmental, proprietary and fiduciary fund type as of and for the year ended December 31, 2019, and related notes of the Village of Oakwood, Paulding County, Ohio (the Village) and have issued our report thereon dated June 8, 2021, wherein we noted the Village followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. We also noted the Village adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*. In addition, we noted the financial impact of COVID-19 and the continuing emergency measures which may impact subsequent periods of the Village.

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. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings that we consider material weaknesses. We consider findings 2020-001 and 2020-002 to be material weaknesses.

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 statement. 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 an instance of noncompliance or other matters we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2020-001.

Village's Response to Findings

The Village's responses to the findings identified in our audit are described in the accompanying schedule of findings. We did not subject the Village's responses to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

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

June 8, 2021

**VILLAGE OF OAKWOOD
PAULDING COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2020 AND 2019**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2020-001

Noncompliance and Material Weakness

Ohio Rev. Code § 5705.10(D) provides in part that all revenue derived from a source other than the general property tax and which the law prescribes shall be used for a particular purpose, shall be paid into a special fund for such purpose.

The Village inappropriately recorded \$141,651 of CARES Act receipts and disbursements in the General Fund in 2020. Given the source of the revenue, this should have been recorded in a separate Special Revenue Coronavirus Relief Fund. Audit adjustments are reflected in the financial statements and in the accounting records correcting the misstatement.

The lack of controls over the posting of financial transactions decreases the reliability of financial data at year-end and can result in undetected errors and irregularities. The Village should implement controls to help ensure all transactions are reviewed to help ensure posting to the proper funds.

Officials' Response:

The Fiscal Officer corrected this error and will make sure all Coronavirus Relief Fund monies are reported in a Special Revenue Fund.

FINDING NUMBER 2020-002

Material Weakness – Financial Reporting

In our audit engagement letter, as required by AU-C Section 210, *Terms of Engagement*, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error as discussed in AU-C Section 210 paragraphs .A14 & .A16.

The following errors were identified in the accompanying financial statements:

- In 2020, intergovernmental revenue was incorrectly classified as miscellaneous in the Capital Improvements Fund in the amount of \$12,726.
- In 2020, Ohio Public Works Commission on-behalf activity was not posted to the accounting system by the Village, which resulted in understating intergovernmental revenue, capital outlay, and appropriations in the Infrastructure Fund in the amount of \$96,413.
- In 2019, Community Development Block Grant on-behalf activity was not posted to the accounting system by the Village, which resulted in understating intergovernmental revenue, capital outlay, and appropriations in the CDBG Fund in the amount of \$34,400.
- In 2020, Budgeted Receipts in the Budgetary Activity note to the financial statements did not agree to amounts certified by the County Budget Commission in the General and Capital Projects Funds in the amounts of \$69,748 and \$45,449, respectively.
- In 2020, Budgetary Expenditures in the Budgetary Activity note to the financial statements were understated in the Special Revenue Fund in the amount of \$528,465.

These errors were the result of inadequate policies and procedures in reviewing the financial statements. Failure to complete accurate financial statements could lead to the Village Council making misinformed decisions. The accompanying financial statements and notes to the financial statements have been adjusted to correct these and other errors ranging from \$200 to \$24,300. In addition to the adjustments noted above, we also identified additional misstatements ranging from \$545 to \$4,246 that we have brought to the Village's attention.

To help ensure the Village's financial statements and notes to the financial statements are complete and accurate, the Village should adopt policies and procedures, including a final review of the financial statements and notes to the financial statements by the Fiscal Officer and Village Council, to help identify and correct errors and omissions.

Officials' Response:

The Fiscal Officer plans to review future postings of financial activity to make sure they are properly reported in the accounting ledgers and financial statements.

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
 DECEMBER 31, 2020 AND 2019**

Finding Number	Finding Summary	Status	Additional Information
2018-001	This finding was first reported in 2017. Material weakness and noncompliance with Ohio Rev. Code § 5705.10(D) for posting refuse revenues in the wrong fund.	Not corrected and reissued as Finding 2020-001 in this report.	This finding reoccurred due to CARES Act monies being misposted to the General Fund. The Fiscal Officer will review new revenue sources to ensure they are posted to the proper funds.
2018-002	This finding was first reported in 2009. Material weakness for prior audit findings for adjustments to reclassify certain activities and eliminate improper transfers.	Corrective action taken and finding is fully corrected.	

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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 6/22/2021

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