



OHIO AUDITOR OF STATE
KEITH FABER



VILLAGE OF WOODMERE
CUYAHOGA COUNTY

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INDEPENDENT AUDITOR'S REPORT

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

To the 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, 2019 and 2018.

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.

Efficient • Effective • Transparent

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 or cash flows of the Village of Woodmere, as of December 31, 2019 and 2018, and the respective changes in financial position 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, as of December 31, 2019 and 2018, for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 2.

Emphasis of Matter

As discussed in Note 15 to the 2018 financial statements, the Village restated the December 31, 2017 fund balances in the Internal Service and Agency Funds due to a prior year accounting adjustment. We did not modify our opinion regarding this matter.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 15, 2021, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance



Keith Faber
Auditor of State
Columbus, Ohio

January 15, 2021

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Village of Woodmere, Ohio
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, 2019

	General	Special Revenue	Debt Service	Capital Projects	Totals (Memorandum Only)
Cash Receipts					
Property and Other Local Taxes	\$ 188,766	\$ 78,517	\$ 680	\$ -	\$ 267,963
Municipal Income Tax	2,977,767	-	-	-	2,977,767
Intergovernmental	34,978	33,718	-	211,000	279,696
Special Assessments	404	-	108,306	-	108,710
Charges for Services	30,249	6,500	-	-	36,749
Fines, Licenses and Permits	154,907	6,830	-	-	161,737
Earnings on Investments	31,896	1,890	-	-	33,786
Miscellaneous	15,651	2,912	-	-	18,563
<i>Total Cash Receipts</i>	<u>3,434,618</u>	<u>130,367</u>	<u>108,986</u>	<u>211,000</u>	<u>3,884,971</u>
Cash Disbursements					
Current:					
Security of Persons and Property	1,835,987	77,983	-	-	1,913,970
Public Health Services	4,190	-	-	-	4,190
Community Environment	9,225	-	-	-	9,225
Basic Utility Services	65,998	2,197	-	-	68,195
Transportation	56,166	24,029	-	-	80,195
General Government	1,346,683	6,122	-	851	1,353,656
Capital Outlay	76,203	153,256	-	588,511	817,970
Debt Service:					
Principal Retirement	-	-	1,260,000	-	1,260,000
Interest and Fiscal Charges	30,037	-	47,333	1,000	78,370
<i>Total Cash Disbursements</i>	<u>3,424,489</u>	<u>263,587</u>	<u>1,307,333</u>	<u>590,362</u>	<u>5,585,771</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>10,129</u>	<u>(133,220)</u>	<u>(1,198,347)</u>	<u>(379,362)</u>	<u>(1,700,800)</u>
Other Financing Receipts (Disbursements)					
Sale of Notes	-	-	1,150,000	250,000	1,400,000
Premium on the Sale of Notes	-	-	7,994	-	7,994
Sale of Capital Assets	16,650	-	-	-	16,650
Transfers In	-	-	40,000	-	40,000
Transfers Out	(337,335)	-	-	-	(337,335)
Other Financing Sources	100,375	-	-	-	100,375
Other Financing Uses	(6,440)	-	-	-	(6,440)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(226,750)</u>	<u>-</u>	<u>1,197,994</u>	<u>250,000</u>	<u>1,221,244</u>
<i>Net Change in Fund Cash Balances</i>	<u>(216,621)</u>	<u>(133,220)</u>	<u>(353)</u>	<u>(129,362)</u>	<u>(479,556)</u>
<i>Fund Cash Balances, January 1</i>	<u>1,309,091</u>	<u>451,561</u>	<u>47,945</u>	<u>580,319</u>	<u>2,388,916</u>
Fund Cash Balances, December 31	-				
Restricted	-	276,429	47,592	3,995	328,016
Committed	154,820	41,912	-	446,962	643,694
Assigned	160,711	-	-	-	160,711
Unassigned (Deficit)	776,939	-	-	-	776,939
<i>Fund Cash Balances, December 31</i>	<u>\$1,092,470</u>	<u>\$318,341</u>	<u>\$47,592</u>	<u>\$450,957</u>	<u>\$1,909,360</u>

See accompanying notes to the basic financial statements

Village of Woodmere, Ohio
 Cuyahoga County
 Combined Statement of Receipts, Disbursements
 and Changes in Fund Balances (Regulatory Cash Basis)
 All Fiduciary and Proprietary Fund Types
 For the Year Ended December 31, 2019

	Fiduciary Fund Type	Proprietary Fund Type	Totals
	Custodial	Internal Service	(Memorandum Only)
Operating Cash Receipts			
Fines, Licenses and Permits	\$ 160,943	\$ -	\$ 160,943
Miscellaneous	-	3,797	3,797
<i>Total Operating Cash Receipts</i>	<u>160,943</u>	<u>3,797</u>	<u>164,740</u>
Operating Cash Disbursements			
Employee Fringe Benefits	-	315,182	315,182
Contractual Services	-	1,462	1,462
Other	169,475	-	169,475
<i>Total Operating Cash Disbursements</i>	<u>169,475</u>	<u>316,644</u>	<u>486,119</u>
<i>Operating Income (Loss)</i>	<u>(8,532)</u>	<u>(312,847)</u>	<u>(321,379)</u>
Non-Operating Receipts (Disbursements)			
Deposits	14,140	-	14,140
Other Financing Sources	-	10,236	10,236
Other Financing Uses	(9,266)	-	(9,266)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>4,874</u>	<u>10,236</u>	<u>15,110</u>
<i>Income (Loss) before Transfers</i>	<u>(3,658)</u>	<u>(302,611)</u>	<u>(306,269)</u>
Transfers In	-	297,335	297,335
<i>Net Change in Fund Cash Balances</i>	<u>(3,658)</u>	<u>(5,276)</u>	<u>(8,934)</u>
<i>Fund Cash Balances, January 1</i>	<u>524,708</u>	<u>14,367</u>	<u>539,075</u>
<i>Fund Cash Balances, December 31</i>	<u>\$ 521,050</u>	<u>\$ 9,091</u>	<u>\$ 530,141</u>

See accompanying notes to the basic financial statements

Village of Woodmere, Ohio
Cuyahoga County
Notes to the Financial Statements
For the Year Ended December 31, 2019

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 publically elected six member Council directs the Village. The Village provides, police, fire, emergency medical services, public services including rubbish collections, Building Inspections, Mayor's Court and other services to the residents, visitors and businesses located in Woodmere. Most of the Village's appropriations are for the purpose of funding the Safety Forces.

Jointly Governed Organizations

The Village contracts with Chagrin Valley Dispatch COG to provide security of persons and property. In addition, the Village participated in the Valley Enforcement Regional Council of Governments (VERCOG), which is a regional council of governments formed under Chapter 167 of the Ohio Revised Code. VERCOG was formed to continue to foster cooperation amount political subdivisions through sharing of facilities for their common benefit. Note 13 to the financial statements provide additional information for these entities.

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 2019 the Village received \$2,977,767 in local income tax distributions. In addition, the Village maintains a Budgetary Stabilization Fund within the General Fund in the amount of \$154,820, which was included in the General Fund Balance listed above.

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

Police Pension Fund - This fund receives proceeds collected by the Cuyahoga County Tax Treasurer from a .3 mill property tax levy.

Law Enforcement Fund - This fund was established to account for the financial forfeitures of money due the work of the High Integrity 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 levy for funding various operations of the fire department including capital equipment and vehicles

Village of Woodmere, Ohio
Cuyahoga County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Street Construction Maintenance and Repair Fund - These funds are distributed through the State of Ohio (gasoline tax etc.) and to be used for the maintenance and repair of Village streets.

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 - This fund is used to account for the accumulation of resources for, and the payment of debt service principal and interest.

Special Assessment Bond Retirement 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 businesses owners affiliated with the Eton Collection Mall in Woodmere. The Note Issue ends in 2024.

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. This fund included Service Department proceeds from a note for construction of a new Service Department facility, which were spent primarily in 2017. The Service Department facility opened in January of 2018. Other note proceeds are restricted for renovations to Village Hall. In addition, the Village Council transfers money from the General Fund into this fund to make up for any cost 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. The Fire Department has \$120,000 in this fund with the remaining amount belonging to the Service Department.

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

Health Care Fund - The Village established this fund by Ordinance in 2014, which was used to account for insurance premium payments, for employees enrolled in the health insurance plan and reimbursements related to the Health Reimbursement Arrangement Plan.

Fiduciary Funds - Fiduciary funds include private purpose trust funds and custodial 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.

Custodial 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 custodial funds are:

Road Bond 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, 2019

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

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 Council 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 be budgeted annually.

Appropriations - Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function and object level of control as approved by Village Council, 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 reappropriated.

A summary of 2019 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 also invest with PNC Bank where it has a certificate of deposit which will mature in 2020 (interest is recorded at maturity); money market fund; operating checking account, Mayor's Court Account; Bail Bond account; and payroll account.

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.

Village of Woodmere, Ohio
Cuyahoga County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Accumulated Leave

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

Fund Balance

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

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

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

Committed - Council can *commit* amounts via formal action (resolution). The Village must adhere to these commitments unless the Council amend 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, 2019

Note 3– Budgetary Activity

Budgetary activity for the year ending December 31, 2019 follows:

2019 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$3,931,379	\$3,551,643	(\$379,736)
Special Revenue	256,891	130,367	(126,524)
Debt Service	1,194,000	1,306,980	112,980
Capital Projects	629,000	461,000	(168,000)
Internal Service	341,500	311,368	(30,132)
Total	\$6,352,770	\$5,761,358	(\$591,412)

2019 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$4,181,884	\$3,833,011	\$348,873
Special Revenue	321,085	263,587	57,498
Debt Service	1,325,080	1,307,333	17,747
Capital Projects	939,270	590,362	348,908
Internal Service	337,600	316,644	20,956
Total	\$7,104,919	\$6,310,937	\$793,982

Note 4 – Deposits and Investments

The Village maintains a deposits 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:

	2019
Demand deposits	\$542,138
Certificates of deposit	1,015,738
Cash on Hand	450
Total deposits	1,558,326
STAR Ohio	881,175
Total deposits and investments	\$2,439,501

Village of Woodmere, Ohio
Cuyahoga County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Deposits

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

Investments

Investments in STAR Ohio and mutual funds are not evidenced by securities that exist in physical or book-entry form. The Village had \$881,175 invested in StarOhio at year-end 2019. In addition the Village owned \$1,015,738 certificate of deposit with PNC Bank at year-end 2019.

Note 5 – Taxes

Property Taxes

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

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 and has been contracted with Phil Foley to perform business compliance audits.

Employers within the Village withhold income tax on employee compensation and remit the tax to 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 - Interfund Balances

Outstanding advances at December 31, 2019, consisted of \$1,600 advanced from the General Fund to the Community Development Block Grant Special Revenue Fund in 2017.

Village of Woodmere, Ohio
Cuyahoga County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 7 – Risk Management

Workers' Compensation

Workers' Compensation coverage is provided by the State of Ohio. The Village pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

Commercial Insurance

The Village uses 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 the Council. All employees of the Village are covered by an employee blanket bond.

The Village paid Love Insurance \$50,289 for liability insurance during 2019 through US Specialty Insurance Company.

There were no significant changes in coverage from the prior year.

Health Insurance:

The Village has established a Health Reimbursement Arrangement Plan to provide employees with a partial reimbursement of their annual health insurance deductible and co-insurance.

Note 8 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

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

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent of their gross salaries, and the Village contributed an amount equaling 14 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2019.

Ohio Police and Fire Retirement System

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

The Ohio Revised Code also prescribes contribution rates. OP&F participants contributed 12.25 percent of their wages. The Village contributed to OP&F an amount equal to 19.5 percent of full-time police members' wages. The Village has paid all contributions required through December 31, 2019.

Village of Woodmere, Ohio
Cuyahoga County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Social Security

Several Village's 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, 2019.

Note 9 – Postemployment Benefits

Both OPERS and OP&F offer cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement, and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the traditional pension plan and combined plan was 0 percent during calendar year 2019. The portion of employer contributions allocated to health care for OPERS members in the member-directed plan was 4.0 percent during calendar year 2019. OP&F contributes 0.5 percent to fund these benefits.

Beginning January 1, 2019, OP&F changed its retiree health care model to a stipend-based health care model. A stipend funded by OP&F was placed in individual Health Reimbursement Accounts that retirees use to be reimbursed for health care expenses.

Note 10 – Debt

Debt outstanding at December 31, 2019, was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
General Obligation Notes	\$1,400,000	2%
Special Assessment Bond	470,000	5%
Total	<u>\$1,870,000</u>	

General Obligation Notes: The Village sold/rolled over notes for the following projects in 2019. A new Service Department Facility \$720,000, Village Hall renovation \$320,000 plus \$250,000 in new notes, Brainard Road Property \$110,000.

Special Assessment Bond: 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 bond.

Leases

In addition to the debt listed above, the Village has a lease/purchase agreement with CF Bank for an ambulance. The amount financed was \$149,000. The Village disbursed \$32,750 to pay lease costs for the year ended December 31, 2019. The remaining balance of \$27,262 is due in 2020.

Village of Woodmere, Ohio
Cuyahoga County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Amortization

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

Year Ending December 31:	Leases	General Obligation Notes	Special Assessment Bond
2020	\$27,262	\$1,428,000	\$110,850
2021	-	-	111,175
2022	-	-	111,225
2023	-	-	106,000
2024	-	-	110,775
Total	\$27,262	\$1,428,000	\$550,025

Note 11 – Construction and Contractual Commitments

The Village had two construction and contractual commitments during 2019. One was for the renovation of Brainard Road where grants were obtained through the Ohio Public Works Commission and Cuyahoga County Community Development to pay for most of the construction costs. The other was for the renovation of Village Hall. Both projects will run into the calendar year 2020 before completion.

Note 12 – 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, state, and county governments. 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 13 – Jointly Governed Organizations

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 and foster cooperation among political subdivision 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 consisted 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 2019 the Village paid \$8,000 in membership dues to VERCOG.

Village of Woodmere, Ohio
Cuyahoga County
Notes to the Financial Statements
For the Year Ended December 31, 2019

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 numerous municipalities of the Chagrin Valley and greater Cleveland area. The Dispatch center is the first step to providing emergency services to well 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.

During 2019, the staff included 56 full time dispatchers and 10 part-time dispatchers.

Note 14 – Subsequent Events

It should be noted that Thomas Cornhoff retired at the end of May 2019 as Treasurer for the Village after serving 22 years at the time of submitting this report. Phil Foley was named the interim Treasurer in February 2020, and Bernice Schreiber was named Treasurer on July, 2020, while Mr, Cornhoff returned as financial consultant.

The United States and the State of Ohio declared a state of emergency in March 2020 due to COVID-19 pandemic. The financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Village. The Village investment portfolio is subject to market volatility, which could result in significant decline in fair value, consistent with general decline in financial market. In addition, the impact on the Village's future operating costs, revenues, and any recovery form emergency funding, either federal or state, cannot be estimated.

Village of Woodmere, Ohio
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, 2018

	General	Special Revenue	Debt Service	Capital Projects	Totals (Memorandum Only)
Cash Receipts					
Property and Other Local Taxes	\$ 182,040	\$ 75,402	\$ -	\$ -	\$ 257,442
Municipal Income Tax	3,210,180	-	-	-	3,210,180
Intergovernmental	29,463	35,509	-	-	64,972
Special Assessments	-	-	109,491	-	109,491
Charges for Services	33,828	6,500	-	-	40,328
Fines, Licenses and Permits	201,033	10,630	-	-	211,663
Earnings on Investments	21,629	-	-	-	21,629
Miscellaneous	8,418	967	-	-	9,385
<i>Total Cash Receipts</i>	<u>3,686,591</u>	<u>129,008</u>	<u>109,491</u>	<u>-</u>	<u>3,925,090</u>
Cash Disbursements					
Current:					
Security of Persons and Property	1,832,668	109,010	-	-	1,941,678
Public Health Services	3,642	-	-	-	3,642
Community Environment	14,240	-	-	-	14,240
Basic Utility Services	45,910	-	-	-	45,910
Transportation	57,470	16,147	-	-	73,617
General Government	1,440,173	18,778	-	-	1,458,951
Capital Outlay	63,471	222,703	-	147,248	433,422
Debt Service:					
Principal Retirement	-	-	1,335,000	1,902	1,336,902
Interest and Fiscal Charges	8,050	-	60,659	-	68,709
<i>Total Cash Disbursements</i>	<u>3,465,624</u>	<u>366,638</u>	<u>1,395,659</u>	<u>149,150</u>	<u>5,377,071</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>220,967</u>	<u>(237,630)</u>	<u>(1,286,168)</u>	<u>(149,150)</u>	<u>(1,451,981)</u>
Other Financing Receipts (Disbursements)					
Sale of Notes	-	-	1,180,000	-	1,180,000
Premium on Sale of Notes	-	-	6,376	-	6,376
Transfers In	-	20,000	106,252	202,500	328,752
Transfers Out	(598,752)	-	-	-	(598,752)
Other Financing Sources	148,950	1,261	-	-	150,211
Other Financing Uses	(2,919)	-	-	-	(2,919)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(452,721)</u>	<u>21,261</u>	<u>1,292,628</u>	<u>202,500</u>	<u>1,063,668</u>
<i>Net Change in Fund Cash Balances</i>	<u>(231,754)</u>	<u>(216,369)</u>	<u>6,460</u>	<u>53,350</u>	<u>(388,313)</u>
<i>Fund Cash Balances, January 1</i>	<u>1,540,845</u>	<u>667,930</u>	<u>41,485</u>	<u>526,969</u>	<u>2,777,229</u>
Fund Cash Balances, December 31					
Restricted	-	451,561	47,945	25,559	525,065
Committed	154,820	-	-	554,760	709,580
Assigned	250,465	-	-	-	250,465
Unassigned (Deficit)	903,806	-	-	-	903,806
<i>Fund Cash Balances, December 31</i>	<u>\$ 1,309,091</u>	<u>\$ 451,561</u>	<u>\$ 47,945</u>	<u>\$ 580,319</u>	<u>\$ 2,388,916</u>

See accompanying notes to the basic financial statements

Village of Woodmere, Ohio
Cuyahoga County
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
All Fiduciary and Proprietary Fund Types
For the Year Ended December 31, 2018

	Fiduciary Fund Type	Proprietary Fund Type	Totals
	Agency	Internal Service	(Memorandum Only)
Operating Cash Receipts			
Fines, Licenses and Permits	\$ 233,015	\$ -	\$ 233,015
<i>Total Operating Cash Receipts</i>	<u>233,015</u>	<u>-</u>	<u>233,015</u>
Operating Cash Disbursements			
Employee Fringe Benefits	-	264,829	264,829
Contractual Services	-	927	927
Other	225,555	-	225,555
<i>Total Operating Cash Disbursements</i>	<u>225,555</u>	<u>265,756</u>	<u>491,311</u>
<i>Operating Income (Loss)</i>	<u>7,460</u>	<u>(265,756)</u>	<u>(258,296)</u>
Non-Operating Receipts (Disbursements)			
Deposits	42,094	-	42,094
Other Financing Sources	7,762	9,309	17,071
Other Financing Uses	(23,955)	-	(23,955)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>25,901</u>	<u>9,309</u>	<u>35,210</u>
<i>Income (Loss) before Transfers</i>	<u>33,361</u>	<u>(256,447)</u>	<u>(223,086)</u>
Transfers In	-	270,000	270,000
<i>Net Change in Fund Cash Balances</i>	<u>33,361</u>	<u>13,553</u>	<u>46,914</u>
<i>Fund Cash Balances, January 1 (Restated-See Note 15)</i>	<u>491,347</u>	<u>814</u>	<u>492,161</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$524,708</u></u>	<u><u>\$14,367</u></u>	<u><u>\$539,075</u></u>

See accompanying notes to the basic financial statements

Village of Woodmere
Cuyahoga County
Notes to the Financial Statements
For the Year Ended December 31, 2018

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 publically elected six member Council directs the Village. The Village provides, police, fire, emergency medical services, public services including rubbish collections, Building Inspections, Mayor's Court and other services to the residents, visitors and businesses located in Woodmere. Most of the Village's appropriations are for the purpose of funding the Safety Forces.

Jointly Governed Organizations

The Village contracts with Chagrin Valley Dispatch COG to provide security of persons and property. In addition, the Village participated in the Valley Enforcement Regional Council of Governments (VERCOG), which is a regional council of governments formed under Chapter 167 of the Ohio Revised Code. VERCOG was formed to continue to foster cooperation amount political subdivisions through sharing of facilities for their common benefit. Note 14 to the financial statements provide additional information for these entities.

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 2018 the Village received \$3,210,180 in local income tax distributions. In addition, the Village maintains a Budgetary Stabilization Fund within the General Fund in the amount of \$154,820, which was included in the General Fund Balance listed above.

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

Police Pension Fund - This fund receives proceeds collected by the Cuyahoga County Tax Treasurer from a .3 mill property tax levy.

Law Enforcement Fund - This fund was established to account for the financial forfeitures of money due the work of the High Integrity 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 levy for funding various operations of the fire department including capital equipment and vehicles.

Village of Woodmere
Cuyahoga County
Notes to the Financial Statements
For the Year Ended December 31, 2018

Street Construction Maintenance and Repair Fund - 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.

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 - This fund is used to account for the accumulation of resources for, and the payment of debt service principal and interest.

Special Assessment Bond Retirement 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 businesses owners affiliated with the Eton Collection Mall in Woodmere. The Note Issue ends in 2024.

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. This fund included Service Department proceeds from a note for construction of a new Service Department facility, which were spent primarily in 2017. The Service Department facility opened in January of 2018. Other note proceeds are restricted for renovations to Village Hall. In addition, the Village Council transfers money from the General Fund into this fund to make up for any cost 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. The Fire Department has \$120,000 in this fund with the remaining amount belonging to the Service Department.

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

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 - The Village established this fund by Ordinance in 2014, which was used to account for insurance premium payments, for employees enrolled in the health insurance plan and reimbursements related to the Health Reimbursement Arrangement Plan.

Fiduciary Funds - Fiduciary funds include private purpose trust funds and custodial 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.

Village of Woodmere
Cuyahoga County
Notes to the Financial Statements
For the Year Ended December 31, 2018

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 Bond 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.

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

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 Council 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 be budgeted annually.

Appropriations - Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function and object level of control as approved by Village Council, 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.

A summary of 2018 budgetary activity appears in Note 4.

Village of Woodmere
Cuyahoga County
Notes to the Financial Statements
For the Year Ended December 31, 2018

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 also invest with PNC Bank where it has a certificate of deposit which will mature in 2020 (interest is recorded at maturity); money market fund; operating checking account, Mayor's Court Account; Bail Bond account; and payroll account.

Capital Assets

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

Accumulated Leave

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

Fund Balance

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

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

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

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

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

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

Village of Woodmere
Cuyahoga County
Notes to the Financial Statements
For the Year Ended December 31, 2018

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

Note 3 – Compliance

Contrary to Ohio law, budgetary expenditures exceeded appropriation authority in the General Obligation Debt Service Fund by \$2,284, for the year ended December 31, 2018.

Note 4 – Budgetary Activity

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

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$3,836,632	\$3,835,541	(\$1,091)
Special Revenue	143,448	150,269	6,821
Debt Service	1,401,034	1,402,119	1,085
Capital Projects	206,129	202,500	(3,629)
Internal Service	257,407	279,309	21,902
Total	\$5,844,650	\$5,869,738	\$25,088

2018 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$4,211,187	\$4,073,012	\$138,175
Special Revenue	618,192	366,638	251,554
Debt Service	1,393,375	1,395,659	(2,284)
Capital Projects	583,983	149,150	434,833
Internal Service	304,303	265,756	38,547
Total	\$7,111,040	\$6,250,215	\$860,825

Village of Woodmere
Cuyahoga County
Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 5 – Deposits and Investments

The Village maintains a deposits 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>2018</u>
Demand deposits	<u>\$1,066,997</u>
Certificates of deposit	<u>1,000,000</u>
Total deposits	<u>2,066,997</u>
U.S. Treasury Notes	
STAR Ohio	<u>860,994</u>
Total investments	<u>860,994</u>
Total deposits and investments	<u><u>\$2,927,991</u></u>

Deposits

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

Investments

Investments in STAR Ohio and mutual funds are not evidenced by securities that exist in physical or book-entry form. The Village had \$860,994 invested in StarOhio at year-end 2018. In addition the Village owned a \$1,000,000 certificate of deposit with PNC Bank at year-end 2018.

Note 6 – Taxes

Property Taxes

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

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
For the Year Ended December 31, 2018

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 and has been contracted with Phil Foley to perform business compliance audits.

Employers within the Village withhold income tax on employee compensation and remit the tax to 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 7 – Interfund Balances

Outstanding advances at December 31, 2018, consisted of \$1,600 advanced from the General Fund to the Community Development Block Grant Special Revenue Fund in 2017.

Note 8 – Risk Management

Workers' Compensation

Workers' Compensation coverage is provided by the State of Ohio. The Village pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

Commercial Insurance

The Village uses 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 the Council. All employees of the Village are covered by an employee blanket bond.

The Village paid Love Insurance \$59,996 for liability insurance during 2018 through US Specialty Insurance Company.

There were no significant changes in coverage from the prior year.

Health Insurance:

The Village has established a Health Reimbursement Arrangement Plan to provide employees with a partial reimbursement of their annual health insurance deductible and co-insurance.

Village of Woodmere
Cuyahoga County
Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 9 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

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

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

Ohio Police and Fire Retirement System

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

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

Social Security

Several Village's 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, 2018.

Note 10 – Postemployment Benefits

Both OPERS and OP&F offer cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement, and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the traditional pension plan and combined plan was 0 percent during calendar year 2018. The portion of employer contributions allocated to health care for OPERS members in the member-directed plan was 4.0 percent during calendar year 2018. OP&F contributes 0.5 percent to fund these benefits.

Note 11 – Debt

Debt outstanding at December 31, 2018, was as follows:

	Principal	Interest Rate
General Obligation Notes	\$1,180,000	2%
Special Assessment Bond	550,000	5%
Total	\$1,730,000	

Village of Woodmere
Cuyahoga County
Notes to the Financial Statements
For the Year Ended December 31, 2018

General Obligation Notes: The Village sold/rolled over notes for the following projects in 2018. A new Service Department Facility \$720,000, Village Hall renovation \$320,000 plus \$25,000 in notes, Brainard Road Property \$120,000.

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

Leases

In addition to the debt listed above, the Village has a lease/purchase agreement with CF Bank for an ambulance. The amount financed was \$149,000. The Village disbursed \$32,714 to pay lease costs for the year ended December 31, 2018.

Amortization

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

Year Ending December 31:	Leases	General Obligation Notes	Special Assessments Bond
2019	\$32,750	\$1,203,600	\$110,250
2020	27,262	-	110,850
2021	-	-	111,175
2022	-	-	111,225
2023	-	-	106,000
2024	-	-	110,775
Total	\$60,012	\$1,203,600	\$660,275

Note 12 – Construction and Contractual Commitments

The Village had two construction and contractual commitments during 2018. One was for the renovation of Brainard Road where grants were obtained through the Ohio Public Works Commission and Cuyahoga County Community Development to pay for most of the construction costs. The other was for the renovation of Village Hall. Both projects will run into the calendar year 2019.

Note 13 – 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, state, and county governments. 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
For the Year Ended December 31, 2018

Note 14 – Jointly Governed Organizations

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 and foster cooperation among political subdivision 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 consist 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 2018 the Village Paid \$8,000 in membership dues 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 numerous municipalities of the Chagrin Valley and greater Cleveland area. The Dispatch center is the first step to providing emergency services to well 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.

During 2018, the staffed fluctuated between 24 and 30 full time dispatchers, six plus full-time dispatch supervisors, administrator and 10 plus part-time employees. However, additional communities joined in 2018 which required increases in those numbers. Note: staffing considerations may change based upon demand and partnerships with additional agencies.

Note 15- Restatement of Fund Balances

During the prior year, the Health Care Fund was classified as an Agency Fund Type instead of an Internal Service Fund Type. This was subsequently revised by management in the 2018 financial statements. Also, a portion of the December 31, 2017 Building Bond Fund balance was included as part of the Health Care Fund balance. These restatements had the following effect on fund balances as of December 31, 2017 as previously reported:

	<u>Internal Service Fund</u>	<u>Agency Fund</u>
Fund Balance, December 31, 2017	\$50,814	\$441,347
Adjustments	<u>(50,000)</u>	<u>50,000</u>
Restated Fund Balance, January 1, 2018	<u>\$814</u>	<u>\$491,347</u>



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

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

To the 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, (the Village) as of and for the years ended December 31, 2019 and 2018, and the related notes to the financial statements and have issued our report thereon dated January 15, 2021 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 and restated December 31, 2017 fund balances for the Internal Service and Agency Funds.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Village's internal control over financial reporting (internal control) as a basis for designing 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 2019-001 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 2019-002 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 financial statements. 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 no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

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 report is not suitable for any other purpose.



Keith Faber
Auditor of State
Columbus, Ohio

January 15, 2021

**VILLAGE OF WOODMERE
CUYAHOGA COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2019 AND 2018**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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1. Material Weakness- Financial Reporting

FINDING NUMBER 2019-001

MATERIAL WEAKNESS

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.

In 2019 we noted the following errors occurred within the financial report that required revision:

- Intergovernmental revenues in the Street Construction, Repair, Maintenance and State Highway Special Revenue Funds, totaling \$5,134, were not posted to the accounting system, leading to understatement of revenues in the financial statements.
- Other financing sources in the Brainard Road Resurfacing Fund, totaling \$102,354, should have been a recorded as a reduction of expenditures.
- Non-Spendable Fund balance of \$154,820, reported in the General Fund, should have been classified as committed fund balance, since it related to a budget stabilization agreement.
- Unassigned fund balance of \$95,964, reported in the General Fund, should have classified as assigned fund balance, since it related to subsequent year appropriation in excess of estimated receipts.
- Beginning General Fund cash fund balance reported on the Hinkle filed report was \$1,798 more than the 2018 ending General Fund cash fund balance reported in the Hinkle filed report.
- Special assessment revenues totaling \$108,306, in the Special Assessment Debt Service Fund, were improperly classified as property tax revenues.
- Beginning Mayor's Court Fund cash fund balance reported in the Hinkle filed report was \$7,483 less than the 2018 ending Mayor's Court Fund cash balance reported on the Hinkle filed report.
- Beginning Health Care Fund cash fund Balance reported in the Hinkle filed report was \$3,797 more than the 2018 ending Health Care Fund Cash balance reported on the 2018 Hinkle filed report.
- Note 4 - Budgetary Activity - General Fund budgetary expenditures were reported at \$3,767,253, but did not include outstanding encumbrances of \$64,747.
- Note 5 - Deposits and Investments - Star Ohio investments were reported at \$888,175, when the correct amount was \$881,175, a difference of \$7,000. Demand deposits were reported at \$531,014, when the correct amount was \$542,138, a difference of \$11,124.

**VILLAGE OF WOODMERE
CUYAHOGA COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2019 AND 2018
(Continued)**

- Note 9 - Defined Benefit Pension Plans - Disclosure verbiage was improper due to the usage of the incorrect footnote shell.

In 2018 we noted the following errors occurred within the financial report that required revision.

- General Fund transfers out of \$30,000 and \$25,000 were improperly reported as advances out and other financing uses, respectively.
- Non-Spendable Fund balance of \$154,820, reported in the General Fund, should have been classified as committed fund balance, since it related to a budget stabilization agreement.
- Unassigned fund balance of \$244,748, reported in the General Fund, should have classified as assigned fund balance, since it related to subsequent year appropriation in excess of estimated receipts.
- A \$50,000 correction of a prior year audit adjustment, in the General Fund, was improperly reported as a special item.
- Brainard Road Resurfacing Fund transfers in of \$30,000 were improperly reported as advances in.
- General Obligation Debt Retirement Fund note proceeds and principal retirement of \$1,180,000 each, were improperly reported as other debt proceeds and a negative sale of notes, respectively.
- Special assessment revenues totaling \$109,941, in the Special Assessment Debt Service Fund, were improperly classified as property tax revenues.
- Mayor Court Fund fines and fee collections and distributions of \$220,027 and \$212,831, respectively, were improperly reported as other financing sources and other financing uses, respectively.
- Bail Bonds Fund collections and disbursements of \$12,988 and \$12,724, respectively, were improperly reported as other financing sources and other financing uses, respectively.
- Health Care Fund employee fringe benefit expenses of \$43,181 were improperly classified as claims expenses.
- Health Care Fund transfers in of \$25,000 were improperly presented as other financing sources.
- Building Bond Fund beginning balance was understated by \$50,000 and the Health Care Fund beginning balance was overstated by the same amount. In an attempt to correct this misstatement, the financial statements reflected special items of \$50,000 and (\$50,000), in the Building Bond Fund and Health Care Funds, respectively. However, due to materiality of the amount the beginning fund balances in both funds were restated and the special items were removed from the final report statements.

**VILLAGE OF WOODMERE
CUYAHOGA COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2019 AND 2018
(Continued)**

- Note 4 - Budgetary Activity. General Fund budgetary expenditures were understated by \$5,717 due to outstanding encumbrances being excluded. Budgeted Receipts in the Special Revenue Funds were overstated by \$2,000.

The above noted errors for both 2018 and 2019 were posted to the financial statements and accounting records, when required, as agreed to by management.

These weaknesses increase the risk the financial statements and/or notes could become materially misstated and not be detected or prevented in a timely manner.

We recommend that controls be established and due professional care taken, to ensure the accuracy and completeness of the annual financial report.

Official's Response:

The Treasurer's Office implemented changes in late 2020 with regards to reviewing the work of the staff who enters the data into the Village's accounting system. These changes will provide more accurate postings to the accounting system. In addition, the Village will be changing accounting systems beginning with calendar year 2021 to the UAN network through the Ohio Auditor of State's Office. This system will allow the Village to file the 2021 Annual Financial Report electronically through the UAN network instead of the Hinkle System.

2. Significant Deficiency -Bank Balance Over Book Balance

FINDING NUMBER 2019-002

SIGNIFICANT DEFICIENCY

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 the accounting system records (book) 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.

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.

**VILLAGE OF WOODMERE
CUYAHOGA COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2019 AND 2018
(Continued)**

A review of the updated December 31, 2019 bank reconciliation disclosed the following:

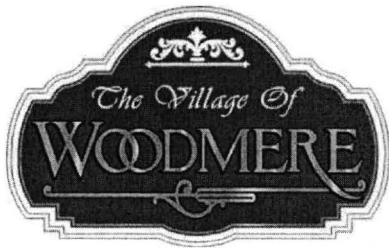
- PNC Payroll Bank Account balance of \$16,865 was not included on the original reconciliation.
- The StarOhio Account on original reconciliation was overstated by \$7,000.
- Manual Checks totaling \$1,011 were not recorded in the accounting system.
- Intergovernmental Receipts totaling \$5,134 were deposited but not reported in the accounting system.
- Outstanding checks totaling \$1,084 were not properly reflected in the reconciliation.
- Other reconciling items totaling \$383 were not included on the reconciliation.

Lack of adequate controls resulted in the corrected bank balance total of \$2,444,841 to exceed the adjusted financial statement balance total of \$2,439,500 by \$5,341. The inability to properly reconcile the accounting system to the bank balances could lead to the misappropriations of Village assets.

We recommend that a complete reconciliation between the bank and investment accounts and the accounting system be performed monthly. We also recommend that support for all reconciling items be maintained with the reconciliation.

Official's Response:

The Treasurer agrees that the reconciliation process is especially important and needs to be performed monthly and efficiently. I have implemented procedures to ensure that each month a reconciliation of all bank accounts is performed and that any discrepancies are pursued to the fullest. A proof of cash is also performed for the Village's operating account at PNC which contributes to a more accurate reconciliation.



The Village Of Woodmere

"Gateway To The Chagrin Valley"

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BENJAMIN I HOLBERT, III
MAYOR

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

DECEMBER 31, 2019 and 2018

Finding Number	Finding Summary	Status	Additional Information
2017-001	Material Weakness and Material Noncompliance – Financial Reporting and Unauthorized Transfer	Partially Corrected, reissued as Finding 2019-001	The transfer errors occurred in the Village's Health Care Account and this is being closed. The Financial Reporting errors will be corrected for the 2020 Annual Report. Also, we will begin filing the Annual Report through the UAN network beginning with Calendar Year 2021.
2017-002	Significant Deficiency – Unreconciled Bank Over Book Balance	Not Corrected, reissued as Finding 2019-002	The on-going reconciliation issues in E gov were due to discrepancies between the operating account and payroll account. We have worked hard to balance these two accounts for year-end 2020. Also, we will eliminate the payroll account in 2021 and to provide more accurate reconciliations monthly.

OHIO AUDITOR OF STATE KEITH FABER



VILLAGE OF WOODMERE

CUYAHOGA COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 2/9/2021

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Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at
www.ohioauditor.gov