



Dave Yost • Auditor of State



VILLAGE OF OAKWOOD  
CUYAHOGA COUNTY

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# Dave Yost • Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

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

To the Village Council:

We have audited the accompanying financial statements of the governmental activities, the business-type activity, each major fund, and the aggregate remaining fund information of the Village of Oakwood, Cuyahoga County, Ohio, (the Village) as of and for the year ended December 31, 2011, which collectively comprise the Village's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Village's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinions.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities, the business-type activity, each major fund, and the aggregate remaining fund information of the Village of Oakwood, Cuyahoga County, Ohio, as of December 31, 2011 and the respective changes in cash financial position, thereof and the respective budgetary comparison for the General, Street, Construction, Maintenance and Repair, and Mayor's Court Computerization funds thereof for the year then ended in conformity with the basis of accounting Note 2 describes.

As described in Note 3, the Village implemented Governmental Accounting Standard Board Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions" and restated the December 31, 2010 fund balances of the governmental funds due to a change in fund structure.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 4, 2012, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

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

A handwritten signature in cursive script that reads "Dave Yost". The signature is written in black ink and is positioned above the printed name and title.

**Dave Yost**  
Auditor of State

December 4, 2012

**VILLAGE OF OAKWOOD, OHIO  
CUYAHOGA COUNTY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2011**

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The discussion and analysis of the Village of Oakwood's (the Village) financial performance provides an overall review of the Village's financial activities for the year ended December 31, 2011, 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 2011 are as follows:

- Net assets of governmental activities decreased \$119,447, or 30.5 percent, from the prior year.
- The Village's general receipts are primarily property taxes, municipal taxes, grants and entitlements, and debt proceeds. These receipts represent 90.2 percent of total cash received for governmental activities.
- The Village's business-type activities are sanitary sewer. Net assets decreased by \$13,418, or 64.5 percent. The Village's total receipts for business-type activities decreased by \$12,677, due to fewer sewer charge collections.

**Basis of Accounting**

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

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

**Reporting the Government as a Whole**

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

**VILLAGE OF OAKWOOD, OHIO  
CUYAHOGA COUNTY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2011**

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The statement of net assets and statement of activities for 2011 reflect how the Village did financially within the limitations of the cash basis of accounting. The statement of net assets 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. 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 assets and the statement of activities, the Village's financial statements are divided into two types of activities.

- *Governmental Activities* - Most of the Village's basic services are reported here, including Police, Fire, EMS, Streets, and Parks. 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.



**VILLAGE OF OAKWOOD, OHIO  
CUYAHOGA COUNTY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2011**

**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 2011 are the General, Street Construction, Maintenance and Repair, Mayor's Court Computerization, General Obligation Bond Retirement, and General Capital Improvement funds. The programs reported in governmental funds are related to those reported in the governmental activities section of the entity-wide statements. There are no reconciliations between the two reports as the Village reports on the cash basis.

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

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

**The Government as a Whole**

Table 1 provides a summary of the Village's net assets for 2011 compared to 2010 on the cash basis.

**Table 1 - Net Assets**

	Governmental		Business-Type		Total	
	Activities		Activities			
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
<b>ASSETS</b>						
Equity in Pooled Cash and						
Cash Equivalents	\$ 271,793	\$ 391,240	\$ 7,375	\$ 20,793	\$ 279,168	\$ 412,033
<b>Total Assets</b>	<u>\$ 271,793</u>	<u>\$ 391,240</u>	<u>\$ 7,375</u>	<u>\$ 20,793</u>	<u>\$ 279,168</u>	<u>\$ 412,033</u>
<b>NET ASSETS</b>						
Restricted:						
Special Revenue	\$ 84,535	\$ 186,486	\$ 0	\$ 0	\$ 84,535	\$ 186,486
Debt Services	0	21,699	0	0	0	21,699
Capital Projects	5,935	1,375	0	0	5,935	1,375
Unrestricted	<u>181,323</u>	<u>181,680</u>	<u>7,375</u>	<u>20,793</u>	<u>188,698</u>	<u>202,473</u>
<b>Total Net Assets</b>	<u>\$ 271,793</u>	<u>\$ 391,240</u>	<u>\$ 7,375</u>	<u>\$ 20,793</u>	<u>\$ 279,168</u>	<u>\$ 412,033</u>

**VILLAGE OF OAKWOOD, OHIO  
CUYAHOGA COUNTY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2011**

Table 2 reflects the changes in net assets in 2011 compared to 2010.

**Table 2 - Change in Net Assets**

	Governmental Activities		Business Type Activities		Totals	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
<b><u>Receipts</u></b>						
Program Receipts						
Charges for Services	\$ 880,720	\$ 1,359,717	\$ 42,774	\$ 55,451	\$ 923,494	\$ 1,415,168
Operating Grants and Contributions	542,799	549,381	0	0	542,799	549,381
Capital Grants and Contributions	25,000	0	0	0	25,000	0
<b>Total Program Receipts</b>	<b>1,448,519</b>	<b>1,909,098</b>	<b>42,774</b>	<b>55,451</b>	<b>1,491,293</b>	<b>1,964,549</b>
General Receipts						
Property and Other Local Taxes	413,428	420,859	0	0	413,428	420,859
Income Taxes	4,798,453	4,268,576	0	0	4,798,453	4,268,576
Grants & Entitlements not restricted to specific programs	290,972	317,063	0	0	290,972	317,063
Investment Income	25	70	0	0	25	70
All Other Revenues	491,957	776,070	0	0	491,957	776,070
Debt Proceeds	5,345,000	4,845,000	0	0	5,345,000	4,845,000
<b>Total General Receipts</b>	<b>11,339,835</b>	<b>10,627,638</b>	<b>0</b>	<b>0</b>	<b>11,339,835</b>	<b>10,627,638</b>
<b>Total Receipts</b>	<b>12,788,354</b>	<b>12,536,736</b>	<b>42,774</b>	<b>55,451</b>	<b>12,831,128</b>	<b>12,592,187</b>
<b><u>Disbursements</u></b>						
Security of Persons and Property	3,212,723	3,327,792	0	0	3,212,723	3,327,792
Leisure Time Activities	226,082	197,113	0	0	226,082	197,113
Community Environment	244,551	264,054	0	0	244,551	264,054
Basic Utility Services	210,741	142,040	0	0	210,741	142,040
Transportation	1,001,654	1,097,522	0	0	1,001,654	1,097,522
General Government	2,592,254	3,101,219	0	0	2,592,254	3,101,219
Capital Outlay	155,638	192,246	0	0	155,638	192,246
Debt Service:						
Principal Retirement	5,030,700	4,024,700	712	0	5,031,412	4,024,700
Interest and Fiscal Charges	233,458	246,940	0	0	233,458	246,940
Sanitary Sewer	0	0	55,480	67,329	55,480	67,329
<b>Total Disbursements</b>	<b>12,907,801</b>	<b>12,593,626</b>	<b>56,192</b>	<b>67,329</b>	<b>12,963,993</b>	<b>12,660,955</b>
Increase (Decrease) in Net Assets	(119,447)	(56,890)	(13,418)	(11,878)	(132,865)	(68,768)
Net Assets at January 1	391,240	448,130	20,793	32,671	412,033	480,801
Net Assets at December 31	\$ 271,793	\$ 391,240	\$ 7,375	\$ 20,793	\$ 279,168	\$ 412,033

**VILLAGE OF OAKWOOD, OHIO  
CUYAHOGA COUNTY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2011**

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Program receipts represent 10.1 percent of total receipts for 2011. They are primarily comprised of sanitary sewer, 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 \$674,186 or 34.3 percent compared to the prior year.

General receipts represent 89.9 percent of the Village's total receipts for 2011. Property and other local taxes and income taxes represent 45.2 percent of the general receipts. Grants, entitlements, and proceeds from notes represent 50.6 percent of general receipts. The remaining portion of general receipts is made up of all other receipts. General receipts increased by \$913,127 or 8.6 percent compared to the prior year. The Village had an increase in the amount of notes issued and an increase in its income tax rate.

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 \$508,965 or 16.41 percent compared to the prior year. The decrease is due to several factors. The Village was fortunate to have a reduction in workers compensation rate, and health care stop loss claims decreased in 2011. Reorganization in some departments resulted in payroll and benefits savings. The Village experienced a cost reduction in property and casualty insurance fee, and legal representation fees reflected a reduction from year to year.

Disbursements for Capital Outlay decreased by \$36,608 or 19.0 percent. This decrease is associated with fewer repairs to village buildings and also vehicle purchases were higher in 2010 than 2011. Basic Utility Services, which are costs associated with the utilities of the Village, increased by \$68,701 or 48.4 percent as compared to prior year. 2011 Basic Utility Services reflects an increase from 2010 because of utility expense adjustments in 2010 were moved to a different fund which resulted in a decreased 2010 total.

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

### **Governmental Activities**

The first column of the Statement of Activities lists the major services provided by the Village. The next column identifies the costs of providing these services. The major program disbursements for governmental activities are Security of Persons and Property, General Government, and Transportation, which account for 24.9, 20.1, and 7.8 percent of all governmental disbursements, respectively. The next three columns of the Statement titled Program Cash Receipts identifies amounts paid by people who are directly charged for the service, and for grants received by the Village that must be used to provide a specific service.

**VILLAGE OF OAKWOOD, OHIO  
CUYAHOGA COUNTY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
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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	
	2011	2010	2011	2010
Security of Persons and Property	\$ 3,212,723	\$ 3,327,792	\$ (2,398,360)	\$ (2,379,487)
Leisure Time Activities	226,082	197,113	(179,980)	(153,035)
Community Environment	244,551	264,054	(214,286)	(1,156)
Basic Utility Services	210,741	142,040	(210,468)	(41,979)
Transportation	1,001,654	1,097,522	(658,212)	(718,032)
General Government	2,592,254	3,101,219	(2,378,180)	(2,926,953)
Capital Outlay	155,638	192,246	(155,638)	(192,246)
Debt Service:				
Principal Retirement	5,030,700	4,024,700	(5,030,700)	(4,024,700)
Interest and Fiscal Charges	233,458	246,940	(233,458)	(246,940)
Total Governmental Activities	<u>\$ 12,907,801</u>	<u>\$ 12,593,626</u>	<u>\$ (11,459,282)</u>	<u>\$ (10,684,528)</u>

The dependence upon property and other local taxes, income taxes and other general receipts is apparent as over 90.3 percent of the net cost of services for governmental activities is supported through these general receipts.

**Business-type Activities**

The Sanitary sewer operations of the Village are relatively small and routinely report receipts and cash disbursements that are relatively equal.

**General Fund Budgeting Highlights**

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

During 2011, the Village made amendments to its appropriation budget and receipts budget to reflect changing circumstances. Final budgeted receipts were less than original budgeted receipts due to an unanticipated decrease in the income tax collections. The difference between final budgeted receipts and actual receipts was mostly due to an overestimate of actual income tax receipts.

**VILLAGE OF OAKWOOD, OHIO  
CUYAHOGA COUNTY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2011**

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Final budgeted disbursements for 2011 were \$109,413 higher than original budgeted disbursements. The increases of 2011 final budget disbursements were higher due to several factors. They included return of an inheritance tax overpayment, separation payout within the police department, additional overtime in fire department, increase in garbage collection and utility expenses. Actual disbursements for 2011 were \$546,411 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, 2011, the Village had \$2,830,000 in outstanding General Obligation and Special Assessment bonds, with \$190,000 due within one year. The Village had \$22,582 in loans with the Ohio Public Works Commission, with \$1,412 due within one year for improvements to streets and sewer utilities. See Note 8 to the financial statements for more detail.

**Current Issues**

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

**Contacting the Village's Financial Management**

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

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**VILLAGE OF OAKWOOD, OHIO  
 CUYAHOGA COUNTY  
 STATEMENT OF NET ASSETS – CASH BASIS  
 DECEMBER 31, 2011**

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<b>ASSETS</b>			
Equity in Pooled Cash and Cash Equivalents	\$ 271,793	\$ 7,375	\$ 279,168
<b>Total Assets</b>	<u>\$ 271,793</u>	<u>\$ 7,375</u>	<u>\$ 279,168</u>
<b>NET ASSETS</b>			
Restricted:			
Special Revenue	\$ 84,535	\$ -	\$ 84,535
Capital Projects	5,935	-	5,935
Unrestricted	<u>181,323</u>	<u>7,375</u>	<u>188,698</u>
<b>Total Net Assets</b>	<u>\$ 271,793</u>	<u>\$ 7,375</u>	<u>\$ 279,168</u>

See accompanying notes to the basic financial statements.

**VILLAGE OF OAKWOOD, OHIO  
CUYAHOGA COUNTY  
STATEMENT OF ACTIVITIES – CASH BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2011**

	Program Cash Receipts				Net (Disbursements) Receipts and Changes in Net Assets		
	Cash Disbursements	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
<b>Primary Government:</b>							
<b>Governmental Activities</b>							
Security of Persons and Property	\$ 3,212,723	\$ 814,363	\$ -	-	\$ (2,398,360)	\$ -	\$ (2,398,360)
Leisure Time Activities	226,082	46,102	-	-	(179,980)	-	(179,980)
Community Environment	244,551	15,525	14,740	-	(214,286)	-	(214,286)
Basic Utility Services	210,741	273	-	-	(210,468)	-	(210,468)
Transportation	1,001,654	-	343,442	-	(658,212)	-	(658,212)
General Government	2,592,254	4,457	184,617	25,000	(2,378,180)	-	(2,378,180)
Capital Outlay	155,638	-	-	-	(155,638)	-	(155,638)
Debt Service:							
Principal Retirement	5,030,700	-	-	-	(5,030,700)	-	(5,030,700)
Interest and Fiscal Charges	233,458	-	-	-	(233,458)	-	(233,458)
Total Governmental Activities	<u>12,907,801</u>	<u>880,720</u>	<u>542,799</u>	<u>25,000</u>	<u>(11,459,282)</u>	<u>-</u>	<u>(11,459,282)</u>
<b>Business-Type Activities</b>							
Sanitary Sewer	56,192	42,774	-	-	-	(13,418)	(13,418)
Total Business-type Activities	<u>56,192</u>	<u>42,774</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(13,418)</u>	<u>(13,418)</u>
Total Primary Government	<u>\$ 12,963,993</u>	<u>\$ 923,494</u>	<u>\$ 542,799</u>	<u>\$ 25,000</u>	<u>(11,459,282)</u>	<u>(13,418)</u>	<u>(11,472,700)</u>
<b>General Receipts</b>							
Property and Other Local Taxes levied for:							
General Purposes					307,879	-	307,879
Debt Service Purpose					63,699	-	63,699
Other Purposes					41,850	-	41,850
Income Taxes levied for:							
General Purposes					4,798,453	-	4,798,453
Grants & Entitlements not restricted to specific programs					290,972	-	290,972
Investment Income					25	-	25
All Other Revenues					491,957	-	491,957
Debt Proceeds					5,345,000	-	5,345,000
Total General Receipts					<u>11,339,835</u>	<u>-</u>	<u>11,339,835</u>
Change in Net Assets					(119,447)	(13,418)	(132,865)
Net Assets - Beginning of Year					391,240	20,793	412,033
<b>Net Assets - End of Year</b>					<u>\$ 271,793</u>	<u>\$ 7,375</u>	<u>\$ 279,168</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, 2011**

	<u>General</u>	<u>Street Construction Maintenance and Repair</u>	<u>Mayor's Court Computerization</u>	<u>General Obligation Bond Retirement</u>	<u>General Capital Improvement</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>							
Equity in Pooled Cash and Cash Equivalents	\$ 196,822	\$ 3,664	\$ 54,669	\$ 4,580	\$ 5,935	\$ 6,123	\$ 271,793
<b>Total Assets</b>	<u>\$ 196,822</u>	<u>\$ 3,664</u>	<u>\$ 54,669</u>	<u>\$ 4,580</u>	<u>\$ 5,935</u>	<u>\$ 6,123</u>	<u>\$ 271,793</u>
<b>FUND BALANCES</b>							
Restricted for:							
Street Maintenance	\$ -	\$ 3,664	\$ -	\$ -	\$ -	\$ -	\$ 3,664
Police Operations	-	-	-	-	-	6,433	6,433
Fire Operations	-	-	-	-	-	2,439	2,439
Police Pension	-	-	-	-	-	2,592	2,592
Drug and Alcohol Education Enforcement	-	-	-	-	-	9,418	9,418
Mayor's Court	-	-	54,669	-	-	-	54,669
Debt Service	-	-	-	4,580	-	-	4,580
Other Purposes	-	-	-	-	-	1,638	1,638
Committed to:							
Recreation	-	-	-	-	-	2,535	2,535
Capital Improvement	-	-	-	-	5,935	-	5,935
Other Purposes	-	-	-	-	-	1,147	1,147
Assigned to:							
Other Purposes	32,226	-	-	-	-	-	32,226
Unassigned (Deficit)	164,596	-	-	-	-	(20,079)	144,517
<b>Total Fund Balances</b>	<u>\$ 196,822</u>	<u>\$ 3,664</u>	<u>\$ 54,669</u>	<u>\$ 4,580</u>	<u>\$ 5,935</u>	<u>\$ 6,123</u>	<u>\$ 271,793</u>

**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, 2011**

	General	Street Construction Maintenance and Repair	Mayor's Court Computerization	General Obligation Bond Retirement	General Capital Improvement	Other Governmental Funds	Total Governmental Funds
<b>RECEIPTS</b>							
Property and Local Taxes	\$ 307,879	\$ -	\$ -	\$ 63,699	\$ -	\$ 41,850	\$ 413,428
Income Taxes	4,798,453	-	-	-	-	-	4,798,453
Intergovernmental Revenues	290,972	288,183	-	-	25,000	55,259	659,414
Special Assessments	-	-	-	-	-	172,919	172,919
Charges for Services	220,255	-	-	-	-	274,785	495,040
Fines, Licenses, and Permits	382,790	-	1,620	-	-	1,270	385,680
Miscellaneous	502,049	3,131	-	-	-	13,240	518,420
<b>Total Receipts</b>	<b>6,502,398</b>	<b>291,314</b>	<b>1,620</b>	<b>63,699</b>	<b>25,000</b>	<b>559,323</b>	<b>7,443,354</b>
<b>DISBURSEMENTS</b>							
Current:							
Security of Persons and Property	2,891,061	-	4,725	-	-	316,937	3,212,723
Leisure Time Activities	-	-	-	-	-	226,082	226,082
Community Environment	232,112	-	-	-	-	12,439	244,551
Basic Utility Services	210,741	-	-	-	-	-	210,741
Transportation	27,936	973,648	-	-	-	70	1,001,654
General Government	2,591,496	-	-	-	-	758	2,592,254
Capital Outlay	-	-	-	-	155,638	-	155,638
Debt Service:							
Principal Retirement	-	700	-	4,947,601	-	82,399	5,030,700
Interest and Fiscal Charges	-	-	-	106,805	-	126,653	233,458
<b>Total Disbursements</b>	<b>5,953,346</b>	<b>974,348</b>	<b>4,725</b>	<b>5,054,406</b>	<b>155,638</b>	<b>765,338</b>	<b>12,907,801</b>
Excess of Receipts Over (Under) Disbursements	549,052	(683,034)	(3,105)	(4,990,707)	(130,638)	(206,015)	(5,464,447)
<b>OTHER FINANCING SOURCES (USES)</b>							
Transfers - In	-	82,500	-	175,400	135,198	242,774	635,872
Transfers - Out	(536,372)	(16,000)	-	-	-	(83,500)	(635,872)
Proceeds from Sale of Notes	-	530,000	-	4,815,000	-	-	5,345,000
Other Sources (Uses)	-	-	-	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>(536,372)</b>	<b>596,500</b>	<b>-</b>	<b>4,990,400</b>	<b>135,198</b>	<b>159,274</b>	<b>5,345,000</b>
Net Change in Fund Balances	12,680	(86,534)	(3,105)	(307)	4,560	(46,741)	(119,447)
Fund Balances - Beginning of Year (Restated)	184,142	90,198	57,774	4,887	1,375	52,864	391,240
<b>Fund Balances - End of Year</b>	<b>\$ 196,822</b>	<b>\$ 3,664</b>	<b>\$ 54,669</b>	<b>\$ 4,580</b>	<b>\$ 5,935</b>	<b>\$ 6,123</b>	<b>\$ 271,793</b>

See accompanying notes to the basic financial statements.

**VILLAGE OF OAKWOOD, OHIO**  
**CUYAHOGA COUNTY**  
**STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCE –**  
**BUDGET AND ACTUAL – BUDGET BASIS**  
**GENERAL FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2011**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>		<u>Final Budget</u>
				<u>Positive</u>
				<u>(Negative)</u>
<b>Revenues</b>				
Property and Local Taxes	\$ 323,827	\$ 322,820	\$ 307,879	\$ (14,941)
Income Tax	5,123,539	5,045,158	4,798,453	(246,705)
Intergovernmental Revenues	310,685	310,629	290,972	(19,657)
Charges for Services	235,177	235,135	220,255	(14,880)
Fines, Licenses, and Permits	408,723	408,650	382,790	(25,860)
Miscellaneous	536,062	535,966	502,049	(33,917)
<b>Total Revenues</b>	<u>6,938,013</u>	<u>6,858,357</u>	<u>6,502,398</u>	<u>(355,959)</u>
<b>Expenditures</b>				
Current:				
Security of Persons and Property	3,209,185	3,217,472	2,908,296	309,176
Community Environment	264,178	264,799	233,389	31,410
Basic Utility Services	222,904	237,975	211,953	26,022
Transportation	28,900	28,900	27,936	964
General Government	2,697,261	2,782,695	2,599,336	183,359
<b>Total Expenditures</b>	<u>6,422,428</u>	<u>6,531,841</u>	<u>5,980,910</u>	<u>550,931</u>
Excess of Revenues Over(Under) Expenditures	<u>515,585</u>	<u>326,516</u>	<u>521,488</u>	<u>194,972</u>
<b>Other Financing Sources (Uses)</b>				
Transfers Out	(478,200)	(478,200)	(538,572)	(60,372)
<b>Total Other Financing Sources (Uses)</b>	<u>(478,200)</u>	<u>(478,200)</u>	<u>(538,572)</u>	<u>(60,372)</u>
Net Change in Fund Balance	37,385	(151,684)	(17,084)	134,600
Fund Balance - Beginning of Year	142,674	142,674	142,674	-
Prior Year Encumbrances Appropriated	39,006	39,006	39,006	-
<b>Fund Balance - End of Year</b>	<u>\$ 219,065</u>	<u>\$ 29,996</u>	<u>\$ 164,596</u>	<u>\$ 134,600</u>

See accompanying notes to the basic financial statements.

**VILLAGE OF OAKWOOD, OHIO  
 CUYAHOGA COUNTY  
 STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCE –  
 BUDGET AND ACTUAL – BUDGET BASIS  
 STREET CONSTRUCTION, MAINTENANCE, AND REPAIR FUND  
 FOR THE YEAR ENDED DECEMBER 31, 2011**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Intergovernmental Revenues	\$ 1,075,812	\$ 1,072,587	\$ 288,183	\$ (784,404)
Miscellaneous	11,688	14,913	3,131	(11,782)
<b>Total Revenues</b>	<u>1,087,500</u>	<u>1,087,500</u>	<u>291,314</u>	<u>(796,186)</u>
<b>Expenditures</b>				
Current:				
Transportation	1,664,965	1,870,805	976,564	894,241
Debt Service:				
Principal Retirement	700	700	700	-
<b>Total Expenditures</b>	<u>1,665,665</u>	<u>1,871,505</u>	<u>977,264</u>	<u>894,241</u>
Excess of Revenues Over(Under) Expenditures	<u>(578,165)</u>	<u>(784,005)</u>	<u>(685,950)</u>	<u>98,055</u>
<b>Other Financing Sources (Uses)</b>				
Transfers - In	82,500	82,500	82,500	-
Transfers - Out	(130,000)	(130,000)	(16,000)	114,000
Proceeds from Sale of Notes	530,000	530,000	530,000	-
<b>Total Other Financing Sources (Uses)</b>	<u>482,500</u>	<u>482,500</u>	<u>596,500</u>	<u>114,000</u>
Net Change in Fund Balance	(95,665)	(301,505)	(89,450)	212,055
Fund Balance - Beginning of Year	7,478	7,478	7,478	-
Prior Year Encumbrances Appropriated	82,720	82,720	82,720	-
<b>Fund Balance - End of Year</b>	<u>\$ (5,467)</u>	<u>\$ (211,307)</u>	<u>\$ 748</u>	<u>\$ 212,055</u>

See accompanying notes to the basic financial statements.

**VILLAGE OF OAKWOOD, OHIO  
 CUYAHOGA COUNTY  
 STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCE –  
 BUDGET AND ACTUAL – BUDGET BASIS  
 MAYOR’S COURT COMPUTERIZATION FUND  
 FOR THE YEAR ENDED DECEMBER 31, 2011**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<b>Variance with Final Budget Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Fines, Licenses, and Permits	\$ 18,000	\$ 5,000	\$ 1,620	\$ (3,380)
<b>Total Revenues</b>	<u>18,000</u>	<u>5,000</u>	<u>1,620</u>	<u>(3,380)</u>
<b>Expenditures</b>				
Current:				
Security of Persons and Property	31,000	31,000	4,725	26,275
<b>Total Expenditures</b>	<u>31,000</u>	<u>31,000</u>	<u>4,725</u>	<u>26,275</u>
Net Change in Fund Balance	(13,000)	(26,000)	(3,105)	22,895
Fund Balance - Beginning of Year	57,774	57,774	57,774	-
<b>Fund Balance - End of Year</b>	<u>\$ 44,774</u>	<u>\$ 31,774</u>	<u>\$ 54,669</u>	<u>\$ 22,895</u>

See accompanying notes to the basic financial statements.

**VILLAGE OF OAKWOOD, OHIO  
 CUYAHOGA COUNTY  
 STATEMENT OF FUND NET ASSETS – CASH BASIS  
 PROPRIETARY FUND  
 DECEMBER 31, 2011**

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	<b>Business-Type Activities</b>
	<b>Sanitary Sewer</b>
<b>ASSETS</b>	
<b>Current Assets:</b>	
Equity in Pooled Cash and Cash Equivalents	\$ 7,375
<b>NET ASSETS</b>	
Unrestricted	\$ 7,375

See accompany notes to the basic financial statements.

**VILLAGE OF OAKWOOD, OHIO  
 CUYAHOGA COUNTY  
 STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN  
 FUND NET ASSETS – CASH BASIS  
 PROPRIETARY FUND  
 FOR THE YEAR ENDED DECEMBER 31, 2011**

	<b>Business-Type Activities</b>
	<b>Sanitary Sewer</b>
<b>OPERATING RECEIPTS</b>	
Charges for Services	\$ 42,774
<b>Total Operating Receipts</b>	<b>42,774</b>
<b>OPERATING DISBURSEMENTS</b>	
Contractual Services	41,860
Material and Supplies	13,620
<b>Total Operating Disbursements</b>	<b>55,480</b>
Operating Income (Loss)	<b>(12,706)</b>
<b>NONOPERATING RECEIPTS (DISBURSEMENTS)</b>	
Principal Retirement	(712)
<b>Total Nonoperating Revenues (Disbursements)</b>	<b>(712)</b>
Change in Net Assets	<b>(13,418)</b>
Net Assets - Beginning of Year	20,793
<b>Net Assets - End of Year</b>	<b>\$ 7,375</b>

See accompany notes to the basic financial statements.

**VILLAGE OF OAKWOOD, OHIO  
CUYAHOGA COUNTY  
STATEMENT OF FIDUCIARY NET ASSETS – CASH BASIS  
FIDUCIARY FUNDS  
DECEMBER 31, 2011**

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	<u>Agency</u>
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	\$ 427,445
	<u><u>427,445</u></u>
<b>Net Assets</b>	
Unrestricted	\$ 427,445
	<u><u>427,445</u></u>

See accompanying notes to the basic financial statements



**VILLAGE OF OAKWOOD, OHIO  
CUYAHOGA COUNTY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2011**

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NOTE 1: **REPORTING ENTITY**

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

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

A. **Primary Government**

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

B. **Component Units**

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

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

**VILLAGE OF OAKWOOD, OHIO**  
**CUYAHOGA COUNTY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2011**  
**(CONTINUED)**

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

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

**A. Basis of Presentation**

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

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

**VILLAGE OF OAKWOOD, OHIO**  
**CUYAHOGA COUNTY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2011**  
**(CONTINUED)**

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

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

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

**B. Fund Accounting**

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

**VILLAGE OF OAKWOOD, OHIO**  
**CUYAHOGA COUNTY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2011**  
**(CONTINUED)**

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**Governmental Funds**

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

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

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

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

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

*General Capital Improvement Fund* - This fund is used to track capital improvement projects for the Village, as well as improvements made to Village property. Funds are received from transfers when from the General Fund.

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.

*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.

**VILLAGE OF OAKWOOD, OHIO**  
**CUYAHOGA COUNTY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2011**  
**(CONTINUED)**

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**Fiduciary Funds**

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

**C. Basis of Accounting**

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

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

**D. Budgetary Process**

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

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

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

**VILLAGE OF OAKWOOD, OHIO**  
**CUYAHOGA COUNTY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2011**  
**(CONTINUED)**

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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.

Interest earnings on investments are allocated to Village funds according to State statutes, grant requirements, or debt related requirements. Interest receipts credited to the General Fund, earned from other funds during 2011 was \$7.

**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, 2011.

**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.

**VILLAGE OF OAKWOOD, OHIO**  
**CUYAHOGA COUNTY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2011**  
**(CONTINUED)**

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**H. Interfund Receivables/Payables**

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

**I. Capital Assets**

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

**J. Accumulated Leave**

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

**K. Employer Contributions to Cost-Sharing Pension Plans**

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

**L. Long-Term Obligations**

The Village's cash basis financial statements do not report liabilities for bonds and other long-term obligations. Proceeds of debt are reported when cash is received and principal and interest payments are reported when paid. Since recording a capital asset when entering into a capital lease is not the result of a cash transaction, neither another financing source nor a capital outlay expenditure is reported at inception. 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, 2011**  
**(CONTINUED)**

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***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 mandate 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.



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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 Assets**

The net assets are 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.

**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.

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**NOTE 3: Change in Basis of Accounting and Restatement of Fund Balance**

For 2011, the Village implemented Governmental Accounting Standard Board (GASB) Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions." GASB Statement No. 54 enhances the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. This Statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. The implementation of GASB Statement No. 54 had the following effect on fund balances of the major governmental funds and all other governmental funds as previously reported:

	General	Other Governmental Funds
Fund Balance at December 31, 2010	\$ 181,680	\$ 55,326
GASB 54 Change in in Fund Structure	2,462	(2,462)
Adjusted Fund Balance at December 31, 2010	\$ 184,142	\$ 52,864

**NOTE 4: BUDGETARY BASIS OF ACCOUNTING**

The budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The Statements of Receipts, Disbursements, and Changes in Fund Balances – Budget and Actual - Budgetary Basis presented for the General Fund, Street Construction, Maintenance, and Repair Fund, and Mayor’s Court Computerization Fund are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The differences between the budgetary basis and the cash basis are outstanding year end encumbrances are treated as cash disbursements (budgetary basis) rather than as a reservation of fund balance (cash basis). The prior year encumbrances outstanding at year end 2011 (budgetary basis) amounted to \$39,006 for the General Fund, and \$82,720 for the Street Construction, Maintenance, and Repair Fund. The current year encumbrances outstanding at December 31, 2011 (budgetary basis) amounted to \$32,084 for the General Fund and \$2,916 for the Street Construction, Maintenance, and Repair Fund. The Mayor’s Court Computerization Fund did not have any outstanding encumbrances at year end 2011.

Therefore, budgetary basis equaled cash basis. 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 \$142.

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**NOTE 5: CASH, CASH EQUIVALENTS, AND INVESTMENTS**

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

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

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

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

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

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

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

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

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

*Cash on Hand*

At December 31, 2011, the Village had \$575 in undeposited cash on hand which is included as part of "Equity in Pooled Cash and Cash Equivalents".

*Deposits*

Custodial credit risk is the risk that in the event of bank failure, the Village will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year end, the Village's bank balance of \$616,402 was fully insured by FDIC coverage.

The Village has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the Village or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secured.

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

Concentration of Credit Risk

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

NOTE 6: **PROPERTY TAX**

Property taxes include amounts levied against all real and public utility property located in the Village. Property tax revenue received during 2011 for real and public utility property taxes represents collections of 2010 taxes 2011 real property taxes are levied after October 1, 2011, on the assessed value as of January 1, 2011, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2011 real property taxes are collected in and intended to finance 2012.

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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. 2011 public utility property taxes which became a lien December 31, 2010, are levied after October 1, 2011, and are collected in 2011 with real property taxes.

The full tax rate for all Village operations for the year ended December 31, 2011, was \$11.00 per \$1,000 of assessed value. The assessed values of real and tangible personal property upon which 2011 property tax receipts were based are as follows:

Category	Assessed Value
Real Estate	\$ 115,467,130
Public Utility	3,448,740
Total Valuation	\$ 118,915,870

**NOTE 7: LOCAL INCOME TAX**

The Village levies a 2.5 percent income tax on substantially all income earned in the Village. In addition, Village residents employed in municipalities having an income tax less than 2.5 percent must pay the difference to the Village. Additional increases in the income tax rate require voter approval. Employers within the Village withhold income tax on employee compensation and remit at least quarterly and file an annual declaration. Income tax receipts, in the amount of \$4,798,453 were credited to the General Fund for 2011.

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**NOTE 8: OUTSTANDING DEBT**

Outstanding debt at December 31, 2011 consisted of the following:

<b>Governmental Activities</b>	Restated Balance at 12/31/2010	Additions	Deletions	Balance at 12/31/2011	Due within one year
<b><u>General Obligation Notes</u></b>					
Division Street Project	\$ 569,500	\$ 569,500	\$ 569,500	\$ 569,500	\$ 569,500
Service Department Improvement	350,500	350,500	350,500	350,500	350,500
Street Improvement	491,000	491,000	491,000	491,000	491,000
Street Improvement 2010	950,000	950,000	950,000	950,000	950,000
Street Improvement 2011	-	530,000	-	530,000	530,000
Various Purpose Notes	488,000	488,000	488,000	488,000	488,000
Medusa Project	446,000	446,000	446,000	446,000	446,000
Richmond Road Bikeway Project	1,550,000	1,520,000	1,550,000	1,520,000	1,520,000
<b>Total General Obligation Notes</b>	<b>\$ 4,845,000</b>	<b>\$ 5,345,000</b>	<b>\$ 4,845,000</b>	<b>\$ 5,345,000</b>	<b>\$ 5,345,000</b>
<b><u>Bonds</u></b>					
GO Various Purpose Water, 1996 (6.60%)	\$ 32,235	\$ -	\$ 5,372	\$ 26,863	\$ 5,372
SA Various Purpose Water, 1996 (6.60%)	27,765	-	4,628	23,137	4,628
	60,000	-	10,000	50,000	10,000
GO Various Purpose Sewer, 1996 (6.60%)	120,605	-	17,229	103,376	17,229
SA Various Purpose Sewer, 1996 (6.60%)	159,395	-	22,771	136,624	22,771
	280,000	-	40,000	240,000	40,000
SA Street Improvement, 2003 (2.5% - 5.5%)	510,000	-	30,000	480,000	30,000
GO Various Purpose, 2004 (4.00% - 5.50%)	1,570,000	-	80,000	1,490,000	85,000
SA Street Improvement, 2007 (5.25%)	595,000	-	25,000	570,000	25,000
<b>Total Bonds</b>	<b>\$ 3,015,000</b>	<b>\$ -</b>	<b>\$ 185,000</b>	<b>\$ 2,830,000</b>	<b>\$ 190,000</b>
<b><u>OPWC Loans</u></b>					
Division Street Improvement	\$ 12,594	\$ -	\$ 700	\$ 11,894	\$ 700
<b>Total OPWC Loans</b>	<b>\$ 12,594</b>	<b>\$ -</b>	<b>\$ 700</b>	<b>\$ 11,894</b>	<b>\$ 700</b>
<b>Total Governmental Activities</b>	<b>\$ 7,872,594</b>	<b>\$ 5,345,000</b>	<b>\$ 5,030,700</b>	<b>\$ 8,186,894</b>	<b>\$ 5,535,700</b>
<b>Business-Type Activities</b>					
<b><u>OPWC Loans</u></b>					
Richmond	\$ 11,400	\$ -	\$ 712	\$ 10,688	\$ 712
<b>Total Business-Type Activities</b>	<b>\$ 11,400</b>	<b>\$ -</b>	<b>\$ 712</b>	<b>\$ 10,688</b>	<b>\$ 712</b>
<b>Total Debt</b>	<b>\$ 7,883,994</b>	<b>\$ 5,345,000</b>	<b>\$ 5,031,412</b>	<b>\$ 8,197,582</b>	<b>\$ 5,536,412</b>

During 2011, there was an OPWC loan that was terminated, which has been removed from the Village debt schedule.

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The annual requirements for all bonded debt outstanding as of December 31, 2011, are as follows:

	Governmental		Business-Type
	Principal	Interest	Principal
2012	\$ 190,700	\$ 151,771	\$ 712
2013	195,700	142,559	713
2014	220,700	133,016	713
2015	220,700	121,950	713
2016	230,700	109,396	713
2017-2021	968,500	382,102	3,562
2022-2026	763,497	106,563	3,562
2027-2028	51,397	2,625	-
	\$ 2,841,894	\$ 1,149,982	\$ 10,688

**NOTE 9: INSURANCE AND RISK MANAGEMENT**

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

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



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**NOTE 10: DEFINED BENEFIT PENSION PLANS**

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

**A. Ohio Public Employees Retirement System**

Plan Description – The Village participates 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 in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the Member-Directed Plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings. The Combined Plan is a cost-sharing, multiple-employer defined benefit pension plan. Under the Combined Plan, OPERS invests employer contributions to provide a formula retirement benefit similar in nature to, but less than, the Traditional Pension Plan benefit. Member contributions, the investment of which is self-directed by the members, accumulate retirement assets in a manner similar to the Member-Directed Plan.

OPERS provides retirement, disability, survivor and death benefits, and annual cost-of-living adjustments to members of the Traditional Pension and Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report. Interested parties may obtain a copy 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 statutory authority for member and employer contributions and currently limits the employer contribution to a rate not to exceed 14 percent of covered payroll for state and local employer units. Member contribution rates, as set forth in the Ohio Revised Code, are not to exceed 10 percent of covered payroll for members in the State and local divisions. For the year ended December 31, 2011, members in the state and local divisions contributed 10 percent of covered payroll while public safety and law enforcement members contributed 10.5 percent and 11.6 percent, respectively. Members in the state and local divisions may participate in all three plans. For 2011, member and employer contribution rates were consistent across all three plans.

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The Village's 2011 contribution rate was 14.0 percent, except for those plan members in law enforcement or public safety, for whom the Village's contribution was 18.1 percent of covered payroll. The portion of employer contributions used to fund pension benefits is net of post-employment health care benefits. The portion of employer contribution allocated to health care for members in the Traditional Plan was 4 percent. Employer contribution rates are actuarially determined.

The Village's required contributions for pension obligations to the Traditional Pension and Combined Plans for the years ended December 31, 2011, 2010, and 2009 were \$181,471, \$136,832, and \$169,661, respectively. The full amount has been contributed for 2011, 2010, and 2009.

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

**Funding Policy** – The Ohio Revised Code requires plan members to contribute 10.0 percent of their annual covered salary, while employers are required to contribute 19.5 percent for police officers and 24.0 percent for firefighters.

The OP&F Pension Fund is authorized by the Ohio Revised Code to allocate a portion of the employer contributions to retiree health care benefits. The portion of employer contributions used to fund pension benefits was 12.75 percent of covered payroll for police officers and 17.25 percent of covered payroll for firefighters. The Village's contributions to the OP&F Fund for the years ending December 31, 2011, 2010, and 2009 were \$76,930, \$82,031, and \$83,275, respectively. The full amount has been contributed for 2011, 2010, and 2009.

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NOTE 11: **POST-EMPLOYMENT BENEFITS**

**A. Ohio Public Employees Retirement System**

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

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

The Ohio Revised Code provides the statutory authority requiring public employers to fund post-employment health care through their contributions to OPERS. A portion of each employer's contribution to OPERS is set aside for the funding of post-employment health care benefits. The 2011 employer rate was 14.00 percent of covered payroll. The Ohio Revised Code currently limits the employer contribution to a rate not to exceed 14.00 percent of covered payroll for State and local employer units. Active members do not make contributions to the OPEB Plan.

OPERS Post-Employment Health Care Plan was established under, and is administered in accordance with, Internal Revenue Code 401(h). Each year, the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding of post-employment health care benefits. For 2011, the portion of employer contributions allocated to health care was 4.00 percent. The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care benefits provided, by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected. Actual Village contributions for the years ending December 31, 2011, 2010 and 2009 which were used to fund post-employment benefits were \$72,588, \$88,538, and \$109,781.

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

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

OP&F provides access to post-retirement health care coverage for any person who receives or is eligible to receive a monthly service, disability, or survivor benefit check or is a spouse or eligible dependent child of such person. The health care coverage provided by OP&F meets the definition of an Other Post-Employment Benefit (OPEB) as described in GASB Statement No. 45.

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.

OP&F issues a publicly available financial report that includes financial information and required supplementary information for the plan. That report may be obtained by writing to OP&F, 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 by Ohio Revised Code to contribute to the pension plan at rates expressed as percentages of the payroll of active pension plan members, currently, 19.5 percent and 24.0 percent of covered payroll for police and fire employers, respectively. Active members do not make contributions to the OPEB Plan.

OP&F maintains funds for health care in two separate accounts. One for health care benefits under an IRS Code Section 115 trust and one for Medicare Part B reimbursements administrated as an Internal Revenue Code 401(h) account, both of which are within the defined benefit pension plan, under the authority granted by the Ohio Revised Code to the OP&F Board of Trustees.

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The Board of Trustees is authorized to allocate a portion of the total employer contributions made into the pension plan to the Section 115 trust and the Section 401(h) account as the employer contribution for retiree health care benefits. For the year ended December 31, 2011, the employer contribution allocated to the health care plan was 6.75 percent of covered payroll. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees' primary responsibility to ensure that pension benefits are adequately funded and is limited by the provisions of Sections 115 and 401(h).

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

The Village's contributions to OP&F which were allocated to fund post-employment health care benefits for police and firefighters were \$40,728, \$54,106 and \$54,926 for 2011, 2010, and 2009 respectively. The full amount has been contributed for 2011, 2010 and 2009.

**NOTE 12: INTERFUND AND TRANSFERS**

As of December 31, 2011, interfund transfers were as follows:

<u>Fund</u>	<u>Transfer In</u>	<u>Transfer Out</u>
General	\$ -	\$ 536,372
Street Construction, Maintenance and Repair	82,500	16,000
General Obligation Bond Retirement	175,400	-
General Capital Improvement	135,198	
Other Governmental	242,774	83,500
<b>Totals</b>	<u>\$ 635,872</u>	<u>\$ 635,872</u>

An interfund transfer of \$16,000 was made from the Street Construction, Maintenance, and Repair Fund to the General Obligation Bond Retirement Fund to pay debt relating to street projects. Transfers from Other Governmental Funds into Street Construction, Maintenance, and Repair Fund included monies that were required to be receipted in separate funds, but expended out of the Street Construction, Maintenance and Repair. A transfer of \$28,000 from Other Governmental Funds into General Obligation Bond Retirement Fund was made for the purpose of debt service payments. All transfers are in compliance with Ohio Revised Code Sections 5705.14-5705.16.

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**NOTE: 13: CONTINGENCIES**

The Village is currently involved in a variety of litigation. It is the opinion of the Village's lawyers that the outcome of these will not have a material effect on the Village's financial position at December 31, 2011.

**NOTE: 14: LEGAL COMPLIANCE**

**Appropriations Exceed Actual Resources**

Ohio Revised Code Section 5705.39 provides in relevant part that the total appropriations from each fund shall not exceed the total of the estimated revenue available for expenditure therefrom, as certified prior to the making of the appropriation or supplemental appropriation. As of December 31, 2011 the Village had a number of funds in which final appropriations were greater than estimated resources (estimated revenues plus beginning unencumbered balances) as follows:

<u>Fund</u>	<u>Actual Resources</u>	<u>Final Appropriations</u>	<u>Difference</u>
Street Construction, Maintenance, and Repair	1,707,478	1,918,785	(211,307)
Senior Center	70,056	85,857	(15,801)
Holiday	1,081	5,020	(3,939)
General Obligation Bond Retirement	4,367,395	5,248,000	(880,605)
Special Assessment Bond Retirement	167,220	213,600	(46,380)



# Dave Yost • Auditor of State

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

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

To the Village Council:

We have audited the financial statements of the governmental activities, the business-type activity, each major fund, and the aggregate remaining fund information of the Village of Oakwood, Cuyahoga County, Ohio, (the Village) as of and for the year ended December 31, 2011, which collectively comprise the Village's basic financial statements and have issued our report thereon dated December 4, 2012, wherein, we noted the Village uses a comprehensive accounting basis other than generally accepted accounting principles. Also, we noted the Village adopted Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* and restated the December 31, 2010 fund balances of the governmental funds due to a change in fund structure. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

### Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in more than a reasonable possibility that a material misstatement of the Village's financial statements will not be prevented, or detected and timely corrected.

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

### **Compliance and Other Matters**

As part of reasonably assuring whether the Village's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed an instance of noncompliance or other matters we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2011-001.

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

The Village's response to the finding identified in our audit is described in the accompanying schedule of findings. We did not audit the Village's response and, accordingly, we express no opinion on it.

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



**Dave Yost**  
Auditor of State

December 4, 2012



VILLAGE OF OAKWOOD  
CUYAHOGA COUNTY

SCHEDULE OF FINDINGS  
DECEMBER 31, 2011

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

FINDING NUMBER 2011-001

**Material Noncompliance**

**Appropriations Exceeding Estimated Resources**

Ohio Revised Code Section 5705.39 states in part that the total appropriations from each fund should not exceed the total estimated revenue.

The following funds had total appropriations in excess of estimated revenue contrary to this Code Section:

	<u>Total Estimated Resources</u>	<u>Appropriations</u>	<u>Variance</u>
Street Maintenance and Repair	1,707,478	1,918,785	(211,307)
Senior Center	70,056	85,857	(15,801)
Holiday	1,081	5,020	(3,939)
GO Bond Retirement	4,367,395	5,248,000	(880,605)
SA Bond Retirement	167,220	213,600	(46,380)

Appropriating more money than expected to be received could lead to negative fund balances and monies being used to cover expenses being charged to inappropriate funds or lines items. It also could lead to commitments being made without appropriate funds to cover the expenses.

We recommend the Village monitor and amend the certificate of estimated resources to ensure the appropriations do not exceed estimated resources.

**Officials' Response:**

The Village's Finance Director will monitor the appropriations to ensure they do not exceed estimated resources.

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# Dave Yost • Auditor of State

VILLAGE OF OAKWOOD

CUYAHOGA COUNTY

## CLERK'S CERTIFICATION

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

*Susan Babbitt*

CLERK OF THE BUREAU

CERTIFIED  
JANUARY 3, 2013