

Village Of Oakwood, Ohio

FINANCIAL STATEMENTS

DECEMBER 31, 1999 AND 1998

VILLAGE OF OAKWOOD, OHIO

FOR THE YEARS ENDED DECEMBER 31, 1999 AND 1998

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STATE OF OHIO
OFFICE OF THE AUDITOR

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Honorable Mayor and
Members of Council
Village of Oakwood, Ohio

We have reviewed the independent auditor's report of the Village of Oakwood, Cuyahoga County, prepared by Ciuni & Panichi Inc., Certified Public Accountants, for the audit period January 1, 1998 through December 31, 1999. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

A handwritten signature in black ink, appearing to read "Jim Petro".

JIM PETRO
Auditor of State

June 26, 2000

INDEPENDENT AUDITORS' REPORT

Honorable Mayor and
Members of Council
Village of Oakwood, Ohio

We have audited the accompanying financial statements of the Village of Oakwood, Ohio (the "Village"), as of and for the years ended December 31, 1999 and 1998, as listed in the Table of Contents. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about 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 that our audit provides a reasonable basis for our opinion.

As discussed in Note 1, the Village prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of the Village of Oakwood as of December 31, 1999 and 1998, and its combined cash receipts and disbursements and its combined budgeted and actual receipts and budgeted and actual disbursements, for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 9, 2000 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 grants.

This report is intended solely for the information and use of the Oakwood Village's Council, management, and other officials authorized to receive this report under Section 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

Ciuni & Panichi, Inc.

Cleveland, Ohio
May 9, 2000

VILLAGE OF OAKWOOD, OHIO

COMBINED STATEMENT OF CASH RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND CASH BALANCES – ALL GOVERNMENTAL FUND TYPES

FOR THE YEAR ENDED DECEMBER 31, 1999

	Governmental Fund Types				Total (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	
<u>Receipts</u>					
Local Taxes	\$ 3,382,250	\$ 122,531	\$ 43,621	\$ 79,136	\$ 3,627,538
Intergovernmental Revenues	460,811	580,473	-	-	1,041,284
Special Assessments	-	-	128,922	-	128,922
Charges for Services	219,202	183,191	-	-	402,393
Fines, Licenses, and Permits	253,452	16,003	-	-	269,455
Miscellaneous	408,886	10,100	-	10	418,996
Total Receipts	<u>4,724,601</u>	<u>912,298</u>	<u>172,543</u>	<u>79,146</u>	<u>5,888,588</u>
<u>Disbursements</u>					
Security of Persons and Property	1,787,445	172,166	-	-	1,959,611
Public Health Services	-	2,151	-	-	2,151
Leisure Time Activities	-	152,851	-	-	152,851
Community Environment	193,203	9,553	-	-	202,756
Basic Utility Services	258,605	-	-	-	258,605
Transportation	44,452	2,022,113	-	-	2,066,565
General Government	1,732,452	19,339	-	-	1,751,791
Capital Outlay	-	59,990	-	136,881	196,871
Debt Service:					
Principal Retirement	-	-	2,022,000	-	2,022,000
Interest and Fiscal Charges	-	-	188,494	-	188,494
Total Disbursements	<u>4,016,157</u>	<u>2,438,163</u>	<u>2,210,494</u>	<u>136,881</u>	<u>8,801,695</u>
Total Receipts Over (Under) Disbursements	<u>708,444</u>	<u>(1,525,865)</u>	<u>(2,037,951)</u>	<u>(57,735)</u>	<u>(2,913,107)</u>
<u>Other Financing Sources (Uses)</u>					
Operating Transfers - In	-	1,058,139	1,991,951	71,121	3,121,211
Operating Transfers - Out	(1,197,876)	(1,413,411)	-	(55,000)	(2,666,287)
Proceeds from Sale of Debt	-	1,210,000	-	-	1,210,000
Total Other Financing Sources (Uses)	<u>(1,197,876)</u>	<u>854,728</u>	<u>1,991,951</u>	<u>16,121</u>	<u>1,664,924</u>
Excess of Receipts and Other Financing Sources Over (Under) Disbursements and Other Financing Uses	(489,432)	(671,137)	(46,000)	(41,614)	(1,248,183)
Beginning Fund Cash Balance	<u>1,667,193</u>	<u>1,919,262</u>	<u>56,735</u>	<u>90,894</u>	<u>3,734,084</u>
Ending Fund Cash Balance	\$ <u>1,177,761</u>	\$ <u>1,248,125</u>	\$ <u>10,735</u>	\$ <u>49,280</u>	\$ <u>2,485,901</u>

The accompanying notes are an integral part of these financial statements

VILLAGE OF OAKWOOD, OHIO

**COMBINED STATEMENT OF CASH RECEIPTS, DISBURSEMENTS, AND CHANGES IN
FUND CASH BALANCES – PROPRIETARY FUND TYPES AND FIDUCIARY FUND TYPES**

FOR THE YEAR ENDED DECEMBER 31, 1999

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	<u>Total (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Agency</u>	
<u>Operating Revenues</u>			
Charges for Services	\$ 87,797	\$ 126,840	\$ 214,637
Fines, Licenses and Permits	-	308,903	308,903
Miscellaneous	<u>77,603</u>	-	<u>77,603</u>
Total Operating Revenues	165,400	435,743	601,143
<u>Operating Expenses</u>			
Contractual Services	<u>232,504</u>	-	<u>232,504</u>
Operating Income (Loss)	(67,104)	435,743	368,639
<u>Non-Operating Revenues (Expenses)</u>			
Other Non-Operating Expenses	<u>(41,186)</u>	<u>(396,251)</u>	<u>(437,437)</u>
Net Revenues Over (Under) Expenses Before Transfers	(108,290)	39,492	(68,798)
Operating Transfer - In	105,171	-	105,171
Operating Transfer - Out	<u>(560,095)</u>	-	<u>(560,095)</u>
Net Revenues Over (Under) Expenses	(563,214)	39,492	(523,722)
Beginning Cash Balance	<u>584,072</u>	<u>333,757</u>	<u>917,829</u>
Ending Cash Balance	\$ <u>20,858</u>	\$ <u>373,249</u>	\$ <u>394,107</u>

The accompanying notes are an integral part of these financial statements

VILLAGE OF OAKWOOD, OHIO

COMBINED STATEMENT OF RECEIPTS – BUDGET AND ACTUAL

FOR THE YEAR ENDED DECEMBER 31, 1999

<u>Fund Types/Funds</u>	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Governmental:			
General Fund	\$ 6,665,084	\$ 4,724,601	\$ (1,940,483)
Special Revenue Funds	5,131,131	3,180,437	(1,950,694)
Debt Service Fund	2,222,214	2,164,494	(57,720)
Capital Project Funds	205,030	150,267	(54,763)
Proprietary:			
Enterprise Funds	853,439	270,571	(582,868)
Fiduciary:			
Agency Fund	<u>433,248</u>	<u>435,743</u>	<u>2,495</u>
Total (Memorandum Only)	\$ <u>15,510,146</u>	\$ <u>10,926,113</u>	\$ <u>(4,584,033)</u>

The accompanying notes are an integral part of these financial statements

VILLAGE OF OAKWOOD, OHIO

**COMBINED STATEMENT OF DISBURSEMENTS COMPARED WITH EXPENDITURE
AUTHORITY**

FOR THE YEAR ENDED DECEMBER 31, 1999

<u>Fund Types/Funds</u>	<u>1999 Appropriations</u>	<u>1999 Disbursements</u>	<u>Variance Favorable (Unfavorable)</u>
Governmental:			
General Fund	\$ 5,371,353	\$ 5,214,033	\$ 157,320
Special Revenue Funds	3,890,310	3,851,574	38,736
Debt Service Fund	2,210,510	2,210,494	16
Capital Projects Funds	194,645	191,881	2,764
Proprietary:			
Enterprise Funds	841,972	833,785	8,187
Fiduciary:			
Agency Funds	<u>108,685</u>	<u>396,251</u>	<u>(287,566)</u>
 Total (Memorandum Only)	 \$ <u>12,617,475</u>	 \$ <u>12,698,018</u>	 \$ <u>(80,543)</u>

The accompanying notes are an integral part of these financial statements

VILLAGE OF OAKWOOD, OHIO

COMBINED STATEMENT OF CASH RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND CASH BALANCES – ALL GOVERNMENTAL FUND TYPES

FOR THE YEAR ENDED DECEMBER 31, 1998

	Governmental Fund Types				Total (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	
Receipts					
Local Taxes	\$ 3,117,575	\$ 114,373	\$ 43,812	\$ 72,342	\$ 3,348,102
Intergovernmental Revenues	394,470	491,529	-	-	885,999
Special Assessments	-	-	166,542	-	166,542
Charges for Services	221,249	234,001	-	-	455,250
Fines, Licenses, and Permits	304,953	5,557	-	-	310,510
Reimbursements	-	92,738	-	-	92,738
Miscellaneous	366,385	12,153	-	-	378,538
Total Receipts	<u>4,404,632</u>	<u>950,351</u>	<u>210,354</u>	<u>72,342</u>	<u>5,637,679</u>
Disbursements					
Security of Persons and Property	1,690,534	106,133	-	-	1,796,667
Public Health Services	-	51,249	-	-	51,249
Leisure Time Activities	-	151,257	-	-	151,257
Community Environment	194,372	-	-	-	194,372
Basic Utility Services	198,516	-	-	-	198,516
Transportation	50,199	519,317	-	-	569,516
General Government	1,499,836	17,050	-	-	1,516,886
Capital Outlay	-	27,105	-	124,738	151,843
Debt Service:					
Principal Retirement	-	-	321,293	-	321,293
Interest and Fiscal Charges	-	-	145,934	-	145,934
Total Disbursements	<u>3,633,457</u>	<u>872,111</u>	<u>467,227</u>	<u>124,738</u>	<u>5,097,533</u>
Total Receipts Over (Under)					
Disbursements	<u>771,175</u>	<u>78,240</u>	<u>(256,873)</u>	<u>(52,396)</u>	<u>540,146</u>
Other Financing Sources (Uses)					
Operating Transfers-In	-	154,199	317,174	-	471,373
Operating Transfers-Out	(449,389)	(21,984)	-	-	(471,373)
Proceeds from Sale of Debt		<u>1,295,000</u>		<u>55,000</u>	<u>1,350,000</u>
Total Other Financing Sources (Uses)	<u>(449,389)</u>	<u>1,427,215</u>	<u>317,174</u>	<u>55,000</u>	<u>1,350,000</u>
Excess of Receipts and Other Financing Sources Over (Under) Disbursements and Other Financing Uses	321,786	1,505,455	60,301	2,604	1,890,146
Beginning Fund Cash Balance	<u>1,345,407</u>	<u>413,807</u>	<u>(3,566)</u>	<u>88,290</u>	<u>1,843,938</u>
Ending Fund Cash Balance	\$ <u>1,667,193</u>	\$ <u>1,919,262</u>	\$ <u>56,735</u>	\$ <u>90,894</u>	\$ <u>3,734,084</u>

The accompanying notes are an integral part of these financial statements

VILLAGE OF OAKWOOD, OHIO

**COMBINED STATEMENT OF CASH RECEIPTS, DISBURSEMENTS, AND CHANGES IN
FUND CASH BALANCES – PROPRIETARY FUND TYPES AND FIDUCIARY FUND TYPES**

FOR THE YEAR ENDED DECEMBER 31, 1998

	Proprietary Fund Type	Fiduciary Fund Type	Total (Memorandum Only)
	<u>Enterprise</u>	<u>Agency</u>	
<u>Operating Revenues</u>			
Charges for Services	\$ 74,962	\$ 123,085	\$ 198,047
Fines, Licenses and Permits	-	376,206	376,206
Miscellaneous	<u>3,126</u>	<u>-</u>	<u>3,126</u>
Total Operating Revenues	<u>78,088</u>	<u>499,291</u>	<u>577,379</u>
<u>Operating Expenses</u>			
Personal Services	12,500	-	12,500
Contractual Services	<u>474,014</u>	<u>11,360</u>	<u>485,374</u>
Total Operating Expenses	<u>486,514</u>	<u>11,360</u>	<u>497,874</u>
Operating Income (Loss)	<u>(408,426)</u>	<u>487,931</u>	<u>79,505</u>
<u>Non-Operating Revenues (Expenses)</u>			
Proceeds from Sale of Debt	508,000	-	508,000
Other Non-Operating Expenses	<u>(13,580)</u>	<u>(434,300)</u>	<u>(447,880)</u>
Total Non-Operating Revenues (Expenses)	<u>494,420</u>	<u>(434,300)</u>	<u>60,120</u>
Net Revenues Over (Under) Expenses	85,994	53,631	139,625
Beginning Cash Balance	<u>498,078</u>	<u>280,126</u>	<u>778,204</u>
Ending Cash Balance	\$ <u>584,072</u>	\$ <u>333,757</u>	\$ <u>917,829</u>

The accompanying notes are an integral part of these financial statements

VILLAGE OF OAKWOOD, OHIO

COMBINED STATEMENT OF RECEIPTS -- BUDGET AND ACTUAL

FOR THE YEAR ENDED DECEMBER 31, 1998

<u>Fund Types/Funds</u>	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Governmental:			
General Fund	\$ 4,485,035	\$ 4,404,632	\$ (80,403)
Special Revenue Funds	2,841,043	2,399,550	(441,493)
Debt Service Fund	523,964	527,528	3,564
Capital Project Funds	179,501	127,342	(52,159)
Proprietary:			
Enterprise Funds	1,082,961	586,088	(496,873)
Fiduciary:			
Agency Fund	<u>381,436</u>	<u>499,291</u>	<u>117,855</u>
Total (Memorandum Only)	\$ <u>9,493,940</u>	\$ <u>8,544,431</u>	\$ <u>(949,509)</u>

The accompanying notes are an integral part of these financial statements

VILLAGE OF OAKWOOD, OHIO

COMBINED STATEMENT OF DISBURSEMENTS COMPARED WITH EXPENDITURE AUTHORITY

FOR THE YEAR ENDED DECEMBER 31, 1998

<u>Fund Types/Funds</u>	1998 <u>Appropriations</u>	1998 <u>Disbursements</u>	Variance Favorable <u>(Unfavorable)</u>
Governmental:			
General Fund	\$ 4,301,283	\$ 4,082,846	\$ 218,437
Special Revenue Funds	926,091	894,095	31,996
Debt Service Fund	467,236	467,227	9
Capital Projects Funds	128,410	124,738	3,672
Proprietary:			
Enterprise Funds	522,676	500,094	22,582
Fiduciary:			
Agency Funds	<u>78,437</u>	<u>445,660</u>	<u>(367,223)</u>
Total (Memorandum Only)	\$ <u>6,424,133</u>	\$ <u>6,514,660</u>	\$ <u>(90,527)</u>

The accompanying notes are an integral part of these financial statements

VILLAGE OF OAKWOOD, OHIO

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 1999 and 1998

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. DESCRIPTION OF THE ENTITY

The Village is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio.

The Village operates under a council-mayor form of government and provides the following services: public safety and public services.

Management believes the financial statements included in this report represent all of the funds of the Village over which the Village has the ability to exercise direct operating control.

B. BASIS OF ACCOUNTING

The Village prepares its financial statements on a basis of accounting prescribed or permitted by the Auditor of State; consequently, certain revenues and the related assets are recognized when received rather than when earned, and certain expenditures are recognized when paid rather than when the obligation is incurred. A general fixed asset group and long-term debt group of accounts are not recorded in the financial statements by the Village under the basis of accounting used. By virtue of Ohio law, the Village is required to maintain the encumbrance method of accounting and to make appropriations.

C. INVESTMENTS AND INACTIVE FUNDS

Investment procedures are restricted by the provisions of the Ohio Revised Code. Purchased investments are valued at cost and are neither charged when purchased nor credited at the time of redemption to their respective fund balances. Interest is recognized and recorded when received.

D. FUND ACCOUNTING

The Village maintains its accounting records in accordance with the principles of "fund" accounting. Fund accounting is a concept developed to meet the needs of governmental entities in which legal or other restraints require the recording of specific receipts and disbursements. The transactions of each fund are reflected in a self-balancing group of accounts, an accounting entity which stands separate from the activities reported in other funds. The restrictions associated with each class of funds are as follows:

GOVERNMENTAL FUNDS

General Fund

The General Fund is the general 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.

VILLAGE OF OAKWOOD, OHIO

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 1999 AND 1998

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. FUND ACCOUNTING (CONTINUED)

Special Revenue Funds

To account for proceeds of specific revenue sources (other than expendable trust or major capital projects) that are legally restricted to disbursements for specified purposes.

Debt Service Fund

To account for the accumulation of resources for, and the payment of, general long term and special assessment debt principal and interest.

Capital Projects Funds

To account for financial resources to be used for the acquisition or construction of major capital facilities.

PROPRIETARY FUNDS

Enterprise Fund

To account for the Village's water and sewer operation. It is financed and operated in a manner similar to private business enterprises where the intent is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

FIDUCIARY FUNDS

Agency Funds

To account for assets held by the Village as an agent for individuals, private organizations, other governmental units, and/or other funds.

E. BUDGETARY PROCESS

1. Budget

A budget of estimated cash receipts and disbursements is submitted to the county auditor, as secretary of the county budget commission, by July 20 of each year, for the period January 1 to December 31 of the following year.

VILLAGE OF OAKWOOD, OHIO

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 1999 AND 1998

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. BUDGETARY PROCESS (CONTINUED)

2. Estimated Resources

The county budget commission certifies its actions to the Village by September 1. As part of this certification, the Village receives the official certificate of estimated resources which states the projected receipts of each fund. On or about January 1, this certificate is amended to include any unencumbered balances from the preceding year. Prior to December 31, the Village must revise its budget so that the total contemplated expenditures from a fund during the ensuing fiscal year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriation measure. Budgeted receipts as shown on the accompanying financial statements do not include January 1, 1999 and 1998 unencumbered fund balances. However, those fund balances are available for appropriations.

3. Appropriations

A temporary appropriation measure to control cash disbursements may be passed on or about January 1 of each year for the period January 1 to March 31. An annual appropriation measure must be passed by April 1 of each year for the period January 1 to December 31. The appropriation measure may be amended or supplemented during the year as new information becomes available. Appropriations may not exceed estimated resources.

4. Encumbrances

The Village is required to use the encumbrance method of accounting by virtue of Ohio law. Under this system, purchase orders, contracts, and other commitments for the expenditure of funds are recorded in order to reserve the portion of the applicable appropriation.

At the close of each fiscal year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriations. At the close of each fiscal year, encumbered appropriation balances lapse and are reappropriated the subsequent fiscal year.

F. PROPERTY, PLANT AND EQUIPMENT

Fixed assets acquired or constructed for general government service are recorded as expenditures. Depreciation is not recorded for those fixed assets.

G. TOTAL COLUMNS ON FINANCIAL STATEMENTS

Total columns on the financial statements are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. This data is not comparable to a consolidation. Interfund-type eliminations have not been made in the aggregation of this data.

VILLAGE OF OAKWOOD, OHIO

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 1999 AND 1998

NOTE 2 - OUTSTANDING DEBT

A. NOTE DEBT

Note debt at December 31, 1999 consisted of the following:

	<u>Balance at</u> <u>12/31/98</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at</u> <u>12/31/99</u>
<u>General Obligation Notes</u>				
Broadway Avenue (3.5%)	\$ 870,000	\$ 490,000	\$ 870,000	\$ 490,000
Emergency Generator (3.5%)	425,000	-	425,000	-
Fire Department Building Improvements (3.5%)	55,000	720,000	55,000	720,000
Sewage System Improvements (3.5%)	<u>508,000</u>	<u>-</u>	<u>508,000</u>	<u>-</u>
	\$ <u>1,858,000</u>	\$ <u>1,210,000</u>	\$ <u>1,858,000</u>	\$ <u>1,210,000</u>

B. BONDED DEBT

Bonded debt at December 31, 1999 consisted of the following:

	<u>Balance at</u> <u>12/31/98</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at</u> <u>12/31/99</u>
<u>General Obligation Bonds</u>				
Street Improvements, 1984 (9.75%)	\$ 18,745	\$ -	\$ 3,085	\$ 15,660
Various Purpose, 1989 (6.95% - 8.50%)	450,000	-	75,000	375,000
Street Improvement, 1990 (7.375%)	6,450	-	523	5,927
Various Purpose Water, 1996 (6.60%)	69,841	-	2,686	67,155
Various Purpose Sewer, 1996 (6.60%)	258,441	-	8,615	249,826
<u>Special Assessment Bonds</u>				
Street Improvement, 1984 (9.75%)	256,255	-	41,915	214,340
Street Improvement, 1990 (7.375%)	104,550	-	8,477	96,073
Street Improvement, 1980 (9.875%)	10,000	-	10,000	-
Various Purpose Water, 1996 (6.60%)	60,159	-	2,314	57,845
Street Improvement, 1996 (6.0%)	<u>341,559</u>	<u>-</u>	<u>11,385</u>	<u>330,174</u>
	\$ <u>1,576,000</u>	\$ <u>-</u>	\$ <u>164,000</u>	\$ <u>1,412,000</u>

VILLAGE OF OAKWOOD, OHIO

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 1999 AND 1998

NOTE 2 - OUTSTANDING DEBT - CONTINUED

B. BONDED DEBT (CONTINUED)

The annual requirements to amortize all bonded debt outstanding as of December 31, 1999, including interest payments of \$684,091 are as follows:

<u>Year Ending December 31</u>	<u>Bonds</u>
2000	\$ 257,628
2001	245,564
2002	233,463
2003	226,324
2004	218,818
2005-2009	410,977
2010-2014	365,778
2015-2016	<u>137,539</u>
Total	\$ <u>2,096,091</u>

NOTE 3 - PROPERTY TAX

Property taxes include amounts levied against all real, public utility, and tangible personal property located in the Village. Taxes collected on real property (other than public utility) in one calendar year are levied in the preceding calendar year on assessed values as of January 1 of that preceding year, the lien date. Assessed values are established by state statute at 35 percent of appraised market value. All property is required to be revalued every six years. The last revaluation was completed in 1994. Real property taxes are payable annually or semiannually. The first payment is due January 20, with the remainder payable by June 20.

Taxes collected on tangible personal property (other than public utility) in one calendar year are levied in the prior calendar year on assessed values during and at the close of the most recent fiscal year of the taxpayer that ended on or before March 31 of that calendar year, and at the tax rates determined in the preceding year. Tangible personal property used in business (except for public utilities) is currently assessed for ad valorem taxation purposes at 25 percent of its true value. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20.

Public utility real and tangible personal property taxes collected in one calendar year are levied in the preceding calendar year on assessed values determined as of December 31 of the second year preceding the tax collection year, the lien date. Certain public utility tangible personal property currently is assessed at percent of its true value. Public utility property taxes are payable on the same dates as real property taxes described previously.

VILLAGE OF OAKWOOD, OHIO

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 1999 AND 1998

NOTE 3 - PROPERTY TAX - CONTINUED

The County Treasurer collects property taxes on behalf of all taxing districts in the county, including the Village of Oakwood. The County Auditor periodically remits to the Village its portion of the taxes collected.

The full tax rate for all Village operations for the year ended December 31, 1999, was \$11.40 per \$1,000 of assessed value. The assessed values of real and tangible personal property upon which 1999 property tax receipts were based are as follows:

<u>Category</u>	<u>1999 Assessed Value</u>	<u>1998 Assessed Value</u>
Real Estate	\$ 70,934,650	\$ 69,560,990
Public Utility	4,513,710	4,893,040
Tangible Personal	<u>19,333,219</u>	<u>18,282,111</u>
Total Valuation	\$ <u>94,781,579</u>	\$ <u>92,736,141</u>

NOTE 4 - CASH, CASH EQUIVALENTS AND INVESTMENTS

Cash resources for a majority of the Village's individual funds are combined to form a pool of cash and investments which are stated at cost and amortized cost.

The Village may invest any monies not required to be used for a period of six months in the following classes of investments:

- Bonds, notes or other obligations guaranteed by the United States, or those for which the faith of the United States is pledged for payment of principal and interest;
- Discount notes of the Federal National Mortgage Association;
- Bonds of the State of Ohio; and
- Bonds of any municipal corporation, village, county, township or other political subdivision of this State, as to which there is no default of principal, interest or coupons.

Ohio law requires that deposits be placed in eligible banks or savings and loan associations located in Ohio. Any public depository in which the Village places deposits must pledge as collateral eligible securities with an aggregate market value equal to the excess of deposits not insured by the Federal Deposit Insurance Corporation (FDIC). The securities pledged as collateral are pledged to a pool for each individual financial institution in amounts equal to at least 110% of the carrying value of all public deposits held by each institution. Obligations that may be pledged as collateral are limited to obligations of the United States and its agencies and obligations of any state, county, municipal corporation or other legally constituted authority of any other state or any instrumentality of such county, municipal corporation or other authority.

VILLAGE OF OAKWOOD, OHIO

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 1999 AND 1998

NOTE 4 - CASH, CASH EQUIVALENTS AND INVESTMENTS - CONTINUED

The Governmental Accounting Standards Board, Statement No. 3, has established risk categories for deposits and investments as follows:

Deposits:

- Category 1 - Insured or collateralized with securities held by the Village or by its agent in the Village's name.
- Category 2 - Collateralized with securities held by the pledging financial institution's trust department or agent in the Village's name.
- Category 3 - Uncollateralized, although secured by pooled securities pledged by financial institutions.

Investments:

- Category 1 - Insured or registered, or securities held by the Village or its agent in the Village's name.
- Category 2 - Uninsured and unregistered, with securities held by the counterparty's trust department or agent in the Village's name.
- Category 3 - Uninsured and unregistered, with securities held by the counterparty or by its trust department or agent but not in the Village's name.

At December 31, 1999, the carrying amount of the Village's deposits was \$(1,044,992) and the bank balance was \$89,241. At December 31, 1998, the carrying amount of the Village's deposits was \$(178,087) and the bank balance was \$57,329. For both years the bank balance was covered in full by the Federal Depository Insurance.

B. INVESTMENTS

The Village's investments are detailed below by type and are categorized to give an indication of the level of risk assumed as of year-end.

<u>Description</u>	<u>1999</u>		
	<u>Risk Category 2</u>	<u>Carrying Amount</u>	<u>Fair Value</u>
Repurchase Agreement	\$ <u>3,925,000</u>	\$ <u>3,925,000</u>	\$ <u>3,925,000</u>

<u>Description</u>	<u>1998</u>		
	<u>Risk Category 2</u>	<u>Carrying Amount</u>	<u>Fair Value</u>
Repurchase Agreement	\$ <u>4,830,000</u>	\$ <u>4,830,000</u>	\$ <u>4,830,000</u>

VILLAGE OF OAKWOOD, OHIO

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 1999 AND 1998

NOTE 5 - LOCAL INCOME TAX

This locally levied tax of two percent (2%) is applied to gross salaries, wages and other personal service compensation earned by residents both in and out of Oakwood and to earnings of non-residents (except certain transients) earned in the village. It also applies to net income of business organizations conducted within the Village of Oakwood. Tax receipts are credited to the General Fund and amounted to \$3,264,025 in 1999 and \$2,983,788 in 1998.

NOTE 6 - INSURANCE

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% coinsured.

NOTE 7 - DEFINED BENEFIT PENSION PLANS

A. PUBLIC EMPLOYEES RETIREMENT SYSTEM

The Village of Oakwood contributes to the Public Employees Retirement System of Ohio ("System"), a cost-sharing multiple-employer public employee retirement system administered by the Public Employee Retirement Board. The System provides basic retirement benefits, disability, survivor, and health care benefits based on eligible service credit to members and beneficiaries. Benefits are established by Chapter 145 of the Ohio Revised Code. The System issues a publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215.

Plan members, other than those engaged in law enforcement, are required to contribute 8.5 percent of their annual covered salary to fund pension obligations and the Village is required to contribute 9.35 percent. Contributions are authorized by state statute. The contribution rates are determined actuarially. The Village's contributions to the System for the years ended December 31, 1999, 1998 and 1997 were \$111,930, \$100,695, and \$91,625, respectively, equal to the required contributions for each year.

B. OHIO POLICE AND FIRE PENSION FUND

The Village of Oakwood 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. The 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.

VILLAGE OF OAKWOOD, OHIO

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 1999 AND 1998

NOTE 7 - DEFINED BENEFIT PENSION PLANS - CONTINUED

B. OHIO POLICE AND FIRE PENSION FUND (CONTINUED)

Plan members are required to contribute 10 percent of their annual covered salary, while employers are required to contribute 19.5 percent for police officers. The Village of Oakwood contributions to OP&F for the years ending December 31, 1999, 1998, and 1997 were \$128,040, \$131,849, and \$114,770, respectively, equal required contributions for each year.

NOTE 8 - POSTEMPLOYMENT BENEFITS

A. PUBLIC EMPLOYEES RETIREMENT SYSTEM

PERS of Ohio provides postretirement health care coverage to age and service retirants with ten or more years of qualifying Ohio service credit and to primary survivor recipients of such retirants. Health care coverage for disability recipients is available. The Health Care coverage provided by the Retirement Systems is considered in Other Postemployment Benefits (OPEB) as described in GASB Statement No. 12. A portion of each employer's contribution to PERS of Ohio is set aside for the funding of postretirement health care based on the authority granted by State statutes. During 1999, the employer contribution rate was 13.55 percent. The portion that was used to fund health care benefits in 1999 was 4.2 percent.

For 1999:

The number of benefit recipients eligible for OPEB at December 31, 1998 was 118,062. The Village's actual contributions for 1999, which were used to fund postemployment benefits, were \$50,279. The actual contribution and the actuarially required contribution rate are the same. The PERS of Ohio's unaudited estimated net assets available for future OPEB payments at December 31, 1999 were \$9,870,285,641. Expenditures for OPEB during 1999 were \$523,599,349.

For 1998:

The number of benefit recipients eligible for OPEB at December 31, 1997 was 115,579. The Village's actual contributions for 1998, which were used to fund postemployment benefits, were \$45,232. The actual contribution and the actuarially required contribution rate are the same. The PERS of Ohio's unaudited estimated net assets available for future OPEB payments at December 31, 1998 were \$9,447,325,318. Expenditures for OPEB during 1998 were \$440,596,663.

VILLAGE OF OAKWOOD, OHIO

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 1999 AND 1998

NOTE 8 - POSTEMPLOYMENT BENEFITS - CONTINUED

B. OHIO POLICE AND FIRE PENSION FUND

The OP&F provides postretirement health care coverage to any person who receives or is eligible to receive a monthly benefit check or is a spouse or eligible dependent child of such person. An eligible dependent child is any child under the age of eighteen whether or not the child is attending school or under the age of twenty two if attending school full-time or on a two-thirds basis. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit (OPEB) as described in GASB Statement No. 12. The Ohio Revised Code provides that costs paid from the Funds of the OP&F be included in the employer's contribution rate. The total police employer contribution rate is 19.5 percent of covered payroll of which 7.0 percent was applied to postemployment health care expenses. The Ohio Revised code provides the statutory authority allowing the OP&F's Board of Trustees to provide health care coverage to all eligible individuals. Health care funding and accounting is on a pay-as-you-go basis. The Board defined allocation was 7.0 percent and 6.5 percent of covered payroll in 1999 and 1998, respectively. The allocation is 7.25 percent in 2000. Since July 1, 1992 most retirees have been required to contribute a portion of the cost of their health care coverage through a deduction from their monthly benefit payment.

For 1999:

The number of participants eligible to receive health care benefits as of December 31, 1998, the date of the last actuarial valuation available, was 11,424 for police. The Village's actual contributions for 1999 that were used to fund postemployment benefits were \$45,963 for police. The OP&F's total health care expenses for the year ending December 31, 1998, the date of the latest actuarial valuation available, were \$78,596,790, which was net of member contributions of \$5,331,515.

For 1998:

The number of participants eligible to receive health care benefits as of December 31, 1997 was 11,239 for police. The Village's actual contributions for 1998 that were used to fund postemployment benefits were \$43,950 for police. The OP&F's total health care expenses for the year ending December 31, 1997, the date of the latest actuarial valuation available, were \$76,459,832.

NOTE 10 - 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, 1999 and 1998.

**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL REQUIRED BY
GOVERNMENT AUDITING STANDARDS**

Honorable Mayor and
Members of Council
Village of Oakwood, Ohio

We have audited the financial statements of the Village of Oakwood, Ohio (the "Village"), as of and for the years ended December 31, 1999 and 1998, and have issued our report thereon dated May 9, 2000.

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

Compliance

As part of obtaining reasonable assurance about whether the Village's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on 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 such an opinion. The results of our tests disclosed an instance of noncompliance that is required to be reported under *Government Auditing Standards* which is described in the accompanying schedule of findings as Item 99-1. We also noted certain immaterial instances of noncompliance that have been reported to management of the Village of Oakwood in a separate letter dated May 9, 2000.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Village's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted a matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Village's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. The reportable condition is described in the accompanying schedule of findings as Item 99-2.

Honorable Mayor and
Members of Council
Village of Oakwood, Ohio

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A material weakness is a condition in which the design or operation of one or more of the internal control structure components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe the reportable condition described above is not a material weakness. We also noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Village of Oakwood in a separate letter dated May 9, 2000.

This report is intended for the information of the Village Council, Village Management and the Auditor of State, federal awarding agencies, and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

Cimini & Panzica, Inc.

Cleveland, Ohio
May 9, 2000

**Report on Compliance With Requirements Applicable to Each
Major Program And Internal Control Over Compliance And
On The Schedule Of Expenditures Of Federal Awards In
Accordance With OMB Circular A-133**

Honorable Mayor and
Members of Council
Village of Oakwood, Ohio

Compliance

We have audited the compliance of the Village of Oakwood, Ohio with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to its major federal program for the year ended December 31, 1999. The Village of Oakwood, Ohio's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of the Village of Oakwood, Ohio's management. Our responsibility is to express an opinion on the Village of Oakwood, Ohio's compliance based on our audit.

We conducted our audit of compliance in accordance with generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance occurred with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program. An audit includes examining, on a test basis, evidence about the Village of Oakwood, Ohio's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Village of Oakwood, Ohio's compliance with those requirements.

In our opinion, the Village of Oakwood, Ohio complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended December 31, 1999.

Internal Control Over Compliance

The management of the Village of Oakwood, Ohio is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Village of Oakwood, Ohio's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

Schedule of Expenditures of Federal Awards

We have audited the financial statements of the Village of Oakwood, Ohio as of and for the year ended December 31, 1999, and have issued our report thereon dated May 9, 2000. Our audit was performed for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

This report is intended for the information and use of the Village Council, Village Management, the Auditor of State, federal awarding agencies, and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

Cimini & Panichi, Inc.

Cleveland, Ohio
May 9, 2000

VILLAGE OF OAKWOOD, OHIO

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED DECEMBER 31, 1999

<u>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Federal Expenditures</u>
U.S. Department of Housing and Urban Development:		
Community Development Block Grant Entitlement Grant	14.218	\$ <u>408,966</u>
Total Expenditures of Federal Awards		\$ <u>408,966</u>

VILLAGE OF OAKWOOD, OHIO

SCHEDULE OF FINDINGS OMB CIRCULAR A-133 SECTION .505

DECEMBER 31, 1999 AND 1998

1. SUMMARY OF AUDITOR'S RESULTS

(d)(I)(i)	Type of Financial Statement Opinion	Unqualified
(d)(I)(ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(I)(ii)	Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	Yes
(d)(I)(iii)	Was there any material reported noncompliance at the financial statement level (GAGAS)?	Yes
(d)(I)(iv)	Were there any material internal control weakness conditions reported for major federal programs?	No
(d)(I)(iv)	Were there any other reportable internal control weakness conditions reported for major federal programs?	No
(d)(I)(v)	Type of Major Programs' Compliance Opinion	Unqualified
(d)(I)(vi)	Are there any reportable findings under Section .501?	No
(d)(I)(vii)	Major Programs	Community Development Block Grant CFDA No. 14.218
(d)(I)(viii)	Dollar Threshold: Type A/B Programs	Type A: >\$300,000 Type B: All Others
(d)(I)(ix)	Low Risk Auditee?	No

VILLAGE OF OAKWOOD, OHIO

SCHEDULE OF FINDINGS OMB CIRCULAR A-133 SECTION .505 (CONTINUED)

DECEMBER 31, 1999 AND 1998

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

COMPLIANCE - REPORTABLE CONDITION

99-1 Section 5705.41(D), Ohio Revised Code, states that no orders or contracts involving the expenditure of money are to be made unless there is a certificate of the fiscal officer that the amount required has been lawfully appropriated and is in the treasury. Our review of the Village's expenditures indicated several instances where the date of an order preceded the fiscal officer's certificate.

99-2 **Bank Reconciliations**

The Village did not accurately reconcile its bank activity to the book activity throughout 1998 and 1999. The primary reason was the inaccurate financial reports produced by the new payroll system. This resulted in adjustments being made in order to reconcile the bank activity to the book activity.

We recommend the Village ensure that the new payroll system is producing accurate financial reports. In addition, any unreconciled difference on the bank reconciliation should be reviewed and corrected in a timely manner. We also recommend the Village post the audit adjustments prior to the end of 1999 to ensure the Village starts the new year with an accurate fund account balance.

3. FINDINGS FOR FEDERAL AWARDS

There were no findings related to federal awards.

VILLAGE OF OAKWOOD, OHIO

SCHEDULE OF PRIOR AUDIT FINDINGS
OMB CIRCULAR A-133 SECTION .315(b)

DECEMBER 31, 1999 AND 1998

There were no prior audit findings related to federal awards.

VILLAGE OF OAKWOOD
24800 Broadway Avenue
Oakwood Village, Ohio 44146-6395

RESPONSE TO FINDINGS ASSOCIATED WITH
 AUDIT CONDUCTED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS
 FOR THE YEAR ENDED DECEMBER 31, 1999 and 1998

Finding Number	Planned Correction Action	Anticipated Completion Date	Responsible Contact Person
99-1	The Finance Department will monitor the encumbrance policy to ensure that purchase orders are properly issued and the Village remains in compliance with ORC, Section 5705.41(D).	N/A	Karen Howse, Asst. Finance Director
99-2	The Village has taken corrective measures to ensure that the new payroll system produces accurate financial reports. In addition, the Village is in the process of preparing bank reconciliations and posting adjustments in a timely manner.	N/A	Karen Howse, Asst. Finance Director



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140

Telephone 614-466-4514
800-282-0370

Facsimile 614-466-4490

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.

By: Susan Babbett

Date: JULY 13, 2000