



OHIO AUDITOR OF STATE  
**KEITH FABER**





VILLAGE OF WOODMERE  
CUYAHOGA COUNTY

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# OHIO AUDITOR OF STATE KEITH FABER



## INDEPENDENT AUDITOR'S REPORT

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

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 Woodmere, Cuyahoga County, Ohio (the Village) as of and for the years ended December 31, 2017 and 2016.

### ***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.

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***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 *Opinion on Regulatory Basis of Accounting* paragraph below.

***Adverse Opinion on U.S. Generally Accepted Accounting Principles***

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2017 and 2016, and the respective changes in financial position or cash flows thereof for the years then ended.

***Opinion on Regulatory Basis of Accounting***

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 Village of Woodmere, Cuyahoga County, Ohio as of December 31, 2017 and 2016, 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.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated March 15, 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.

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

Keith Faber  
Auditor of State  
Columbus, Ohio

March 15, 2019

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VILLAGE OF WOODMERE  
CUYAHOGA COUNTY

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

	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Totals (Memorandum Only)</u>
<b>Cash Receipts</b>					
Property and Other Local Taxes	\$172,855	\$66,527			\$239,382
Municipal Income Tax	3,462,584				3,462,584
Intergovernmental	33,077	94,370		\$ 148,736	276,183
Special Assessments			\$ 108,986		108,986
Charges for Services	35,914	6,500			42,414
Fines, Licenses and Permits	178,513	9,264			187,777
Earnings on Investments	10,317				10,317
Miscellaneous	324	523			847
<b>Total Cash Receipts</b>	<u>3,893,584</u>	<u>177,184</u>	<u>108,986</u>	<u>148,736</u>	<u>4,328,490</u>
<b>Cash Disbursements</b>					
Current:					
Security of Persons and Property	1,828,407	108,012			1,936,419
Community Environment	10,090				10,090
Basic Utility Services	8,995	5,256			14,251
Transportation	20,042	11,715			31,757
General Government	1,272,067	7,688		6,023	1,285,778
Capital Outlay	64,320	67,216	1,079	290,352	422,967
Debt Service:					
Principal Retirement			1,542,500	3,805	1,546,305
Interest and Fiscal Charges	6,450		82,950		89,400
<b>Total Cash Disbursements</b>	<u>3,210,371</u>	<u>199,887</u>	<u>1,626,529</u>	<u>300,180</u>	<u>5,336,967</u>
<b>Excess of Receipts Over (Under) Disbursements</b>	<u>683,213</u>	<u>(22,703)</u>	<u>(1,517,543)</u>	<u>(151,444)</u>	<u>(1,008,477)</u>
<b>Other Financing Receipts (Disbursements)</b>					
Sale of Notes			1,266,486		1,266,486
Transfers In		220,000	162,500	193,212	575,712
Transfers Out	(775,712)				(775,712)
Advances In		1,600			1,600
Advances Out	(1,600)				(1,600)
Other Financing Sources	165,211	45			165,256
Other Financing Uses	(79)				(79)
<b>Total Other Financing Receipts (Disbursements)</b>	<u>(612,180)</u>	<u>221,645</u>	<u>1,428,986</u>	<u>193,212</u>	<u>1,231,663</u>
<b>Net Change in Fund Cash Balances</b>	71,033	198,942	(88,557)	41,768	223,186
<b>Fund Cash Balances, January 1, 2017</b>	<u>\$1,469,812</u>	<u>\$468,988</u>	<u>\$130,042</u>	<u>\$485,201</u>	<u>\$2,554,043</u>
<b>Fund Cash Balances, December 31, 2017</b>					
Restricted		666,563	41,485	30,461	738,509
Committed		1,367		496,508	497,875
Assigned	6,445				6,445
Unassigned (Deficit)	1,534,400				1,534,400
<b>Fund Cash Balances, December 31, 2017</b>	<u>\$1,540,845</u>	<u>\$667,930</u>	<u>\$41,485</u>	<u>\$526,969</u>	<u>\$2,777,229</u>

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

VILLAGE OF WOODMERE  
CUYAHOGA COUNTY

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

	<b>Fiduciary Fund Type</b>	<b>Proprietary Fund Type</b>
	<u><b>Agency</b></u>	<u><b>Internal Service</b></u>
<b>Operating Cash Receipts</b>		
Earnings on Investments	\$ 4	\$ -
Miscellaneous	6,130	-
	<hr/>	<hr/>
<b>Total Operating Cash Receipts</b>	6,134	-
	<hr/>	<hr/>
<b>Operating Cash Disbursements</b>		
Personal Services	-	122,212
Contractual Services	8,748	-
Other	7,860	930
	<hr/>	<hr/>
<b>Total Operating Cash Disbursements</b>	16,608	123,142
	<hr/>	<hr/>
<b>Operating Income (Loss)</b>	(10,474)	(123,142)
	<hr/>	<hr/>
<b>Non-Operating Receipts (Disbursements)</b>		
Miscellaneous Receipts	24,521	7,036
Other Financing Sources	204,755	-
Other Financing Uses	(238,251)	(50,322)
	<hr/>	<hr/>
<b>Total Non-Operating Receipts (Disbursements)</b>	(8,975)	(43,286)
	<hr/>	<hr/>
<b>Income (Loss) before Transfers In</b>	(19,449)	(166,428)
	<hr/>	<hr/>
Transfers In	-	200,000
	<hr/>	<hr/>
<b>Net Change in Fund Cash Balances</b>	(19,449)	33,572
	<hr/>	<hr/>
<b>Fund Cash Balances, January 1, 2017</b>	\$ 460,796	\$ 17,242
	<hr/>	<hr/>
<b>Fund Cash Balances, December 31, 2017</b>	<u>\$ 441,347</u>	<u>\$ 50,814</u>

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

**Village of Woodmere, Ohio**  
*Cuyahoga County*

*Notes to the Financial Statements*  
*For the Year Ended December 31, 2017*

**Note 1 - Reporting Entity**

The Village of Woodmere (the Village), Cuyahoga 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 seven-member Council directs the Village. The Village provides various police, fire, emergency medical services, public services including rubbish collection, Mayor's Court and other services to the residents, visitors and businesses located in Woodmere.

***Joint Ventures, Jointly Governed Organizations, Public Entity Risk Pools and Related Organizations***

The Village contracts with the Chagrin Valley Dispatch COG to provide security of persons and property.

Valley Enforcement Regional Council of Governments (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.

Note 12 to the financial statements provides additional information for these entities.

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 balance is available to the Village for any purpose provided it is expended or transferred according to the general laws of Ohio. The main source of revenue for the General Fund is local income taxes primarily collected by the Regional Income Tax Agency. In 2017 the Village received \$3,462,584 in local income tax distributions.

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

**Street Construction Maintenance and Repair** The street construction maintenance and repair fund accounts for and reports that portion of the State gasoline tax and motor vehicle license registration fees restricted for construction, maintenance, and repair of streets within the Village. During 2017, Village Council transferred \$200,000 from the General Fund into this fund for the purpose of repaving all of the residential side streets in Woodmere.

**Police Pension Fund** This fund receives proceeds collected by the Cuyahoga County Tax Treasurer from a .3 mill property tax in Woodmere Village.

**Village of Woodmere, Ohio**  
*Cuyahoga County*

*Notes to the Financial Statements*  
*For the Year Ended December 31, 2017*

**Note 2 - Summary of Significant Accounting Policies (Continued)**

**Law Enforcement Trust Fund** This fund was established to account for financial forfeitures of money due to the work of the High Intensity Drug Task Force Agency (HIDTA).

**Fire Levy Fund** This Fund was established by the voters of Woodmere Village to issue a 1 mill property tax for funding various operations of the fire department including capital equipment and vehicles.

**Cuyahoga County Community Development Fund** The Village received a grant from Cuyahoga County's Community Development Department for repairing Brainard Road located in Woodmere Village.

***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 Obligations Debt Service Fund** The Village sold/rolled over notes in the amount of \$1,260,000 for the following projects in 2016: A new Service Department Facility \$780,000; Village Hall renovation \$340,000; Brainard Road Property \$140,000. In addition, the Village paid off the Roselawn Note in the amount of \$160,000.

**Special Assessment Debt Service Fund** The Village has one Special Assessment Note that was for the specific purpose of funding the widening of a portion of Chagrin Boulevard located in Woodmere. The funding is collected from the proceeds of a special assessment tax on local business owners affiliated with the Eton Collection Mall in Woodmere.

***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:

**Building Improvement Fund** The building improvement fund accounts for and reports proceeds of general obligation bonds/notes. The proceeds are restricted for construction of a new service department building and renovations to Village Hall. In addition, the Village Council transfers money from the General Fund into this fund to make up for any costs above and beyond the bond/notes.

**New Vehicle Fund** The General Fund transfers money into this fund for funding primarily Service and Fire Department Vehicles.

**Brainard Road Fund** This fund was awarded a grant from the OPWC for improving Brainard Road. Between the grant from the Cuyahoga County Community Development and OPWC Brainard Road was provided much needed improvements.

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

***Agency funds*** are purely custodial in nature and are used to hold resources for individuals, organizations or other governments. The Village disburses these funds as directed by the individual, organization or other government. The Village's most significant agency funds are:

**Road Deposit Fund** This fund accounts for various road projects that require contractors to deposit road bonds with the village during the duration of their project.

**Building Deposit Fund** This fund accounts for various building projects that require contractor to deposit building bonds with the village during the duration of their project.

**Village of Woodmere, Ohio**  
*Cuyahoga County*

*Notes to the Financial Statements*  
*For the Year Ended December 31, 2017*

**Note 2 - Summary of Significant Accounting Policies (Continued)**

**Mayor's Court Fund** The Village has a Mayor's Court including a Clerk whose primary responsibility is to account for all financial activity from local citations and fines issued. A significant percentage of the proceeds are transferred into the Village's General Fund each month.

***Internal Service Fund*** This fund accounts for services provided by one department to other departments of the government unit. The Village had the following Internal Service Fund:

**Health Care Fund** In addition, the Village established by Ordinance in 2014, the Health Care Fund whereby the accounting of a partially self-insured Healthcare Arrangement Account for Village employees.

***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 and function level, and appropriations may not exceed estimated resources. The Village Council must annually approve appropriation measures and subsequent amendments. Unencumbered appropriations lapse at year end unless a service has been provided and not paid for or something is ordered and not paid for.

***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 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 carried over and need not be re-appropriated. However; some encumbrances outstanding at year end are canceled, and re-appropriated in the subsequent year.

A summary of 2017 budgetary activity appears in Note 3.

***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 maintained a certificate of deposit at PNC bank along with Money Markets Funds at PNC and Fifth Third Bank.

**Village of Woodmere, Ohio**  
*Cuyahoga County*

*Notes to the Financial Statements*  
*For the Year Ended December 31, 2017*

**Note 2 - Summary of Significant Accounting Policies (Continued)**

***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:

***Non-spendable:*** The Village classifies assets as *non-spendable* 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.

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, Ohio**  
Cuyahoga County

*Notes to the Financial Statements*  
*For the Year Ended December 31, 2017*

**Note 3 - Budgetary Activity**

Budgetary activity for the year ending 2017 follows:

2017 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$4,040,160	\$4,058,795	\$18,635
Special Revenue	383,385	398,829	15,444
Debt Service	1,537,971	1,537,972	1
Capital Projects	425,930	341,948	(83,982)
Fiduciary	216,762	235,406	18,644
Proprietary	209,673	207,036	(2,637)
Total	\$6,813,881	\$6,779,986	(\$33,895)

2017 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$4,100,172	\$3,987,762	\$112,410
Special Revenue	761,882	199,887	561,995
Debt Service	1,634,500	1,626,529	7,971
Capital Projects	844,451	300,180	544,271
Fiduciary	342,065	254,859	87,206
Proprietary	217,000	173,464	43,536
Total	\$7,900,070	\$6,542,681	\$1,357,389

**Note 4 – 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:

	2017
Demand deposits	\$1,425,016
Certificates of deposit	1,000,000
Total deposits	2,425,016
Investment - STAR Ohio	844,374
Total investments	844,374
Total deposits and investments	\$3,269,390

***Deposits***

Deposits are insured by the Federal Deposit Insurance Corporation.

***Investments***

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

**Village of Woodmere, Ohio**  
*Cuyahoga County*

*Notes to the Financial Statements*  
*For the Year Ended December 31, 2017*

**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 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.

***Income Taxes***

The Village levies a municipal income tax of 2.5% 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 Village contracts with the Regional Income Tax Agency R.I.T.A. to collect local income taxes. Employers within the Village withhold income tax on employee compensation and remit the tax to the R.I.T.A. either monthly or quarterly, as required. Corporations and other individual taxpayers pay estimated taxes quarterly and file a declaration annually.

**Note 6 - Risk Management**

The Village obtains Workers' Compensation coverage through the State of Ohio. The Village pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. In 2017 the Village paid \$17,838 in workers compensation premiums. This rate is calculated based on accident history and administrative costs.

***Commercial Insurance***

The Village utilizes Love Insurance as a broker to obtain commercial insurance for the following risks:

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

In addition to the above, the Village purchases individual bonds for the Village Treasurer, Assistant Treasurer, Clerk of the Mayor's Court; and Clerk of Council. All employees of the Village are covered by an employee blanket bond.

Village Council accepted the recommendation from Love Insurance to have US Specialty Insurance Company provide Woodmere liability insurance for 2017. The Village paid \$79,754 for liability insurance in 2017, about an increase of \$5,000 from 2016 due to the inclusion of the new Service Department facility.

***Health Insurance:***

As stated earlier, the Village has a partially self-insured insurance plan. Village Council established this plan by Ordinance in 2014, called a healthcare arrangement account plan for Village employees. This plan has a Third-Party Administrator.



**Village of Woodmere, Ohio**  
*Cuyahoga County*

*Notes to the Financial Statements*  
*For the Year Ended December 31, 2017*

**Note 7 - Defined Benefit Pension Plans**

***Ohio Public Employees Retirement System***

Most Village employees who are not in safety personnel positions, 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% of their gross salaries and the Village contributed an amount equaling 14% of participants' gross salaries. The Village has paid all contributions required through December 31, 2017.

***Ohio Police and Fire Retirement System***

Full time police personnel (9) belong to the Ohio Police & Fire Pension Fund. Police personnel contributed 12.25% of their gross wages while the Village contributed 19.5% of their gross wages. The Village has paid all contributions required through December 31, 2017.

***Social Security***

Several Village employees contributed to social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2 percent of their gross salaries. The Village contributed an amount equal to 6.2 percent of participants' gross salaries. 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 members in the Traditional Pension Plan and Combined Plan was 2.0 percent during calendar year 2016, and 1.0 percent during calendar year 2017. OP&F contributes 0.5 percent to fund these benefits.

**Note 9 – Debt**

Debt outstanding at December 31, 2017 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
General Obligation Notes	\$1,260,000	1%
Special Assessment Bonds	625,000	5%
Ambulance Lease	88,071	3.49%
OPWC Loan	1,901	0%
Total	<u>\$1,974,972</u>	

General Obligation Notes: The Village sold/rolled over notes in the amount of \$1,260,000 for the following projects in 2017: A new Service Department Facility \$780,000; Village Hall renovation \$340,000; Brainard Road Property \$140,000. In addition, the Village paid off the Roselawn Property Note in the amount of \$160,000.

Special Assessment Bonds: This bond was issued in 2004 for street improvements along Chagrin Boulevard in the amount of \$1,300,000 and matures on December 1, 2024. The Village receives property assessments from Chagrin Brainard LLC collected by the county to pay down this Note.

**Village of Woodmere, Ohio**  
Cuyahoga County

*Notes to the Financial Statements*  
*For the Year Ended December 31, 2017*

**Note 9 – Debt (Continued)**

The Village has a lease/purchase debt for an ambulance. The amount financed was \$149,000 and matures in 2020. The Village paid \$32,694 towards the lease.

The Ohio Public Works Commission (OPWC) Loan relates to sanitary sewer projects. The OPWC Loan is for the Roselawn/Avondale project and has one more payment of \$1,901 in 2018 to pay this loan in full. The Loan is financed with a zero percent interest rate.

***Amortization***

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

Year Ending December 31:	Ambulance Leases	OPWC Loan	General Obligation Notes	Special Assessment Bonds
2018	\$32,714	\$1,901	\$1,285,200	\$109,375
2019	32,750			110,250
2020	27,262			110,850
2021-2027				439,175
Total	<u>\$92,726</u>	<u>\$1,901</u>	<u>\$1,285,200</u>	<u>\$769,650</u>

**Note 10 – Construction and Contractual Commitments**

The Village has one major construction renovation project at the end of 2017 and that was for the renovation of Village Hall which is expected to be performed in 2018 for approximately \$400,000.

**Note 11 – 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, State of Ohio and Cuyahoga County.

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.

**Note 12 – Joint Ventures & Jointly Governed Agencies**

**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 comprised of approximately fifteen communities located within the Chagrin Valley which exercise Law enforcement authority under Ohio law and whose law enforcement agency consists of four or more full-time, sworn law enforcement officers.

**Village of Woodmere, Ohio**  
*Cuyahoga County*

*Notes to the Financial Statements*  
*For the Year Ended December 31, 2017*

**Note 12 – Joint Ventures & Jointly Governed Agencies (Continued)**

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 2017, the Village paid \$7,000 to VERCOG.

**Chagrin Valley Dispatch Regional Council of Governments**

Woodmere Village is also a member of the Chagrin Valley Dispatch Regional Council of Governments which is the communication center for 17 (or more) municipalities of the Chagrin Valley and greater Cleveland area. The dispatch center is the first step to providing emergency services to over 100,000 residents. Certified staff members and state of the art communication systems allow the coordination and record services of all first responders. Fully trained dispatchers maintain certifications in Emergency Medical Dispatch (EMD), Cardio Pulmonary Resuscitation (CPR), and National Incident Management System (NIMS). The center is staffed 24/7 with a minimum of five dispatchers on duty at all times, and with seven dispatchers on duty during peak hours.

The staff fluctuates between 24 to 30 full time dispatchers, six plus full time dispatch supervisors, administrator and 10 plus part-time employees. Note: staffing considerations may change based upon demand and partnerships with additional agencies.

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VILLAGE OF WOODMERE  
CUYAHOGA COUNTY

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

	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Totals (Memorandum Only)</u>
<b>Cash Receipts</b>					
Property and Other Local Taxes	\$170,629	\$70,338			\$240,967
Municipal Income Tax	3,165,632				3,165,632
Intergovernmental	40,563	178,488		\$ 59,611	278,662
Special Assessments			\$ 108,986		108,986
Charges for Services	28,046	6,500			34,546
Fines, Licenses and Permits	171,225	7,296			178,521
Earnings on Investments	7,107				7,107
Miscellaneous	1,563	1,048			2,611
<b>Total Cash Receipts</b>	<u>3,584,765</u>	<u>263,670</u>	<u>108,986</u>	<u>59,611</u>	<u>4,017,032</u>
<b>Cash Disbursements</b>					
Current:					
Security of Persons and Property	1,671,517	23,192			1,694,709
Public Health Services	3,465				3,465
Community Environment	16,288				16,288
Basic Utility Services	38,008	2,139		1,887	42,034
Transportation	71,360	52,327			123,687
General Government	1,169,059	10,235			1,179,294
Capital Outlay	107,228	51,557		1,212,791	1,371,576
Debt Service:					
Principal Retirement			1,685,000	3,805	1,688,805
Interest and Fiscal Charges	8,925		85,092		94,017
<b>Total Cash Disbursements</b>	<u>3,085,850</u>	<u>139,450</u>	<u>1,770,092</u>	<u>1,218,483</u>	<u>6,213,875</u>
<b>Excess of Receipts Over (Under) Disbursements</b>	<u>498,915</u>	<u>124,220</u>	<u>(1,661,106)</u>	<u>(1,158,872)</u>	<u>(2,196,843)</u>
<b>Other Financing Receipts (Disbursements)</b>					
Sale of Notes			1,620,000		1,620,000
Other Debt Proceeds			6,227		6,227
Sale of Capital Assets				4,700	4,700
Transfers In		20,000	135,000	72,500	227,500
Transfers Out	(377,500)				(377,500)
Advances In				176,350	176,350
Advances Out	(176,350)				(176,350)
Other Financing Sources	118,938				118,938
Other Financing Uses	(13,168)	(5,230)			(18,398)
<b>Total Other Financing Receipts (Disbursements)</b>	<u>(448,080)</u>	<u>14,770</u>	<u>1,761,227</u>	<u>253,550</u>	<u>1,581,467</u>
<b>Net Change in Fund Cash Balances</b>	50,835	138,990	100,121	(905,322)	(615,376)
<b>Fund Cash Balances, January 1, 2016</b>	<u>\$1,418,977</u>	<u>\$329,998</u>	<u>\$29,921</u>	<u>\$1,390,523</u>	<u>\$3,169,419</u>
<b>Fund Cash Balances, December 31, 2016</b>					
Restricted		467,621	130,042	53,209	650,872
Committed	154,820	1,367		431,992	588,179
Assigned	67,648				67,648
Unassigned (Deficit)	1,247,344				1,247,344
<b>Fund Cash Balances, December 31, 2016</b>	<u>\$1,469,812</u>	<u>\$468,988</u>	<u>\$130,042</u>	<u>\$485,201</u>	<u>\$2,554,043</u>

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

VILLAGE OF WOODMERE  
CUYAHOGA COUNTY

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

	Fiduciary Fund Type	Proprietary Fund Type
	<u>Agency</u>	<u>Internal Service</u>
<b>Operating Cash Receipts</b>		
Miscellaneous	\$ 7,722	\$ -
<b>Total Operating Cash Receipts</b>	<u>7,722</u>	<u>-</u>
<b>Operating Cash Disbursements</b>		
Personal Services	-	32,880
Contractual Services	-	129,573
Other	6,650	906
<b>Total Operating Cash Disbursements</b>	<u>6,650</u>	<u>163,359</u>
<b>Operating Income (Loss)</b>	<u>1,072</u>	<u>(163,359)</u>
<b>Non-Operating Receipts (Disbursements)</b>		
Other Financing Sources	201,091	7,600
Other Financing Uses	(173,095)	(1,824)
<b>Total Non-Operating Receipts (Disbursements)</b>	<u>27,996</u>	<u>5,776</u>
<b>Income (Loss) before Transfers In</b>	<u>29,068</u>	<u>(157,583)</u>
Transfers In	-	150,000
<b>Net Change in Fund Cash Balances</b>	29,068	(7,583)
<b>Fund Cash Balances, January 1, 2016</b>	<u>\$ 431,728</u>	<u>\$ 24,825</u>
<b>Fund Cash Balances, December 31, 2016</b>	<u>\$ 460,796</u>	<u>\$ 17,242</u>

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

**Village of Woodmere, Ohio**  
*Cuyahoga County*

*Notes to the Financial Statements*  
*For the Year Ended December 31, 2016*

**Note 1 - Reporting Entity**

The Village of Woodmere (the Village), Cuyahoga 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 seven-member Council directs the Village. The Village provides various police, fire, emergency medical services, public services including rubbish collection, Mayor's Court and other services to the residents, visitors and businesses located in Woodmere. The Village contracts with the Chagrin Valley Dispatch COG department to provide security of persons and property.

***Joint Ventures, Jointly Governed Organizations, Public Entity Risk Pools and Related Organizations***

Valley Enforcement Regional Council of Governments (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.

Note 12 to the financial statements provides additional information for these entities.

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 balance is available to the Village for any purpose provided it is expended or transferred according to the general laws of Ohio. The main source of revenue for the General Fund is local income taxes primarily collected by the Regional Income Tax Agency.

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

**Street Construction Maintenance and Repair** The street construction maintenance and repair fund accounts for and reports that portion of the State gasoline tax and motor vehicle license registration fees restricted for construction, maintenance, and repair of streets within the Village.

**Police Pension Fund** This fund receives proceeds collected by the Cuyahoga County Tax Treasurer from a .3 mill property tax in Woodmere Village.

**Village of Woodmere, Ohio**  
*Cuyahoga County*

*Notes to the Financial Statements*  
*For the Year Ended December 31, 2016*

**Note 2 - Summary of Significant Accounting Policies (Continued)**

**Law Enforcement Trust Fund** This fund was established to account for financial forfeitures of money due to the work of the High Intensity Drug Task Force Agency (HIDTA).

**Fire Levy Fund** This Fund was established by the voters of Woodmere Village to issue a 1 mill property tax for funding various operations of the fire department including capital equipment and vehicles.

**Cuyahoga County Community Development Fund** The Village received a grant in the amount of \$150,000 from Cuyahoga County's Community Development Department for repairing Brainard Road located in Woodmere Village.

***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 Obligations Debt Service Fund** The Village sold/rolled over notes in the amount of \$1,500,000 for the following projects in 2016: A new Service Department Facility \$820,000; Village Hall renovation \$360,000; Brainard Road Property \$160,000 and the Roselawn Property \$160,000.

**Special Assessment Debt Service Fund** The Village has one Special Assessment Note that was for the specific purpose of funding the widening of a portion of Chagrin Boulevard located in Woodmere. The funding is collected from the proceeds of a special assessment tax on local business owners affiliated with the Eton Collection Mall in Woodmere.

***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:

**Building Improvement Fund** The building improvement fund accounts for and reports proceeds of general obligation bonds/notes. The proceeds are restricted for construction of a new service department building and renovations to Village Hall

**New Vehicle Fund** The General Fund transfers money into this fund for funding primarily Service and Fire Department Vehicles.

**Brainard Road Fund** This fund was awarded a grant from the OPWC for improving Brainard Road. Between the grant from the Cuyahoga County Community Development and OPWC Brainard Road was provided much needed improvements

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

***Agency funds*** are purely custodial in nature and are used to hold resources for individuals, organizations or other governments. The Village disburses these funds as directed by the individual, organization or other government. The Village's most significant agency funds are:

**Road Deposit Fund** This fund accounts for various road projects that require contractors to deposit road bonds with the village during the duration of their project.



**Village of Woodmere, Ohio**  
*Cuyahoga County*

*Notes to the Financial Statements*  
*For the Year Ended December 31, 2016*

**Note 2 - Summary of Significant Accounting Policies (Continued)**

**Building Deposit Fund** This fund accounts for various building projects that require contractor to deposit building bonds with the village during the duration of their project.

**Mayor's Court Fund** The Village has a Mayor's Court including a Clerk whose primary responsibility is to account for all financial activity from local citations and fines issued. A significant percentage of the proceeds are transferred into the Village's General Fund each month.

***Internal Service Fund*** This fund accounts for services provided by one department to other departments of the government unit. The Village had the following Internal Service Fund:

**Health Care Fund** In addition, the Village established by Ordinance in 2014, the Health Care Fund whereby the accounting of a partially self- insured Healthcare Arrangement Account for Village employees.

***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 and function level, and appropriations may not exceed estimated resources. The Village Council must annually approve appropriation measures and subsequent amendments. Unencumbered appropriations lapse at year end unless a service has been provided and not paid for or something is ordered and not paid for.

***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 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 carried over and need not be re-appropriated. However; some encumbrances outstanding at year end are canceled, and re-appropriated in the subsequent year.

A summary of 2016 budgetary activity appears in Note 3.

***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.

**Village of Woodmere, Ohio**  
*Cuyahoga County*

*Notes to the Financial Statements*  
*For the Year Ended December 31, 2016*

**Note 2 - Summary of Significant Accounting Policies (Continued)**

The Village maintained a certificate of deposit at PNC bank along with Money Markets Funds at PNC and Fifth Third Bank.

***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:

***Non-spendable:*** The Village classifies assets as *non-spendable* 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.

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, Ohio**  
Cuyahoga County

*Notes to the Financial Statements*  
*For the Year Ended December 31, 2016*

**Note 3 - Budgetary Activity**

Budgetary activity for the year ending 2016 follows:

2016 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$3,694,170	\$3,703,703	\$9,533
Special Revenue	317,959	283,670	(34,289)
Debt Service	1,870,211	1,870,213	2
Capital Projects	476,812	313,161	(163,651)
Fiduciary	206,444	271,640	65,196
Proprietary	165,763	179,000	13,237
Total	\$6,731,359	\$6,621,387	(\$109,972)

2016 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$3,796,348	\$3,652,868	\$143,480
Special Revenue	518,064	144,680	373,384
Debt Service	1,787,093	1,770,092	17,001
Capital Projects	1,703,348	1,218,483	484,865
Fiduciary	271,640	179,745	91,895
Proprietary	179,000	165,183	13,817
Total	\$8,255,493	\$7,131,051	\$1,124,442

**Note 4 – 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:

	2016
Demand deposits	\$830,346
Certificates of deposit	1,001,339
Other time deposits	364,979
Total deposits	2,196,664
Investment - STAR Ohio	835,417
Total investments	835,417
Total deposits and investments	\$3,032,081

***Deposits***

Deposits are insured by the Federal Deposit Insurance Corporation.

***Investments***

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

**Village of Woodmere, Ohio**  
*Cuyahoga County*

*Notes to the Financial Statements*  
*For the Year Ended December 31, 2016*

**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 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.

***Income Taxes***

The Village levies a municipal income tax of 2.5% 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 Village contracts with the Regional Income Tax Agency R.I.T.A. to collect local income taxes. Employers within the Village withhold income tax on employee compensation and remit the tax to the R.I.T.A. either monthly or quarterly, as required. Corporations and other individual taxpayers pay estimated taxes quarterly and file a declaration annually.

**Note 6 - Risk Management**

The Village obtains Workers' Compensation coverage through the State of Ohio. The Village pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. In 2017 the Village paid \$17,838 in workers compensation premiums. This rate is calculated based on accident history and administrative costs.

***Commercial Insurance***

The Village utilizes Love Insurance as a broker to obtain commercial insurance for the following risks:

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

In addition to the above, the Village purchases individual bonds for the Village Treasurer, Assistant Treasurer, Clerk of the Mayor's Court; and Clerk of Council. All employees of the Village are covered by an employee blanket bond.

Village Council accepted the recommendation from Love Insurance to have US Specialty Insurance Company provide Woodmere liability insurance for 2017. The Village paid \$79,754 for liability insurance in 2017, about an increase of \$5,000 from 2016 due to the inclusion of the new Service Department facility.

***Health Insurance:***

As stated earlier, the Village has a partially self-insured insurance plan. Village Council established this plan by Ordinance in 2014, called a healthcare arrangement account plan for Village employees. This plan has a Third-Party Administrator.

**Village of Woodmere, Ohio**  
*Cuyahoga County*

*Notes to the Financial Statements*  
*For the Year Ended December 31, 2016*

**Note 7 - Defined Benefit Pension Plans**

***Ohio Public Employees Retirement System***

Most Village employees who are not in safety personnel positions, 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% of their gross salaries and the Village contributed an amount equaling 14% of participants' gross salaries. The Village has paid all contributions required through December 31, 2017.

***Ohio Police and Fire Retirement System***

Full time police personnel (9) belong to the Ohio Police & Fire Pension Fund. Police personnel contributed 12.25% of their gross wages while the Village contributed 19.5% of their gross wages. The Village has paid all contributions required through December 31, 2017.

***Social Security***

Several Village employees contributed to social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2 percent of their gross salaries. The Village contributed an amount equal to 6.2 percent of participants' gross salaries. 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 members in the Traditional Pension Plan and Combined Plan was 2.0 percent during calendar year 2016, and 1.0 percent during calendar year 2017. OP&F contributes 0.5 percent to fund these benefits.

**Note 9 – Debt**

Debt outstanding at December 31, 2016 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
General Obligation Notes	\$1,500,000	1%
Special Assessment Bonds	690,000	5%
Ambulance Lease	117,110	3.49%
OPWC Loan	5,706	0%
Total	<u>\$2,312,816</u>	

General Obligation Notes: The Village sold/rolled over notes in the amount of \$1,500,000 for the following projects in 2016: A new Service Department Facility \$820,000; Village Hall renovation \$360,000; Brainard Road Property \$160,000 and the Roselawn Property \$160,000. These Notes mature in October of 2017.

Special Assessment Bonds: This bond was issued in 2004 for street improvements along Chagrin Boulevard in the amount of \$1,300,000 and matures on December 1, 2024.

Ambulance Lease: The Village entered into a lease/purchase agreement in the amount of \$149,700 to purchase an ambulance for the Village Fire Department The agreement was entered into in late 2015 and matures in 2020.

**Village of Woodmere, Ohio**  
Cuyahoga County

*Notes to the Financial Statements*  
*For the Year Ended December 31, 2016*

**Note 9 – Debt (Continued)**

The Ohio Public Works Commission (OPWC) Loan relates to sanitary sewer projects. The OPWC Loan is for the Roselawn/Avondale project and has one more annual payment of \$3,803 and one payment of \$1,903 in 2018 to pay this loan in full. The Loan is financed with a zero percent interest rate.

***Amortization***

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

Year Ending December 31:	Ambulance Leases	OPWC Loan	General Obligation Notes	Special Assessment Bonds
2017	\$32,714	\$3,803	\$1,515,000	\$102,950
2018	32,714	1,901		109,375
2019	32,750			110,250
2020	27,262			110,850
2021-2027				439,175
Total	<u>\$125,440</u>	<u>\$5,704</u>	<u>\$1,515,000</u>	<u>\$872,600</u>

**Note 10 – Construction and Contractual Commitments**

The Village has one major construction renovation project at the end of 2017 and that was for the renovation of Village Hall which is expected to be performed in 2018 for approximately \$400,000.

**Note 11 – 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, State of Ohio and Cuyahoga County.

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.

**Note 12 – Joint Ventures & Jointly Governed Agencies**

**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 comprised of approximately fifteen communities located within the Chagrin Valley which exercise Law enforcement authority under Ohio law and whose law enforcement agency consists of four 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 2017, the Village paid \$7,000 to VERCOG.

**Village of Woodmere, Ohio**  
*Cuyahoga County*

*Notes to the Financial Statements*  
*For the Year Ended December 31, 2016*

**Note 12 – Joint Ventures & Jointly Governed Agencies (Continued)**

**Chagrin Valley Dispatch Regional Council of Governments**

Woodmere Village is also a member of the Chagrin Valley Dispatch Regional Council of Governments which is the communication center for 17 (or more) municipalities of the Chagrin Valley and greater Cleveland area. The dispatch center is the first step to providing emergency services to over 100,000 residents. Certified staff members and state of the art communication systems allow the coordination and record services of all first responders. Fully trained dispatchers maintain certifications in Emergency Medical Dispatch (EMD), Cardio Pulmonary Resuscitation (CPR), and National Incident Management System (NIMS). The center is staffed 24/7 with a minimum of five dispatchers on duty at all times, and with seven dispatchers on duty during peak hours.

The staff fluctuates between 24 to 30 full time dispatchers, six plus full time dispatch supervisors, administrator and 10 plus part-time employees. Note: staffing considerations may change based upon demand and partnerships with additional agencies.

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# OHIO AUDITOR OF STATE KEITH FABER



## INDEPENDENT AUDITOR'S 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 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 Woodmere, Cuyahoga County, Ohio, (the Village) as of and for the years ended December 31, 2017 and 2016, and the related notes to the financial statements and have issued our report thereon dated March 15, 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.

### ***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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. However, as described in the accompanying schedule of findings we identified certain deficiencies in internal control over financial reporting, that we consider a material weakness and a significant deficiency.

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 a 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. We consider finding 2017-001 described in the accompanying schedule of findings to be a material weakness.

A *significant deficiency* is a deficiency, or a combination of internal control deficiencies less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider finding 2017-002 described in the accompanying schedule of findings to be a significant deficiency.

***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 2017-001.

***Village's Response to Findings***

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

***Purpose of this Report***

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



Keith Faber  
Auditor of State  
Columbus, Ohio

March 15, 2019

VILLAGE OF WOODMERE  
CUYAHOGA COUNTY

SCHEDULE OF FINDINGS  
DECEMBER 31, 2017 AND 2016

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

Finding Number	2017-001
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**Material Weakness and Material Noncompliance – Financial Reporting and Unauthorized Transfer**

In our audit engagement letter, as required by AU-C Section 210, *Terms of Engagement*, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; 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 as discussed in AU-C Section 210 paragraphs .A14 & .A16.

**Ohio Rev. Code § 5705.14(E)** provides that money may be transferred from the general fund to any other fund of the subdivision. 1989 Op. Atty. Gen. No. 89-075 requires a governing board resolution passed by a simple majority of the board members to transfer funds.

When the Village Council authorizes transfers the amounts posted to the accounting system should be reviewed to ensure they agree with the authorization. Procedures should also be in place to ensure the annual report agrees to the accounting system records.

In 2017 we noted the following:

- Ordinance 2017-07 authorized transfers of up to \$200,000 from the General Fund to the Agency Fund - Health Care Fund. However, the transfer amount posted in the accounting system was for \$250,000, a difference of \$50,000. This resulted in a \$50,000 transfer that was not authorized by the Council. In order to correct the error a check was issued from the Health Care Fund bank account to the Village General Fund instead of adjusting the original transfer amount. The check was issued on December 13, 2017 and was listed as outstanding on the December 31, 2017 bank reconciliation but was not booked until January 3, 2018.
- We also noted the following instances in which the 2017 annual financial report did not agree to the accounting system records:
  - In the Debt Service Fund a Note for \$1,260,000 was rolled over and the payment was posted as Other Financing Disbursements – Sale of Bonds on the annual report when the accounting system indicated it was Debt Service – Principal Retirement for \$1,237,500 and Interest and Fiscal Charges for \$22,500.
  - The following pertain to the Agency Fund:
    - \$54 was posted as miscellaneous cash receipts on the annual report when the accounting system indicated it was \$6,130.
    - \$318 was posted as other cash disbursements on the annual report when the accounting system indicated it was \$8,790.
    - \$29,170 was posted as miscellaneous non-operating receipts on the annual report when the accounting system indicated it was \$31,557.
    - \$8,472 was posted as interest and fiscal charges non-operating disbursements on the annual report when the accounting system indicated it was \$0.

VILLAGE OF WOODMERE  
CUYAHOGA COUNTY

SCHEDULE OF FINDINGS  
DECEMBER 31, 2017 AND 2016  
(Continued)

- In the Notes to the financial statements the total debt principal outstanding at year end was \$1,885,000 on the annual financial report when the accounting system records indicated it should have been \$1,974,972. This was due to the omission of the ambulance lease (\$88,071) and OPWC Loan (\$1,901) from the note.

In 2016 we noted the following instances in which the annual financial report did not agree to the accounting system records:

- The Capital Projects Funds reported \$59,611 as municipal income taxes on the annual report when the accounting system indicated it should have been reported as intergovernmental receipts.
- \$20,000 was posted as an advance from the General Fund to the Special Revenue Funds – Fire Levy Fund when the accounting system indicated it should have been a transfer.

Finally, the Village Council passed an ordinance to establish a Health Care Fund to account for healthcare insurance covering full-time employees. However, the Health Care fund financial activity was reported within an Agency Fund instead of an Internal Service Fund as required and was corrected as such.

This weakness resulted in errors to the financial statements that were not detected by the Village's internal control structure.

The accompanying financial statements and Village accounting records reflect the correcting adjustments.

We recommend that monitoring procedures be developed to ensure all transfers are properly posted to the accounting system. Monitoring procedures should also be developed to ensure the annual financial report agrees to the accounting system records.

**Village's Response**

There were several non-compliance issues noted regarding transfers and discrepancies with the Village's accounting system (EGov) and the annual financial report. We concur with the audit and have taken steps to ensure better accuracy in the future.

<b>Finding Number</b>	<b>2017-002</b>
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**Significant Deficiency – Bank Balance Over Book Balance**

Sound accounting practices require that when designing the public office's system of internal control and the specific control activities, management should ensure adequate security of assets and records, and verify the existence and valuation of assets and liabilities and periodically reconcile them to the accounting records.

The reconciliation of cash (bank) balances to accounting system records (book) to the accounting system is the most basic and primary control process performed. Lack of completing an accurate and timely reconciliation may allow for accounting errors, theft and fraud to occur without timely detection.

**VILLAGE OF WOODMERE  
CUYAHOGA COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2017 AND 2016  
(Continued)**

The Fiscal Officer is responsible for monitoring the reconciliation of the book (fund) balance to the total bank balance on a monthly basis. Variances should be investigated, documented and corrected.

A review of the December 31, 2016 bank reconciliations disclosed the following:

- The operating account reported outstanding checks totaling \$5,552 when the system generated outstanding check report did not have any outstanding checks for this account.
- The payroll account reported outstanding checks totaling \$26,036 when the system generated outstanding check report totaled \$20,901, a difference of \$5,135.

A review of the December 31, 2017 treasury reconciliation disclosed the adjusted bank balance is \$3,232,466 while the adjusted book is \$3,220,429, difference of \$12,037.

These weaknesses may result in monies not being properly accounted for and may result in the possible misuse of public monies.

We recommend the books be reconciled to the bank and investment accounts on a monthly basis and any adjustments should be documented and maintained. The reconciliations should also be reviewed and approved by the Fiscal Officer.

**Village's Response**

The Village has established a reconciliation process that will require reconciliations to be presented at each finance committee meeting beginning February 2019. This should eliminate the above issue from re-occurring.

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# OHIO AUDITOR OF STATE KEITH FABER



**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  
APRIL 9, 2019**