



Dave Yost • Auditor of State

VILLAGE OF OAKWOOD
PAULDING COUNTY

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

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

To the Village Council:

Report on the Financial Statements

We have audited the accompanying financial statements of the cash balances, receipts and disbursements by fund type, and related notes of the Village of Oakwood, Paulding County, Ohio (the Village) as of and for the years ended December 31, 2016 and 2015.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Village's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Village's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

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

As described in Note 1 of the financial statements, the Village prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements.

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

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2016 and 2015, and the respective changes in financial position or cash flows thereof for the years then ended.

Basis for Qualified Opinion on Regulatory Basis of Accounting

In prior years, findings for adjustments were issued to properly reflect certain activities and to eliminate improper transfers made by the Village; however, these adjustments were never made by the Village and as a result, the December 31, 2016 and 2015 fund balances reported in the accompanying financial statements are understated or (overstated) by the following amounts: General Fund (\$16,665), Special Revenue Funds (\$34,560), Capital Projects Fund (\$3,924) and Enterprise Funds \$55,149.

Qualified Opinion on Regulatory Basis of Accounting

In our opinion, except for the effects of the matter described in the *Basis for Qualified Opinion on Regulatory Basis of Accounting* paragraph, the financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements by fund type, and related notes of the Village of Oakwood, Paulding County, Ohio as of December 31, 2016 and 2015, for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 1.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 26, 2018, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping initial "D" and a long, sweeping tail on the "y".

Dave Yost
Auditor of State

Columbus, Ohio

January 26, 2018

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**VILLAGE OF OAKWOOD
PAULDING COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2016**

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
Cash Receipts				
Property and Other Local Taxes	\$7,634	\$45,662		\$53,296
Municipal Income Tax	73,625			73,625
Intergovernmental	36,206	45,763	\$20,000	101,969
Special Assessments		19,601		19,601
Charges for Services		129,012		129,012
Fines, Licenses, and Permits	3,666	391		4,057
Earnings on Investments	1,038	21		1,059
Miscellaneous	1,766	42,084		43,850
<i>Total Cash Receipts</i>	<u>123,935</u>	<u>282,534</u>	<u>20,000</u>	<u>426,469</u>
Cash Disbursements				
Current:				
Security of Persons and Property		189,871		189,871
Leisure Time Activities		315		315
Transportation		15,897		15,897
General Government	52,358	2,363		54,721
Capital Outlay		19,495	36,043	55,538
Debt Service:				
Principal Retirement		67,648	18,718	86,366
Interest and Fiscal Charges		4,800	583	5,383
<i>Total Cash Disbursements</i>	<u>52,358</u>	<u>300,389</u>	<u>55,344</u>	<u>408,091</u>
<i>Excess of Cash Receipts Over (Under) Cash Disbursements</i>	<u>71,577</u>	<u>(17,855)</u>	<u>(35,344)</u>	<u>18,378</u>
Other Financing Receipts (Disbursements)				
Sale of Capital Assets			28,200	28,200
Transfers In		35,000	26,612	61,612
Transfers Out	(61,612)			(61,612)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(61,612)</u>	<u>35,000</u>	<u>54,812</u>	<u>28,200</u>
<i>Net Change in Fund Cash Balances</i>	9,965	17,145	19,468	46,578
<i>Fund Cash Balances, January 1</i>	<u>57,997</u>	<u>268,370</u>	<u>64,752</u>	<u>391,119</u>
Fund Cash Balances, December 31				
Restricted		285,515		285,515
Committed			84,220	84,220
Assigned	7,078			7,078
Unassigned	60,884			60,884
<i>Fund Cash Balances, December 31</i>	<u>\$67,962</u>	<u>\$285,515</u>	<u>\$84,220</u>	<u>\$437,697</u>

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

**VILLAGE OF OAKWOOD
PAULDING COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL PROPRIETARY AND FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2016**

	Proprietary Fund Type	Fiduciary Fund Type	Totals
	Enterprise	Agency	(Memorandum Only)
Operating Cash Receipts			
Charges for Services	\$554,155		\$554,155
Miscellaneous	2,807		2,807
<i>Total Operating Cash Receipts</i>	556,962		556,962
Operating Cash Disbursements			
Personal Services	105,340		105,340
Contractual Services	158,678		158,678
Supplies and Materials	81,245		81,245
Capital Outlay	8,867		8,867
<i>Total Operating Cash Disbursements</i>	354,130		354,130
<i>Operating Income</i>	202,832		202,832
Non-Operating Receipts (Disbursements)			
Earnings on Investments	220		220
Principal Retirement	(57,000)		(57,000)
Interest and Other Fiscal Charges	(149,809)		(149,809)
Other Financing Sources	4,105	\$5,237	9,342
Other Financing Uses	(3,192)	(\$5,237)	(8,429)
<i>Total Non-Operating Receipts (Disbursements)</i>	(205,676)		(205,676)
<i>Loss Before Transfers</i>	(2,844)		(2,844)
Transfers In	4,200		4,200
Transfers Out	(4,200)		(4,200)
<i>Net Change in Fund Cash Balances</i>	(2,844)		(2,844)
<i>Fund Cash Balances, January 1</i>	463,871		463,871
<i>Fund Cash Balances, December 31</i>	\$461,027		\$461,027

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

**VILLAGE OF OAKWOOD
PAULDING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016**

1. Summary of Significant Accounting Policies

A. Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Village of Oakwood, Paulding County, Ohio (the Village) as a body corporate and politic. A publicly elected six-member Council directs the Village. The Village provides general government services including police, Emergency Medical Services (EMS), fire protection, maintenance of streets, utilities (material gas, water, and sewer), and park operations (leisure time activities).

The Village participates in the Ohio Plan Risk Management, Inc., a public entity risk pool. Note 8 to the financial statements provide additional information for this entity.

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

B. Basis of Presentation

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

C. Accounting Basis

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

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

D. Deposits and Investments

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

The Village values commercial paper and certificates of deposit at cost.

E. Fund Accounting

The Village uses fund accounting to segregate cash and investments that are restricted as to use. The Village classifies its funds into the following types:

**VILLAGE OF OAKWOOD
PAULDING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016
(Continued)**

1. General Fund

The General Fund accounts for and reports all financial resources not accounted for and reported in another fund.

2. Special Revenue Funds

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

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

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

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

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

3. Capital Project Funds

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

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

4. Enterprise Funds

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

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

**VILLAGE OF OAKWOOD
PAULDING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016
(Continued)**

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

5. Fiduciary Funds

Fiduciary funds include private purpose trust funds and agency funds. Trust funds account for assets held under a trust agreement for individuals, private organizations, or other governments which are not available to support the Village's own programs.

Agency funds are purely custodial in nature and are used to hold resources for individuals, organizations or other governments. The Village disburses these funds as directed by the individual, organization or other government. The Village's agency fund accounts for Mayor's Court activity.

F. Budgetary Process

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

1. Appropriations

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

2. Estimated Resources

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

3. Encumbrances

The Ohio Revised Code requires the Village to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated.

A summary of 2016 budgetary activity appears in Note 3.

G. Fund Balance

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

**VILLAGE OF OAKWOOD
PAULDING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016
(Continued)**

The classifications are as follows:

1. Nonspendable

The Village classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

2. Restricted

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

3. Committed

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

4. Assigned

Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by Village Council or a Village official delegated that authority by resolution, or by State Statute.

5. Unassigned

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

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

H. Property, Plant, and Equipment

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

I. Accumulated Leave

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

**VILLAGE OF OAKWOOD
PAULDING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016
(Continued)**

2. Equity in Pooled Deposits and Investments

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

	2016
Demand Deposits	\$565,829
Certificate of Deposits	128,000
Total Deposits	693,829
Commercial Paper	204,895
Total Deposits and Investments	\$898,724

Deposits: Deposits are insured by the Federal Depository Insurance Corporation or collateralized by securities specifically pledged by the financial institution to the Village.

Investments: The Village's bond trustee holds the Village's commercial paper in book entry form in the Village's name.

3. Budgetary Activity

Budgetary activity for the years ending December 31, 2016 follows:

2016 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$123,935	\$123,935	
Special Revenue	309,527	317,534	\$8,007
Capital Projects	74,812	74,812	
Enterprise	551,583	565,487	13,904
Agency	5,237	5,237	
Total	\$1,065,094	\$1,087,005	\$21,911

2016 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$122,690	\$114,780	\$7,910
Special Revenue	331,811	307,350	24,461
Capital Projects	60,444	55,344	5,100
Enterprise	599,832	576,881	22,951
Agency	5,237	5,237	
Total	\$1,120,014	\$1,059,592	\$60,422

**VILLAGE OF OAKWOOD
PAULDING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016
(Continued)**

4. Property Tax

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

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

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

5. Local Income Tax

The Village levies a municipal income tax of one percent on substantially all earned income arising from employment, residency, or business activities within the Village as well as certain income of residents earned outside of the Village.

Employers within the Village withhold income tax on employee compensation and remit the tax to the Village through the City of Cleveland Central Collection Agency (CAA) either monthly or quarterly, as required. Corporations and other individual taxpayers pay estimated taxes quarterly and file a declaration annually.

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

6. Debt

Debt outstanding at December 31, 2016 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Natural Gas Distribution System Revenue Bonds	\$2,035,000	5-5.8%
Rural Economic and Community Development Service Loan	762,385	4.88%
Ohio Water Development Authority Loan	12,261	5.77%
Ohio Public Works Commission Loans	112,646	0.00%
Fire Station Construction Loan	177,863	2.14%
Total	<u><u>\$3,100,155</u></u>	

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

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

**VILLAGE OF OAKWOOD
PAULDING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016
(Continued)**

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

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

The first Ohio Public Works Commission (OPWC) loan relates to a water plant filtration project that was mandated by the Ohio Environmental Protection Agency. The loan will be repaid in semiannual installments of \$3,851, with the loan maturing on July 1, 2020. The loan is collateralized by water and sewer receipts.

The second loan relates to a water plant chlorination project that was mandated by the Ohio Environmental Protection Agency. The loan will be repaid in semiannual installments of \$1,696, with the loan maturing on January 1, 2017. The loan is collateralized by water and sewer receipts.

The third loan relates to a water plant aerator replacement project. The loan will be repaid in semiannual installments of \$414, with the loan maturing on July 1, 2030. The loan is collateralized by water and sewer receipts. The fourth loan relates to a Village street improvement project on Superior Street. The loan will be repaid in semiannual installments of \$1,296, with the loan maturing on January 1, 2030. The loan is collateralized by local tax receipts.

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

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

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

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

**VILLAGE OF OAKWOOD
PAULDING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016
(Continued)**

Year ending December 31:	Natural Gas Distribution System Revenue	RECDS Loan	OWDA Loans	OPWC Loans	Fire Station Construction Loan
	Bonds				
2017	\$149,695	\$60,412	\$3,716	\$14,987	\$46,685
2018	157,445	61,291	3,775	13,290	46,685
2019	164,695	61,072	3,837	13,290	46,685
2020	166,570	60,805	1,943	13,290	46,689
2021	168,195	60,489		5,587	
2022-2026	930,925	305,310		27,937	
2027-2031	962,420	305,899		23,222	
2032-2036	569,413	302,633		1,043	
Total	<u>\$3,269,358</u>	<u>\$1,217,911</u>	<u>\$13,271</u>	<u>\$112,646</u>	<u>\$186,744</u>

7. Retirement Systems

The Village's full-time Police Officers belong to the Police and Fire Pension Fund (OP&F). Other employees belong to the Ohio Public Employees Retirement System (OPERS). OP&F and OPERS are cost-sharing, multiple-employer plans. The Ohio Revised Code prescribes these plans' benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For OP&F from January 1, 2016 thru December 31, 2016, plan members were required to contribute 12.25% of their annual covered salary. For 2016, the Village contributed to OP&F an amount equal to 19.5% of full-time police members' wages. For 2016, OPERS members contributed 10% of their gross salaries and the Village contributed an amount equaling 14% of participants' gross salaries. The Village has paid all contributions required through December 31, 2016.

8. Risk Management

The Village belongs to the Ohio Plan Risk Management, Inc. (OPRM) (the "Plan"), a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to Ohio governments ("Members"). The Plan is legally separate from its member governments.

Pursuant to Section 2744.081 of the Ohio Revised Code, the plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages to its members sold through fourteen appointed independent agents in the State of Ohio.

OPRM coverage programs are developed specific to each member's risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member's exposure to loss. Until November 1, 2016, the OPRM retained 47% of the premium and losses on the first \$250,000 casualty treaty and 10% of the first \$1,000,000 property treaty. Effective November 1, 2016, the OPRM retained 50% of the premium and losses on the first \$250,000 casualty treaty and 30% of the first \$1,000,000 property treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 762 members as of December 31, 2016.

**VILLAGE OF OAKWOOD
PAULDING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016
(Continued)**

Plan members are responsible to notify the Plan of their intent to renew coverage by their renewal date. If a member chooses not to renew with the Plan, they have no other financial obligation to the Plan, but still need to promptly notify the Plan of any potential claims occurring during their membership period. The former member's covered claims, which occurred during their membership period, remain the responsibility of the Plan.

Settlement amounts did not exceed insurance coverage for the past three fiscal years.

The Pool's audited financial statements conform to generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2016.

	<u>2016</u>
Assets	\$14,765,712
Liabilities	<u>(9,531,506)</u>
Members' Equity	<u>\$ 5,234,206</u>

You can read the complete audited financial statements for OPRM at the Plan's website, www.ohioplan.org.

9. Miscellaneous Revenues

Miscellaneous revenues in the Special Revenue Funds primarily consisted of donations for fire and emergency management services.

10. Interfund Transfers

Interfund transfers for the year ended December 31, 2016, consisted of the following, as reported on the fund statements:

Fund	Amount
General Fund Transfer Out to:	
Police Levy Fund	\$35,000
Capital Improvements Fund	<u>26,612</u>
Total General Fund Transfers	<u><u>\$61,612</u></u>
 Sewer Fund Transfer Out to:	
Sewer Reserve Fund	<u><u>\$4,200</u></u>

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

11. Compliance

Contrary to Ohio Rev. Code § 5705.10 (F), proceeds from the sale of the old fire building and purchased land were posted to the General Fund instead of the Capital Project Permanent Improvement Fund.

**VILLAGE OF OAKWOOD
PAULDING COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2015**

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
Cash Receipts				
Property and Other Local Taxes	\$7,253	\$34,444		\$41,697
Municipal Income Tax	77,331			77,331
Intergovernmental	33,533	44,227		77,760
Special Assessments		19,346		19,346
Charges for Services		107,008		107,008
Fines, Licenses, and Permits	8,330	799		9,129
Earnings on Investments	256	19		275
Miscellaneous	4,278	9,691		13,969
<i>Total Cash Receipts</i>	<u>130,981</u>	<u>215,534</u>		<u>346,515</u>
Cash Disbursements				
Current:				
Security of Persons and Property		218,615		218,615
Transportation		15,139		15,139
General Government	65,182	6,208	\$15,032	86,422
Capital Outlay		3,036		3,036
Debt Service:				
Principal Retirement		41,009	18,548	59,557
Interest and Fiscal Charges		5,677	1,011	6,688
<i>Total Cash Disbursements</i>	<u>65,182</u>	<u>289,684</u>	<u>34,591</u>	<u>389,457</u>
<i>Excess of Cash Receipts Over (Under) Cash Disbursements</i>	<u>65,799</u>	<u>(74,150)</u>	<u>(34,591)</u>	<u>(42,942)</u>
Other Financing Receipts (Disbursements)				
Transfers In		35,000	28,021	63,021
Transfers Out	(63,021)			(63,021)
Other Financing Sources			(1,500)	(1,500)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(63,021)</u>	<u>35,000</u>	<u>26,521</u>	<u>(1,500)</u>
<i>Net Change in Fund Cash Balances</i>	2,778	(39,150)	(8,070)	(44,442)
<i>Fund Cash Balances, January 1</i>	<u>55,219</u>	<u>307,520</u>	<u>72,822</u>	<u>435,561</u>
Fund Cash Balances, December 31				
Restricted		268,370		268,370
Committed			64,752	64,752
Unassigned	57,997			57,997
<i>Fund Cash Balances, December 31</i>	<u>\$57,997</u>	<u>\$268,370</u>	<u>\$64,752</u>	<u>\$391,119</u>

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

**VILLAGE OF OAKWOOD
PAULDING COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL PROPRIETARY AND FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2015**

	Proprietary Fund Type	Fiduciary Fund Type	Totals
	Enterprise	Agency	(Memorandum Only)
Operating Cash Receipts			
Charges for Services	\$613,587		\$613,587
Fines, Licenses and Permits	1,575		1,575
Miscellaneous	2,150		2,150
<i>Total Operating Cash Receipts</i>	<u>617,312</u>		<u>617,312</u>
Operating Cash Disbursements			
Personal Services	98,484		98,484
Contractual Services	155,798		155,798
Supplies and Materials	136,887		136,887
Capital Outlay	3,788		3,788
<i>Total Operating Cash Disbursements</i>	<u>394,957</u>		<u>394,957</u>
<i>Operating Income</i>	<u>222,355</u>		<u>222,355</u>
Non-Operating Receipts (Disbursements)			
Principal Retirement	(51,000)		(51,000)
Interest and Other Fiscal Charges	(152,458)		(152,458)
Other Financing Sources	3,255	\$11,755	15,010
Other Financing Uses	(1,483)	(\$11,755)	(13,238)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(201,686)</u>		<u>(201,686)</u>
<i>Income Before Transfers</i>	20,669		20,669
Transfers In	4,200		4,200
Transfers Out	(4,200)		(4,200)
<i>Net Change in Fund Cash Balances</i>	20,669		20,669
<i>Fund Cash Balances, January 1</i>	<u>443,202</u>		<u>443,202</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$463,871</u></u>		<u><u>\$463,871</u></u>

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

**VILLAGE OF OAKWOOD
PAULDING COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015**

1. Summary of Significant Accounting Policies

A. Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Village of Oakwood, Paulding County, Ohio (the Village) as a body corporate and politic. A publicly elected six-member Council directs the Village. The Village provides general government services including police, Emergency Medical Services (EMS), fire protection, maintenance of streets, utilities (material gas, water, and sewer), and park operations (leisure time activities).

The Village participates in the Ohio Plan Risk Management, Inc., a public entity risk pool. Note 8 to the financial statements provide additional information for this entity.

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

B. Basis of Presentation

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

C. Accounting Basis

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

D. Deposits and Investments

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

The Village values commercial paper and certificates of deposit at cost.

E. Fund Accounting

The Village uses fund accounting to segregate cash and investments that are restricted as to use. The Village classifies its funds into the following types:

**VILLAGE OF OAKWOOD
PAULDING COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015
(Continued)**

1. General Fund

The General Fund accounts for and reports all financial resources not accounted for and reported in another fund.

2. Special Revenue Funds

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

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

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

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

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

3. Capital Project Funds

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

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

4. Enterprise Funds

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

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

**VILLAGE OF OAKWOOD
PAULDING COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015
(Continued)**

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

5. Fiduciary Funds

Fiduciary funds include private purpose trust funds and agency funds. Trust funds account for assets held under a trust agreement for individuals, private organizations, or other governments which are not available to support the Village's own programs.

Agency funds are purely custodial in nature and are used to hold resources for individuals, organizations or other governments. The Village disburses these funds as directed by the individual, organization or other government. The Village's agency fund accounts for Mayor's Court activity.

F. Budgetary Process

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

1. Appropriations

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

2. Estimated Resources

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

3. Encumbrances

The Ohio Revised Code requires the Village to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated.

A summary of 2015 budgetary activity appears in Note 3.

G. Fund Balance

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

The classifications are as follows:

1. Nonspendable

The Village classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

**VILLAGE OF OAKWOOD
PAULDING COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015
(Continued)**

2. Restricted

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

3. Committed

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

4. Assigned

Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by Village Council or a Village official delegated that authority by resolution, or by State Statute.

5. Unassigned

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

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

H. Property, Plant, and Equipment

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

I. Accumulated Leave

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

2. Equity in Pooled Deposits and Investments

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

**VILLAGE OF OAKWOOD
PAULDING COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015
(Continued)**

	2015
Demand Deposits	\$522,315
Certificates of Deposit	128,000
Total Deposits	650,315
Commercial Paper	204,675
Demand deposits	\$ 854,990

Deposits: Deposits are insured by the Federal Depository Insurance Corporation or collateralized by securities specifically pledged by the financial institution to the Village.

Investments: The Village's bond trustee holds the Village's commercial paper in book entry form in the Village's name.

3. Budgetary Activity

Budgetary activity for the years ending December 31, 2015 follows:

2015 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$130,978	\$130,981	\$3
Special Revenue	250,535	250,534	(1)
Capital Projects	28,021	28,021	
Enterprise	819,121	624,767	(194,354)
Agency	11,755	11,755	
Total	\$1,240,410	\$1,046,058	(\$194,352)

2015 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$130,497	\$128,203	\$2,294
Special Revenue	308,244	289,684	18,560
Capital Projects	41,825	36,091	5,734
Enterprise	608,752	604,098	4,654
Agency	11,755	11,755	
Total	\$1,101,073	\$1,069,831	\$31,242

4. Property Tax

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

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

**VILLAGE OF OAKWOOD
PAULDING COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015
(Continued)**

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

5. Local Income Tax

The Village levies a municipal income tax of one percent on substantially all earned income arising from employment, residency, or business activities within the Village as well as certain income of residents earned outside of the Village

Employers within the Village withhold income tax on employee compensation and remit the tax to the Village through the City of Cleveland Central Collection Agency (CAA) either monthly or quarterly, as required. Corporations and other individual taxpayers pay estimated taxes quarterly and file a declaration annually.

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

6. Debt

Debt outstanding at December 31, 2015 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Natural Gas Distribution System Revenue Bonds	\$2,070,000	5-5.8%
Rural Economic and Community Development Service Loan	784,385	4.88%
Ohio Water Development Authority Loan	15,339	5.77%
Ohio Public Works Commission Loans	129,330	0.00%
Fire Station Construction Loan	245,511	2.14%
Total	<u><u>\$3,244,565</u></u>	

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

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

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

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

The first Ohio Public Works Commission (OPWC) loan relates to a water plant filtration project that was mandated by the Ohio Environmental Protection Agency. The loan will be

**VILLAGE OF OAKWOOD
PAULDING COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015
(Continued)**

repaid in semiannual installments of \$3,851, with the loan maturing on July 1, 2020. The loan is collateralized by water and sewer receipts.

The second loan relates to a water plant chlorination project that was mandated by the Ohio Environmental Protection Agency. The loan will be repaid in semiannual installments of \$1,696, with the loan maturing on January 1, 2017. The loan is collateralized by water and sewer receipts.

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

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

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

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

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

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

Year ending December 31:	Natural Gas Distribution System Revenue Bonds	RECDS Loan	OWDA Loans	OPWC Loans	Fire Station Construction Loan
2016	\$146,570	\$60,485	\$3,661	\$16,683	\$46,685
2017	149,695	60,412	3,716	14,987	46,685
2018	157,445	61,291	3,775	13,290	46,685
2019	164,695	61,072	3,837	13,290	46,685
2020	166,570	60,805	1,943	13,290	46,685
2021-2025	906,535	304,964		27,937	27,328
2026-2030	961,810	305,649		26,641	
2031-2035	762,608	307,683		3,212	
2036-2039		56,036			
Total	<u>\$3,415,928</u>	<u>\$1,278,397</u>	<u>\$16,932</u>	<u>\$129,330</u>	<u>\$260,753</u>

**VILLAGE OF OAKWOOD
PAULDING COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015
(Continued)**

7. Retirement Systems

The Village's full-time Police Officers belong to the Police and Fire Pension Fund (OP&F). Other employees belong to the Ohio Public Employees Retirement System (OPERS). OP&F and OPERS are cost-sharing, multiple-employer plans. The Ohio Revised Code prescribes these plans' benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For OP&F from January 1, 2015 thru July 1, 2015, plan members were required to contribute 11.5% of their annual covered salary. From July 1, 2015 thru December 31, 2015 OP&F plan members were required to contribute 12.25% of their covered salary. For 2015, the Village contributed to OP&F an amount equal to 19.5% of full-time police members' wages. For 2015, OPERS members contributed 10% of their gross salaries and the Village contributed an amount equaling 14% of participants' gross salaries. The Village has paid all contributions required through December 31, 2015.

8. Risk Management

The Village belongs to the Ohio Plan Risk Management, Inc. (OPRM) (the "Plan"), a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to Ohio governments ("Members"). The Plan is legally separate from its member governments.

Pursuant to Section 2744.081 of the Ohio Revised Code, the plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages to its members sold through fourteen appointed independent agents in the State of Ohio.

OPRM coverage programs are developed specific to each member's risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member's exposure to loss. Effective November 1, 2012 (and through October 2014) the plan increased its retention to 50% of the first \$250,000 casualty treaty. Effective November 1, 2014, the OPRM retained 47% of the premium and losses on the first \$250,000 casualty treaty and 10% of the first \$1,000,000 property treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 772 members as of December 31, 2015..

Plan members are responsible to notify the Plan of their intent to renew coverage by their renewal date. If a member chooses not to renew with the Plan, they have no other financial obligation to the Plan, but still need to promptly notify the Plan of any potential claims occurring during their membership period. The former member's covered claims, which occurred during their membership period, remain the responsibility of the Plan.

Settlement amounts did not exceed insurance coverage for the past three fiscal years.

The Pool's audited financial statements conform to generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2015:

	2015
Assets	\$14,643,667
Liabilities	(9,112,030)
Members' Equity	\$5,531,637

**VILLAGE OF OAKWOOD
PAULDING COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015
(Continued)**

You can read the complete audited financial statements for OPRM at the Plan's website, www.ohioplan.org.

9. Interfund Transfers

Interfund transfers for the year ended December 31, 2015, consisted of the following, as reported on the fund statements:

Fund	Amount
Transfer Out:	
General Fund	\$63,021
Sewer Fund	4,200
Total Transfers Out	\$67,221
 Transfers In:	
Police Levy Fund	\$35,000
Capital Improvements Fund	28,021
Sewer Reserve Fund	4,200
Total Transfers In	\$67,221

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



Dave Yost • Auditor of State

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

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

To the Village Council:

We have audited in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the cash balances, receipts, and disbursements by fund type of the Village of Oakwood, Paulding County, Ohio (the Village) as of and for the years ended December 31, 2016 and 2015, and the related notes to the financial statements and have issued our report thereon dated January 26, 2018 wherein we noted the Village followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. We also noted the fund balances reported in the financial statements are not accurate due to the Village not recording prior audit adjustments.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Village's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the Village's internal control. Accordingly, we have not opined on it.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Village's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings that we consider a material weakness. We consider findings 2016-002 through 2016-004 to be material weaknesses.

Compliance and Other Matters

As part of reasonably assuring whether the Village's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed instances of noncompliance or other matters we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2016-001 and 2016-002.

Entity's Response to Findings

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

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Village's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Village's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Dave Yost
Auditor of State

Columbus, Ohio

January 26, 2018

**VILLAGE OF OAKWOOD
PAULDING COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2016 AND 2015**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2016-001

Finding For Recovery Repaid Under Audit

The Village of Oakwood contract for Fire Protection Services with the Village of Melrose, for the period January 1, 2014 through December 31, 2016, indicates the Village of Melrose agrees to annually remit the greater sum of \$2,000 or the full fire levy amount as received from the County Auditor. The Village of Oakwood contract for Emergency Medical Services (EMS) with the Village of Melrose, for the period January 1, 2014 through December 31, 2017, indicates the Village of Melrose agrees to annually remit the full EMS levy amount as received from the County Auditor.

In 2015 and 2016, the Village of Melrose collected the rollback and homestead portion of the tax levies in the amount of \$1,461 for fire protection services and \$948 for emergency medical services, and the Village of Melrose did not remit the receipts to the Village of Oakwood in accordance with the aforementioned contracts.

In accordance with the foregoing facts, and pursuant to Ohio Rev. Code §117.28, a Finding for Recovery for public money due, but not collected is hereby issued against the Village of Melrose, and in favor of the Village of Oakwood's Special Revenue Fire Fund and Emergency Medical Services Fund, in the amounts of \$1,461 and \$948, respectively.

The finding for recovery was repaid in full on December 18, 2017 by the Village of Melrose.

Officials' Response:

This issue has been repaid and the Village will make a more concerted effort to collect monies from the Village of Melrose in the future.

FINDING NUMBER 2016-002

Noncompliance and Material Weakness

Ohio Rev. Code § 5705.10(F) requires that except as provided in divisions (G) and (H) of this section, if a permanent improvement of the subdivision is sold, the amount received from the sale shall be paid into the sinking fund, the bond retirement fund, or a special fund for the construction or acquisition of permanent improvements; provided that the proceeds from the sale of a public utility shall be paid into the sinking fund or bond retirement fund to the extent necessary to provide for the retirement of the outstanding indebtedness incurred in the construction or acquisition of such utility. Proceeds from the sale of property other than a permanent improvement shall be paid into the fund from which such property was acquired or is maintained or, if there is no such fund, into the General Fund. Ohio Rev. Code §5705.01(E) defines "Permanent improvement" or "improvement" as any property, asset, or improvement with an estimated life or usefulness of five years or more, including land and interests therein, and reconstructions, enlargements, and extensions thereof having an estimated life or usefulness of five years or more.

In 2016, the Village received \$28,200 from the proceeds from the sale of the old fire building and purchased land with a portion of the proceeds. Monies were posted to and disbursed from the General Fund instead of a Capital Projects Permanent Improvement Fund.

These errors were a result of inadequate policies and procedures in monitoring financial transactions. Adjustments were made to the financial statements, notes to the financial statements, and the Village's accounting records to correct these posting errors.

To help ensure monies are budgeted and posted to the proper fund, we recommend the Fiscal Officer budget and post proceeds from the sale of permanent improvements, which have an estimated life or usefulness of five years or more, into a Capital Projects Permanent Improvement Fund.

Officials' Response:

Future proceeds from any sale of assets will be reviewed and posted to the proper fund.

FINDING NUMBER 2016-003

Material Weakness - Prior Year's Findings for Adjustments

In prior years, findings for adjustments were issued to correctly classify certain activities and eliminate improper transfers made by the Village, that were not allowable per **Ohio Rev. §§ 5705.14, .15 and .16**. However, the Village never recorded these adjustments and as a result the fund balances as reported by the Village at December 31, 2016 and 2015 were misstated by the following amounts:

Fund	Fund Balance Understatement/ (Overstatement)
General Fund	(\$16,665)
Special Revenue Funds:	
Street Construction Maintenance and Repair Fund	\$3,051
State Highway Fund	4,611
Parks and Recreation Fund	(506)
Police Levy Fund	13,000
Fire Levy Fund	(50,782)
EMS Levy Fund	(13,878)
Street Lighting Fund	10,013
Enforcement and Education Fund	(34)
Indigent Driver Fund	(33)
Mayor Court Computer Fund	(2)
Total Special Revenue Funds	\$(34,560)
Capital Project Fund:	
Capital Improvement Fund	\$(3,924)

Enterprise Funds:	
Water Fund	\$(1,757)
Water Deposit Fund	(52)
Sewer Fund	49,516
Sewer Reserve Fund	4,761
Sewer Bond Retirement Fund	2,681
Total Enterprise Funds	\$55,149

We recommend the Village record the adjustments to the Village’s accounting records for the differences in fund balances listed above.

Officials’ Response:

Adjustments from 2002 have not been adjusted yet by the Village. We will adjust in increments when the Village becomes able to.

FINDING NUMBER 2016-004

Material Weakness

Financial Reporting

The Village’s management is responsible for the fair presentation of the financial statements. In addition, GASB Statement No. 54 requires fund balance be divided into one of five classifications based on the extent to which constraints are imposed upon the resources. The following errors were noted in the financial statements that required audit adjustments:

- In the Street Lighting Special Revenue Fund, special assessments were understated and intergovernmental revenues were overstated by \$19,601 and \$19,346 in 2016 and 2015, respectively.
- The Enterprise Fund’s reported estimated receipts in the notes to the financial statements were understated by \$204,675 in comparison to the final amended certificate of estimated resources in 2015.
- Final budgeted receipts and appropriations and actual receipts and disbursements for the Agency fund were understated by \$5,237 in the notes to the financial statements in 2016.
- The unassigned General Fund balance was overstated and assigned fund balance for subsequent year appropriations was understated by \$7,078 in 2016.

These errors were a result of inadequate policies and procedures in reviewing the financial statements. The accompanying financial statements, notes to the financial statements, and the Village’s accounting records were adjusted to correct these and other errors. Additional errors were noted in smaller relative amounts.

Sound financial reporting is the responsibility of the Fiscal Officer and the governing board and is essential to ensure the information provided to the readers of the financial statements is complete and accurate.

To help ensure the Village’s financial statements and notes to the statements are complete and accurate, the Village should adopt policies and procedures, including a final review of the statements and notes by the Fiscal Officer and the finance committee to identify and correct errors and omissions. In addition, the Fiscal Officer should also review the Auditor of State’s (AOS) Village handbook which contains a chart of accounts as well as AOS Bulletin 2011-004 for guidance on GASB 54.

Officials' Response:

The Village will take into account the issues above for future audits.

**VILLAGE OF OAKWOOD
PAULDING COUNTY**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2016 AND 2015**

Finding Number	Finding Summary	Status	Additional Information
2014-001	Material weakness over prior years' findings for adjustments.	Not corrected. Reissued as finding 2016-003.	The finding reoccurred since fund balances were not significant enough to make the adjustments. The Fiscal Officer will make incremental adjustments when fund balances are sufficient.
2014-002	Material weakness over financial reporting.	Not corrected. Reissued as finding 2016-004.	The client declined to offer an explanation why the finding reoccurred. The Fiscal Officer will review prior audit report, adjustments, reclassifications, and Village Handbook to help ensure proper postings in future.
2014-003	Material weakness over natural gas utility records.	Corrective action taken and finding is fully corrected.	
2014-004	Material weakness over posting budgeted receipts.	Corrective action taken and finding is fully corrected.	
2014-005	Material weakness and noncompliance on Ohio Rev. Code § 5705.40 for not properly posting appropriations.	Corrective action taken and finding is fully corrected.	
2014-006	Material weakness and noncompliance on Ohio Rev. Code § 5705.41(B) for disbursements exceeding appropriations.	Corrective action taken and finding is fully corrected.	
2014-007	Material weakness and noncompliance on Ohio Rev. Code § 5705.41(A) for recording and budgeting the refinancing of debt.	Corrective action taken and finding is fully corrected.	

VILLAGE OF OAKWOOD
PAULDING COUNTY

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2016 AND 2015
(Continued)

2014-008	Noncompliance on Ohio Water Development Authority (OWDA) Cooperative Agreement for Construction, Maintenance and Operation of State Water Project 4.3(a) for water rates not being sufficient enough to cover debt payments.	Corrective action taken and finding is fully corrected.	
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Dave Yost • Auditor of State

VILLAGE OF OAKWOOD

PAULDING 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
FEBRUARY 15, 2018