



**VILLAGE OF WOODMERE
CUYAHOGA COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2005 & 2004



**Auditor of State
Betty Montgomery**

VILLAGE OF WOODMERE
CUYAHOGA COUNTY

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**Auditor of State
Betty Montgomery**

Village of Woodmere
Cuyahoga County
27899 Chagrin Boulevard
Woodmere, Ohio 44122

To the Village Council:

As you are aware, the Auditor of State's Office (AOS) must modify the *Independent Accountants' Report* we provide on your financial statements due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA). While AOS does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. Our Report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the amounts the statements present are misstated under the non-GAAP basis you follow. The AOS report also includes an opinion on the financial statements you prepared using the cash basis and financial statement format the AOS permits.

A handwritten signature in cursive script that reads "Betty Montgomery".

Betty Montgomery
Auditor of State

August 16, 2006

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**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

Village of Woodmere
Cuyahoga County
27899 Chagrin Boulevard
Woodmere, Ohio 44122

To the Village Council:

We have audited the accompanying financial statements of the Village of Woodmere, Cuyahoga County, Ohio, (the Village) as of and for the years ended December 31, 2005 and December 31, 2004. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

As described more fully in Note 1, the Village has prepared these financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

Revisions to GAAP would require the Village to reformat its financial statement presentation and make other changes effective for the years ended December 31, 2005 and December 31, 2004. Instead of the combined funds the accompanying financial statements present for 2005 and 2004, the revisions require presenting entity wide statements and also to present its larger (i.e. major) funds separately for 2005 and 2004. While the Village does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to the new GAAP presentation requirements. The Auditor of State permits, but does not require governments to reformat their statements. The Village has elected not to reformat its statements. Since this Village does not use GAAP to measure financial statement amounts, the following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2005 and December 31, 2004, does not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2005 and December 31, 2004, or its changes in financial position for the years then ended.

Also in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of the Village of Woodmere, Cuyahoga County, Ohio, as of December 31, 2005 and December 31, 2004, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The aforementioned revision to generally accepted accounting principles also requires the Village to include Management's Discussion and Analysis for the years ended December 31, 2005 and December 31, 2004. The Village has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 16, 2006, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.



Betty Montgomery
Auditor of State

August 16, 2006

**VILLAGE OF WOODMERE
CUYAHOGA COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES ALL GOVERNMENTAL AND FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2005**

	Governmental Fund Types				Fiduciary Fund Type	Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Agency	
Cash Receipts:						
Property Tax and Other Local Taxes	\$1,803,733	\$68,881	\$	\$	\$	\$1,872,614
Intergovernmental Receipts	79,501	73,844				153,345
Charges for Services	29,273			600		29,873
Fines, Licenses, and Permits	105,272	7,640				112,912
Earnings on Investments	13,400	3,871	130	6,645		24,046
Miscellaneous	25,424	1,608	62	1,230		28,324
Total Cash Receipts	2,056,603	155,844	192	8,475		2,221,114
Cash Disbursements:						
Current:						
Security of Persons and Property	1,152,963	122,556				1,275,519
Public Health Services	3,906					3,906
Community Environment	0	4,300		21,580		25,880
Basic Utility Services	58,701					58,701
Transportation	75,866	26,904		23,214		125,984
General Government	766,244	9,036		18,173		793,453
Debt Service:						
Principal Payments	24,711		380,438	14,238		419,387
Capital Outlay	6,698	3,845		1,962		12,505
Total Cash Disbursements	2,089,089	166,641	380,438	79,167		2,715,335
Total Receipts Over Disbursements	(32,486)	(10,797)	(380,246)	(70,692)		(494,221)
Other Financing Receipts and (Disbursements):						
Sale of Notes			285,000			285,000
Sale of Assets	9,850					9,850
Transfers-In				32,500		32,500
Advances-In		6,456				6,456
Advances-Out	(6,456)					(6,456)
Transfers-Out	(32,500)					(32,500)
Other Non-Operating Revenues					159,250	159,250
Other Non-Operating Expenses					(227,875)	(227,875)
Other Financing Sources	13,049		110,296			123,345
Other Financing Uses	(300)					(300)
Total Other Financing Receipts/(Disbursements)	(16,357)	6,456	395,296	32,500	(68,625)	349,270
Excess of Cash Receipts and Other Financing Receipts Over Cash Disbursements and Other Financing Disbursements	(48,843)	(4,341)	15,050	(38,192)	(68,625)	(144,951)
Fund Cash Balances, January 1 2005	455,656	159,088		277,017	323,413	1,215,174
Fund Cash Balances, December 31 2005	\$406,813	\$154,747	\$15,050	\$238,825	\$254,788	\$1,070,223
Reserves for Encumbrances, December 31 2005	\$14,099	\$10,109		\$24,403		\$48,611

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

**VILLAGE OF WOODMERE
CUYAHOGA COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES ALL GOVERNMENTAL AND FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2004**

	Governmental Fund Types				Fiduciary Fund Type	Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Agency	
Cash Receipts:						
Property Tax and Other Local Taxes	\$1,733,941	\$59,485	\$	\$	\$	\$1,793,426
Intergovernmental Receipts	72,094	309,675		45,356		427,125
Charges for Services	34,718					34,718
Fines, Licenses, and Permits	174,199	9,372				183,571
Earnings on Investments	7,947	2,617		10,541		21,105
Miscellaneous	1,178			24,031		25,209
Total Cash Receipts	2,024,077	381,149		79,928		2,485,154
Cash Disbursements:						
Current:						
Security of Persons and Property	1,213,169	200,708				1,413,877
Public Health Services	2,858					2,858
Community Environment	0	15,904		880,474		896,378
Basic Utility Services	58,932	675				59,607
Transportation	80,917	36,472		2,500		119,889
General Government	761,515	8,904		24,404		794,823
Debt Service:						
Principal Payments			1,288,963	41,788		1,330,751
Capital Outlay	27,619	79,523		454,262		561,404
Total Cash Disbursements	2,145,010	342,186	1,288,963	1,403,428		5,179,587
Total Receipts Over Disbursements	(120,933)	38,963	(1,288,963)	(1,323,500)		(2,694,433)
Other Financing Receipts and (Disbursements):						
Sale of Notes			1,288,963	285,000		1,573,963
Sale of Assets	25					25
Transfers-In				47,000		47,000
Advances-In	18,700	18,900				37,600
Advances-Out	(18,900)	(18,700)				(37,600)
Transfers-Out	(47,000)					(47,000)
Other Non-Operating Revenues					195,502	195,502
Other Non-Operating Expenses					(192,745)	(192,745)
Other Financing Sources	21,611					21,611
Other Financing Uses	(3,000)					(3,000)
Total Other Financing Receipts/(Disbursements)	(28,564)	200	1,288,963	332,000	2,757	1,595,356
Excess of Cash Receipts and Other Financing Receipts Over Cash Disbursements and Other Financing Disbursements	(149,497)	39,163		(991,500)	2,757	(1,099,077)
Fund Cash Balances, January 1 2004, Restated - Note 2	605,153	119,925		1,268,517	320,656	2,314,251
Fund Cash Balances, December 31 2004	\$455,656	\$159,088	\$	\$277,017	\$323,413	\$1,215,174
Reserves for Encumbrances, December 31 2004	\$2,211	\$2,230		\$2,002	\$3,140	\$9,583

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

**VILLAGE OF WOODMERE
CUYAHOGA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2005 AND 2004**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Village of Woodmere, Cuyahoga County, Ohio, (the Village) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Village is directed by a publicly-elected Mayor and seven-member Council. The Village provides general governmental services, including police, fire, building inspection and recreation programs.

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

B. Basis of Accounting

These financial statements follow the accounting basis the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. This basis 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 adequately disclose material matters the Auditor of State prescribes.

C. Cash

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

The Village values certificates of deposit at cost. STAR Ohio is recorded at share value reported by the mutual fund.

D. 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:

1. General Fund

The General Fund reports all financial resources except those required to be accounted for in another fund.

2. Special Revenue Funds

These funds account for proceeds from specific sources (other than from trusts or for capital projects) that are restricted to expenditure for specific purposes. The Village had the following significant Special Revenue Funds:

VILLAGE OF WOODMERE
CUYAHOGA COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2005 AND 2004
(Continued)

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

D. **Fund Accounting (Continued)**

2. **Special Revenue Fund (Continued)**

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

Fire Levy Fund - This fund receives property tax money to provide fire protection services for the Village residents.

3. **Capital Project Fund**

These funds account for receipts restricted to acquiring or constructing major capital projects (except those financed through enterprise or trust funds). The Village had the following significant capital project fund:

Eton Redevelopment Fund - This fund received the proceeds from a note issuance to aid the development of Eton Place.

4. **Fiduciary Fund (Agency Funds)**

Trust funds account for resources restricted by legally binding trust agreements. If the agreement requires the Village to maintain the corpus of the trust, the Village classifies the fund as a nonexpendable trust fund. Other trust funds are classified as expendable. Funds for which the Village is acting in an agency capacity are classified as agency funds. The Village had the following significant fiduciary fund:

Mayor's Court Fund – This agency fund receives fees from traffic violations. A portion of these fees are paid to the Village's General Fund and the remainder is remitted to the State of Ohio.

E. **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 for the general fund at the department and object level and for all other funds at the fund and object level of control, and appropriations may not exceed estimated resources. Village Council must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Unencumbered appropriations lapse at year end.

2. **Estimated Resources**

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

**VILLAGE OF WOODMERE
CUYAHOGA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2005 AND 2004
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process (Continued)

3. Encumbrances

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

A summary of 2005 and 2004 budgetary activity appears in Note 4.

4. Reserves for Budget Stabilization

Pursuant to Ohio Revised Code Sections 5705.13 and 5705.131, the Village established a reserve balance account for budget stabilization. The amount reserved for this purpose may not exceed 5% of the general fund's revenue for the preceding fiscal year and the reserve balance is not considered part of the unencumbered balance when certifying available balances at year-end. The total reserve for budget stabilization as of December 31, 2005 is \$260,000.

F. 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.

G. 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. RECLASIFICATION OF FUND BALANCES

As of December 31, 2003, the Village has reclassified its Law Enforcement Trust Fund from an Agency Fund to a Special Revenue Fund. The effect on fund balance is as follows:

	Special Revenue Funds	Agency Funds
Fund Balance - December 31, 2003	\$117,813	\$322,768
Reclassification of Law Enforcement Trust Fund	2,112	(2,112)
Adjusted Fund Balance – December 31, 2003	\$119,925	\$320,656

**VILLAGE OF WOODMERE
CUYAHOGA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2005 AND 2004
(Continued)**

3. EQUITY IN POOLED CASH AND INVESTMENTS

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

	2005	2004
Demand deposits	\$53,120	\$13,927
Certificates of deposit	400,000	406,160
Total deposits	453,120	420,087
STAR Ohio	233,696	323,668
Repurchase agreements – sweep accounts	383,407	471,419
Total Investments	617,103	795,087
Total Deposits and Investments	\$1,070,223	\$1,215,174

Deposits: Deposits are insured by the Federal Depository Insurance Corporation or collateralized by the financial institution's public entity deposit pool.

Investments: Investments in STAR Ohio are not evidenced by securities that exist in physical or book-entry form. The Village's financial institution transfers securities to the Village's agent to collateralize repurchase agreements. The securities are not in the Village's name.

4. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2005 and December 31, 2004 follows:

2005 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$2,188,217	\$2,079,502	(\$108,715)
Special Revenue	161,972	155,844	(6,128)
Debt Service	380,568	395,488	14,920
Capital Projects	38,997	40,975	1,978
Total	\$2,769,754	\$2,671,809	(\$97,945)

2005 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$2,243,653	\$2,135,988	\$107,665
Special Revenue	251,790	176,750	75,040
Debt Service	380,438	380,438	0
Capital Projects	200,256	103,570	96,686
Total	\$3,076,137	\$2,796,746	\$279,391

**VILLAGE OF WOODMERE
CUYAHOGA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2005 AND 2004
(Continued)**

4. BUDGETARY ACTIVITY (Continued)

2004 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$2,092,444	\$2,045,713	(\$46,731)
Special Revenue	356,020	381,149	25,129
Debt Service	1,288,963	1,288,963	0
Capital Projects	398,585	411,928	13,343
Total	\$4,136,012	\$4,127,753	(\$8,259)

2004 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$2,286,126	\$2,191,221	\$94,905
Special Revenue	418,695	344,416	74,279
Debt Service	1,288,963	1,288,963	0
Capital Projects	1,593,706	1,405,430	188,276
Total	\$5,587,490	\$5,230,030	\$357,460

5. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which the Village Council adopts 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 State pays the Village amounts equaling these deductions. The Village includes these with Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half payment 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.

Property owners assess tangible personal property tax. They must file a list of tangible property to the County by each April 30. The County is responsible for assessing property, and for billing, collecting, and distributing all property taxes on the Village's behalf.

6. DEBT

Debt outstanding at December 31, 2005 was as follows:

	Principal	Interest Rate
OPWC Loan 1 – Irving Park & Maplecrest	\$ 78,750	0%
OPWC Loan 2 – Roselawn & Avondale	49,462	0%
Special Assessment Bonds	1,280,000	4.1% thru 2014 and 5.5% thereafter

**VILLAGE OF WOODMERE
CUYAHOGA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2005 AND 2004
(Continued)**

6. DEBT (Continued)

The Ohio Public Works Commission (OPWC) loans relate to sanitary sewer projects. The loans will be repaid in annual installments of \$11,305, interest free, over 20 years. The special assessment bonds were issued on October 1, 2005 and mature on September 30, 2024. The bonds will be paid by residents benefiting from the improvements. The principal and interest payments on the bonds fluctuate from year to year.

Amortization of the above debt, including interest, follows:

<u>Year Ending December 31,</u>	<u>OPWC Loan 1</u>	<u>OPWC Loan 2</u>	<u>Special Assessment Bonds</u>
2006	\$7,500	\$3,805	\$93,890
2007	7,500	3,805	102,660
2008	7,500	3,805	101,020
2009	7,500	3,805	104,380
2010	7,500	3,805	107,535
2011 - 2015	41,250	30,437	573,850
2016 - 2020			539,950
2021 - 2024			439,175
Total	<u>\$78,750</u>	<u>\$49,462</u>	<u>\$2,062,460</u>

7. LOCAL INCOME TAX

The Village levies a municipal income tax of 2 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 either monthly or quarterly, as required. Corporations and other individual taxpayers pay estimated taxes quarterly and file a declaration annually.

8. RETIREMENT SYSTEMS

The Village's law enforcement officers and firefighters belong to the Ohio Police and Fire Pension Funds (OP&F). Other full-time 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 the plans' retirement benefits, including postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2005 and 2004, OP&F participants contributed 10 percent of their wages. The Village contributed an amount equal to 19.5 percent of police participant and 24 percent of fire participant wages. OPERS members contributed 8.5 percent of their wages. The Village contributed an amount equal to 13.55 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2005.

VILLAGE OF WOODMERE
CUYAHOGA COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2005 AND 2004
(Continued)

9. CONTINGENT LIABILITIES

The Village is the defendant in several lawsuits. Although the outcome of these suits is not presently determinable, management believes that the resolution of these matters will not materially adversely affect the Village's financial condition.

10. RISK MANAGEMENT

Risk Pool Membership

The Government belongs to the Ohio Government Risk Management Plan (the "Plan"), an unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to approximately 460 Ohio governments ("Members").

Pursuant to Section 2744.081 of the Ohio Revised Code, the Plan is a separate legal entity. The Plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages, modified for each Member's needs. The Plan pays judgments, settlements and other expenses resulting from covered claims that exceed the Member's deductible.

The Plan issues its own policies and reinsures the Plan with A- VII or better rated carriers, except for the 15% casualty and the 10% property portions the Plan retains. The Plan pays the lesser of 15% or \$37,500 of casualty losses and the lesser of 10% or \$100,000 of property losses. Individual Members are only responsible for their self-retention (deductible) amounts, which vary from member to member.

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

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 obligation to the Plan. The former member's covered claims, which occurred during their membership period, remain the responsibility of the Plan.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2005 and 2004:

	<u>2005</u>	<u>2004</u>
Assets	\$8,219,430	\$6,685,522
Liabilities	<u>(2,748,639)</u>	<u>(2,227,808)</u>
Members' Equity	<u>\$5,470,791</u>	<u>\$4,457,714</u>

You can read the complete audited financial statements for The Ohio Government Risk Management Plan at the Plan's website, www.ohioplan.org.

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**Auditor of State
Betty Montgomery**

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

Village of Woodmere
Cuyahoga County
27899 Chagrin Boulevard
Woodmere, Ohio 44122

To the Village Council:

We have audited the financial statements of the Village of Woodmere, Cuyahoga County, Ohio, (the Village) as of and for the years ended December 31, 2005 and December 31, 2004, and have issued our report thereon dated August 16, 2006, wherein we noted the Village followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Village's internal control over financial reporting to determine our auditing procedures to express our opinion on the financial statements and not to opine on the internal control over financial reporting. Our consideration of the internal control would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts material to the financial statements we audited may occur and not be timely detected by employees when performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider material weaknesses. In a separate letter to the Village's management dated August 16, 2006, we reported other matters involving internal control over financial reporting we did not deem reportable conditions.

Compliance and Other Matters

As part of reasonably assuring whether the Village's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

Village of Woodmere
Cuyahoga County
Independent Accountants' Report on Internal Control Over
Financial Reporting and on Compliance and Other Matters
Required by *Government Auditing Standards*
Page 2

We intend this report solely for the information and use of the audit committee, management and the Village Council. It is not intended for anyone other than these specified parties.

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

August 16, 2006



**Auditor of State
Betty Montgomery**

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

Telephone 614-466-4514
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Facsimile 614-466-4490

VILLAGE OF WOODMERE

CUYAHOGA COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
SEPTEMBER 26, 2006**