



OHIO AUDITOR OF STATE
KEITH FABER



**VILLAGE OF OAKWOOD
PAULDING COUNTY
DECEMBER 31, 2018 AND 2017**

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INDEPENDENT AUDITOR'S REPORT

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

To the Village Council:

Report on the Financial Statements

We have audited the accompanying financial statements of the cash balances, receipts and disbursements 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, 2018 and 2017.

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

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

Though the Village does not intend these statements to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. Our opinion on this accounting basis is in the *Additional Opinion Qualification and Unmodified Opinions* paragraphs 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, 2018 and 2017, and the respective changes in financial position or cash flows thereof for the years then ended.

Basis for Additional Opinion Qualification

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 not made by the Village until 2018 and, as a result, the December 31, 2017 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.

Additional Opinion Qualification

In our opinion, except for the possible effects of the matter described in the *Basis for Additional Opinion Qualification* paragraph, the financial statements as it relates to the General, Special Revenue, Capital Projects and Enterprise funds 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, 2017, for the year 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 2.

Unmodified Opinions

In our opinion, 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 Agency funds in 2017 and all fund types in 2018, of the Village of Oakwood, Paulding County, Ohio as of December 31, 2018 and 2017, 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 2.

Emphasis of Matter

As discussed in Note 11 to the financial statements, during 2018, the Village corrected prior audit adjustments. We did not modify our opinion regarding this matter.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 10, 2019, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.



Keith Faber
Auditor of State

Columbus, Ohio

September 10, 2019

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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, 2018**

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
Cash Receipts				
Property and Other Local Taxes	\$7,644	\$45,649		\$53,293
Municipal Income Tax	111,231			111,231
Intergovernmental	30,923	135,556		166,479
Special Assessments		19,083		19,083
Charges for Services		164,237		164,237
Fines, Licenses and Permits	1,891	160		2,051
Earnings on Investments	1,538	28		1,566
Miscellaneous	2,504	17,532		20,036
<i>Total Cash Receipts</i>	<u>155,731</u>	<u>382,245</u>		<u>537,976</u>
Cash Disbursements				
Current:				
Security of Persons and Property		179,952		179,952
Transportation		17,965		17,965
General Government	56,586	2,710		59,296
Capital Outlay		95,350	\$44,019	139,369
Debt Service:				
Principal Retirement		43,867	16,739	60,606
Interest and Fiscal Charges		2,819	326	3,145
<i>Total Cash Disbursements</i>	<u>56,586</u>	<u>342,663</u>	<u>61,084</u>	<u>460,333</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>99,145</u>	<u>39,582</u>	<u>(61,084)</u>	<u>77,643</u>
Other Financing Receipts (Disbursements)				
Transfers In		6,000	39,428	45,428
Transfers Out	(45,428)			(45,428)
Other Financing Sources		177		177
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(45,428)</u>	<u>6,177</u>	<u>39,428</u>	<u>177</u>
<i>Net Change in Fund Cash Balances</i>	53,717	45,759	(21,656)	77,820
<i>Fund Cash Balances, January 1 (Restated)</i>	<u>70,393</u>	<u>323,493</u>	<u>86,339</u>	<u>480,225</u>
Fund Cash Balances, December 31				
Restricted		369,252	321	369,573
Committed			64,362	64,362
Unassigned	124,110			124,110
<i>Fund Cash Balances, December 31</i>	<u>\$124,110</u>	<u>\$369,252</u>	<u>\$64,683</u>	<u>\$558,045</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, 2018**

	Proprietary Fund Type	Fiduciary Fund Type	Totals (Memorandum Only)
	Enterprise	Agency	
Operating Cash Receipts			
Charges for Services	\$655,784		\$655,784
Fees, Licenses, and Permits	1,125		1,125
Miscellaneous	4,240		4,240
<i>Total Operating Cash Receipts</i>	<u>661,149</u>		<u>661,149</u>
Operating Cash Disbursements			
Personal Services	101,048		101,048
Contractual Services	181,431		181,431
Supplies and Materials	109,037		109,037
<i>Total Operating Cash Disbursements</i>	<u>391,516</u>		<u>391,516</u>
<i>Operating Income</i>	<u>269,633</u>		<u>269,633</u>
Non-Operating Receipts (Disbursements)			
Capital Outlay	(39,715)		(39,715)
Principal Retirement	(75,000)		(75,000)
Interest and Other Fiscal Charges	(143,490)		(143,490)
Other Financing Sources	3,666	\$2,770	6,436
Other Financing Uses	(3,121)	(2,550)	(5,671)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(257,660)</u>	<u>220</u>	<u>(257,440)</u>
<i>Income before Transfers</i>	11,973	220	12,193
Transfers In	49,566		49,566
Transfers Out	(49,566)		(49,566)
<i>Net Change in Fund Cash Balances</i>	11,973	220	12,193
<i>Fund Cash Balances, January 1 (Restated)</i>	<u>539,258</u>		<u>539,258</u>
<i>Fund Cash Balances, December 31</i>	<u>\$551,231</u>	<u>\$220</u>	<u>\$551,451</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, 2018**

Note 1 – Reporting Entity

The Village of Oakwood (the Village), Paulding County, is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. A publicly-elected six member Council directs the Village. The Village provides general government services including police, emergency medical services (EMS), fire protection, maintenance of streets, utilities (gas, water, and sewer), and park operations (leisure time activities).

Public Entity Risk Pool

The Village participates in a public entity risk pool, the Public Entities Pool of Ohio (PEP). Note 9 to the financial statements provides additional information for this entity. The Village's management believes these financial statements present all activities for which the Village is financially accountable.

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

The Village's financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (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.

Fund Accounting

The Village uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Village are presented below:

General Fund The general fund accounts for and reports all financial resources not accounted for and reported in another fund. The general fund is available to the Village for any purpose provided it is expended or transferred according to the general laws of Ohio.

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

Police Levy Fund This fund receives revenue from property taxes to provide police protection to residents of the Village. It is also 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 townships 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 townships and villages to provide EMS services to their residents and from charges for services for EMS runs.

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

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

**VILLAGE OF OAKWOOD
PAULDING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018
(Continued)**

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

Water Fund This fund accounts for the provision of water treatment and distribution to the residents and commercial users located within the Village.

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

Natural Gas Bond Fund This fund accounts for the provisions of natural gas services to the residents and commercial users located within the Village.

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 had the following significant Agency Fund:

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

Basis of Accounting

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

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

Budgetary Process

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

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

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

Encumbrances The Ohio Revised Code requires the Village to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year.

A summary of 2018 budgetary activity appears in Note 4.

**VILLAGE OF OAKWOOD
PAULDING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018
(Continued)**

Deposits and Investments

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

Investment in STAR Ohio is measured at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

The Village values certificates of deposit at cost.

Capital Assets

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

Accumulated Leave

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

Fund Balance

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

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

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

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

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

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.

**VILLAGE OF OAKWOOD
PAULDING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018
(Continued)**

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

Note 3 – 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:

	2018
Demand Deposits	\$782,256
Certificate of Deposits	128,000
Total Deposits	910,256
STAR Ohio	199,240
Total Deposits and Investments	\$1,109,496

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation or collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

Investments

The Village's bond trustee for its Natural Gas bond and reserve funds hold the Village's STAR Ohio accounts in book entry form in the Village's name.

Investments in STAR Ohio are not evidenced by securities that exist in physical or book-entry form.

Note 4 – Budgetary Activity

Budgetary activity for the years ending December 31, 2018 follows:

2018 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$155,727	\$155,731	\$4
Special Revenue	388,338	388,422	84
Capital Projects	39,428	39,428	
Enterprise	713,427	714,381	954
Agency	2,770	2,770	
Total	\$1,299,690	\$1,300,732	\$1,042

**VILLAGE OF OAKWOOD
PAULDING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018
(Continued)**

2018 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$105,244	\$102,014	\$3,230
Special Revenue	357,673	342,663	15,010
Capital Projects	61,421	61,084	337
Enterprise	715,652	702,408	13,244
Agency	2,700	2,550	150
Total	\$1,242,690	\$1,210,719	\$31,971

Note 5 – Taxes

Property Taxes

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

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

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

Income Taxes

The Village levies a municipal income tax of 1 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.

Note 6 – Debt

Debt outstanding at December 31, 2018 was as follows:

**VILLAGE OF OAKWOOD
PAULDING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018
(Continued)**

	Principal	Interest Rate
Natural Gas Distribution System Revenue Bonds	\$1,945,000	5-5.8%
Rural Economic and Community Development Service Loan	714,385	4.88%
Ohio Water Development Authority Loan	5,555	4.00%
Ohio Public Works Commission Loans	84,279	0.00%
Fire Station Construction Loan	91,029	2.14%
Total	\$2,840,248	

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

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

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

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

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

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

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

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

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

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, and a \$25,762.11 principal payment on September 12, 2016. The loan is collateralized by assignment of fire and EMS contracts.

**VILLAGE OF OAKWOOD
PAULDING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018
(Continued)**

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

Year ending December 31:	Natural Gas Distribution System Revenue	RECDs Loan	OWDA Loans	OPWC Loans	Fire Station Construction Loan
2019	\$164,695	\$60,826	\$3,837	\$13,290	\$46,685
2020	166,570	60,559	1,943	13,290	46,690
2021	168,195	60,243		5,587	
2022	179,320	60,878		5,587	
2023	184,820	60,415		5,587	
2024-2028	954,770	304,603		27,938	
2029-2033	953,760	305,658		13,000	
2034-2037	190,087	184,169			
Total	<u>\$2,962,217</u>	<u>\$1,097,351</u>	<u>\$5,780</u>	<u>\$84,279</u>	<u>\$93,375</u>

Note 7 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

Village employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent of their gross salaries and the Village contributed an amount equaling 14 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2018.

Ohio Police and Fire Retirement System

The Village's full-time Police Officers belong to the Police and Fire Pension Fund (OP&F). OP&F is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OP&F participants contributed 12.25 percent of their wages. The Village contributed to OP&F an amount equal to 19.5 percent of full-time police members' wages. The Village has paid all contributions required through December 31, 2018.

Note 8 – Postemployment Benefits

Both OPERS and OP&F offer cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the Traditional Pension Plan and Combined Plan was 0 percent during calendar year 2018. The portion of employer contributions allocation to health care for OPERS members in the Member Directed Plan was 4 percent during calendar year 2018. OP&F contributes 0.5 percent to fund these benefits.

**VILLAGE OF OAKWOOD
PAULDING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018
(Continued)**

Beginning January 1, 2019, OP&F is changing its retiree health care model and the current self-insured health care plan will no longer be offered. In its place is a stipend-based health care model. A stipend funded by OP&F will be placed in individual Health Reimbursement Accounts that retirees will use to be reimbursed for health care expenses.

Note 9 – Risk Management

The Village is exposed to various risks of property and casualty losses, and injuries to employees.

The Village insures against injuries to employees through the Ohio Bureau of Worker’s Compensation.

The Village belongs to the Public Entities Pool of Ohio (PEP), a risk-sharing pool available to Ohio local governments. PEP provides property and casualty coverage for its members. York Insurance Services Group, Inc. (York) functions as the administrator of PEP and provides underwriting, claims, loss control, risk management, and reinsurance services for PEP. PEP is a member of the American Public Entity Excess Pool (APEEP), which is also administered by York. Member governments pay annual contributions to fund PEP. PEP pays judgments, settlements and other expenses resulting from covered claims that exceed the members’ deductibles.

Casualty and Property Coverage

APEEP provides PEP with an excess risk-sharing program. Under this arrangement, PEP retains insured risks up to an amount specified in the contracts. At December 31, 2017, PEP retained \$350,000 for casualty claims and \$100,000 for property claims.

The aforementioned casualty and property reinsurance agreement does not discharge PEP’s primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective government.

Financial Position

PEP’s financial statements (audited by other auditor’s) conform with generally accepted accounting principles, and reported the following assets, liabilities and net position at December 31, 2017 (the latest information available).

	<u>2017</u>
Assets	\$44,452,326
Liabilities	(13,004,011)
Net Position	\$31,448,315

At December 31, 2017 the liabilities above include approximately \$11.8 million of estimated incurred claims payable. The assets above also include approximately \$11.2 million of unpaid claims to be billed. The Pool’s membership increased to 527 members in 2017. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2018, the Village’s share of these unpaid claims collectible in future years is approximately \$10,000.

Based on discussions with PEP, the expected rates PEP charges to compute member contributions, which are used to pay claims as they become due, are not expected to change significantly from those used to determine the historical contributions detailed below. By contract, the annual liability of each member is limited to the amount of financial contributions required to be made to PEP for each year of membership.

**VILLAGE OF OAKWOOD
PAULDING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018
(Continued)**

<u>2018 Contributions to PEP</u>
\$15,982

After one year of membership, a member may withdraw on the anniversary of the date of joining PEP, if the member notifies PEP in writing 60 days prior to the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's contribution. Withdrawing members have no other future obligation to PEP. Also upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim occurred or was reported prior to the withdrawal.

Note 10 – Interfund Transfers

Interfund transfers for the year ended December 31, 2018 consisted of the following, as reported on the fund statements:

Fund	Amount
General Fund Transfer Out to:	
Police Levy Fund	\$6,000
Capital Improvement Fund	39,428
Total General Fund Transfers	\$45,428
 Sewer Fund Transfer Out to:	
Sewer Reserve Fund	\$49,566

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.

Note 11 – Restatement of Fund Balance

In 2018, the Village posted finding for adjustments from prior audits which represented improper transfers made by the Village that were not allowable per Ohio Rev. Code § 5705.14, .15, and .16. The adjustments had the following effect on the fund balances:

	General	Special Revenue	Capital Projects	Enterprise
Fund Balance as previously reported December 31, 2017	\$87,058	\$358,053	\$90,263	\$484,109
Adjustment to funds	(16,665)	(34,560)	(3,924)	55,149
Fund Balance as restated at January 1, 2018	\$70,393	\$323,493	\$86,339	\$539,258

Note 12 – Compliance

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

**VILLAGE OF OAKWOOD
PAULDING COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2017**

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
Cash Receipts				
Property and Other Local Taxes	\$7,506	\$44,845		\$52,351
Municipal Income Tax	87,683			87,683
Intergovernmental	30,988	44,016		75,004
Special Assessments		19,329		19,329
Charges for Services		149,194		149,194
Fines, Licenses and Permits	2,541	2,969		5,510
Earnings on Investments	697	24		721
Miscellaneous	3,445	38,764		42,209
<i>Total Cash Receipts</i>	<u>132,860</u>	<u>299,141</u>		<u>432,001</u>
Cash Disbursements				
Current:				
Security of Persons and Property		171,859		171,859
Transportation		8,593		8,593
General Government	55,879	6,699	\$1,500	64,078
Capital Outlay		20,767	3,549	24,316
Debt Service:				
Principal Retirement		42,966	18,335	61,301
Interest and Fiscal Charges		3,719	458	4,177
<i>Total Cash Disbursements</i>	<u>55,879</u>	<u>254,603</u>	<u>23,842</u>	<u>334,324</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>76,981</u>	<u>44,538</u>	<u>(23,842)</u>	<u>97,677</u>
Other Financing Receipts (Disbursements)				
Transfers In		28,000	29,885	57,885
Transfers Out	(57,885)			(57,885)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(57,885)</u>	<u>28,000</u>	<u>29,885</u>	
<i>Net Change in Fund Cash Balances</i>	19,096	72,538	6,043	97,677
<i>Fund Cash Balances, January 1</i>	<u>67,962</u>	<u>285,515</u>	<u>84,220</u>	<u>437,697</u>
Fund Cash Balances, December 31				
Restricted		358,053	321	358,374
Committed			89,942	89,942
Unassigned	87,058			87,058
<i>Fund Cash Balances, December 31</i>	<u>\$87,058</u>	<u>\$358,053</u>	<u>\$90,263</u>	<u>\$535,374</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, 2017**

	Proprietary Fund Type	Fiduciary Fund Type	Totals (Memorandum Only)
	Enterprise	Agency	
Operating Cash Receipts			
Charges for Services	\$642,063		\$642,063
Miscellaneous	5,129		5,129
<i>Total Operating Cash Receipts</i>	<u>647,192</u>		<u>647,192</u>
Operating Cash Disbursements			
Personal Services	100,060		100,060
Contractual Services	188,332		188,332
Supplies and Materials	116,270		116,270
<i>Total Operating Cash Disbursements</i>	<u>404,662</u>		<u>404,662</u>
<i>Operating Income</i>	<u>242,530</u>		<u>242,530</u>
Non-Operating Receipts (Disbursements)			
Capital Outlay	(9,077)		(9,077)
Earnings on Investments	239		239
Principal Retirement	(63,000)		(63,000)
Interest and Other Fiscal Charges	(146,861)		(146,861)
Other Financing Sources	1,372	\$3,565	4,937
Other Financing Uses	(2,121)	(\$3,565)	(5,686)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(219,448)</u>		<u>(219,448)</u>
<i>Income before Transfers</i>	23,082		23,082
Transfers In	4,200		4,200
Transfers Out	(4,200)		(4,200)
<i>Net Change in Fund Cash Balances</i>	23,082		23,082
<i>Fund Cash Balances, January 1</i>	<u>461,027</u>		<u>461,027</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$484,109</u></u>		<u><u>\$484,109</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, 2017**

Note 1 – Reporting Entity

The Village of Oakwood (the Village), Paulding County, is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. A publicly-elected six member Council directs the Village. The Village provides general government services including police, emergency medical services (EMS), fire protection, maintenance of streets, utilities (gas, water, and sewer), and park operations (leisure time activities).

Public Entity Risk Pool

The Village participates in a public entity risk pool, the Ohio Plan Risk Management, Inc. (OPRM). Note 9 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.

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

The Village's financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (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.

Fund Accounting

The Village uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Village are presented below:

General Fund The general fund accounts for and reports all financial resources not accounted for and reported in another fund. The general fund is available to the Village for any purpose provided it is expended or transferred according to the general laws of Ohio.

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

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

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

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

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

**VILLAGE OF OAKWOOD
PAULDING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017
(Continued)**

Water Fund This fund accounts for the provision of water treatment and distribution to the residents and commercial users located within the Village.

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

Natural Gas Bond Fund This fund accounts for the provisions of natural gas services to the residents and commercial users located within the Village.

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 had the following significant Agency Fund:

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

Basis of Accounting

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

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

Budgetary Process

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

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

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

Encumbrances The Ohio Revised Code requires the Village to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year.

A summary of 2017 budgetary activity appears in Note 4.

VILLAGE OF OAKWOOD
PAULDING COUNTY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017
(Continued)

Deposits and Investments

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

Investment in STAR Ohio is measured at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

The Village values certificates of deposit at cost.

Capital Assets

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

Accumulated Leave

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

Fund Balance

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

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

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

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

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

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.

**VILLAGE OF OAKWOOD
PAULDING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017
(Continued)**

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

Note 3 – 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:

	2017
Demand Deposits	\$692,242
Certificates of Deposit	128,000
Total Deposits	820,242
STAR Ohio	199,241
Total Deposits and Investments	\$1,019,483

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation or collateralized by the financial institutions public entity deposit pool.

Investments

The Village’s bond trustee for its Natural Gas bond and reserve funds hold the Village’s STAR Ohio accounts in book entry form in the Village’s name.

Investments in STAR Ohio are not evidenced by securities that exist in physical or book-entry form.

Note 4 – Budgetary Activity

Budgetary activity for the years ending December 31, 2017 follows:

2017 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$132,856	\$132,860	\$4
Special Revenue	315,327	327,141	11,814
Capital Projects	28,000	29,885	1,885
Enterprise	619,137	653,003	33,866
Agency	3,565	3,565	
Total	\$1,098,885	\$1,146,454	\$47,569

**VILLAGE OF OAKWOOD
PAULDING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017
(Continued)**

2017 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$115,505	\$113,764	\$1,741
Special Revenue	270,519	254,603	15,916
Capital Projects	24,637	23,842	795
Enterprise	628,693	629,921	(1,228)
Agency	3,565	3,565	
Total	\$1,042,919	\$1,025,695	\$17,224

Note 5 – Taxes

Property Taxes

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

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

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

Income Taxes

The Village levies a municipal income tax of 1 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.

Note 6 – Debt

Debt outstanding at December 31, 2017 was as follows:

**VILLAGE OF OAKWOOD
PAULDING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017
(Continued)**

	<u>Principal</u>	<u>Interest Rate</u>
Natural Gas Distribution System Revenue Bonds	\$1,995,000	5-5.8%
Rural Economic and Community Development Service Loan	739,385	4.88%
Ohio Water Development Authority Loan	9,004	4.00%
Ohio Public Works Commission Loans	97,569	0.00%
Fire Station Construction Loan	134,897	2.14%
Total	<u>\$2,975,855</u>	

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

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 (OEPA). The loan will be repaid in semiannual installments with the loan maturing on July 1, 2020. The loan is collateralized by water receipts.

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

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

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

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

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

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

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, and a \$25,762.11 principal payment on September 12, 2016. The loan is collateralized by assignment of fire and emergency management service (EMS) contracts.

**VILLAGE OF OAKWOOD
PAULDING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017
(Continued)**

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

Year ending December 31:	Natural Gas Distribution System Revenue	RECDS Loan	OWDA Loans	OPWC Loans	Fire Station Construction Loan
	Bonds				
2018	\$157,445	\$61,045	\$3,775	\$13,290	\$46,685
2019	164,695	60,826	3,837	13,290	46,685
2020	166,570	60,556	1,943	13,290	46,690
2021	168,195	60,243		5,587	
2022	179,320	60,878		5,587	
2023-2027	946,940	304,036		27,937	
2028-2032	956,423	305,431		18,588	
2033-2036	380,075	245,376			
Total	<u>\$3,119,663</u>	<u>\$1,158,391</u>	<u>\$9,555</u>	<u>\$97,569</u>	<u>\$140,060</u>

Note 7 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

Village employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent of their gross salaries and the Village contributed an amount equaling 14 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2017.

Ohio Police and Fire Retirement System

The Village's full-time Police Officers belong to the Police and Fire Pension Fund (OP&F). OP&F is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OP&F participants contributed 12.25 percent of their wages. The Village contributed to OP&F an amount equal to 19.5 percent of full-time police members' wages. The Village has paid all contributions required through December 31, 2017.

Note 8 – Postemployment Benefits

Both OPERS and OP&F offer cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the Traditional Pension Plan and Combined Plan was 1.0 percent during calendar year 2017. OP&F contributes 0.5 percent to fund these benefits.

**VILLAGE OF OAKWOOD
PAULDING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017
(Continued)**

Note 9 – 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, 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. Effective November 1, 2017, the OPRM retained 47% 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 764 members as of December 31, 2017.

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 with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2017.

Assets	\$14,853,620
Liabilities	<u>(9,561,108)</u>
Members' Equity	<u>\$ 5,292,512</u>

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

Note 10 – Miscellaneous Receipts

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

Note 11 – Interfund Transfers

Interfund transfers for the year ended December 31, 2017, consisted of the following, as reported on the fund statements:

VILLAGE OF OAKWOOD
PAULDING COUNTY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017
(Continued)

<u>Fund</u>	<u>Amount</u>
General Fund Transfer Out to:	
Police Levy Fund	\$28,000
Capital Improvement Fund	29,885
Total General Fund Transfers	<u>\$57,885</u>
Sewer Fund Transfer Out to:	
Sewer Reserve Fund	<u>\$4,200</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.

Note 12 – Compliance

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

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

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

To the Village Council:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the cash balances, receipts, and disbursements by fund type of the Village of Oakwood, Paulding County, Ohio (the Village) as of and for the years ended December 31, 2018 and 2017, and the related notes to the financial statements and have issued our report thereon dated September 10, 2019, wherein we noted the Village followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. We also noted the Village restated 2018 beginning fund balances to correct prior audit adjustments. In addition, the 2017 fund balances were not accurate due to the Village not recording these 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 material weaknesses. We consider findings 2018-001 and 2018-002 to be material weaknesses.

Compliance and Other Matters

As part of reasonably assuring whether the Village's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the 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 an instance of noncompliance or other matters we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2018-001.

Purpose of this Report

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



Keith Faber
Auditor of State

Columbus, Ohio

September 10, 2019

**VILLAGE OF OAKWOOD
PAULDING COUNTY
SCHEDULE OF FINDINGS
DECEMBER 31, 2018 AND 2017**

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

FINDING NUMBER 2018-001

Noncompliance and Material Weakness

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

In 2018 and 2017, the Village inappropriately recorded \$28,091 and \$28,970, respectively, of refuse revenues in the General Fund. Given the source of the revenue, this should have been recorded in an Enterprise Fund. Audit adjustments are reflected in the financial statements and in the accounting records correcting these misstatements.

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

FINDING NUMBER 2018-002

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 did not record these adjustments until 2018, and, as a result, the fund balances as reported by the Village at December 31, 2017 were misstated by the following amounts:

Fund	Fund Balance Understatement/ (Overstatement)
General Fund	<u>(\$16,665)</u>
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	<u><u>(\$34,560)</u></u>

Capital Projects Fund:	
Capital Improvement Fund	<u>(\$3,924)</u>
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	<u>\$55,149</u>

These errors are the result of inadequate policies and procedures in monitoring financial transactions. Failure to accurately post these adjustments in the accounting system could result in management making misinformed financial decisions.

The Village should implement policies and procedures to help ensure adjustments to the Village's accounting records for the differences in fund balances listed above are timely and properly recorded.

The adjustments were posted to the 2018 beginning fund balances in the Village's accounting system.

Officials' Response:

We did not receive a response from Officials to the findings reported above.



Village of Oakwood

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Mayor
Brian Ripke

Fiscal Officer
Matthew Arellano

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS DECEMBER 31, 2018 AND 2017

Finding Number	Finding Summary	Status	Additional Information
2016-001	Finding for recovery repaid under audit for fire protection services.	Corrective action taken and finding is fully corrected.	
2016-002	Material weakness and noncompliance on Ohio Rev. Code § 5705.10(F) for posting proceeds from the sale of an asset to an incorrect fund.	Corrective action taken and finding is fully corrected.	
2016-003	This finding was first reported in 2009. Material weakness for prior audit findings for adjustments to reclassify certain activities and eliminate improper transfers.	Not corrected and reissued as finding 2018-002 in this report.	The Village Officials are aware of this issue. The prior Fiscal Officer did not post the prior audit findings for adjustments until the beginning of 2018.
2016-004	This finding was first reported in 2006. Material weakness for lack of monitoring of financial transactions resulting in errors in the financial statements.	Partially corrected and reissued in the Management Letter.	The Village Officials are aware of this issue and are taking steps to correct it. The prior audit material entries were corrected during the current audit but different ones were issued this audit. The Fiscal Officer plans to review future postings of financial activity to make sure they are properly reported in the accounting ledgers and financial statements.

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OHIO AUDITOR OF STATE KEITH FABER



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
SEPTEMBER 24, 2019**