

VILLAGE OF OAKWOOD

CUYAHOGA COUNTY, OHIO

REGULAR AUDIT

FOR THE YEARS ENDED
DECEMBER 31, 2021 & 2020

OHIO AUDITOR OF STATE
KEITH FABER



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Village Council
Village of Oakwood
24800 Broadway Ave.
Oakwood Village, OH 44146

We have reviewed the *Independent Auditor's Report* of the Village of Oakwood, Cuyahoga County, prepared by Julian & Grube, Inc., for the audit period January 1, 2020 through December 31, 2021. 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.

The Auditor of State is conducting an investigation of the Village, any potential findings related to controls or compliance will be reported in a future report.

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

February 09, 2023

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**VILLAGE OF OAKWOOD
CUYAHOGA COUNTY, OHIO**

TABLE OF CONTENTS

Independent Auditor’s Report	1 - 3
<u>For the Year Ended December 31, 2021:</u>	
Management’s Discussion and Analysis	4 - 10
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Position - Cash Basis.....	11
Statement of Activities - Cash Basis.....	12
Fund Financial Statements:	
Statement of Assets and Fund Balances – Cash Basis	
Governmental Funds.....	13
Statement of Receipts, Disbursements and Changes in	
Fund Balances – Cash Basis - Governmental Funds.....	14
Statement of Receipts, Disbursements and Changes in	
Fund Balance - Budget and Actual - Budget Basis	
General Fund.....	15
Statement of Fund Net Position – Cash Basis	
Proprietary Fund.....	16
Statement of Receipts, Disbursements, and Changes in	
Fund Net Position – Cash Basis - Proprietary Fund	17
Notes to the Basic Financial Statements.....	18 - 42
<u>For the Year Ended December 31, 2020:</u>	
Management’s Discussion and Analysis	43 - 49
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Position - Cash Basis.....	50
Statement of Activities - Cash Basis.....	51
Fund Financial Statements:	
Statement of Assets and Fund Balances – Cash Basis	
Governmental Funds.....	52
Statement of Receipts, Disbursements and Changes in	
Fund Balances – Cash Basis - Governmental Funds.....	53
Statement of Receipts, Disbursements and Changes in	
Fund Balance - Budget and Actual - Budget Basis	
General Fund.....	54
Coronavirus Relief Fund	55
Statement of Fund Net Position – Cash Basis	
Proprietary Fund.....	56
Statement of Receipts, Disbursements, and Changes in	
Fund Net Position – Cash Basis - Proprietary Fund	57
Notes to the Basic Financial Statements.....	58 - 82
Independent Auditor’s Report on Internal Control Over Financial Reporting and on	
Compliance and Other Matters Based on an Audit of Financial Statements Performed in	
Accordance With <i>Governmental Auditing Standards</i>	83 - 84
Schedule of Findings and Responses.....	85 - 88

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Independent Auditor's Report

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

To the Members of the Village Council:

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying cash-basis financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Oakwood, Cuyahoga County, Ohio, as of and for the years ended December 31, 2021 and 2020, and the related notes to the financial statements, which collectively comprise the Village of Oakwood's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective cash-basis financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Oakwood, as of December 31, 2021 and 2020, and the respective changes in cash-basis financial position, thereof and the respective budgetary comparisons for the General Fund (December 31, 2021) and the General Fund and the Coronavirus Relief Fund (December 31, 2020), for the years then ended in accordance with cash-basis of accounting described in Note 2.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 of Oakwood 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.

Emphasis of Matters

We draw attention to Note 2 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the cash-basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. As described in Note 15 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Village of Oakwood. Our opinions are not modified with respect to these matters.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the cash-basis of accounting described in Note 2, and for determining that the cash-basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. 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 misstatements, 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 of Oakwood'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 generally accepted auditing standards and *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 generally accepted auditing standards 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 of Oakwood'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 of Oakwood's ability to continue as a going concern for a reasonable period of time.

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 Information

Management is responsible for the other information included in the annual report. The other information comprises the *management's discussion and analysis* but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 27, 2022 on our consideration of the Village of Oakwood's internal control over financial reporting and on 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 of Oakwood'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 of Oakwood's internal control over financial reporting and compliance.



Julian & Grube, Inc.
December 27, 2022

**VILLAGE OF OAKWOOD, OHIO
CUYAHOGA COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)
FOR THE YEAR ENDED DECEMBER 31, 2021**

The discussion and analysis of the Village of Oakwood's (the Village) financial performance provides an overall review of the Village's financial activities for the year ended December 31, 2021, within the limitations of the Village's cash basis accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the Village's financial performance.

Highlights

Key highlights for 2021 are as follows:

- Net position of governmental activities decreased by \$156,080, or 32.2 percent, from the prior year.
- The Village's general receipts are primarily property taxes, income taxes, grants and entitlements, and debt proceeds. These receipts represent 83.4 percent of total cash received for governmental activities.
- The Village's business-type activities is sanitary sewer. Net position increased by \$39,859. The Village's total disbursements for business-type activities decreased by \$15,910.

Basis of Accounting

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

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

Reporting the Government as a Whole

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

The statement of net position and statement of activities for 2021 reflect how the Village did financially within the limitations of the cash basis of accounting. The statement of net position presents the cash balances of the governmental and business-type activities of the Village at year-end. The statement of activities compares cash disbursements with program receipts for each governmental program and business-type activity.

**VILLAGE OF OAKWOOD, OHIO
CUYAHOGA COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)
FOR THE YEAR ENDED DECEMBER 31, 2021**

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

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

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

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

Reporting the Village's Most Significant Funds

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

Governmental Funds - Most of the Village's activities are reported in governmental funds. The governmental fund financial statements provide a detailed view of the Village's governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the Village's programs. The Village's significant governmental funds are presented on the financial statements in separate columns. The information for nonmajor funds (funds whose activity or balances are not large enough to warrant separate reporting) is combined and presented in total in a single column. The Village's major governmental funds for 2021 are the General, General Obligation Bond Retirement, Special Assessment Bond Retirement, and General Capital Improvement funds.

**VILLAGE OF OAKWOOD, OHIO
CUYAHOGA COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)
FOR THE YEAR ENDED DECEMBER 31, 2021**

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

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

The Government as a Whole

Table 1 provides a summary of the Village's net position for 2021 compared to 2020 on the cash basis.

Table 1 - Net Position

	Governmental		Business-Type		Total	
	Activities		Activities			
	2021	2020	2021	2020	2021	2020
ASSETS						
Equity in Pooled Cash and Cash Equivalents	\$ 118,415	\$ 473,698	\$ 127,436	\$ 87,577	\$ 245,851	\$ 561,275
Cash and Cash Equivalents:						
In Segregated Accounts	25,448	10,826	0	0	25,448	10,826
With Escrow Agents	184,581	0	0	0	184,581	-
Total Assets	\$ 328,444	\$ 484,524	\$ 127,436	\$ 87,577	\$ 455,880	\$ 572,101
NET POSITION						
Restricted:						
Police and Fire	\$ 22,228	\$ 81,538	\$ 0	\$ 0	\$ 22,228	\$ 81,538
Debt Services	39,047	21,934	0	0	39,047	21,934
Capital Projects	106,250	102,691	0	0	106,250	102,691
Other Purposes	3,190	154,519	0	0	3,190	154,519
Unrestricted	157,729	123,842	127,436	87,577	285,165	211,419
Total Net Position	\$ 328,444	\$ 484,524	\$ 127,436	\$ 87,577	\$ 455,880	\$ 572,101

**VILLAGE OF OAKWOOD, OHIO
CUYAHOGA COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)
FOR THE YEAR ENDED DECEMBER 31, 2021**

Table 2 reflects the changes in net position in 2021 compared to 2020.

Table 2 - Change in Net Position

	Governmental Activities		Business Type Activities		Totals	
	2021	2020	2021	2020	2021	2020
Receipts						
Program Receipts						
Charges for Services	\$ 1,472,662	\$ 1,481,498	\$ 89,042	\$ 110,044	\$ 1,561,704	\$ 1,591,542
Operating Grants and Contributions	845,846	1,155,176	0	0	845,846	1,155,176
Total Program Receipts	2,318,508	2,636,674	89,042	110,044	2,407,550	2,746,718
General Receipts						
Property and Other Local Taxes	451,537	461,386	0	0	451,537	461,386
Income Taxes	7,118,330	6,577,126	0	0	7,118,330	6,577,126
Payments in Lieu of Taxes	67,742	33,537	0	0	67,742	33,537
Grants & Entitlements not restricted to specific programs	215,209	161,146	0	0	215,209	161,146
Gain (Loss) on Sale of Capital Assets	1,073,718	0	0	0	1,073,718	0
All Other Revenues	539,058	1,318,081	27,000	0	566,058	1,318,081
Debt Proceeds	2,619,411	3,418,719	0	0	2,619,411	3,418,719
	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total General Receipts	12,085,005	11,969,995	27,000	0	12,112,005	11,969,995
Total Receipts	14,403,513	14,606,669	116,042	110,044	14,519,555	14,716,713
Disbursements						
Security of Persons and Property	4,373,496	4,542,251	0	0	4,373,496	4,542,251
Leisure Time Activities	225,783	220,015	0	0	225,783	220,015
Community Environment	309,163	302,442	0	0	309,163	302,442
Basic Utility Services	228,093	210,562	0	0	228,093	210,562
Transportation	1,173,083	1,526,124	0	0	1,173,083	1,526,124
General Government	3,673,927	3,218,022	0	0	3,673,927	3,218,022
Capital Outlay	826,398	1,019,322	0	0	826,398	1,019,322
Debt Service:						
Principal Retirement	3,619,234	3,614,617	712	356	3,619,946	3,614,973
Issuance Costs	17,177	30,912	0	0	17,177	30,912
Interest and Fiscal Charges	113,239	159,597	0	0	113,239	159,597
Sanitary Sewer	0	0	75,471	91,737	75,471	91,737
Total Disbursements	14,559,593	14,843,864	76,183	92,093	14,635,776	14,935,957
Change in Net Position	(156,080)	(237,195)	39,859	17,951	(116,221)	(219,244)
Net Position - Beginning of the Year	484,524	721,719	87,577	69,626	572,101	791,345
Net Position - End of the Year	\$ 328,444	\$ 484,524	\$ 127,436	\$ 87,577	\$ 455,880	\$ 572,101

**VILLAGE OF OAKWOOD, OHIO
CUYAHOGA COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)
FOR THE YEAR ENDED DECEMBER 31, 2021**

Program receipts represent 16.6 percent of total receipts for 2021. They are primarily comprised of sanitary sewer fees, fines, recreation activity charges, and intergovernmental receipts such as motor vehicle license fees, gas tax money, license and permits, and charges to local governments for fire and EMS services. Program receipts decreased by \$339,168 or 12.4 percent compared to the prior year mainly attributed to the decrease in gas tax collections and a decrease in COVID money received both as a result of the COVID-19 pandemic.

General receipts represent 83.4 percent of the Village's total receipts for 2021. Property and other local taxes and income taxes represent 52.6 percent of the general receipts. Grants, entitlements, and proceeds from debt represent 23.4 percent of general receipts. The remaining portion of general receipts is made up of Payments in Lieu of Taxes and All Other Receipts. General receipts increased by \$142,010 or 1.2 percent compared to the prior year. The Village had an increase in the amount of income tax collected during 2021 due to the opening back up of the economy and a sale of land to a developer, which was mostly offset by a decrease in all other revenues and Debt proceeds. All other revenues decreased due to reimbursements from Ohio Bureau of Workers Compensation and Cuyahoga County in 2020. The Village retired their land acquisition note due to the aforementioned sale to the developer.

Disbursements for general government represent the overhead costs of running the Village and the support services provided for other Village activities. These include the costs of Council, Mayor, Mayor's Court, Finance, and Council Clerk, as well as internal services such as payroll and purchasing. Disbursements for general government increased by \$455,905 or 14.2 percent compared to the prior year.

Disbursements for Capital Outlay decreased by \$192,924 or 18.9 percent. The decrease in capital outlay is due to a reduction of street project improvements in 2021. Security of Persons and Property are the costs of police and fire protection, which decreased by \$168,755 or 3.7 percent as compared to prior year.

Transportation expenses, the cost of maintaining roads decreased by \$353,041 of 23.1 percent. The decrease is due to an increase in projects performed in 2020.

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

Governmental Activities

The first column of the Statement of Activities lists the major services provided by the Village. The next column identifies the costs of providing these services. The major program disbursements for governmental activities are Security of Persons and Property, General Government, and Principal Retirement, which account for 30.0, 25.2, and 24.9 percent of all governmental disbursements, respectively. The next two columns of the Statement titled Program

**VILLAGE OF OAKWOOD, OHIO
CUYAHOGA COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)
FOR THE YEAR ENDED DECEMBER 31, 2021**

Cash Receipts identifies amounts paid by people who are directly charged for the service, and for grants received by the Village that must be used to provide a specific service.

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

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

	Total Cost of Services		Net Cost of Services	
	2021	2020	2021	2020
Security of Persons and Property	\$ 4,373,496	\$ 4,542,251	\$ (3,541,611)	\$ (2,709,907)
Leisure Time Activities	225,783	220,015	(193,023)	(319,182)
Community Environment	309,163	302,442	(286,961)	(275,449)
Basic Utility Services	228,093	210,562	(223,280)	(201,894)
Transportation	1,173,083	1,526,124	(671,480)	(709,614)
General Government	3,673,927	3,218,022	(2,748,682)	(3,263,753)
Capital Outlay	826,398	1,019,322	(826,398)	(568,933)
Debt Service:				
Principal Retirement	3,619,234	3,614,617	(3,619,234)	(3,729,234)
Issuance Costs	17,177	30,912	(17,177)	(42,555)
Interest and Fiscal Charges	113,239	159,597	(113,239)	(196,406)
Total Governmental Activities	<u>\$ 14,559,593</u>	<u>\$ 14,843,864</u>	<u>\$ (12,241,085)</u>	<u>\$ (12,016,927)</u>

The dependence upon property and other local taxes, income taxes and other general receipts is apparent as over 84.1 percent of the net cost of services for governmental activities is supported through these general receipts.

Business-type Activities

Sanitary sewer total receipts increased by \$5,998 and Total disbursements decreased by \$15,910.

General Fund Budgeting Highlights

The Village’s budget is prepared according to Ohio law and is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund.

During 2021, the Village made amendments to its appropriation budget and receipts budget to reflect changing circumstances. Final budgeted receipts were slightly higher than original budgeted receipts. The difference between final budgeted receipts and actual receipts was mostly due to an overestimate of income tax receipts.

**VILLAGE OF OAKWOOD, OHIO
CUYAHOGA COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)
FOR THE YEAR ENDED DECEMBER 31, 2021**

Final budgeted disbursements for 2021 were higher than original budgeted disbursements. The increase of the 2021 final budget disbursements was due to higher public utilities and property and casualty insurance cost. Actual disbursements for 2021 were lower than final budgeted amounts. This was due to an effort on the behalf of the Village departments to reduce their spending.

Capital Assets and Debt Administration

Capital Assets

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

Debt Administration

At December 31, 2021, the Village had \$1,975,000 in outstanding General Obligation Notes, \$2,275,000 in outstanding General Obligation and Special Assessment bonds, with \$3,580,000 due within one year. The Village had \$778,034 in loans with the Ohio Public Works Commission, with \$39,234 due within one year for improvements to streets and sewer utilities. See Note 7 to the financial statements for more detail.

Current Issues

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

Contacting the Village's Financial Management

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

**VILLAGE OF OAKWOOD, OHIO
 CUYAHOGA COUNTY
 STATEMENT OF NET POSITION – CASH BASIS
 DECEMBER 31, 2021**

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
ASSETS			
Equity in Pooled Cash and Cash Equivalents	\$ 118,415	\$ 127,436	\$ 245,851
Cash and Cash Equivalents:			
In Segregated Accounts	25,448	0	25,448
With Escrow Agents	184,581	0	184,581
Total Assets	<u>\$ 328,444</u>	<u>\$ 127,436</u>	<u>\$ 455,880</u>
NET POSITION			
Restricted:			
Police and Fire	\$ 22,228	\$ 0	\$ 22,228
Debt Services	39,047	0	39,047
Capital Projects	106,250	0	106,250
Other Purposes	3,190	0	3,190
Unrestricted	157,729	127,436	285,165
Total Net Position	<u>\$ 328,444</u>	<u>\$ 127,436</u>	<u>\$ 455,880</u>

See accompanying notes to the basic financial statements.

**VILLAGE OF OAKWOOD, OHIO
CUYAHOGA COUNTY
STATEMENT OF ACTIVITIES – CASH BASIS
DECEMBER 31, 2021**

	<u>Cash</u>	<u>Program Cash Receipts</u>		<u>Net (Disbursements) Receipts and Changes in</u>		
		<u>Disbursements</u>	<u>Charges for</u>	<u>Operating</u>	<u>Governmental</u>	<u>Business-type</u>
		<u>Services</u>	<u>Grants and</u>	<u>Activities</u>	<u>Activities</u>	<u>Total</u>
			<u>Contributions</u>			
Primary Government:						
Governmental Activities						
Security of Persons and Property	\$ 4,373,496	\$ 827,062	\$ 4,823	\$ (3,541,611)	\$ 0	\$ (3,541,611)
Leisure Time Activities	225,783	27,760	5,000	(193,023)	0	(193,023)
Community Environment	309,163	22,202	0	(286,961)	0	(286,961)
Basic Utility Services	228,093	0	4,813	(223,280)	0	(223,280)
Transportation	1,173,083	174	501,429	(671,480)	0	(671,480)
General Government	3,673,927	595,464	329,781	(2,748,682)	0	(2,748,682)
Capital Outlay	826,398	0	0	(826,398)	0	(826,398)
Debt Service:						
Principal Retirement	3,619,234	0	0	(3,619,234)	0	(3,619,234)
Issuance Costs	17,177	0	0	(17,177)	0	(17,177)
Interest and Fiscal Charges	113,239	0	0	(113,239)	0	(113,239)
Total Governmental Activities	<u>14,559,593</u>	<u>1,472,662</u>	<u>845,846</u>	<u>(12,241,085)</u>	<u>0</u>	<u>(12,241,085)</u>
Business-Type Activities						
Sanitary Sewer	76,183	89,042	0	0	12,859	12,859
Total Business-type Activities	<u>76,183</u>	<u>89,042</u>	<u>0</u>	<u>0</u>	<u>12,859</u>	<u>12,859</u>
Total Primary Government	<u>\$ 14,635,776</u>	<u>\$ 1,561,704</u>	<u>\$ 845,846</u>	<u>(12,241,085)</u>	<u>12,859</u>	<u>(12,228,226)</u>
General Receipts						
Property Taxes levied for:						
General Purposes				346,160	0	346,160
Debt Service Purpose				70,249	0	70,249
Other Purposes				35,128	0	35,128
Income Taxes levied for General Purposes				7,118,330	0	7,118,330
Payments in Lieu of Taxes				67,742	0	67,742
Grants & Entitlements not restricted to specific programs				215,209	0	215,209
Gain on Sale of Capital Assets				1,073,718	0	1,073,718
All Other Revenues				539,058	27,000	566,058
Debt Proceeds				2,619,411	0	2,619,411
Total General Receipts				<u>12,085,005</u>	<u>27,000</u>	<u>12,112,005</u>
Change in Net Position				(156,080)	39,859	(116,221)
Net Position - Beginning of Year				484,524	87,577	572,101
Net Position - End of Year				<u>\$ 328,444</u>	<u>\$ 127,436</u>	<u>\$ 455,880</u>

See accompanying notes to the basic financial statements.

**VILLAGE OF OAKWOOD, OHIO
CUYAHOGA COUNTY
STATEMENT OF ASSETS AND FUND BALANCES – CASH BASIS
GOVERNMENTAL FUNDS
DECEMBER 31, 2021**

	<u>General</u>	<u>General Obligation Bond Retirement</u>	<u>Special Assessment Bond Retirement</u>	<u>General Capital Improvement</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS						
Equity in Pooled Cash and Cash Equivalents	\$ 61,497	\$ (28,126)	\$ 39,047	\$ 192	\$ 45,805	\$ 118,415
Cash and Cash Equivalents: In Segregated Accounts	24,848	0	0	0	600	25,448
With Escrow Agents	0	0	0	184,581	0	184,581
Total Assets	<u>\$ 86,345</u>	<u>\$ (28,126)</u>	<u>\$ 39,047</u>	<u>\$ 184,773</u>	<u>\$ 46,405</u>	<u>\$ 328,444</u>
FUND BALANCES						
Restricted for:						
Police Operations	\$ 0	\$ 0	0	\$ 0	\$ 2,246	\$ 2,246
Fire Operations	0	0	0	0	115	115
Police Pension	0	0	0	0	5,050	5,050
Drug and Alcohol Education and Enforcement	0	0	0	0	14,817	14,817
Mayor's Court	0	0	0	0	853	853
Debt Service	0	0	39,047	0	0	39,047
Capital Improvement	0	0	0	0	106,250	106,250
Other Purposes	0	0	0	0	2,337	2,337
Committed to:						
Recreation	0	0	0	0	2,857	2,857
Capital Improvement	0	0	0	184,773	0	184,773
Bond Deposits	0	0	0	0	29,093	29,093
Other Purposes	24,848	0	0	0	4,526	29,374
Assigned to:						
Other Purposes	64,981	0	0	0	0	64,981
Unassigned (Deficit)	(3,484)	(28,126)	0	0	(121,739)	(153,349)
Total Fund Balances	<u>\$ 86,345</u>	<u>\$ (28,126)</u>	<u>\$ 39,047</u>	<u>\$ 184,773</u>	<u>\$ 46,405</u>	<u>\$ 328,444</u>

See accompanying notes to the basic financial statements.

VILLAGE OF OAKWOOD, OHIO
CUYAHOGA COUNTY
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES
- CASH BASIS
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2021

	General	General	Special	General	Other	Total
	General	Obligation	Assessment	Capital	Governmental	Governmental
	Retirement	Bond	Bond	Improvement	Funds	Funds
	Retirement	Retirement	Retirement	Retirement	Retirement	Retirement
RECEIPTS						
Property Taxes	\$ 346,160	\$ 70,249	\$ 0	\$ 0	\$ 35,128	\$ 451,537
Income Taxes	7,118,330	0	0	0	0	7,118,330
Intergovernmental Revenues	212,144	6,317	0	0	702,622	921,083
Special Assessments	0	0	122,312	0	0	122,312
Charges for Services	558,723	0	0	0	294,796	853,519
Fines, Fees, Licenses, and Permits	605,017	0	0	0	14,031	619,048
Payments in Lieu of Taxes	0	0	0	0	67,742	67,742
Contributions and Donations	17,660	0	0	0	0	17,660
Miscellaneous	375,088	0	0	0	164,065	539,153
Total Receipts	<u>9,233,122</u>	<u>76,566</u>	<u>122,312</u>	<u>0</u>	<u>1,278,384</u>	<u>10,710,384</u>
DISBURSEMENTS						
Current:						
Security of Persons and Property	4,058,061	0	0	0	315,435	4,373,496
Leisure Time Activities	0	0	0	0	225,783	225,783
Community Environment	226,998	0	0	0	82,165	309,163
Basic Utility Services	228,093	0	0	0	0	228,093
Transportation	514,031	0	0	0	659,052	1,173,083
General Government	3,316,524	0	1,211	9,700	346,492	3,673,927
Capital Outlay	72,932	0	0	677,963	75,503	826,398
Debt Service:						
Principal Retirement	0	3,500,000	80,000	0	39,234	3,619,234
Issuance Costs	0	17,177	0	0	0	17,177
Interest and Fiscal Charges	0	89,251	23,988	0	0	113,239
Total Disbursements	<u>8,416,639</u>	<u>3,606,428</u>	<u>105,199</u>	<u>687,663</u>	<u>1,743,664</u>	<u>14,559,593</u>
Excess of Receipts						
Over (Under) Disbursements	<u>816,483</u>	<u>(3,529,862)</u>	<u>17,113</u>	<u>(687,663)</u>	<u>(465,280)</u>	<u>(3,849,209)</u>
OTHER FINANCING SOURCES (USES)						
Transfers - In	0	445,000	0	247,000	266,550	958,550
Transfers - Out	(905,150)	0	0	0	(53,400)	(958,550)
Proceeds from Sale of Notes	0	1,975,000	0	0	0	1,975,000
Premium on Debt Issued	0	19,177	0	0	0	19,177
Inception of Capital Lease	0	0	0	625,234	0	625,234
Sale of Assets	0	1,073,718	0	0	0	1,073,718
Total Other Financing Sources (Uses)	<u>(905,150)</u>	<u>3,512,895</u>	<u>0</u>	<u>872,234</u>	<u>213,150</u>	<u>3,693,129</u>
Net Change in Fund Balances	<u>(88,667)</u>	<u>(16,967)</u>	<u>17,113</u>	<u>184,571</u>	<u>(252,130)</u>	<u>(156,080)</u>
Fund Balances - Beginning of Year	175,012	(11,159)	21,934	202	298,535	484,524
Fund Balances - End of Year	<u>\$ 86,345</u>	<u>\$ (28,126)</u>	<u>\$ 39,047</u>	<u>\$ 184,773</u>	<u>\$ 46,405</u>	<u>\$ 328,444</u>

See accompanying notes to the basic financial statements.

VILLAGE OF OAKWOOD, OHIO
CUYAHOGA COUNTY
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL – BUDGET BASIS
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2021

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget
				Positive
				(Negative)
Revenues				
Property and Local Taxes	\$ 376,572	\$ 345,000	\$ 346,160	\$ 1,160
Income Taxes	7,501,572	7,763,274	7,118,330	(644,944)
Intergovernmental Revenues	223,566	231,365	212,144	(19,221)
Charges for Services	588,804	609,345	558,723	(50,622)
Fines, Licenses, and Permits	539,939	558,775	512,354	(46,421)
Contributions and Donations	18,611	19,260	17,660	(1,600)
Miscellaneous	395,193	408,981	375,004	(33,977)
Total Revenues	<u>9,644,257</u>	<u>9,936,000</u>	<u>9,140,375</u>	<u>(795,625)</u>
Expenditures				
Current:				
Security of Persons and Property	4,677,359	4,686,207	4,172,445	513,762
Community Environment	308,400	318,530	226,998	91,532
Basic Utility Services	224,000	230,000	228,093	1,907
Transportation	565,800	565,800	515,101	50,699
General Government	2,937,760	3,464,396	3,236,996	227,400
Total Expenditures	<u>8,713,319</u>	<u>9,264,933</u>	<u>8,379,633</u>	<u>885,300</u>
Excess of Revenues Over Expenditures	<u>930,938</u>	<u>671,067</u>	<u>760,742</u>	<u>89,675</u>
Other Financing (Uses)				
Transfers Out	(555,000)	(1,735,000)	(905,150)	829,850
Total Other Financing (Uses)	<u>(555,000)</u>	<u>(1,735,000)</u>	<u>(905,150)</u>	<u>829,850</u>
Net Change in Fund Balance	375,938	(1,063,933)	(144,408)	919,525
Fund Balance - Beginning of Year	167,793	167,793	167,793	0
Prior Year Encumbrances Appropriated	20,798	20,798	20,798	0
Fund Balance - End of Year	<u>\$ 564,529</u>	<u>\$ (875,342)</u>	<u>\$ 44,183</u>	<u>\$ 919,525</u>

See accompanying notes to the basic financial statements.

**VILLAGE OF OAKWOOD, OHIO
CUYAHOGA COUNTY
STATEMENT OF FUND NET POSITION – CASH BASIS
PROPRIETARY FUND
DECEMBER 31, 2021**

	<u>Enterprise Fund</u>
	<u>Sanitary Sewer</u>
ASSETS	
Current Assets:	
Equity in Pooled Cash and Cash Equivalents	\$ 127,436
	<u> </u>
NET POSITION	
Unrestricted	\$ 127,436
	<u> </u>

See accompanying notes to the basic financial statements.

**VILLAGE OF OAKWOOD, OHIO
 CUYAHOGA COUNTY
 STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN
 FUND NET POSITION – CASH BASIS
 PROPRIETARY FUND
 FOR THE YEAR ENDED DECEMBER 31, 2021**

	Enterprise Fund
	Sanitary Sewer
OPERATING RECEIPTS	
Charges for Services	\$ 89,042
Miscellaneous	27,000
Total Operating Receipts	116,042
OPERATING DISBURSEMENTS	
Contractual Services	75,471
Total Operating Disbursements	75,471
Operating Income	40,571
NONOPERATING (DISBURSEMENTS)	
Principal Retirement	(712)
Total Nonoperating (Disbursements)	(712)
Change in Net Position	39,859
Net Position - Beginning of Year	87,577
Net Position - End of Year	\$ 127,436

See accompanying notes to the basic financial statements.

VILLAGE OF OAKWOOD, OHIO
CUYAHOGA COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 1: REPORTING ENTITY

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

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

A. Primary Government

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

B. Component Units

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

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

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

VILLAGE OF OAKWOOD, OHIO
CUYAHOGA COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021
(CONTINUED)

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

A. **Basis of Presentation**

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

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

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

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

VILLAGE OF OAKWOOD, OHIO
CUYAHOGA COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021
(CONTINUED)

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

B. Fund Accounting

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

Governmental Funds

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

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

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

Special Assessment Bond Retirement Fund - This fund is used to account for the collection special assessments restricted for the purpose of retiring the City's special assessment debt obligations.

General Capital Improvement Fund - This fund is used to account for lease payments for Village equipment and large capital improvements.

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

Proprietary Funds

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

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

VILLAGE OF OAKWOOD, OHIO
CUYAHOGA COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021
(CONTINUED)

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

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

Fiduciary Funds

Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension (and other employee benefit) trust funds, investment trust funds, private-purpose trust funds, and custodial funds. Trust funds are distinguished from custodial funds by the existence of a trust agreement or equivalent arrangements that have certain characteristics. Custodial funds are used to report fiduciary activities that are not required to be reported in a trust fund. The Village does not have any fiduciary funds.

C. Basis of Accounting

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

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

D. Budgetary Process

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

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

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

VILLAGE OF OAKWOOD, OHIO
CUYAHOGA COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021
(CONTINUED)

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

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

E. Cash and Investments

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

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

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

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

F. Restricted Assets

Cash, cash equivalents, and investments are reported as restricted when limitations on their use change the nature or normal understanding of their use. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments, or imposed by law through constitutional provisions or enabling legislation. The Village has no restricted assets as of December 31, 2021.

VILLAGE OF OAKWOOD, OHIO
CUYAHOGA COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021
(CONTINUED)

G. Inventories and Prepaids

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

H. Interfund Receivables/Payables

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

I. Capital Assets

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

J. Accumulated Leave

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

K. Employer Contributions to Cost-Sharing Pension Plans

The Village recognizes the disbursement for employer contributions to cost-sharing pension plans when they are paid. As described in Notes 9 and 10, the employer contributions include portions for pension benefits and for post-employment health care benefits.

L. Long-Term Obligations

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

M. Fund Balance

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

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

VILLAGE OF OAKWOOD, OHIO
CUYAHOGA COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021
(CONTINUED)

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

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

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

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

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

VILLAGE OF OAKWOOD, OHIO
CUYAHOGA COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021
(CONTINUED)

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

N. Net Position

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

O. Interfund Transactions

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

NOTE 3: BUDGETARY BASIS OF ACCOUNTING

The budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The Statements of Receipts, Disbursements, and Changes in Fund Balances – Budget and Actual - Budgetary Basis presented for the General Fund, is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The differences between the budgetary basis and the cash basis are outstanding year end encumbrances are treated as cash disbursements (budgetary basis) rather than as a component of fund balance (cash basis). The prior year encumbrances outstanding (budgetary basis) amounted to \$20,798. The current year encumbrances outstanding (budgetary basis) amounted to \$42,592 for the General Fund.

The revenues, expenditures, and other financing sources and uses of the General Fund include activity that is budgeted within special revenue funds (cash basis). However, on the budgetary basis, the activity of the special revenue funds is excluded resulting in an increase in fund balance of \$15,063.

VILLAGE OF OAKWOOD, OHIO
CUYAHOGA COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021
(CONTINUED)

NOTE 4: CASH, CASH EQUIVALENTS, AND INVESTMENTS

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

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

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

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

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

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

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

VILLAGE OF OAKWOOD, OHIO
CUYAHOGA COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021
(CONTINUED)

4. Bonds and other obligations of the State of Ohio or Ohio local governments;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio).
8. Certain banker's acceptance and commercial paper notes for a period not to exceed one hundred eighty days and two hundred seventy days respectively, from the purchase date in an amount not to exceed forty percent of the interim monies available for investment at any one time if training requirements have been met.

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

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

Cash on Hand

At December 31, 2021, the Village had \$600 in undeposited cash on hand which is included as part of "Equity in Pooled Cash and Cash Equivalents".

Deposits

Custodial credit risk is the risk that in the event of bank failure, the Village will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year end, \$252,825 of the Village's bank balance of \$269,739 was covered by Federal Depository Insurance and \$12,266 was uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the Village's name, and \$4,648 was uninsured and uncollateralized. The Village's financial institutions were approved for a reduced collateral rate of 50 percent through the Ohio Pooled Collateral System, resulting in the uninsured and uncollateralized balance.

**VILLAGE OF OAKWOOD, OHIO
CUYAHOGA COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021
(CONTINUED)**

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

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

Participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total fair value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State. The Village's financial institution had enrolled in OPCS as of December 31, 2021.

Investments

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

Interest Rate Risk

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

Credit Risk

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

Custodial Credit Risk

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

**VILLAGE OF OAKWOOD, OHIO
 CUYAHOGA COUNTY
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2021
 (CONTINUED)**

Concentration of Credit Risk

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

NOTE 5: PROPERTY TAX

Property taxes include amounts levied against all real and public utility property located in the Village. Property tax revenue received during 2021 for real and public utility property taxes represents collections of 2020 taxes. 2021 real property taxes are levied after October 1, 2021, on the assessed value as of January 1, 2021, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2021 real property taxes are collected in and intended to finance 2022.

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

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2021 public utility property taxes which became a lien December 31, 2020, are levied after October 1, 2021, and are collected in 2022 with real property taxes.

The full tax rate for all Village operations for the year ended December 31, 2021, was \$3.80 per \$1,000 of assessed value.

The assessed values of real and tangible personal property upon which 2021 property tax receipts were based are as follows:

Category	Assessed Value
Real Estate	\$ 125,336,860
Public Utility	6,119,440
Total Valuation	\$ 131,456,300

**VILLAGE OF OAKWOOD, OHIO
CUYAHOGA COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021
(CONTINUED)**

NOTE 6: **LOCAL INCOME TAX**

The Village levies a 2.5 percent income tax on substantially all income earned in the Village. In addition, Village residents employed in municipalities having an income tax less than 2.5 percent must pay the difference to the Village. Additional increases in the income tax rate require voter approval. Employers within the Village withhold income tax on employee compensation and remit at least quarterly and file an annual declaration. Income tax receipts, in the amount of \$7,118,330 were credited to the General Fund for 2021.

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**VILLAGE OF OAKWOOD, OHIO
CUYAHOGA COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021
(CONTINUED)**

NOTE 7: OUTSTANDING DEBT

Outstanding debt at December 31, 2021 consisted of the following:

Governmental Activities	Balance at 12/31/2020	Additions	Deletions	Balance at 12/31/2021	Due within one year
<u>General Obligation Notes</u>					
Various Purpose Notes, Series 2020:					
Service Department Improvement	\$ 250,000	\$ 0	\$ 250,000	\$ 0	\$ 0
Street Improvement	1,705,000	0	1,705,000	0	0
Various Purpose Notes	75,000	0	75,000	0	0
Equipment	100,000	0	100,000	0	0
Land Acquisition Notes, Series 2020	1,100,000	0	1,100,000	0	0
Various Purpose Notes, Series 2021:					
Service Department Improvement	0	225,000	0	225,000	225,000
Street Improvement	0	1,610,000	0	1,610,000	1,610,000
Various Purpose Notes	0	75,000	0	75,000	75,000
Equipment	0	65,000	0	65,000	65,000
Total General Obligation Notes	<u>\$ 3,230,000</u>	<u>\$ 1,975,000</u>	<u>\$ 3,230,000</u>	<u>\$ 1,975,000</u>	<u>\$ 1,975,000</u>
<u>Bonds</u>					
SA Street Improvement, 2003 (2.5% - 5.5%)	145,000	0	45,000	100,000	50,000
SA Street Improvement, 2007 (5.25%)	305,000	0	35,000	270,000	40,000
Division Street Improvement 2012 (2.0% - 3.0%)	415,000	0	25,000	390,000	30,000
Medusa Street Improvement 2012 (2.0% - 3.0%)	320,000	0	20,000	300,000	20,000
Refunding GO Various Purpose, 2012 (2.0% - 3.0%)	575,000	0	140,000	435,000	145,000
Richmond Road Bikeway 2012 (2.0% - 3.0%)	865,000	0	85,000	780,000	90,000
Total Bonds	<u>\$ 2,625,000</u>	<u>\$ 0</u>	<u>\$ 350,000</u>	<u>\$ 2,275,000</u>	<u>\$ 375,000</u>
<u>OPWC Loans</u>					
Division Street Improvement	\$ 5,944	\$ 0	\$ 700	\$ 5,244	\$ 700
Richmond/Pettibone Street Improvement	139,808	0	5,825	133,983	5,825
Alexander Road Improvement	268,510	0	12,786	255,724	12,786
Macedonia Road Improvement	368,572	0	19,923	348,649	19,923
Broadway Avenue Improvement	34,434	0	0	34,434	0
Total OPWC Loans	<u>\$ 817,268</u>	<u>\$ 0</u>	<u>\$ 39,234</u>	<u>\$ 778,034</u>	<u>\$ 39,234</u>
Total Governmental Activities	<u>\$ 6,672,268</u>	<u>\$ 1,975,000</u>	<u>\$ 3,619,234</u>	<u>\$ 5,028,034</u>	<u>\$ 2,389,234</u>
Business-Type Activities					
<u>OPWC Loans</u>					
Richmond	\$ 4,630	\$ 0	\$ 712	\$ 3,918	\$ 713
Total Business-Type Activities	<u>\$ 4,630</u>	<u>\$ 0</u>	<u>\$ 712</u>	<u>\$ 3,918</u>	<u>\$ 713</u>
Total Debt	<u>\$ 6,676,898</u>	<u>\$ 1,975,000</u>	<u>\$ 3,619,946</u>	<u>\$ 5,031,952</u>	<u>\$ 2,389,947</u>

VILLAGE OF OAKWOOD, OHIO
CUYAHOGA COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021
(CONTINUED)

The annual requirements for bonds and OPWC loans outstanding as of December 31, 2021, are as follows:

	Governmental		Business-Type
	Principal	Interest	Principal
2022	\$ 414,234	\$ 70,213	\$ 713
2023	409,234	58,950	713
2024	384,234	47,800	713
2025	234,234	36,438	713
2026	244,234	29,575	713
2027-2031	849,421	64,888	353
2032-2036	322,671	5,850	0
2037-2041	142,864	0	0
2042-2044	17,474	0	0
	\$ 3,018,600	\$ 313,715	\$ 3,918

There is one OPWC loan that is not finalized as of December 31, 2021, therefore is not included in the amortization schedule above.

During 2021, the Village issued \$1,975,000 of General Obligation Notes with an interest rate of 1.375 percent and mature on September 15, 2022.

The Village's direct borrowing from OPWC in the amount of \$781,952 contains a provision that in an event of default the amount of such default shall bear interest thereafter at the rate of 8 percent per annum until the date of payment, and outstanding amounts become immediately due. Also, OPWC may direct the county treasurer to pay the outstanding amount from portion of the local government fund that would otherwise be appropriated to the Village.

NOTE 8: INSURANCE AND RISK MANAGEMENT

The Village maintains comprehensive insurance coverage with private carriers for real property, building contents and vehicles. Vehicle policies include liability coverage for bodily injury and property damage. Real property and contents are 80 percent coinsured. Claims have not exceeded this coverage in the last three years and there has been no significant reduction in coverage from the prior year.

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

VILLAGE OF OAKWOOD, OHIO
CUYAHOGA COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021
(CONTINUED)

NOTE 9: **DEFINED BENEFIT PENSION PLANS**

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

A. **Ohio Public Employees Retirement System**

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

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

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

**VILLAGE OF OAKWOOD, OHIO
CUYAHOGA COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021
(CONTINUED)**

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

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

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

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

**VILLAGE OF OAKWOOD, OHIO
CUYAHOGA COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021
(CONTINUED)**

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

	<u>State and Local</u>	<u>Public Safety</u>	<u>Law Enforcement</u>
2021 Statutory Maximum Contribution Rates			
Employer	14.0 %	18.1 %	18.1 %
Employee*	10.0 %	**	***
2021 Actual Contribution Rates			
Employer:			
Pension	14.0 %	18.1 %	18.1 %
Post-employment Health Care Benefits	0.0	0.0	0.0
Total Employer	<u>14.0 %</u>	<u>18.1 %</u>	<u>18.1 %</u>
Employee	<u>10.0 %</u>	<u>12.0 %</u>	<u>13.0 %</u>

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

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

*** Member contributions within the combined plan are not used to fund the defined benefit retirement allowance.

The portion of employer contributions used to fund pension benefits is net of postemployment health care benefits. The portion of the employer's contribution allocated to health care was 0% for 2021 for the Traditional and Combined plans. The portion of the employer's contribution allocated to health care was 4% for the Member-Directed plan for 2021. Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The Village's contractually required contribution was \$238,027 for year 2021.

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

Plan Description - Village full-time police participate in Ohio Police and Fire Pension Fund (OPF), a cost-sharing, multiple-employer defined benefit pension plan administered by OPF. OPF provides retirement and disability pension benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by the Ohio State Legislature and are codified in Chapter 742 of the Ohio Revised Code. OPF issues a publicly available financial report that includes financial information and required supplementary information and detailed information about OPF fiduciary net position. The report that may be obtained by visiting the OPF website at www.op-f.org or by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

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

**VILLAGE OF OAKWOOD, OHIO
 CUYAHOGA COUNTY
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2021
 (CONTINUED)**

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

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

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

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

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

	Police
2021 Statutory Maximum Contribution Rates	
Employer	19.50 %
Employee	12.25 %
 2021 Actual Contribution Rates	
Employer:	
Pension	19.00 %
Post-employment Health Care Benefits	0.50
Total Employer	19.50 %
 Employee	 12.25 %

Employer contribution rates are expressed as a percentage of covered payroll. The Village's contractually required contribution to OP&F was \$206,670 for 2021.

VILLAGE OF OAKWOOD, OHIO
CUYAHOGA COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021
(CONTINUED)

NOTE 10: **DEFINED BENEFIT OPEB PLANS**

A. Ohio Public Employees Retirement System

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

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

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

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

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

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

VILLAGE OF OAKWOOD, OHIO
CUYAHOGA COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021
(CONTINUED)

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2021, state and local employers contributed at a rate of 14.0 percent of earnable salary and public safety and law enforcement employers contributed at 18.1 percent. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. For 2021, OPERS did not allocate any employer contribution to health care for members in the Traditional Pension Plan and Combined Plan. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the Member-Directed Plan for 2021 was 4.0 percent.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The Village did not have any contributions in 2021.

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

Plan Description – The Village contributes to the Ohio Police and Fire Pension Fund (OP&F) a cost-sharing, multiple-employer defined post-employment healthcare plan that provides various levels of health care to retired, disabled and beneficiaries, as well as their dependents. On January 1, 2019, OP&F changed the way it supports retiree health care. A stipend-based health care model has replaced the self-insured group health care plan that had been in place. A stipend funded by OP&F is available to these members through a Health Reimbursement Arrangement and can be used to reimburse retirees for qualified health care expenses.

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

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

VILLAGE OF OAKWOOD, OHIO
CUYAHOGA COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021
(CONTINUED)

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

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

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

The Board of Trustees is authorized to allocate a portion of the total employer contributions made into the pension plan to the Section 115 trust and the Section 401(h) account as the employer contribution for retiree health care benefits. For 2021, the portion of employer contributions allocated to health care was 0.5 percent of covered payroll. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees' primary responsibility to ensure that pension benefits are adequately funded and is limited by the provisions of Sections 115 and 401(h).

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

The Village's contractually required contribution to OP&F was \$1,039 for 2021.

**VILLAGE OF OAKWOOD, OHIO
 CUYAHOGA COUNTY
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2021
 (CONTINUED)**

NOTE 11: INTERFUND AND TRANSFERS

As of December 31, 2021, interfund transfers were as follows:

<u>Fund</u>	<u>Transfer In</u>	<u>Transfer Out</u>
General	\$ 0	\$ 905,150
General Obligation Bond Retirement	445,000	0
General Capital Improvement	247,000	0
Other Governmental	266,550	53,400
Totals	<u>\$ 958,550</u>	<u>\$ 958,550</u>

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

NOTE: 12: CONTINGENCIES

The Village is currently involved in a variety of litigations. It is the opinion of the Village’s lawyers that the outcome of these will not have a material effect on the Village’s financial position at December 31, 2021.

The Village receives significant financial assistance from numerous Federal, State, and local agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds; however, in the opinion of management, any such disallowed claims will not have a material effect on the financial position of the Village at December 31, 2021.

NOTE: 13: CAPITAL LEASES

In 2021, the Village entered into new lease agreements for the purchase of various police, fire and service vehicles and equipment. In prior years, the Village has entered into lease agreements for the purchase of police cars, fire and service vehicles and equipment, a dump truck and van. The Village disbursed \$371,838 to pay lease costs for the year. On the following is a schedule of the future minimum lease payments for capital leases:

**VILLAGE OF OAKWOOD, OHIO
CUYAHOGA COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021
(CONTINUED)**

	Governmental	
	Principal	Interest
2022	\$ 425,305	\$ 40,901
2023	335,498	27,929
2024	316,132	17,119
2025	159,001	7,677
2026	85,584	3,344
2027	38,274	999
	\$ 1,359,794	\$ 97,969

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

NOTE: 14: COMPLIANCE

- A. Contrary to Ohio Revised Code Section 5705.39, various Village funds had total appropriations in excess of total estimated resources.
- B. Contrary to Section 5705.10, the Village had several funds that had negative funds balances at year end. The following funds reported negative cash balances:

	Negative Cash Balance
<u>Major Debt Service Funds</u>	
General Obligation Bond Retirement	\$ 28,126
<u>Nonmajor Special Revenue Funds</u>	
Street Construction, Maintenance, and Repair	121,739

- C. Contrary to Ohio Revised Code Section 5705.36, the Village did not request timely amended certificates throughout the year. The Village also did not properly certify the beginning unencumbered balances for various funds at January 1, 2021.
- D. Contrary to Ohio Revised Code Section 5705.36(A)(4), various Village funds had total appropriations in excess of actual resources.

VILLAGE OF OAKWOOD, OHIO
CUYAHOGA COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021
(CONTINUED)

NOTE: 15: **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 may impact subsequent periods of the Village. The impact on the Village's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

**VILLAGE OF OAKWOOD, OHIO
CUYAHOGA COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)
FOR THE YEAR ENDED DECEMBER 31, 2020**

The discussion and analysis of the Village of Oakwood's (the Village) financial performance provides an overall review of the Village's financial activities for the year ended December 31, 2020, within the limitations of the Village's cash basis accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the Village's financial performance.

Highlights

Key highlights for 2020 are as follows:

- Net position of governmental activities decreased by \$237,195, or 32.9 percent, from the prior year.
- The Village's general receipts are primarily property taxes, income taxes, grants and entitlements, and debt proceeds. These receipts represent 81 percent of total cash received for governmental activities.
- The Village's business-type activities is sanitary sewer. Net position increased by \$17,951. The Village's total disbursements for business-type activities increased by \$4,333.

Basis of Accounting

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

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

Reporting the Government as a Whole

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

The statement of net position and statement of activities for 2020 reflect how the Village did financially within the limitations of the cash basis of accounting. The statement of net position presents the cash balances of the governmental and business-type activities of the Village at year-end. The statement of activities compares cash disbursements with program receipts for each governmental program and business-type activity.

**VILLAGE OF OAKWOOD, OHIO
CUYAHOGA COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)
FOR THE YEAR ENDED DECEMBER 31, 2020**

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

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

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

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

Reporting the Village's Most Significant Funds

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

Governmental Funds - Most of the Village's activities are reported in governmental funds. The governmental fund financial statements provide a detailed view of the Village's governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the Village's programs. The Village's significant governmental funds are presented on the financial statements in separate columns. The information for nonmajor funds (funds whose activity or balances are not large enough to warrant separate reporting) is combined and presented in total in a single column. The Village's major governmental funds for 2020 are the General, Coronavirus Relief Fund, General Capital Improvement and General Obligation Bond Retirement funds.

**VILLAGE OF OAKWOOD, OHIO
CUYAHOGA COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)
FOR THE YEAR ENDED DECEMBER 31, 2020**

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

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

The Government as a Whole

Table 1 provides a summary of the Village's net position for 2020 compared to 2019 on the cash basis.

Table 1 - Net Position

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
ASSETS						
Equity in Pooled Cash and Cash Equivalents	\$ 473,698	\$ 437,882	\$ 87,577	\$ 69,626	\$ 561,275	\$ 507,508
Cash and Cash Equivalents:						
In Segregated Accounts	10,826	24,087	0	0	10,826	24,087
With Escrow Agents	0	259,750	0	0	0	259,750
Total Assets	<u>\$ 484,524</u>	<u>\$ 721,719</u>	<u>\$ 87,577</u>	<u>\$ 69,626</u>	<u>\$ 572,101</u>	<u>\$ 791,345</u>
NET POSITION						
Restricted:						
Police and Fire	\$ 81,538	\$ 64,481	\$ 0	\$ 0	\$ 81,538	\$ 64,481
Debt Services	21,934	3,397	0	0	21,934	3,397
Capital Projects	102,691	69,154	0	0	102,691	69,154
Other Purposes	154,519	8,461	0	0	154,519	8,461
Unrestricted	123,842	576,226	87,577	69,626	211,419	645,852
Total Net Position	<u>\$ 484,524</u>	<u>\$ 721,719</u>	<u>\$ 87,577</u>	<u>\$ 69,626</u>	<u>\$ 572,101</u>	<u>\$ 791,345</u>

**VILLAGE OF OAKWOOD, OHIO
CUYAHOGA COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)
FOR THE YEAR ENDED DECEMBER 31, 2020**

Table 2 reflects the changes in net position in 2020 compared to 2019.

Table 2 - Change in Net Position

	Governmental Activities		Business Type Activities		Totals	
	2020	2019	2020	2019	2020	2019
Receipts						
Program Receipts						
Charges for Services	\$ 1,481,498	\$ 1,759,138	\$ 110,044	\$ 128,652	\$ 1,591,542	\$ 1,887,790
Operating Grants and Contributions	1,155,176	723,838	0	0	1,155,176	723,838
Total Program Receipts	<u>2,636,674</u>	<u>2,482,976</u>	<u>110,044</u>	<u>128,652</u>	<u>2,746,718</u>	<u>2,611,628</u>
General Receipts						
Property and Other Local Taxes	461,386	477,815	0	0	461,386	477,815
Income Taxes	6,577,126	7,532,478	0	0	6,577,126	7,532,478
Payments in Lieu of Taxes	33,537	47,549	0	0	33,537	47,549
Grants & Entitlements not restricted to specific programs	161,146	167,505	0	0	161,146	167,505
All Other Revenues	1,318,081	255,707	0	0	1,318,081	255,707
Debt Proceeds	3,418,719	3,691,588	0	0	3,418,719	3,691,588
Total General Receipts	<u>11,969,995</u>	<u>12,172,642</u>	<u>0</u>	<u>0</u>	<u>11,969,995</u>	<u>12,172,642</u>
Total Receipts	<u>14,606,669</u>	<u>14,655,618</u>	<u>110,044</u>	<u>128,652</u>	<u>14,716,713</u>	<u>14,784,270</u>
Disbursements						
Security of Persons and Property	4,542,251	4,291,194	0	0	4,542,251	4,291,194
Leisure Time Activities	220,015	357,477	0	0	220,015	357,477
Community Environment	302,442	296,485	0	0	302,442	296,485
Basic Utility Services	210,562	201,894	0	0	210,562	201,894
Transportation	1,526,124	1,319,866	0	0	1,526,124	1,319,866
General Government	3,218,022	3,495,859	0	0	3,218,022	3,495,859
Capital Outlay	1,019,322	568,933	0	0	1,019,322	568,933
Debt Service:						
Principal Retirement	3,614,617	3,729,234	356	713	3,614,973	3,729,947
Issuance Costs	30,912	42,555	0	0	30,912	42,555
Interest and Fiscal Charges	159,597	196,406	0	0	159,597	196,406
Sanitary Sewer	0	0	91,737	87,047	91,737	87,047
Total Disbursements	<u>14,843,864</u>	<u>14,499,903</u>	<u>92,093</u>	<u>87,760</u>	<u>14,935,957</u>	<u>14,587,663</u>
Change in Net Position	(237,195)	155,715	17,951	40,892	(219,244)	196,607
Net Position - Beginning of the Year	<u>721,719</u>	<u>566,004</u>	<u>69,626</u>	<u>28,734</u>	<u>791,345</u>	<u>594,738</u>
Net Position - End of the Year	<u>\$ 484,524</u>	<u>\$ 721,719</u>	<u>\$ 87,577</u>	<u>\$ 69,626</u>	<u>\$ 572,101</u>	<u>\$ 791,345</u>

**VILLAGE OF OAKWOOD, OHIO
CUYAHOGA COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)
FOR THE YEAR ENDED DECEMBER 31, 2020**

Program receipts represent 18.7 percent of total receipts for 2020. They are primarily comprised of sanitary sewer fees, fines, recreation activity charges, and intergovernmental receipts such as motor vehicle license fees, gas tax money, license and permits, and charges to local governments for fire and EMS services. Program receipts increased by \$135,090 or 5.2 percent compared to the prior year due to a decrease in charges for services that was offset by an increase in operating grants due to funding from COVID-19.

General receipts represent 81.3 percent of the Village's total receipts for 2020. Property and other local taxes and income taxes represent 48.2 percent of the general receipts. Grants, entitlements, and proceeds from debt represent 29.9 percent of general receipts. The remaining portion of general receipts is made up of all other receipts. General receipts decreased by \$202,647 or 2.0 percent compared to the prior year. The Village had a decrease in the amount of income tax collected during 2020 and debt proceeds, which was offset by an increase in all other revenues. All other revenues increased due to reimbursements from Ohio Bureau of Workers Compensation and Cuyahoga County in 2020.

Disbursements for general government represent the overhead costs of running the Village and the support services provided for other Village activities. These include the costs of Council, Mayor, Mayor's Court, Finance, and Council Clerk, as well as internal services such as payroll and purchasing. Disbursements for general government decreased by \$277,837 or 7.9 percent compared to the prior year.

Disbursements for Capital Outlay increased by \$450,389 or 79.2 percent. The increase in capital outlay is due to an increased amount in street project improvements in 2020. Security of Persons and Property are the costs of police and fire protection, which increased by \$251,057 or 5.9 percent as compared to prior year.

Transportation expenses, the cost of maintaining roads decreased by \$206,258 of 15.6 percent. The decrease is due to an increase in projects performed in 2020.

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

Governmental Activities

The first column of the Statement of Activities lists the major services provided by the Village. The next column identifies the costs of providing these services. The major program disbursements for governmental activities are Security of Persons and Property, Principal Retirement, and General Government, which account for 30.6, 24.4, and 21.7 percent of all governmental disbursements, respectively. The next two columns of the Statement titled Program

**VILLAGE OF OAKWOOD, OHIO
CUYAHOGA COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)
FOR THE YEAR ENDED DECEMBER 31, 2020**

Cash Receipts identifies amounts paid by people who are directly charged for the service, and for grants received by the Village that must be used to provide a specific service.

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

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

	Total Cost of Services		Net Cost of Services	
	2020	2019	2020	2019
Security of Persons and Property	\$ 4,542,251	\$ 4,291,194	\$ (3,127,705)	\$ (2,709,907)
Leisure Time Activities	220,015	357,477	(192,067)	(319,182)
Community Environment	302,442	296,485	(287,406)	(275,449)
Basic Utility Services	210,562	201,894	(210,562)	(201,894)
Transportation	1,526,124	1,319,866	(793,279)	(709,614)
General Government	3,218,022	3,495,859	(2,771,723)	(3,263,753)
Capital Outlay	1,019,322	568,933	(1,019,322)	(568,933)
Debt Service:				
Principal Retirement	3,614,617	3,729,234	(3,614,617)	(3,729,234)
Issuance Costs	30,912	42,555	(30,912)	(42,555)
Interest and Fiscal Charges	159,597	196,406	(159,597)	(196,406)
Total Governmental Activities	<u>\$14,843,864</u>	<u>\$14,499,903</u>	<u>\$ (12,207,190)</u>	<u>\$ (12,016,927)</u>

The dependence upon property and other local taxes, income taxes and other general receipts is apparent as over 82.2 percent of the net cost of services for governmental activities is supported through these general receipts.

Business-type Activities

Sanitary sewer total receipts decreased by \$18,608 due to the decrease in grant reimbursements related to repairs to the Village Pump Stations. Total disbursements increased slightly by \$4,333.

General Fund Budgeting Highlights

The Village’s budget is prepared according to Ohio law and is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund.

During 2020, the Village made amendments to its appropriation budget and receipts budget to reflect changing circumstances. Final budgeted receipts were the same as original budgeted receipts. The difference between final budgeted receipts and actual receipts was mostly due to an overestimate of income tax receipts.

**VILLAGE OF OAKWOOD, OHIO
CUYAHOGA COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)
FOR THE YEAR ENDED DECEMBER 31, 2020**

Final budgeted disbursements for 2020 were higher than original budgeted disbursements. The increase of the 2020 final budget disbursements was due to higher public utilities and property and casualty insurance cost. Actual disbursements for 2020 were lower than final budgeted amounts. This was due to an effort on the behalf of the Village departments to reduce their spending.

Capital Assets and Debt Administration

Capital Assets

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

Debt Administration

At December 31, 2020, the Village had \$3,230,000 in outstanding General Obligation Notes, \$2,625,000 in outstanding General Obligation and Special Assessment bonds, with \$3,580,000 due within one year. The Village had \$817,268 in loans with the Ohio Public Works Commission, with \$39,234 due within one year for improvements to streets and sewer utilities. See Note 8 to the financial statements for more detail.

Current Issues

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

Contacting the Village's Financial Management

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

**VILLAGE OF OAKWOOD, OHIO
 CUYAHOGA COUNTY
 STATEMENT OF NET POSITION – CASH BASIS
 DECEMBER 31, 2020**

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Equity in Pooled Cash and Cash Equivalents	\$ 473,698	\$ 87,577	\$ 561,275
Cash and Cash Equivalents:			
In Segregated Accounts	10,826	0	10,826
Total Assets	\$ 484,524	\$ 87,577	\$ 572,101
NET POSITION			
Restricted:			
Police and Fire	\$ 81,538	\$ 0	\$ 81,538
Debt Services	21,934	0	21,934
Capital Projects	102,691	0	102,691
Other Purposes	154,519	0	154,519
Unrestricted	123,842	87,577	211,419
Total Net Position	\$ 484,524	\$ 87,577	\$ 572,101

See accompanying notes to the basic financial statements.

VILLAGE OF OAKWOOD, OHIO
CUYAHOGA COUNTY
STATEMENT OF ACTIVITIES – CASH BASIS
DECEMBER 31, 2020

	<u>Cash</u>	<u>Program Cash Receipts</u>		<u>Net (Disbursements) Receipts and Changes in</u>		
		<u>Disbursements</u>	<u>Charges for</u> <u>Services</u>	<u>Operating</u> <u>Grants and</u> <u>Contributions</u>	<u>Governmental</u> <u>Activities</u>	<u>Business-type</u> <u>Activities</u>
Primary Government:						
Governmental Activities						
Security of Persons and Property	\$ 4,542,251	\$ 1,409,692	\$ 4,854	\$ (3,127,705)	\$ 0	\$ (3,127,705)
Leisure Time Activities	220,015	7,948	20,000	(192,067)	0	(192,067)
Community Environment	302,442	15,036	0	(287,406)	0	(287,406)
Basic Utility Services	210,562	0	0	(210,562)	0	(210,562)
Transportation	1,526,124	582	732,263	(793,279)	0	(793,279)
General Government	3,218,022	48,240	398,059	(2,771,723)	0	(2,771,723)
Capital Outlay	1,019,322	0	0	(1,019,322)	0	(1,019,322)
Debt Service:						
Principal Retirement	3,614,617	0	0	(3,614,617)	0	(3,614,617)
Issuance Costs	30,912	0	0	(30,912)	0	(30,912)
Interest and Fiscal Charges	159,597	0	0	(159,597)	0	(159,597)
Total Governmental Activities	14,843,864	1,481,498	1,155,176	(12,207,190)	0	(12,207,190)
Business-Type Activities						
Sanitary Sewer	92,093	110,044	0	0	17,951	17,951
Total Business-type Activities	92,093	110,044	0	0	17,951	17,951
Total Primary Government	\$ 14,935,957	\$ 1,591,542	\$ 1,155,176	(12,207,190)	17,951	(12,189,239)
General Receipts						
Property and Other Local Taxes levied for:						
General Purposes				354,228	0	354,228
Debt Service Purpose				71,438	0	71,438
Other Purposes				35,720	0	35,720
Income Taxes levied for General Purposes				6,577,126	0	6,577,126
Payments in Lieu of Taxes				33,537	0	33,537
Grants & Entitlements not restricted to specific programs				161,146	0	161,146
All Other Revenues				1,318,081	0	1,318,081
Debt Proceeds				3,418,719	0	3,418,719
Total General Receipts				<u>11,969,995</u>	<u>0</u>	<u>11,969,995</u>
Change in Net Position				(237,195)	17,951	(219,244)
Net Position - Beginning of Year				721,719	69,626	791,345
Net Position - End of Year				<u>\$ 484,524</u>	<u>\$ 87,577</u>	<u>\$ 572,101</u>

See accompanying notes to the basic financial statements.

**VILLAGE OF OAKWOOD, OHIO
CUYAHOGA COUNTY
STATEMENT OF ASSETS AND FUND BALANCES – CASH BASIS
GOVERNMENTAL FUNDS
DECEMBER 31, 2020**

	<u>General</u>	<u>Coronavirus Relief</u>	<u>General Obligation Bond Retirement</u>	<u>General Capital Improvement</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS						
Equity in Pooled Cash and Cash Equivalents	\$ 164,186	\$ 152,446	\$ (11,159)	\$ 202	\$ 168,023	\$ 473,698
Cash and Cash Equivalents:						
In Segregated Accounts	10,826	0	0	0	0	10,826
Total Assets	<u>\$ 175,012</u>	<u>\$ 152,446</u>	<u>\$ (11,159)</u>	<u>\$ 202</u>	<u>\$ 168,023</u>	<u>\$ 484,524</u>
FUND BALANCES						
Restricted for:						
Police Operations	\$ 0	\$ 0	\$ 0	\$ 0	\$ 2,246	\$ 2,246
Fire Operations	0	0	0	0	6,053	6,053
Police Pension	0	0	0	0	4,788	4,788
Drug and Alcohol Education and Enforcement	0	0	0	0	68,451	68,451
Mayor's Court	0	0	0	0	497	497
Debt Service	0	0	0	0	21,934	21,934
Capital Improvement	0	0	0	0	102,691	102,691
Other Purposes	0	152,446	0	0	1,576	154,022
Committed to:						
Recreation	0	0	0	0	4,489	4,489
Capital Improvement	0	0	0	202	0	202
Bond Deposits	0	0	0	0	33,129	33,129
Other Purposes	10,826	0	0	0	4,634	15,460
Assigned to:						
Other Purposes	20,798	0	0	0	0	20,798
Unassigned (Deficit)	143,388	0	(11,159)	0	(82,465)	49,764
Total Fund Balances	<u>\$ 175,012</u>	<u>\$ 152,446</u>	<u>\$ (11,159)</u>	<u>\$ 202</u>	<u>\$ 168,023</u>	<u>\$ 484,524</u>

See accompanying notes to the basic financial statements.

VILLAGE OF OAKWOOD, OHIO
CUYAHOGA COUNTY
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES
- CASH BASIS
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2020

	General	Coronavirus Relief	General Obligation Bond Retirement	General Capital Improvement	Other Governmental Funds	Total Governmental Funds
RECEIPTS						
Property Taxes	\$ 354,228	\$ 0	\$ 71,438	\$ 0	\$ 35,720	\$ 461,386
Income Taxes	6,577,126	0	0	0	0	6,577,126
Intergovernmental Revenues	156,362	247,967	6,299	0	739,598	1,150,226
Special Assessments	0	0	0	0	131,454	131,454
Charges for Services	837,136	0	0	0	234,417	1,071,553
Fines, Fees, Licenses, and Permits	381,452	0	0	0	28,493	409,945
Payments in Lieu of Taxes	0	0	0	0	33,537	33,537
Contributions and Donations	14,642	0	0	0	20,000	34,642
Miscellaneous	891,557	0	0	0	426,524	1,318,081
Total Receipts	<u>9,212,503</u>	<u>247,967</u>	<u>77,737</u>	<u>0</u>	<u>1,649,743</u>	<u>11,187,950</u>
DISBURSEMENTS						
Current:						
Security of Persons and Property	4,317,705	0	0	0	224,546	4,542,251
Leisure Time Activities	0	0	0	0	220,015	220,015
Community Environment	267,963	0	0	30,979	3,500	302,442
Basic Utility Services	210,562	0	0	0	0	210,562
Transportation	555,996	0	0	0	970,128	1,526,124
General Government	3,110,063	95,521	0	0	12,438	3,218,022
Capital Outlay	53,346	0	0	636,770	329,206	1,019,322
Debt Service:						
Principal Retirement	0	0	3,515,000	0	99,617	3,614,617
Issuance Costs	0	0	30,912	0	0	30,912
Interest and Fiscal Charges	0	0	131,297	0	28,300	159,597
Total Disbursements	<u>8,515,635</u>	<u>95,521</u>	<u>3,677,209</u>	<u>667,749</u>	<u>1,887,750</u>	<u>14,843,864</u>
Excess of Receipts						
Over (Under) Disbursements	<u>696,868</u>	<u>152,446</u>	<u>(3,599,472)</u>	<u>(667,749)</u>	<u>(238,007)</u>	<u>(3,655,914)</u>
OTHER FINANCING SOURCES (USES)						
Transfers - In	0	0	336,000	272,000	309,400	917,400
Transfers - Out	(867,300)	0	0	0	(50,100)	(917,400)
Proceeds from Sale of Notes	0	0	3,230,000	0	0	3,230,000
Premium on Debt Issued	0	0	19,000	0	0	19,000
Inception of Capital Lease	0	0	0	135,285	0	135,285
Loan Proceeds	0	0	0	0	34,434	34,434
Total Other Financing Sources (Uses)	<u>(867,300)</u>	<u>0</u>	<u>3,585,000</u>	<u>407,285</u>	<u>293,734</u>	<u>3,418,719</u>
Net Change in Fund Balances	<u>(170,432)</u>	<u>152,446</u>	<u>(14,472)</u>	<u>(260,464)</u>	<u>55,727</u>	<u>(237,195)</u>
Fund Balances - Beginning of Year	345,444	0	3,313	260,666	112,296	721,719
Fund Balances - End of Year	<u>\$ 175,012</u>	<u>\$ 152,446</u>	<u>\$ (11,159)</u>	<u>\$ 202</u>	<u>\$ 168,023</u>	<u>\$ 484,524</u>

See accompanying notes to the basic financial statements.

VILLAGE OF OAKWOOD, OHIO
CUYAHOGA COUNTY
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL – BUDGET BASIS
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2020

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Property and Local Taxes	\$ 378,831	\$ 353,243	\$ 354,228	\$ 985
Income Taxes	6,905,887	6,916,155	6,577,126	(339,029)
Intergovernmental Revenues	164,178	164,422	156,362	(8,060)
Charges for Services	878,981	880,288	837,136	(43,152)
Fines, Licenses, and Permits	366,280	366,825	348,843	(17,982)
Contributions and Donations	15,374	15,397	14,642	(755)
Miscellaneous	936,122	937,514	891,557	(45,957)
Total Revenues	9,645,653	9,633,844	9,179,894	(453,950)
Expenditures				
Current:				
Security of Persons and Property	4,661,204	4,644,941	4,378,500	266,441
Community Environment	264,150	271,550	268,593	2,957
Basic Utility Services	203,058	221,058	210,562	10,496
Transportation	566,100	566,100	555,996	10,104
General Government	2,991,813	3,382,330	3,073,875	308,455
Total Expenditures	8,686,325	9,085,979	8,487,526	598,453
Excess of Revenues Over Expenditures	959,328	547,865	692,368	144,503
Other Financing (Uses)				
Transfers Out	(1,096,000)	(1,096,000)	(867,300)	228,700
Total Other Financing (Uses)	(1,096,000)	(1,096,000)	(867,300)	228,700
Net Change in Fund Balance	(136,672)	(548,135)	(174,932)	373,203
Fund Balance - Beginning of Year	331,578	331,578	331,578	0
Prior Year Encumbrances Appropriated	11,147	11,147	11,147	0
Fund Balance - End of Year	\$ 206,053	\$ (205,410)	\$ 167,793	\$ 373,203

See accompanying notes to the basic financial statements.

**VILLAGE OF OAKWOOD, OHIO
 CUYAHOGA COUNTY
 STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCE –
 BUDGET AND ACTUAL – BUDGET BASIS
 CORONAVIRUS RELIEF FUND
 FOR THE YEAR ENDED DECEMBER 31, 2020**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental Revenues	\$ 247,967	\$ 247,967	\$ 247,967	\$ -
Total Revenues	<u>247,967</u>	<u>247,967</u>	<u>247,967</u>	<u>-</u>
Expenditures				
Current:				
General Government	95,521	95,521	95,521	-
Total Expenditures	<u>95,521</u>	<u>95,521</u>	<u>95,521</u>	<u>-</u>
Excess of Revenues Over(Under) Expenditures	<u>152,446</u>	<u>152,446</u>	<u>152,446</u>	<u>-</u>
Net Change in Fund Balance	152,446	152,446	152,446	-
Fund Balance - Beginning of Year	-	-	-	-
Fund Balance - End of Year	<u>\$ 152,446</u>	<u>\$ 152,446</u>	<u>\$ 152,446</u>	<u>\$ -</u>

See accompanying notes to the basic financial statements.

**VILLAGE OF OAKWOOD, OHIO
CUYAHOGA COUNTY
STATEMENT OF FUND NET POSITION – CASH BASIS
PROPRIETARY FUND
DECEMBER 31, 2020**

	<u>Enterprise Fund</u>
	<u>Sanitary Sewer</u>
ASSETS	
Current Assets:	
Equity in Pooled Cash and Cash Equivalents	\$ 87,577
NET POSITION	
Unrestricted	\$ 87,577

See accompanying notes to the basic financial statements.

**VILLAGE OF OAKWOOD, OHIO
 CUYAHOGA COUNTY
 STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN
 FUND NET POSITION – CASH BASIS
 PROPRIETARY FUND
 FOR THE YEAR ENDED DECEMBER 31, 2020**

	Enterprise Fund
	Sanitary Sewer
OPERATING RECEIPTS	
Charges for Services	\$ 110,044
Total Operating Receipts	110,044
OPERATING DISBURSEMENTS	
Contractual Services	83,115
Material and Supplies	8,622
Total Operating Disbursements	91,737
Operating Income	18,307
NONOPERATING (DISBURSEMENTS)	
Principal Retirement	(356)
Total Nonoperating (Disbursements)	(356)
Change in Net Position	17,951
Net Position - Beginning of Year	69,626
Net Position - End of Year	\$ 87,577

See accompanying notes to the basic financial statements.

**VILLAGE OF OAKWOOD, OHIO
CUYAHOGA COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020**

NOTE 1: REPORTING ENTITY

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

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

A. Primary Government

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

B. Component Units

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

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

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

VILLAGE OF OAKWOOD, OHIO
CUYAHOGA COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020
(CONTINUED)

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

A. **Basis of Presentation**

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

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

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

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

VILLAGE OF OAKWOOD, OHIO
CUYAHOGA COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020
(CONTINUED)

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

B. Fund Accounting

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

Governmental Funds

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

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

Coronavirus Relief Fund - This fund is used to account for the related revenue and expenses from the CARES Act money received due to COVID-19.

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

General Capital Improvement Fund - This fund is used to account for lease payments for Village equipment and large capital improvements.

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

Proprietary Funds

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

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

VILLAGE OF OAKWOOD, OHIO
CUYAHOGA COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020
(CONTINUED)

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

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

Fiduciary Funds

Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension (and other employee benefit) trust funds, investment trust funds, private-purpose trust funds, and custodial funds. Trust funds are distinguished from custodial funds by the existence of a trust agreement or equivalent arrangements that have certain characteristics. Custodial funds are used to report fiduciary activities that are not required to be reported in a trust fund. The Village does not have any fiduciary funds.

C. Basis of Accounting

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

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

D. Budgetary Process

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

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

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

VILLAGE OF OAKWOOD, OHIO
CUYAHOGA COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020
(CONTINUED)

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

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

E. Cash and Investments

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

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

Cash held for the Village by a bank for the payment of debt principal and interest as they come due and to purchase capital assets from a capital lease is included on the financial statements as “cash and cash equivalents with escrow agents”. The Village did not report any “cash and cash equivalents with escrow agents” as of December 31, 2020.

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

F. Restricted Assets

Cash, cash equivalents, and investments are reported as restricted when limitations on their use change the nature or normal understanding of their use. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments, or imposed by law through constitutional provisions or enabling legislation. The Village has no restricted assets as of December 31, 2020.

VILLAGE OF OAKWOOD, OHIO
CUYAHOGA COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020
(CONTINUED)

G. Inventories and Prepaids

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

H. Interfund Receivables/Payables

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

I. Capital Assets

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

J. Accumulated Leave

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

K. Employer Contributions to Cost-Sharing Pension Plans

The Village recognizes the disbursement for employer contributions to cost-sharing pension plans when they are paid. As described in Notes 9 and 10, the employer contributions include portions for pension benefits and for post-employment health care benefits.

L. Long-Term Obligations

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

M. Fund Balance

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

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

VILLAGE OF OAKWOOD, OHIO
CUYAHOGA COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020
(CONTINUED)

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

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

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

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

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

VILLAGE OF OAKWOOD, OHIO
CUYAHOGA COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020
(CONTINUED)

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

N. Net Position

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

O. Interfund Transactions

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

NOTE 3: BUDGETARY BASIS OF ACCOUNTING

The budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The Statements of Receipts, Disbursements, and Changes in Fund Balances – Budget and Actual - Budgetary Basis presented for the General Fund and Coronavirus Relief Fund are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The differences between the budgetary basis and the cash basis are outstanding year end encumbrances are treated as cash disbursements (budgetary basis) rather than as a component of fund balance (cash basis). The prior year encumbrances outstanding (budgetary basis) amounted to \$11,147. The current year encumbrances outstanding (budgetary basis) amounted to \$20,798 for the General Fund.

The revenues, expenditures, and other financing sources and uses of the General Fund include activity that is budgeted within special revenue funds (cash basis). However, on the budgetary basis, the activity of the special revenue funds is excluded resulting in a decrease in fund balance of \$16,298.

VILLAGE OF OAKWOOD, OHIO
CUYAHOGA COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020
(CONTINUED)

NOTE 4: CASH, CASH EQUIVALENTS, AND INVESTMENTS

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

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

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

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

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

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

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

VILLAGE OF OAKWOOD, OHIO
CUYAHOGA COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020
(CONTINUED)

4. Bonds and other obligations of the State of Ohio or Ohio local governments;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio).
8. Certain banker's acceptance and commercial paper notes for a period not to exceed one hundred eighty days and two hundred seventy days respectively, from the purchase date in an amount not to exceed forty percent of the interim monies available for investment at any one time if training requirements have been met.

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

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

Cash on Hand

At December 31, 2020, the Village had \$600 in undeposited cash on hand which is included as part of "Equity in Pooled Cash and Cash Equivalents".

Deposits

Custodial credit risk is the risk that in the event of bank failure, the Village will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year end, \$275,995 of the Village's bank balance of \$607,440 was covered by Federal Depository Insurance and \$218,829 was uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the Village's name, and \$112,616 was uninsured and uncollateralized. The Village's financial institutions were approved for a reduced collateral rate of 50 percent through the Ohio Pooled Collateral System, resulting in the uninsured and uncollateralized balance.

VILLAGE OF OAKWOOD, OHIO
CUYAHOGA COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020
(CONTINUED)

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

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

Participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total fair value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State. The Village's financial institution had enrolled in OPCS as of December 31, 2020.

Investments

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

Interest Rate Risk

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

Credit Risk

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

Custodial Credit Risk

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

**VILLAGE OF OAKWOOD, OHIO
 CUYAHOGA COUNTY
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2020
 (CONTINUED)**

Concentration of Credit Risk

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

NOTE 5: PROPERTY TAX

Property taxes include amounts levied against all real and public utility property located in the Village. Property tax revenue received during 2020 for real and public utility property taxes represents collections of 2019 taxes. 2020 real property taxes are levied after October 1, 2020, on the assessed value as of January 1, 2020, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2020 real property taxes are collected in and intended to finance 2021.

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

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2020 public utility property taxes which became a lien December 31, 2019, are levied after October 1, 2020, and are collected in 2021 with real property taxes.

The full tax rate for all Village operations for the year ended December 31, 2020, was \$3.80 per \$1,000 of assessed value.

The assessed values of real and tangible personal property upon which 2020 property tax receipts were based are as follows:

Category	Assessed Value
Real Estate	\$ 124,869,750
Public Utility	5,761,740
Total Valuation	\$ 130,631,490

VILLAGE OF OAKWOOD, OHIO
CUYAHOGA COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020
(CONTINUED)

NOTE 6: **LOCAL INCOME TAX**

The Village levies a 2.5 percent income tax on substantially all income earned in the Village. In addition, Village residents employed in municipalities having an income tax less than 2.5 percent must pay the difference to the Village. Additional increases in the income tax rate require voter approval. Employers within the Village withhold income tax on employee compensation and remit at least quarterly and file an annual declaration. Income tax receipts, in the amount of \$6,557,126 were credited to the General Fund for 2020.

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**VILLAGE OF OAKWOOD, OHIO
CUYAHOGA COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020
(CONTINUED)**

NOTE 7: OUTSTANDING DEBT

Outstanding debt at December 31, 2020 consisted of the following:

Governmental Activities	Balance at 1/1/2020	Additions	Deletions	Balance at 12/31/2020	Due within one year
<u>General Obligation Notes</u>					
Various Purpose Notes, Series 2019:					
Service Department Improvement	\$ 265,000	\$ 0	\$ 265,000	\$ 0	\$ 0
Street Improvement	1,725,000	0	1,725,000	0	0
Various Purpose Notes	105,000	0	105,000	0	0
Equipment	105,000	0	105,000	0	0
Land Acquisition Notes, Series 2019	1,050,000	0	1,050,000	0	0
Various Purpose Notes, Series 2020:					
Service Department Improvement	0	250,000	0	250,000	250,000
Street Improvement	0	1,705,000	0	1,705,000	1,705,000
Various Purpose Notes	0	75,000	0	75,000	75,000
Equipment	0	100,000	0	100,000	100,000
Land Acquisition Notes, Series 2020	0	1,100,000	0	1,100,000	1,100,000
Total General Obligation Notes	<u>\$3,250,000</u>	<u>\$3,230,000</u>	<u>\$ 3,250,000</u>	<u>\$3,230,000</u>	<u>\$ 3,230,000</u>
<u>Bonds</u>					
SA Street Improvement, 2003 (2.5% - 5.5%)	190,000	0	45,000	145,000	45,000
SA Street Improvement, 2007 (5.25%)	340,000	0	35,000	305,000	35,000
Division Street Improvement 2012 (2.0% - 3.0%)	440,000	0	25,000	415,000	25,000
Medusa Street Improvement 2012 (2.0% - 3.0%)	340,000	0	20,000	320,000	20,000
Refunding GO Various Purpose, 2012 (2.0% - 3.0%)	710,000	0	135,000	575,000	140,000
Richmond Road Bikeway 2012 (2.0% - 3.0%)	950,000	0	85,000	865,000	85,000
Total Bonds	<u>\$2,970,000</u>	<u>\$ 0</u>	<u>\$ 345,000</u>	<u>\$2,625,000</u>	<u>\$ 350,000</u>
<u>OPWC Loans</u>					
Division Street Improvement	\$ 6,294	\$ 0	\$ 350	\$ 5,944	\$ 700
Richmond/Pettibone Street Improvement	142,721	0	2,913	139,808	5,825
Alexander Road Improvement	274,903	0	6,393	268,510	12,786
Macedonia Road Improvement	378,533	0	9,961	368,572	19,923
Broadway Avenue Improvement	0	34,434	0	34,434	0
Total OPWC Loans	<u>\$ 802,451</u>	<u>\$ 34,434</u>	<u>\$ 19,617</u>	<u>\$ 817,268</u>	<u>\$ 39,234</u>
Total Governmental Activities	<u>\$7,022,451</u>	<u>\$3,264,434</u>	<u>\$ 3,614,617</u>	<u>\$6,672,268</u>	<u>\$ 3,619,234</u>
Business-Type Activities					
<u>OPWC Loans</u>					
Richmond	\$ 4,986	\$ 0	\$ 356	\$ 4,630	\$ 713
Total Business-Type Activities	<u>\$ 4,986</u>	<u>\$ 0</u>	<u>\$ 356</u>	<u>\$ 4,630</u>	<u>\$ 713</u>
Total Debt	<u>\$7,027,437</u>	<u>\$3,264,434</u>	<u>\$ 3,614,973</u>	<u>\$6,676,898</u>	<u>\$ 3,619,947</u>

**VILLAGE OF OAKWOOD, OHIO
CUYAHOGA COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020
(CONTINUED)**

The annual requirements for the bonds and OPWC loans outstanding as of December 31, 2020, are as follows:

	Governmental		Business-Type
	Principal	Interest	Principal
2021	\$ 389,234	\$ 79,925	\$ 713
2022	414,234	70,213	713
2023	409,234	58,950	713
2024	384,234	47,800	713
2025	234,234	36,438	713
2026-2030	995,121	88,763	1,065
2031-2035	382,671	11,550	0
2036-2040	162,787	0	0
2041-2044	36,085	0	0
	\$ 3,407,834	\$ 393,640	\$ 4,630

There is one OPWC loan that is not finalized as of December 31, 2020, therefore is not included in the amortization schedule above.

During 2020, the Village issued \$2,130,000 of General Obligation Notes with an interest rate of 1.125 percent and mature on September 16, 2021.

During 2020, the Village issued \$1,100,000 of Land Acquisition Notes with an interest rate of 0.850 percent and mature on June 3, 2021.

The Village's direct borrowing from OPWC in the amount of \$821,898 contains a provision that in an event of default the amount of such default shall bear interest thereafter at the rate of 8 percent per annum until the date of payment, and outstanding amounts become immediately due. Also, OPWC may direct the county treasurer to pay the outstanding amount from portion of the local government fund that would otherwise be appropriated to the Village.

NOTE 8: INSURANCE AND RISK MANAGEMENT

The Village maintains comprehensive insurance coverage with private carriers for real property, building contents and vehicles. Vehicle policies include liability coverage for bodily injury and property damage. Real property and contents are 80 percent coinsured. Claims have not exceeded this coverage in the last three years and there has been no significant reduction in coverage from the prior year.

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

VILLAGE OF OAKWOOD, OHIO
CUYAHOGA COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020
(CONTINUED)

NOTE 9: **DEFINED BENEFIT PENSION PLANS**

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

A. **Ohio Public Employees Retirement System**

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

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

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

**VILLAGE OF OAKWOOD, OHIO
CUYAHOGA COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020
(CONTINUED)**

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

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

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

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

**VILLAGE OF OAKWOOD, OHIO
CUYAHOGA COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020
(CONTINUED)**

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

	<u>State and Local</u>	<u>Public Safety</u>	<u>Law Enforcement</u>
2020 Statutory Maximum Contribution Rates			
Employer	14.0 %	18.1 %	18.1 %
Employee*	10.0 %	**	***
2020 Actual Contribution Rates			
Employer:			
Pension	14.0 %	18.1 %	18.1 %
Post-employment Health Care Benefits	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
Total Employer	<u>14.0 %</u>	<u>18.1 %</u>	<u>18.1 %</u>
Employee	<u>10.0 %</u>	<u>12.0 %</u>	<u>13.0 %</u>

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

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

*** Member contributions within the combined plan are not used to fund the defined benefit retirement allowance.

The portion of employer contributions used to fund pension benefits is net of postemployment health care benefits. The portion of the employer's contribution allocated to health care was 0% for 2020 for the Traditional and Combined plans. The portion of the employer's contribution allocated to health care was 4% for the Member-Directed plan for 2020. Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The Village's contractually required contribution was \$266,837 for year 2020.

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

Plan Description - Village full-time police participate in Ohio Police and Fire Pension Fund (OPF), a cost-sharing, multiple-employer defined benefit pension plan administered by OPF. OPF provides retirement and disability pension benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by the Ohio State Legislature and are codified in Chapter 742 of the Ohio Revised Code. OPF issues a publicly available financial report that includes financial information and required supplementary information and detailed information about OPF fiduciary net position. The report that may be obtained by visiting the OPF website at www.op-f.org or by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

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

**VILLAGE OF OAKWOOD, OHIO
 CUYAHOGA COUNTY
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2020
 (CONTINUED)**

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

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

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

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

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

	Police
2020 Statutory Maximum Contribution Rates	
Employer	19.50 %
Employee	12.25 %
 2020 Actual Contribution Rates	
Employer:	
Pension	19.00 %
Post-employment Health Care Benefits	0.50
Total Employer	19.50 %
 Employee	 12.25 %

Employer contribution rates are expressed as a percentage of covered payroll. The Village's contractually required contribution to OP&F was \$363,715 for 2020.

**VILLAGE OF OAKWOOD, OHIO
CUYAHOGA COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020
(CONTINUED)**

NOTE 10: **POST-EMPLOYMENT BENEFITS**

A. Ohio Public Employees Retirement System

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

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

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

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

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

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

VILLAGE OF OAKWOOD, OHIO
CUYAHOGA COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020
(CONTINUED)

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2020, state and local employers contributed at a rate of 14.0 percent of earnable salary and public safety and law enforcement employers contributed at 18.1 percent. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. For 2020, OPERS did not allocate any employer contribution to health care for members in the Traditional Pension Plan and Combined Plan. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the Member-Directed Plan for 2020 was 4.0 percent.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The Village did not have any contributions in 2020.

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

Plan Description – The Village contributes to the Ohio Police and Fire Pension Fund (OP&F) a cost-sharing, multiple-employer defined post-employment healthcare plan that provides various levels of health care to retired, disabled and beneficiaries, as well as their dependents. On January 1, 2019, OP&F changed the way it supports retiree health care. A stipend-based health care model has replaced the self-insured group health care plan that had been in place. A stipend funded by OP&F is available to these members through a Health Reimbursement Arrangement and can be used to reimburse retirees for qualified health care expenses.

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

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

VILLAGE OF OAKWOOD, OHIO
CUYAHOGA COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020
(CONTINUED)

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

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

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

The Board of Trustees is authorized to allocate a portion of the total employer contributions made into the pension plan to the Section 115 trust and the Section 401(h) account as the employer contribution for retiree health care benefits. For 2019, the portion of employer contributions allocated to health care was 0.5 percent of covered payroll. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees' primary responsibility to ensure that pension benefits are adequately funded and is limited by the provisions of Sections 115 and 401(h).

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

The Village's contractually required contribution to OP&F was \$1,828 for 2020.

**VILLAGE OF OAKWOOD, OHIO
CUYAHOGA COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020
(CONTINUED)**

NOTE 11: INTERFUND AND TRANSFERS

As of December 31, 2020, interfund transfers were as follows:

<u>Fund</u>	<u>Transfer In</u>	<u>Transfer Out</u>
General	\$ 0	\$ 867,300
General Obligation Bond Retirement	336,000	0
General Capital Improvement	272,000	0
Other Governmental	309,400	50,100
Totals	<u>\$ 917,400</u>	<u>\$ 917,400</u>

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

NOTE: 12: CONTINGENCIES

The Village is currently involved in a variety of litigations. It is the opinion of the Village’s lawyers that the outcome of these will not have a material effect on the Village’s financial position at December 31, 2020.

The Village receives significant financial assistance from numerous Federal, State, and local agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds; however, in the opinion of management, any such disallowed claims will not have a material effect on the financial position of the Village at December 31, 2020.

NOTE: 13: CAPITAL LEASES

In 2020, the Village entered into new lease agreements for the purchase of various police, fire and service vehicles and equipment. In prior years, the Village has entered into lease agreements for the purchase of police cars, fire and service vehicles and equipment, a dump truck and van. The Village disbursed \$318,538 to pay lease costs for the year. On the following is a schedule of the future minimum lease payments for capital leases:

**VILLAGE OF OAKWOOD, OHIO
CUYAHOGA COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020
(CONTINUED)**

	Governmental	
	<u>Principal</u>	<u>Interest</u>
2021	\$ 337,469	\$ 34,369
2022	304,892	24,112
2023	211,856	14,368
2024	189,174	6,874
2025	28,639	837
	<u>\$ 1,072,030</u>	<u>\$ 80,560</u>

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

NOTE: 14: COMPLIANCE

- A. Contrary to Ohio Revised Code Section 5705.39, various Village funds had total appropriations in excess of total estimated resources.
- B. Contrary to Ohio Revised Code 5705.10, the Village had several funds that had negative fund balances at year end. The following funds reported negative cash balances:

	<u>Negative Cash Balance</u>
<u>Major Debt Service Funds:</u>	
General Obligation Bond Retirement	\$ 11,159
<u>Non-Major Special Revenue Funds:</u>	
Street, Construction, Maintenance, and Repair	82,465

- C. Contrary to Ohio Revised Code Section 5705.36, the Village did not request timely amended certificates throughout the year. The Village also did not promptly certify the beginning unencumbered balances for various funds at January 1, 2020.
- D. Contrary to Ohio Revised Code Section 5705.36(A)(4), various Village funds had total appropriations in excess of actual resources.

VILLAGE OF OAKWOOD, OHIO
CUYAHOGA COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020
(CONTINUED)

NOTE: 15: **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 2020, the Village received COVID-19 funding. The financial impact of COVID-19 and the ensuing emergency measures may impact subsequent periods of the Village. The impact on the Village's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

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

To the Members of the Village Council:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the cash-basis financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Oakwood, Cuyahoga County, Ohio, as of and for the years ended December 31, 2021 and 2020, and the related notes to the financial statements, which collectively comprise the Village of Oakwood's basic financial statements and have issued our report thereon dated December 27, 2022, wherein we noted the Village of Oakwood uses a special purpose framework other than generally accepted accounting principles. Furthermore, as discussed in Note 15 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Village of Oakwood'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 of Oakwood's internal control. Accordingly, we do not express an opinion on the effectiveness of the Village of Oakwood'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 of Oakwood'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 findings and responses as item 2021-005 that we consider to be a material weaknesses.

Village of Oakwood

Cuyahoga County

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters

Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

Page 2

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Village of Oakwood'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 findings and responses as items 2021-001 through 2021-004.

Village of Oakwood's Responses to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Village of Oakwood's responses to the findings identified in our audit and described in the accompanying schedule of findings and responses. The Village of Oakwood's responses were not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

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 of Oakwood'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 of Oakwood's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Julian & Grube, Inc.

December 27, 2022

**VILLAGE OF OAKWOOD
CUYAHOGA COUNTY**

**SCHEDULE OF FINDINGS AND RESPONSES
DECEMBER 31, 2021 AND 2020**

FINDINGS RELATED TO THE BASIC FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS	
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Finding Number	2021-001
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Noncompliance - Appropriations Exceeding Estimated Resources

Ohio Revised Code Section 5705.39 in part requires that total appropriations from each fund should not exceed total estimated resources.

The Village had appropriations in excess of estimated resources for the years ending December 31, 2021 and 2020 in the following funds:

<u>2020</u>			
<u>Fund</u>	<u>Resources</u>	<u>Appropriations</u>	<u>Excess</u>
General	\$ 9,965,422	\$ 10,170,832	\$ 205,410
Street Construction Maintenance and Repair	935,206	1,426,338	491,132
Recreation	150,362	175,000	24,638
Ambulance Billing Service	225,062	266,000	40,938
Special Assessment Bond Retirement	150,084	199,000	48,916
Sanitary Sewer Revenue	194,348	621,461	427,113

<u>2021</u>			
<u>Fund</u>	<u>Resources</u>	<u>Appropriations</u>	<u>Excess</u>
General	\$ 10,103,793	\$ 10,979,135	\$ 875,342
State Highway	25,052	40,000	14,948
General Obligation Bond Retirement	3,659,841	3,734,000	74,159
Special Assessment Bond Retirement	171,934	199,000	27,066
Sanitary Sewer Revenue	212,577	927,700	715,123

With appropriations exceeding estimated resources, the Village is appropriating monies that are not in the Treasury or in the process of collection that have been certified with the County Auditor. Thus, over appropriating may cause expenditures to increase and cause a deficit fund balance.

We recommend the Village comply with the Ohio Revised Code by monitoring appropriations so they do not exceed estimated resources. This may be achieved by monitoring the budget more closely on a continual basis and amending estimated resources or appropriations as necessary.

Client's Response: The Village will file amendments of Estimated Resources in the future.

Finding Number	2021-002
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Noncompliance – Amended Certificates

Ohio Revised Code Section 5705.36, in part, requires Fiscal Officers to certify to the County Auditor the total amount from all sources which are available for expenditures from each fund in the tax budget along with any unencumbered balances that existed at the end of the preceding year. Furthermore, it requires subdivisions to request increased or reduced amended certificates of estimated resources upon determination by the fiscal officer that revenue to be collected be greater or less than the amount in the last certified amended certificate.

**VILLAGE OF OAKWOOD
CUYAHOGA COUNTY**

**SCHEDULE OF FINDINGS AND RESPONSES
DECEMBER 31, 2021 AND 2020**

FINDINGS RELATED TO THE BASIC FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS – (Continued)	
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Finding Number	2021-002 – (Continued)
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The Village did not request timely amended certificates throughout the years upon notice of increased or decreased resources for certain funds. Additionally, the Village did not properly certify the beginning unencumbered balances of the General Fund, General Capital Improvement Fund, and the Sanitary Sewer Revenue Fund at January 1, 2020 or the General Fund at January 1, 2021.

By not timely amending its certificate of estimated resources to the County Auditor and including the correct unencumbered balances, the Village is basing appropriation and expenditure decisions on outdated information.

We recommend the Village consult the Ohio Compliance Supplement, the Village’s Manual and its auditors. We further recommend the Village file amended certificates as necessary throughout the year and agree unencumbered balances to the audited financial information.

Client Response: The Village will file amendments of Estimated Resources in the future.

Finding Number	2021-003
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Noncompliance – Appropriations Exceeding Actual Resources

Ohio Revised Code Section 5705.36(A)(4) states that upon a determination by the fiscal officer of a subdivision that the revenue to be collected by the subdivision will be less than the amount included in an official certificate and that the amount of the deficiency will reduce available resources below the level of current appropriations, the fiscal officer shall certify the amount of the deficiency to the commission, the commission shall certify an amended certificate reflecting the deficiency.

The Village had appropriations, as approved by Village Council, in excess of actual resources in the following funds:

<u>Fund</u>	<u>Resources</u>	<u>Appropriations</u>	<u>Excess</u>
<u>2020</u>			
General	\$ 9,546,800	\$ 10,170,832	\$ 624,032
Street Construction Maintenance and Repair	1,044,440	1,426,338	381,898
Recreation	120,510	175,000	54,490
Ambulance Billing Service	217,905	266,000	48,095
Special Assessment Bond Retirement	131,538	199,000	67,462
Sanitary Sewer Revenue	179,392	621,461	442,069

<u>Fund</u>	<u>Resources</u>	<u>Appropriations</u>	<u>Excess</u>
<u>2021</u>			
General	\$ 9,387,336	\$ 10,979,135	\$ 1,591,799
State Highway	9,319	40,000	30,681
General Obligation Bond Retirement	3,578,302	3,734,000	155,698
Special Assessment Bond Retirement	144,246	199,000	54,754
Sanitary Sewer Revenue	203,619	927,700	724,081

**VILLAGE OF OAKWOOD
CUYAHOGA COUNTY**

**SCHEDULE OF FINDINGS AND RESPONSES
DECEMBER 31, 2021 AND 2020**

FINDINGS RELATED TO THE BASIC FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS – (Continued)	
Finding Number	2021-003 – (Continued)

By appropriating more funds than actual resources, the Village is at risk of spending more money than is available; this may result in negative fund balances.

We recommend the Village monitor estimated resources in comparison with actual resources and appropriations, and if necessary, obtain a decreased amended certificate and amend appropriations accordingly.

Client Response: The Village will file amendments of Estimated Resources in the future.

Finding Number	2021-004
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Noncompliance – Negative Fund Balances

Ohio Revised Code Section 5705.10(I) requires that money paid into a fund must be used only for the purposes for which such fund has been established. As a result, a negative fund cash balance indicates that money from one fund was used to cover the expenses of another fund.

At year end December 31, 2021 the Village had negative fund balances in the General Obligation Bond Retirement fund and the Street Construction, Maintenance, and Repair fund of \$28,126 and \$121,739 respectively. At year end December 31, 2020 the Village had negative fund balances in the General Obligation Bond Retirement fund and the Street Construction, Maintenance, and Repair fund of \$11,159 and \$82,465 respectively.

By having a negative fund balance, these funds have spent other funds’ balances. This could indicate insufficient monitoring of appropriations and related expenditures and continual review of cash management.

We recommend the Village closely monitor the cash balances within all funds and transfer or advance money from the general fund when necessary.

Client Response: The Village will correct this in the future.

Finding Number	2021-005
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Material Weakness – Financial Statement Presentation

Management is responsible for preparing complete and accurate financial statements in accordance with the applicable financial reporting framework. Control and monitoring activities typically associated with the period-end financial reporting process include reviewing and approving manual journal entries, consolidating entries, and any entries that are recorded directly to the financial statements.

The Village failed to present the Statement of Receipts, Disbursements, and Changes in Fund Balance – Budget and Actual – Budget Basis for the Coronavirus Relief fund, a major special revenue fund in their unaudited Hinkle submission for 2020.

**VILLAGE OF OAKWOOD
CUYAHOGA COUNTY**

**SCHEDULE OF FINDINGS AND RESPONSES
DECEMBER 31, 2021 AND 2020**

FINDINGS RELATED TO THE BASIC FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS – (Continued)	
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Finding Number	2021-005 – (Continued)
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A lack of detailed review over the period-end reporting, could lead to the omission of required financial statements or note disclosures, which could result in the misrepresentation of the Village’s activity.

We recommend the Village design and implement additional policies and procedures in order to provide a more detailed review of all financial statements. We also recommend the Village of Oakwood consult with their auditors, the Auditor of State and/or further consult with an accounting firm to help ensure accurate financial reporting.

Client Response: The Village will consult with State Audit and Village accounting firm to review in future.

OHIO AUDITOR OF STATE KEITH FABER



VILLAGE OF OAKWOOD

CUYAHOGA COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 2/21/2023

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