



Dave Yost • Auditor of State

VILLAGE OF WOODMERE
CUYAHOGA COUNTY

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Dave Yost • Auditor of State

Village of Woodmere
Cuyahoga County
27899 Chagrin Boulevard
Woodmere Village, 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 an 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 adverse 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 black ink that reads "Dave Yost".

Dave Yost
Auditor of State

September 20, 2013

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Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Village of Woodmere
Cuyahoga County
27899 Chagrin Boulevard
Woodmere Village, 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, 2011 and 2010. 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.

Instead of the combined funds the accompanying financial statements present, GAAP require presenting entity wide statements and also presenting the Village's larger (i.e. major) funds separately. 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 GAAP presentation requirements. The Auditor of State permits, but does not require Villages to reformat their statements. The Village has elected not to follow GAAP statement formatting requirements. 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, 2011 and 2010 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Village as of September 20, 2013, 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 as of December 31, 2011 and 2010 of the Village of Woodmere, Cuyahoga County, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

As described in Note 1, during 2011 the Village adopted Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 20, 2013, 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.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

Dave Yost
Auditor of State

September 20, 2013

**VILLAGE OF WOODMERE
CUYAHOGA COUNTY**

**COMBINED STATEMENT OF RECEIPTS, CASH DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2011**

	<u>Governmental Fund Types</u>				Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	
Cash Receipts:					
Property and Local Taxes	\$170,964	\$68,389			\$239,353
Municipal Income Tax	2,206,713				2,206,713
Intergovernmental	73,100	158,685			231,785
Special Assessments			\$69,855		69,855
Charges for Services	23,585	7,176			30,761
Fines, Licenses and Permits	146,548	9,094			155,642
Earnings on Investments	905				905
Miscellaneous	380	9,191			9,571
	<u>2,622,195</u>	<u>252,535</u>	<u>69,855</u>		<u>2,944,585</u>
Total Cash Receipts					
Cash Disbursements:					
Current:					
Security of Persons and Property	1,553,867	159,286			1,713,153
Public Health Services	4,047				4,047
Community Environment	7,152				7,152
Basic Utility Service	45,097	17,663			62,760
Transportation	48,226	21,086			69,312
General Government	905,725			\$6,051	911,776
Capital Outlay	10,351	49,653		21,551	81,555
Debt Service:					
Redemption of Principal			297,554	18,805	316,359
Interest and Fiscal Charges	4,450		55,485		59,935
	<u>2,578,915</u>	<u>247,688</u>	<u>353,039</u>	<u>46,407</u>	<u>3,226,049</u>
Total Cash Disbursements					
Total Receipts Over/(Under) Disbursements	<u>43,280</u>	<u>4,847</u>	<u>(283,184)</u>	<u>(46,407)</u>	<u>(281,464)</u>
Other Financing Receipts / (Disbursements):					
Sale of Notes			247,500		247,500
Transfers-In		12,996		25,904	38,900
Transfers-Out	(38,900)				(38,900)
Advances-In		63,000	7,650		70,650
Advances-Out	(70,650)				(70,650)
Other Financing Sources	52,078				52,078
Other Financing Uses	(11,056)				(11,056)
	<u>(68,528)</u>	<u>75,996</u>	<u>255,150</u>	<u>25,904</u>	<u>288,522</u>
Total Other Financing Receipts / (Disbursements)					
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(25,248)	80,843	(28,034)	(20,503)	7,058
Fund Cash Balances, January 1	<u>150,465</u>	<u>169,811</u>	<u>28,255</u>	<u>78,349</u>	<u>426,880</u>
Fund Cash Balances, December 31					
Nonspendable	60,000				60,000
Restricted		249,486	221	27,119	276,826
Committed		1,168		30,727	31,895
Unassigned (Deficit)	65,217				65,217
	<u>\$125,217</u>	<u>\$250,654</u>	<u>\$221</u>	<u>\$57,846</u>	<u>\$433,938</u>
Fund Cash Balances, December 31					

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

VILLAGE OF WOODMERE
CUYAHOGA COUNTY

STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES
IN FUND BALANCES (CASH BASIS) - AGENCY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2011

	<u>Agency</u>
Non-Operating Receipts (Disbursements)	
Other Financing Sources	\$219,146
Other Financing Uses	<u>(192,571)</u>
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>26,575</u>
<i>Net Change in Fund Cash Balances</i>	26,575
<i>Fund Cash Balances, January 1</i>	<u>215,357</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$241,932</u></u>

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 FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2010**

	Governmental Fund Types				Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	
Cash Receipts:					
Property and Local Taxes	\$177,138	\$71,410			\$248,548
Municipal Income Tax	1,905,159				1,905,159
Intergovernmental	63,110	140,947			204,057
Special Assessments	523		\$108,512		109,035
Charges for Services	20,640	30,000			50,640
Fines, Licenses and Permits	168,850	12,561			181,411
Earnings on Investments	1,969				1,969
Miscellaneous	130	1,050			1,180
Total Cash Receipts	2,337,519	255,968	108,512		2,701,999
Cash Disbursements:					
Current:					
Security of Persons and Property	1,442,411	155,538		\$ 32,915	1,630,864
Public Health Services	4,039				4,039
Community Environment	7,433				7,433
Basic Utility Service	46,240	13,563			59,803
Transportation	48,849	20,676		592	70,117
General Government	913,201	3,141		25,766	942,108
Debt Service:					
Redemption of Principal			305,000	26,305	331,305
Interest and Fiscal Charges	6,766		57,534		64,300
Total Cash Disbursements	2,468,939	192,918	362,534	85,578	3,109,969
Total Receipts Over/(Under) Disbursements	(131,420)	63,050	(254,022)	(85,578)	(407,970)
Other Financing Receipts / (Disbursements):					
Sale of Notes			255,000		255,000
Transfers-In	40,000			7,500	47,500
Transfers-Out	(7,500)				(7,500)
Advances-In	32,120	3,500		3,000	38,620
Advances-Out	(6,500)	(32,120)			(38,620)
Other Financing Sources	39,942			24,917	64,859
Other Financing Uses	(573)				(573)
Total Other Financing Receipts / (Disbursements)	97,489	(28,620)	255,000	35,417	359,286
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(33,931)	34,430	978	(50,161)	(48,684)
Fund Cash Balances, January 1	184,396	135,381	27,277	128,510	475,564
Fund Cash Balances, December 31	\$150,465	\$169,811	\$28,255	\$78,349	\$426,880
Reserve for Encumbrances, December 31	\$10,614	\$3,362	\$0	\$126	\$14,102

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

VILLAGE OF WOODMERE
CUYAHOGA COUNTY

STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS AND
CHANGES IN FUND CASH BALANCES - AGENCY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2010

	<u>Agency</u>
Non-Operating Cash Receipts:	
Other Non-Operating Cash Receipts	\$247,201
Total Non-Operating Cash Receipts	<u>247,201</u>
Non-Operating Cash Disbursements:	
Other Non-Operating Cash Disbursements	245,111
Total Non-Operating Cash Disbursements	<u>245,111</u>
Excess of Receipts Over/(Under) Disbursements Before Interfund Transfers	2,090
Transfers-Out	<u>(40,000)</u>
Net Receipts Over/(Under) Disbursements	<u>(37,910)</u>
<i>Fund Cash Balances, January 1</i>	<u>253,267</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$215,357</u></u>

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, 2011 AND 2010**

1. Summary of Significant Accounting Policies

A. Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Village of Woodmere, Cuyahoga County, (the Village) as a body corporate and politic. A publicly-elected seven-member Council directs the Village. The Village provides general government services, including police, mayor's court, building inspection, along with planning and zoning services.

The Village participates in a jointly governed organization and a public entity risk pool. Notes 8 and 10 to the financial statements provides additional information for these entities. These organizations are:

Jointly Governed Organization:

Valley Enforcement Regional Council of Governments (VERCOG) – VERCOG is a regional council of governments formed under Chapter 167 of the Ohio Revised Code. VERCOG was formed to continue to foster cooperation among political subdivisions through sharing of facilities for their common benefit.

Public Entity Risk Pool:

Ohio Government Risk Plan (the Plan) – the Plan is 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 Village's management believes these financial statements present all activities for which the Village is financially accountable.

B. Accounting Basis

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. The Village recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the Auditor of State prescribes or permits.

C. 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.

Money market mutual funds (including STAR Ohio) are recorded at share values the mutual funds report.

VILLAGE OF WOODMERE
CUYAHOGA COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010
(Continued)

1. **Summary of Significant Accounting Policies (continued)**

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

2. **Special Revenue Funds**

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

Law Enforcement Trust Fund – This fund receives funding through a program offered by the Federal Government for communities to share in the proceeds from forfeitures distributed by the Courts to participating communities performing undercover police department work. The program is referred to as the High Intensity Drug Task Force Agency (H.I.D.T.A.).

Fire Levy Fund - This fund was established by a vote of the residents to provide funding for the Fire Department. The Village receives proceeds amounting to a one (1) mill levy from property taxes collected by Cuyahoga County and subsequently distributed to the Village.

Cuyahoga County Community Development Fund – This fund is used by the Village for the purpose of accounting for any grant received from the Cuyahoga County Community Development Fund.

3. **Debt Service Funds**

These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest. The Village had the following significant Debt Service Funds:

General Bond Retirement Fund – This fund is currently used to account for a note the Village owns for property on Roselawn located in the Village.

Special Assessment Bond Fund – This fund was established for the purpose of accounting for the Special Assessment Bond issued to Chagrin Brainard LLC for the widening of Chagrin Boulevard by the Eton Collection mall located in the Village.

VILLAGE OF WOODMERE
CUYAHOGA COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010
(Continued)

1. **Summary of Significant Accounting Policies (continued)**

D. **Fund Accounting (continued)**

4. **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 Funds:

New Vehicle Fund – The fund receives funding through transfers from the General Fund and insurance reimbursements from accidents for the purpose of purchasing new Service Department vehicles.

Land Acquisition Fund – This fund receives transfers from the General Fund for the purpose of purchasing land in the Village.

5. **Fiduciary Funds**

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

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 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. 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.

3. **Encumbrances**

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

A summary of 2011 and 2010 budgetary activity appears in Note 3.

VILLAGE OF WOODMERE
CUYAHOGA COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010
(Continued)

1. **Summary of Significant Accounting Policies (continued)**

F. **Fund Balance**

For December 31, 2011, fund balance is divided into five classifications based primarily on the extent to which the Village must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

1. **Nonspendable**

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

2. **Restricted**

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

3. **Committed**

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

4. **Assigned**

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

5. **Unassigned**

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

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

**VILLAGE OF WOODMERE
CUYAHOGA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010
(Continued)**

1. Summary of Significant Accounting Policies (continued)

G. 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.

H. Accumulated Leave

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

2. Equity in Pooled Deposits and Investments

The Village maintains a deposit and investments 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:

	<u>2011</u>	<u>2010</u>
Demand deposits	\$461,253	\$413,421
Investments:		
STAR Ohio	81,186	81,140
Money market mutual fund	133,431	147,676
Total Investments	<u>214,617</u>	<u>228,816</u>
Total demand deposits and Investments	<u>\$675,870</u>	<u>\$642,237</u>

Deposits: Deposits are insured by the Federal Depository Insurance Corporation.

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

3. Budgetary Activity

Budgetary activity for the years ending December 31, 2011 and December 31, 2010 follows:

2011 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$2,647,670	\$2,674,273	\$26,603
Special Revenue	290,168	265,531	(24,637)
Debt Service	324,482	317,355	(7,127)
Capital Projects	25,220	25,904	684
Agency	217,410	219,146	1,736
Total	<u>\$3,504,950</u>	<u>\$3,502,209</u>	<u>(\$2,741)</u>

**VILLAGE OF WOODMERE
CUYAHOGA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010
(Continued)**

3. Budgetary Activity (Continued)

2011 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$2,706,993	\$2,643,288	\$63,705
Special Revenue	369,963	247,688	122,275
Debt Service	353,039	353,039	0
Capital Projects	73,585	46,407	27,178
Agency	221,750	192,571	29,179
Total	\$3,725,330	\$3,482,993	\$242,337

2010 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$2,465,977	\$2,417,461	(\$48,516)
Special Revenue	247,493	255,968	8,475
Debt Service	364,035	363,512	(523)
Capital Projects	35,417	32,417	(3,000)
Agency	243,908	247,201	3,293
Total	\$3,356,830	\$3,316,559	(\$40,271)

2010 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$2,553,850	\$2,487,626	\$66,224
Special Revenue	244,551	196,280	48,271
Debt Service	362,535	362,535	0
Capital Projects	92,746	85,704	7,042
Agency	318,273	285,111	33,162
Total	\$3,571,955	\$3,417,256	\$154,699

4. Property Tax

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

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

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

**VILLAGE OF WOODMERE
CUYAHOGA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010
(Continued)**

5. Local Income Tax

The Village levies a municipal income tax of two and a half 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. The local income tax rate was changed by the voters of the Village from two percent to two and a half percent effective January 1, 2010.

Employers within the Village withhold income tax on employee compensation and remit the tax to the Regional Income Tax Authority on behalf of the Village either monthly or quarterly, as required. Corporations and other individual taxpayers pay estimated taxes quarterly and file a declaration annually.

6. Debt

Debt outstanding at December 31, 2011 was as follows:

	Principal	Interest Rate
Special Assessment Bond	\$1,028,088	4%
General Obligation Note	247,500	6%
OPWC Loan 1 - Irving Park/Maplecrest	30,000	0%
OWDA Loan 2 - Roselawn/Avondale	24,730	0%
Total	\$1,330,318	

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 bond was issued on October 1, 2005 and matures on December 1, 2024. The bonds will be paid by residents benefiting from the improvements.

The general obligation note will be repaid in one year.

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

	OPWC Loan 1	OPWC Loan 2	Special Assessment Bond	Total
Year ending December 31:				
2012	\$7,500	\$3,805	\$108,435	\$119,740
2013	7,500	3,805	106,180	\$117,485
2014	7,500	3,805	148,925	\$160,230
2015	7,500	3,805	104,825	\$116,130
2016	0	3,805	106,525	\$110,330
2017-2021	0	5,705	544,600	\$550,305
2022-2024	0	0	328,000	\$328,000
Total	\$30,000	\$24,730	\$1,447,490	\$1,502,220

**VILLAGE OF WOODMERE
CUYAHOGA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010
(Continued)**

7. Retirement Systems

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

The Ohio Revised Code also prescribes contribution rates. For 2011 and 2010, OP&F participants contributed 10% of their wages. For 2011 and 2010, the Village contributed to OP&F an amount equal to 19.5% of full-time police members' wages. The Village did not have any full-time Fire Fighters during 2011 and 2010. Part-time Police Officers and most part-time Fire Fighters paid into OPERS; whereby, the employees paid 10% of their gross wages and the Village paid 14% of their gross wages for 2011 and 2010.

For 2011 and 2010, OPERS members contributed 10% of their gross salaries and the Village contributed an amount equaling 14% of participants' gross salaries. Some part-time Fire Fighters paid into social security where the Village's liability is 6.2% of wages paid. The Village has paid all contributions required through December 31, 2011.

8. Risk Management

Commercial Insurance

The Village has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles; and
- Errors and omissions.

Risk Pool Membership

The Village belongs to the Ohio Plan Risk Management, Inc. (OPRM) - formerly known as the Ohio Risk Management Plan, (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.

VILLAGE OF WOODMERE
CUYAHOGA COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010
(Continued)

8. Risk Management (continued)

Risk Pool Membership (continued)

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, except OPRM retains 41.5% (41.5% effective November 1, 2011, 40% through October 31, 2011 and 17.5% through October 31, 2010) of the premium and losses on the first \$250,000 casualty treaty and 10% of the first \$1,000,000 property treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 782 and 761 members as of December 31, 2011 and 2010 respectively.

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 retained earnings at December 31: 2011 and 2010 (the latest information available):

	<u>2011</u>	<u>2010</u>
Assets	\$12,501,280	\$12,036,541
Liabilities	<u>(5,328,761)</u>	<u>(4,845,056)</u>
Members' Equity	<u>\$7,172,519</u>	<u>\$7,191,485</u>

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

9. Contingent Liabilities

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

Amounts grantor agencies pay to the Village are subject to audit and adjustment by the grantor, principally the federal government. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

**VILLAGE OF WOODMERE
CUYAHOGA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010
(Continued)**

10. Jointly Governed Organization

Valley Enforcement Regional Council of Governments

The Village is a member of Valley Enforcement Regional Council of Governments (“VERCOG”), a jointly governed organization. VERCOG is a regional council of governments formed under Chapter 167 of the Ohio Revised Code. VERCOG was formed to continue to foster cooperation among political subdivisions through sharing of facilities for their common benefit. It includes the supervision and control of the Valley Enforcement Group (“VEG”), which has been a mutual aid organization providing the mutual interchange and sharing of police personnel and police equipment. VERCOG is currently comprised of fifteen communities located within the Chagrin Valley which exercise law enforcement authority under Ohio law and whose law enforcement agency consists of four (4) or more full-time, sworn law enforcement officers. VERCOG is authorized to acquire and own police equipment and other property, to be used by all participating members, and may do any other thing permitted by law to accomplish its general purpose. During 2011 and 2010, the Village paid \$7,000 to VERCOG each year.



Dave Yost • Auditor of State

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

Village of Woodmere
Cuyahoga County
27899 Chagrin Boulevard
Woodmere Village, 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, 2011 and 2010, and have issued our report thereon dated September 20, 2013, wherein the Village followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United State of America. We also noted the Village adopted the provisions of Governmental Accounting Standard Board Statement No. 54, "*Fund Balance Reporting and Governmental Fund Type Definitions.*" We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

We did note certain matters not requiring inclusion in this report that we reported to the Village's management in a separate letter dated September 20, 2013.

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

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

Dave Yost
Auditor of State

September 20, 2013



Dave Yost • Auditor of State

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
OCTOBER 8, 2013**