



Mary Taylor, CPA
Auditor of State

VILLAGE OF WOODLAWN
HAMILTON COUNTY

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Mary Taylor, CPA
Auditor of State

Village of Woodlawn
Hamilton County
10141 Woodlawn Boulevard
Woodlawn, Ohio 45215

To the Village Council:

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

Mary Taylor

Mary Taylor, CPA
Auditor of State

December 6, 2010

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Village of Woodlawn
Hamilton County
10141 Woodlawn Boulevard
Woodlawn, Ohio 45215

To the Village Council:

We have audited the accompanying financial statements of the Village of Woodlawn, Hamilton County, Ohio, (the Village), as of and for the years ended December 31, 2009 and 2008. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

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

Instead of the combined funds the accompanying financial statements present, GAAP require presenting entity wide statements and also presenting the Village's larger (i.e. major) funds separately. While the Village does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to GAAP presentation requirements. The Auditor of State permits, but does not require Villages to reformat their statements. The Village has elected not to follow GAAP statement formatting requirements. The following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2009 and 2008 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2009 and 2008, or its changes in financial position for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of the Village of Woodlawn, Hamilton County, Ohio, as of December 31, 2009 and 2008, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

During 2008, the Village changed its financial statement presentation method to conform to presentation methods the Auditor of State prescribes or permits.

The Village has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 6, 2010, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

A handwritten signature in cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

December 6, 2010

**VILLAGE OF WOODLAWN
HAMILTON COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2009**

| | <u>General</u> | <u>Special Revenue</u> | <u>Debt Service</u> | <u>Capital Projects</u> | <u>Totals (Memorandum Only)</u> |
|---|-------------------------|----------------------------|-------------------------|-----------------------------|---|
| Cash Receipts: | | | | | |
| Property and Local Taxes | \$389,528 | \$188,599 | | | \$578,127 |
| Municipal Income Tax | 3,811,244 | | \$446,913 | \$224,206 | 4,482,363 |
| Intergovernmental | 171,877 | 336,497 | | | 508,374 |
| Charges for Services | 390,314 | 6,858 | | | 397,172 |
| Fines, Licenses and Permits | 123,602 | 13,050 | | | 136,652 |
| Earnings on Investments | 3,721 | 117 | | | 3,838 |
| Refunds | 28,461 | | | | 28,461 |
| Miscellaneous | 163,449 | 225 | | | 163,674 |
| | <u>5,082,196</u> | <u>545,346</u> | <u>446,913</u> | <u>224,206</u> | <u>6,298,661</u> |
| Total Cash Receipts | | | | | |
| Cash Disbursements: | | | | | |
| Current: | | | | | |
| Security of Persons and Property | 2,851,778 | 11,288 | | | 2,863,066 |
| Public Health Services | 563 | | | | 563 |
| Leisure Time Activities | 425,280 | 209,637 | | | 634,917 |
| Community Environment | 131,193 | | | | 131,193 |
| Basic Utility Service | 458,750 | | | | 458,750 |
| Transportation | | 294,093 | | | 294,093 |
| General Government | 1,511,069 | 1,195 | | | 1,512,264 |
| Debt Service: | | | | | |
| Redemption of Principal | | | 2,543,167 | | 2,543,167 |
| Interest and Fiscal Charges | | | 273,926 | | 273,926 |
| Capital Outlay | | 62,643 | | 354,971 | 417,614 |
| | <u>5,378,633</u> | <u>578,856</u> | <u>2,817,093</u> | <u>354,971</u> | <u>9,129,553</u> |
| Total Cash Disbursements | | | | | |
| Total Receipts Under Disbursements | <u>(296,437)</u> | <u>(33,510)</u> | <u>(2,370,180)</u> | <u>(130,765)</u> | <u>(2,830,892)</u> |
| Other Financing Receipts / (Disbursements): | | | | | |
| Proceeds from Sale of Public Debt: | | | | | |
| Sale of Notes | | | 2,330,000 | | 2,330,000 |
| Transfers-In | 91,072 | 24,100 | | 100,000 | 215,172 |
| Transfers-Out | (100,000) | (115,172) | | | (215,172) |
| | <u>(8,928)</u> | <u>(91,072)</u> | <u>2,330,000</u> | <u>100,000</u> | <u>2,330,000</u> |
| Total Other Financing Receipts / (Disbursements) | | | | | |
| Excess of Cash Receipts and Other Financing Receipts (Under) Cash Disbursements and Other Financing Disbursements | (305,365) | (124,582) | (40,180) | (30,765) | (500,892) |
| Fund Cash Balances, January 1 | <u>1,080,823</u> | <u>768,416</u> | <u>432,706</u> | <u>268,383</u> | <u>2,550,328</u> |
| Fund Cash Balances, December 31 | <u>\$775,458</u> | <u>\$643,834</u> | <u>\$392,526</u> | <u>\$237,618</u> | <u>\$2,049,436</u> |
| Reserve for Encumbrances, December 31 | <u>\$15,855</u> | <u>\$31,800</u> | <u>\$0</u> | <u>\$1,700</u> | <u>\$49,355</u> |

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

VILLAGE OF WOODLAWN
HAMILTON COUNTY

STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCE - AGENCY FUND
FOR THE YEAR ENDED DECEMBER 31, 2009

| | |
|--|------------------------------|
| Non-Operating Cash Receipts: | |
| Other Non-Operating Cash Receipts | <u>\$168,033</u> |
| Total Non-Operating Cash Receipts | <u>168,033</u> |
| Non-Operating Cash Disbursements: | |
| Other Non-Operating Cash Disbursements | <u>166,343</u> |
| Total Non-Operating Cash Disbursements | <u>166,343</u> |
| Net Receipts Over Disbursements | 1,690 |
| Fund Cash Balance, January 1 | <u>(300)</u> |
| Fund Cash Balance, December 31 | <u><u>\$1,390</u></u> |

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

**VILLAGE OF WOODLAWN
HAMILTON COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2008**

| | <u>General</u> | <u>Special Revenue</u> | <u>Debt Service</u> | <u>Capital Projects</u> | <u>Totals (Memorandum Only)</u> |
|---|---------------------------|----------------------------|-------------------------|-----------------------------|---|
| Cash Receipts: | | | | | |
| Property and Local Taxes | \$402,978 | \$195,699 | | | \$598,677 |
| Municipal Income Tax | 4,305,483 | | \$504,493 | \$252,431 | 5,062,407 |
| Intergovernmental | 165,452 | 386,896 | | 82,764 | 635,112 |
| Charges for Services | 361,870 | 5,207 | | | 367,077 |
| Fines, Licenses and Permits | 149,229 | 11,549 | | | 160,778 |
| Earnings on Investments | 49,777 | 4,347 | | | 54,124 |
| Refunds | 34,288 | 2,036 | | | 36,324 |
| Miscellaneous | 38,330 | 5,487 | | | 43,817 |
| Total Cash Receipts | <u>5,507,407</u> | <u>611,221</u> | <u>504,493</u> | <u>335,195</u> | <u>6,958,316</u> |
| Cash Disbursements: | | | | | |
| Current: | | | | | |
| Security of Persons and Property | 2,786,748 | 152,822 | | | 2,939,570 |
| Leisure Time Activities | 439,886 | 168,931 | | | 608,817 |
| Community Environment | 191,545 | | | | 191,545 |
| Basic Utility Service | 506,401 | | | | 506,401 |
| Transportation | | 306,851 | | | 306,851 |
| General Government | 1,484,554 | 3,588 | | | 1,488,142 |
| Debt Service: | | | | | |
| Redemption of Principal | | | 2,136,191 | | 2,136,191 |
| Interest and Fiscal Charges | | | 288,077 | | 288,077 |
| Capital Outlay | | 32,573 | | 324,020 | 356,593 |
| Total Cash Disbursements | <u>5,409,134</u> | <u>664,765</u> | <u>2,424,268</u> | <u>324,020</u> | <u>8,822,187</u> |
| Total Receipts Over/(Under) Disbursements | <u>98,273</u> | <u>(53,544)</u> | <u>(1,919,775)</u> | <u>11,175</u> | <u>(1,863,871)</u> |
| Other Financing Receipts / (Disbursements): | | | | | |
| Proceeds from Sale of Public Debt: | | | | | |
| Sale of Bonds | | | | 42,600 | 42,600 |
| Sale of Notes | | | 2,010,000 | | 2,010,000 |
| Premium on Debt | | | 1,214 | | 1,214 |
| Transfers-In | | 138,900 | 1,674 | 202,821 | 343,395 |
| Transfers-Out | (343,395) | | | | (343,395) |
| Total Other Financing Receipts / (Disbursements) | <u>(343,395)</u> | <u>138,900</u> | <u>2,012,888</u> | <u>245,421</u> | <u>2,053,814</u> |
| Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements | <u>(245,122)</u> | <u>85,356</u> | <u>93,113</u> | <u>256,596</u> | <u>189,943</u> |
| Fund Cash Balances, January 1 | <u>1,325,945</u> | <u>683,060</u> | <u>339,593</u> | <u>11,787</u> | <u>2,360,385</u> |
| Fund Cash Balances, December 31 | <u>\$1,080,823</u> | <u>\$768,416</u> | <u>\$432,706</u> | <u>\$268,383</u> | <u>\$2,550,328</u> |
| Reserve for Encumbrances, December 31 | <u>\$5,801</u> | <u>\$1,527</u> | <u>\$0</u> | <u>\$16,791</u> | <u>\$24,119</u> |

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

VILLAGE OF WOODLAWN
HAMILTON COUNTY

STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGE IN FUND CASH BALANCE - AGENCY FUND
FOR THE YEAR ENDED DECEMBER 31, 2008

| | |
|---|------------------------------|
| Non-Operating Cash Receipts: | |
| Other Non-Operating Cash Receipts | <u>\$118,343</u> |
| Total Non-Operating Cash Receipts | <u>118,343</u> |
| Non-Operating Cash Disbursements: | |
| Other Non-Operating Cash Disbursements | <u>118,143</u> |
| Total Non-Operating Cash Disbursements | <u>118,143</u> |
| Net Receipts Over Disbursements | 200 |
| Fund Cash Balance, January 1 (Restated - Note 12) | <u>(500)</u> |
| Fund Cash Balance, December 31 | <u><u>(\$300)</u></u> |

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

**VILLAGE OF WOODLAWN
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008**

1. Summary of Significant Accounting Policies

A. Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Village of Woodlawn, Hamilton County, Ohio (the Village), as a body corporate and politic. A publicly-elected six-member Council directs the Village. The Village provides recreation and park operations, and police and fire protection services.

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

B. Accounting Basis

These financial statements follow the accounting basis the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. The Village recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

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

C. Deposits and Investments

The investment in STAR Ohio (the State Treasurer's investment pool) is recorded at amounts reported by the State Treasurer.

D. Fund Accounting

The Village uses fund accounting to segregate cash and investments that are restricted as to use. The Village classifies its funds into the following types:

1. General Fund

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

2. Special Revenue Funds

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

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

Swimming Pool Fund - This fund receives property tax and admission fees for operation and maintenance of the Village swimming pool.

**VILLAGE OF WOODLAWN
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

3. Debt Service Funds

These funds account for resources the Village accumulates to pay bond and note debt. The Village had the following significant Debt Service Fund:

Bond Retirement Fund – This fund accumulates resources for the payment of various Village debt issues.

4. Capital Project Funds

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

Capital Improvement Fund – This fund receives a portion of Village income tax receipts. These receipts are used to finance Village capital projects.

5. Fiduciary Fund (Agency Fund)

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

E. Budgetary Process

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

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the object level of control, and appropriations may not exceed estimated resources. The Village Council must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Unencumbered appropriations lapse at year end.

2. Estimated Resources

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

3. Encumbrances

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

A summary of 2009 and 2008 budgetary activity appears in Note 3.

**VILLAGE OF WOODLAWN
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

F. Property, Plant, and Equipment

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

G. Accumulated Leave

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

2. Equity in Pooled Deposits and Investments

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

| | 2009 | 2008 |
|--------------------------------|-------------|-------------|
| Demand deposits | \$723,131 | \$1,237,196 |
| Bond escrow account | 154,603 | 142,972 |
| STAR Ohio | 1,173,092 | 1,169,860 |
| Total deposits and investments | \$2,050,826 | \$2,550,028 |

The bond escrow account is held by Huntington National Bank trust department and holds the Village's equity securities in book-entry form in the Village's name for the purpose of repayment of interest and principal on general obligation bonds.

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

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

3. Budgetary Activity

Budgetary activity for the years ending December 31, 2009 and 2008 follows:

| 2009 Budgeted vs. Actual Receipts | | | |
|-----------------------------------|----------------------|--------------------|-------------|
| Fund Type | Budgeted Receipts | Actual Receipts | Variance |
| General | \$5,442,600 | \$5,173,268 | (\$269,332) |
| Special Revenue | 917,800 | 569,446 | (348,354) |
| Debt Service | 2,569,043 | 2,776,913 | 207,870 |
| Capital Projects | 345,000 | 324,206 | (20,794) |
| Total | \$9,274,443 | \$8,843,833 | (\$430,610) |

**VILLAGE OF WOODLAWN
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008
(Continued)**

3. Budgetary Activity (Continued)

| 2009 Budgeted vs. Actual Budgetary Basis Expenditures | | | |
|---|----------------------------|---------------------------|------------------|
| Fund Type | Appropriation Authority | Budgetary Expenditures | Variance |
| General | \$5,801,166 | \$5,494,488 | \$306,678 |
| Special Revenue | 706,915 | 725,828 | (18,913) |
| Debt Service | 2,819,434 | 2,817,093 | 2,341 |
| Capital Projects | 494,783 | 356,671 | 138,112 |
| Total | <u>\$9,822,298</u> | <u>\$9,394,080</u> | <u>\$428,218</u> |

| 2008 Budgeted vs. Actual Receipts | | | |
|-----------------------------------|----------------------|--------------------|-------------------|
| Fund Type | Budgeted Receipts | Actual Receipts | Variance |
| General | \$5,542,600 | \$5,507,407 | (\$35,193) |
| Special Revenue | 826,532 | 750,121 | (76,411) |
| Debt Service | 2,586,674 | 2,517,381 | (69,293) |
| Capital Projects | 447,889 | 580,616 | 132,727 |
| Total | <u>\$9,403,695</u> | <u>\$9,355,525</u> | <u>(\$48,170)</u> |

| 2008 Budgeted vs. Actual Budgetary Basis Expenditures | | | |
|---|----------------------------|---------------------------|------------------|
| Fund Type | Appropriation Authority | Budgetary Expenditures | Variance |
| General | \$6,005,181 | \$5,758,330 | \$246,851 |
| Special Revenue | 927,642 | 666,292 | 261,350 |
| Debt Service | 2,548,991 | 2,424,268 | 124,723 |
| Capital Projects | 482,600 | 340,811 | 141,789 |
| Total | <u>\$9,964,414</u> | <u>\$9,189,701</u> | <u>\$774,713</u> |

Contrary to Ohio law, appropriations exceeded available resources for the Glendale Road Improvement Fund, Food Grant Fund, and Pool House Bond Retirement Fund at December 31, 2008, and the Street Fund and Pool House Bond Retirement Fund at December 31, 2009.

Contrary to Ohio law, appropriations exceeded estimated resources for the Street Fund, Glendale Road Improvement Fund, FEMA Firefighters Grant Fund, and Pool House Bond Retirement Fund at December 31, 2008, and the Pool House Bond Retirement Fund at December 31, 2009.

Contrary to Ohio law, expenditures exceeded appropriations for the FEMA Large Grant Project Fund at December 31, 2009.

Contrary to Ohio law, the Property Acquisition Fund and Pool House Bond Retirement had negative fund balances at December 31, 2008 and 2009.

Contrary to Ohio law, the Village failed to properly post estimated resources and appropriations to the accounting system for 2008 and 2009.

Contrary to Ohio law, the Village failed to post on-behalf grant monies for 2008.

Contrary to Ohio law, the Village improperly allocated interest during 2008 and 2009.

**VILLAGE OF WOODLAWN
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008
(Continued)**

4. Property Tax

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

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

Tangible personal property tax is assessed by the property owners, who must file a list of such property to the County by each April 30.

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

5. Local Income Tax

The Village levies a municipal income tax of 2 percent on substantially all earned income arising from employment, residency, or business activities within the Village as well as certain income of residents earned outside of the Village.

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

6. Debt

Debt outstanding at December 31, 2009 was as follows:

| | <u>Principal</u> | <u>Interest Rate</u> |
|--|---------------------------|----------------------|
| General Obligation Real Estate Acquisition Bonds | \$2,615,000 | 4% to 5.20% |
| Swimming Pool Construction and Judgment Bonds | 1,110,000 | 3.8% to 5.25% |
| Community Center Bond Anticipation Notes | 2,330,000 | 4% |
| Police Equipment Acquisition Bonds | 27,014 | 3.72% |
| OPWC Marion Road Improvements | 334,210 | 0% |
| Fire Equipment Lease Purchase | 49,106 | Unknown |
| Total | <u><u>\$6,465,330</u></u> | |

General Obligation Real Estate Acquisition Bonds

In December 2001 the Village issued bonds in the amount of \$3,500,000 to retire the real estate acquisition bond anticipation note. The Village has an escrow agreement with Huntington Bank for the payment of principal and interest. The Village makes quarterly payments into the escrow account and Huntington Bank pays the actual principal and interest in accordance with the repayment schedule. The final payment is due in December 2022. The Village's taxing authority collateralized the bonds.

**VILLAGE OF WOODLAWN
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008
(Continued)**

6. Debt (Continued)

Swimming Pool Construction and Judgment Bonds

In August 2003 the Village issued bonds in the amount of \$1,400,000 to retire the Swimming Pool Construction and Judgment Bond Anticipation Notes, which were obtained to pay the litigation settlement and for the swimming pool construction. The Village is required to make principal and interest payments annually in December of each year. The final payment is due in December 2023. The Village's taxing authority collateralized the bonds.

Community Center Bond Anticipation Notes

In 2003 the Village received a loan in the amount of \$2,000,000 from Hamilton County for the construction of the Community Center. The Community Center Loan outstanding at December 31, 2007 for \$666,333 was paid in full in 2009. In 2008, the Village renewed the Bond Anticipation Notes from 2007 in the amount of \$2,010,000. In 2009, the Village renewed the Bond Anticipation Note in the amount of \$2,330,000. The 2009 Bond Anticipation Note matures on November 24, 2010. The Village's taxing authority collateralized the notes.

Police Equipment Acquisition Bonds

In 2008 the Village issued bonds in the amount of \$42,600 for the purpose of purchasing two police cruisers. The Village is required to make principal and interest payments in March and September of each year. The bonds mature in 2012. The Village's taxing authority collateralized the bonds.

Ohio Public Works Commission Marion Road Improvements

In 2008 the Village entered into an agreement with the Ohio Public Works Commission (OPWC) to secure funding in the amount of \$371,345 for improvements to Marion Road. The Village is required to make payments semi-annually. The final payment is due January 1, 2028. The Village's taxing authority collateralized this loan.

Fire Equipment Lease Purchase

In 2003 the Village entered into a lease purchase agreement for fire equipment. The Village is required to make annual payments of \$49,106, including interest. The Village made the final lease payment on January 15, 2010.

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

**VILLAGE OF WOODLAWN
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008
(Continued)**

6. Debt (Continued)

| Year ending December 31: | Real Estate Acquisition Bonds | Swimming Pool Construction and Judgment Bonds | Community Center Bond Anticipation Notes | Police Equipment Acquisition Bonds |
|--------------------------|-------------------------------------|---|---|---|
| 2010 | \$280,105 | \$114,181 | \$2,423,200 | \$11,561 |
| 2011 | 278,280 | 111,781 | | 11,561 |
| 2012 | 281,228 | 114,201 | | 5,406 |
| 2013 | 278,720 | 111,341 | | |
| 2014 | 280,390 | 108,449 | | |
| 2015-2019 | 1,395,675 | 565,244 | | |
| 2020-2024 | 840,340 | 448,025 | | |
| Total | <u>\$3,634,738</u> | <u>\$1,573,222</u> | <u>\$2,423,200</u> | <u>\$28,528</u> |

| Year ending December 31: | OPWC Marion Road Improvements | Fire Equipment Lease Purchase |
|--------------------------|-------------------------------------|--|
| 2010 | \$18,567 | \$49,106 |
| 2011 | 18,567 | |
| 2012 | 18,567 | |
| 2013 | 18,567 | |
| 2014 | 18,567 | |
| 2015-2019 | 92,836 | |
| 2020-2024 | 92,836 | |
| 2025-2028 | 55,703 | |
| Total | <u>\$334,210</u> | <u>\$49,106</u> |

7. Employee Early Retirement Incentive Plan

In 2008, the Village approved an Employee Early Retirement Incentive Plan for eligible employees enrolled in the Ohio Public Employees Retirement System (OPERS). Under this plan, the Village agreed to purchase service credits through OPERS for participating employees. As of December 31, 2009, the Village's obligation under this plan was \$96,653. Final payments are to be made during 2010 (\$80,163) and 2011 (\$16,490).

**VILLAGE OF WOODLAWN
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008
(Continued)**

8. Retirement Systems

A. Ohio Public Employees Retirement System

The Village's full-time employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing multiple employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits. The Ohio Revised Code also prescribes contribution rates. For 2009 and 2008, 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, 2009.

B. Ohio Police and Fire Pension Fund

The Village's certified Fire Fighters and 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 healthcare and survivor and disability benefits. The Ohio Revised Code also prescribes contribution rates. For 2009 and 2008, OP&F members contributed 10% of their gross salaries and the Village contributed an amount equaling 19.5% of full-time police officers' gross salaries and 24% of full-time firefighters' gross salaries. The Village has paid all contributions required through December 31, 2009.

C. Social Security System

Effective July 1, 1991, all employees not otherwise covered by OPERS or OP&F have an option to choose Social Security. Most of the Village's part-time firefighters have elected Social Security. The employees liability is 6.2% of wages paid.

9. Risk Management

Commercial Insurance

The Village has obtained commercial insurance for the following risks:

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

10. Subsequent Event

On January 21, 2010, the Village issued \$13,090,000 in adjustable rate demand economic development revenue refunding bonds to be loaned to Goodwill Industries to refund economic development revenue bonds issued in prior years.

11. Related Organization

The Village of Woodlawn has a related corporation for the purpose of buying and selling properties. The Corporation is named the Woodlawn Community Improvement Corporation, which is a not-for-profit corporation. At least 40% of the membership of the Board of Trustees of the Woodlawn Community Improvement Corporation is to be comprised of public officers of the Village of Woodlawn. The Corporation exists solely for the benefit of Woodlawn through property transactions. Upon dissolution, assets are disbursed by the decision of the Board of Trustees.

**VILLAGE OF WOODLAWN
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008
(Continued)**

12. Restatement of Beginning Fund Balance

The prior audit report incorrectly stated the ending fund balance for the Mayor's Court Agency Fund. The beginning fund balance for January 1, 2008 was restated as follows:

| | Agency |
|--|---------|
| Beginning Fund Balance, January 1, 2008 | \$4,238 |
| Restatement of Beginning Fund Balance | (4,738) |
| Beginning Fund Balance, January 1, 2008, as Restated | \$(500) |

13. Compliance

The Village did not retain certain public records.

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Mary Taylor, CPA

Auditor of State

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

Village of Woodlawn
Hamilton County
10141 Woodlawn Boulevard
Woodlawn, Ohio 45215

To the Village Council:

We have audited the financial statements of the Village of Woodlawn, Hamilton County, Ohio (the Village), as of and for the years ended December 31, 2009 and 2008, and have issued our report thereon dated December 6, 2010, wherein we noted the Village followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

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

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

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 deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and timely corrected. We consider findings 2009-005, 2009-010, and 2009-011 described in the accompanying schedule of findings to be material weaknesses.

A significant deficiency is a deficiency, or a combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider findings 2009-001 and 2009-003 described in the accompanying schedule of findings to be significant deficiencies.

Compliance and Other Matters

As part of reasonably assuring whether the Village's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed instances of noncompliance or other matters we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2009-001 through 2009-009.

We also noted certain matters not requiring inclusion in this report that we reported to the Village's management in a separate letter dated December 6, 2010.

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

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

A handwritten signature in cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

December 6, 2010

**VILLAGE OF WOODLAWN
HAMILTON COUNTY
SCHEDULE OF FINDINGS
DECEMBER 31, 2009 AND 2008**

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

FINDING NUMBER 2009-001

Noncompliance/Significant Deficiency

Ohio Revised Code, Section 135.21, requires all interest to be credited to the General Fund except interest earned on money derived from a motor vehicle license tax or fuel tax which must follow the principal as required by Ohio Const. Art. XII, Section 5a and 1982 Op. Atty. Gen. No. 82-031.

Ohio Revised Code, Section 5705.10(D), requires that all revenue derived from a source other than the general property tax, for which the law does not prescribe use for a particular purpose, including interest earned on the principal of any special fund, regardless of the source or purpose of the principal, shall be paid to the general fund. .

The Fiscal Officer improperly posted interest to the following funds during the audit period:

| | 2008 | 2009 |
|----------------------------|-------------|-------------|
| Swimming Pool | \$3,328 | \$215 |
| Law Enforcement | 157 | 22 |
| Drug Law Enforcement | 836 | 61 |
| Mayor's Court Computer | 650 | 75 |
| Bond Retirement | 11,858 | 818 |
| Pool House Bond Retirement | 215 | 60 |
| Capital Improvement | 6,548 | 522 |

Failure to post interest to the correct funds can result in misappropriation of funds. The Village should implement procedures to ensure that all interest received is posted to the correct funds. The Village posted adjustments for these items in the accompanying financial statements and accounting records.

Official's Response:

The Village posted adjustments for the items identified. Procedures will be established to ensure that all interest received is posted to the correct funds.

FINDING NUMBER 2009-002

Noncompliance

Ohio Revised Code, Section 5705.10(H), states money that is paid into a fund must be used only for the purposes for which such fund has been established. As a result, a negative fund balance indicates that money from one fund was used to cover the expenses of another fund.

The following funds had negative fund balances at December 31, 2008, and December 31, 2009, [the negative fund balances for Fund 302 are due to Auditor of State fund balance adjustments]:

| Fund | December 31, 2008 | December 31, 2009 |
|----------------------------------|-------------------|-------------------|
| 408 - Property Acquisition | \$(200,000) | \$(100,000) |
| 302 - Pool House Bond Retirement | \$(52,633) | \$(121,675) |

**FINDING NUMBER 2009-002
 (Continued)**

We recommend that the Village monitor fund balances and take corrective action such as advancing funds, if possible.

Official's Response:

The Village will monitor fund balances and ensure that money paid into a fund is used for the purposes for which the fund has been established.

FINDING NUMBER 2009-003

Noncompliance/Significant Deficiency

Ohio Administrative Code, Section 117-2-02(C)(1), states that all local public offices should integrate the budgetary accounts, at the legal level of control or lower, into the financial accounting system.

The Village failed to properly post estimated resources and appropriations to the accounting system as follows:

| Appropriations | Per Appropriation Resolutions | Amount Posted to System | Variance |
|--|-------------------------------------|----------------------------|-----------|
| Fund 211 Summer Youth Employment Grant - 2009 | \$0 | \$(3,750) | \$3,750 |
| Fund 217 Mayor's Court Computer - 2009 | 15,000 | 18,750 | (3,750) |
| Fund 232 FEMA-Large Project Grant - 2009 | 0 | 115,172 | (115,172) |

| Estimated Resources | Per Certificate of Estimated Resources | Amount Posted to System | Variance |
|---|--|-------------------------------|-------------|
| Fund 301 G.O. Bond Retirement - 2008 | \$2,585,000 | \$485,000 | \$2,100,000 |
| Fund 201 Street - 2009 | 245,500 | 210,500 | 35,000 |

Failure to properly post estimated receipts and appropriations could result in excessive spending and possible negative fund balances. We recommend the Village properly post estimated receipts and appropriations to their accounting system. Once posted, the Finance Director and Council should compare the estimated resources and appropriations on the accounting system to the official documents.

Official's Response:

The Village will post estimated resources and appropriations to the CMI system.

FINDING NUMBER 2009-004

Noncompliance

Ohio Revised Code, Section 5705.39, provides, in part, that total appropriations from each fund shall not exceed the total of the estimated revenue available for expenditure therefrom, as certified by the budget commission. Appropriations exceeded estimated resources as follows:

| Fund | Appropriations | Estimated Resources | Variance |
|--|----------------|---------------------|-----------|
| Fund 201 Street at December 31, 2008 | \$324,605 | \$204,500 | \$120,105 |
| Fund 240 FEMA Firefighters Grant at December 31, 2008 | 141,019 | 0 | 141,019 |
| Fund 302 Pool House Bond Retirement at December 31, 2008 | 52,634 | 1,674 | 50,960 |
| Fund 302 Pool House Bond Retirement at December 31, 2009 | 69,043 | 0 | 69,043 |

Failure to limit appropriations to estimated resources may result in overspending and negative fund balances. We recommend that the Village limit appropriations to the amount of estimated resources.

Official's Response:

The Village will limit appropriations to the amount of estimated resources.

FINDING NUMBER 2009-005

Noncompliance/Material Weakness

Ohio Revised Code, Section 5705.09(F), requires the Village to establish a special fund for each class of revenues derived from a source other than the general property tax, which the law requires to be used for a particular purpose. Upon establishing a fund, estimated receipts should be certified to the County Auditor as available for expenditure and anticipated expenditures should be included in the Village's appropriations.

As further discussed in Auditor of State Bulletin 2000-008, the Fiscal Officer shall record the appropriations in accordance with the terms and conditions of the on-behalf grant or project agreement. In addition, prior to the Village recording the appropriations, Ohio Revised Code Section 5705.40 requires the legislative authority to pass a resolution amending its appropriation measure.

The Finance Director did not record the Ohio Public Works Commission (OPWC) and Community Development Block Grant (CDBG) monies disbursed on behalf of the Village during the audit period. The accompanying financial statements have been adjusted to reflect receipts and disbursements of \$12,764 (OPWC) and \$70,000 (CDBG) for the year ended December 31, 2008.

Failure to record these items can result in misleading financial statements. We recommend the Village follow the accounting treatment as prescribed in Auditor of State Bulletin 2000-008 for on-behalf grants.

Official's Response:

The Village will follow the guidelines established for on-behalf grants by the Auditor of State.

FINDING NUMBER 2009-006

Noncompliance

Ohio Revised Code, Section 5705.41(B), states that no subdivision or taxing unit shall expend money unless it has been appropriated as provided in Chapter 5705. Expenditures exceeded appropriations as follows:

| Fund | Expenditures | Appropriations | Variance |
|---|--------------|----------------|-----------|
| Fund 232 FEMA Large Grant Project Fund at December 31, 2009 | \$115,172 | \$0 | \$115,172 |

Failure to limit expenditures to appropriations may result in overspending and negative fund balances. We recommend that the Village limit expenditures to the appropriated amount. The Finance Director should deny any payments until Council has approved the necessary changes to the appropriation measure.

Official's Response:

Expenditures will be limited to the appropriated amount.

FINDING NUMBER 2009-007

Noncompliance

Ohio Revised Code, Section 5705.36(A)(4), states that upon a determination by the fiscal officer of a subdivision that the revenue to be collected by the subdivision will be less than the amount included in an official certificate and that the amount of the deficiency will reduce available resources below the level of current appropriations, the fiscal officer shall certify the amount of the deficiency to the commission, and the commission shall certify an amended certificate reflecting the deficiency.

Actual receipts were less than estimated receipts and the deficiency reduced available resources below the current level of appropriations as follows:

| Fund | Appropriations | Available Resources | Variance |
|--|----------------|---------------------|----------|
| Fund 218 Glendale Road Improvement at December 31, 2008 | \$70,000 | \$0 | \$70,000 |
| Fund 224 Food Grant Fund at December 31, 2008 | 15,000 | 0 | 15,000 |
| Fund 302 Pool House Bond Retirement at December 31, 2008 | 52,634 | 0 | 52,634 |
| Fund 201 Street at December 31, 2009 | 277,634 | 269,442 | 8,192 |
| Fund 302 Pool House Bond Retirement at December 31, 2009 | 69,043 | (52,634) | 121,677 |

Failure to properly obtain amended certificates when the amount of deficiency will reduce available resources below the current level of appropriation can result in overspending and negative fund balances. We recommend that the Village monitor estimated and actual receipts and obtain amendments when required. The variances for Fund 302 were due to AOS audit adjustments.

**FINDING NUMBER 2009-007
(Continued)**

Official's Response:

The Village will monitor estimated and actual receipts and obtain amendments where required.

FINDING NUMBER 2009-008

Noncompliance

Ohio Revised Code, Section 5705.41(D)(1), prohibits a subdivision or taxing entity from making any contract or ordering any expenditure of money unless a certificate signed by the fiscal officer is attached thereto. The fiscal officer must certify that the amount required to meet any such contract or expenditure has been lawfully appropriated and is in the treasury, or is in the process of collection to the credit of an appropriate fund free from any previous encumbrance.

There are several exceptions to the standard requirement stated above that a fiscal officer's certificate must be obtained prior to a subdivision or taxing authority entering into a contract or order involving the expenditure of money. The main exceptions are: "then and now" certificates, blanket certificates, and super blanket certificates, which are provided for in sections 5705.41(D)(1) and 5705.41(D)(3), respectively, of the Ohio Revised Code.

1. "Then and Now" Certificate – If the fiscal officer can certify that both at the time that the contract or order was made ("then"), and at the time that the fiscal officer is completing the certification ("now"), that sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the Village can authorize the drawing of a warrant for the payment of the amount due. The Village has thirty days from the receipt of the "then and now" certificate to approve payment by ordinance or resolution.

Amounts of less than \$3,000 may be paid by the fiscal officer without a resolution or ordinance upon completion of the "then and now" certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the Village.

2. Blanket Certificate – Fiscal officers may prepare "blanket" certificates for a certain sum of money not in excess of an amount established by resolution or ordinance adopted by a majority of the members of the legislative authority against any specific line item account over a period not running beyond the end of the current fiscal year. The blanket certificates may, but need not, be limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time for any one particular line item appropriation.
3. Super Blanket Certificate – The Village may also make expenditures and contracts for any amount from a specific line-item appropriation account in a specified fund upon certification of the fiscal officer for most professional services, fuel, oil, food items, and any other specific recurring and reasonably predictable operating expense. This certification is not to extend beyond the current year. More than one super blanket certificate may be outstanding at a particular time for any line item appropriation.

The Village did not follow established procedures for certifying expenditures. Of the 40 expenditures tested, the fiscal officer did not certify 16 for 2008 (80%) and 15 for 2009 (75%) at the time the Village incurred the commitment. For two of the expenditures in 2008 and two in 2009 we were unable to determine if they were properly certified because there was no purchase order issued and/or no invoice available. The Village lacked management oversight to ensure proper certification of expenditures. Failure to properly certify the availability of funds can result in overspending funds and negative cash fund balances.

**FINDING NUMBER 2009-008
(Continued)**

Unless the exceptions noted above are used, prior certification is not only required by statute but is a key control in the disbursement process to assure that purchase commitments receive prior approval. To improve controls over disbursements and to help reduce the possibility of the Village's funds exceeding budgetary spending limitations, we recommend that the fiscal officer certify that the funds are or will be available prior to obligation by the Village. When prior certification is not possible, "then and now" certification should be used.

We recommend the Village certify purchases to which section 5705.41(D) applies. The most convenient certification method is to use purchase orders that include the certification language 5705.41(D) requires to authorize disbursements. The fiscal officer should sign the certification at the time the Village incurs a commitment, and only when the requirements of 5705.41(D) are satisfied. The fiscal officer should post approved purchase commitments to the proper appropriation code, to reduce the available appropriation. The fiscal officer should date all invoices lacking a date when received.

Official's Response:

The Village will ensure proper certification of expenditures. Invoices without a date will be dated when received.

FINDING NUMBER 2009-009

Noncompliance

Ohio Revised Code, Section 149.351, provides that no public records shall be removed, destroyed, mutilated, transferred, or otherwise damaged or disposed of, in whole or in part, except as provided by law or under the rules adopted by the records commissions provided for under Ohio Rev. Code Sections 149.38 to 149.42.

In addition, Ohio Revised Code Section 149.39 states in part that when records have been approved for disposal, a copy of such records application or schedule shall be sent to the Ohio Historical Society, who upon completion of its review, shall forward it on to the Auditor of State. If the Auditor disapproves the action by the Village's record commission in whole or in part, she shall inform the Village's records commission within a period of sixty days and these records shall not be destroyed. Before public records are otherwise disposed of, the Ohio Historical Society shall be informed and given the opportunity for a period of fifteen business days to select for its custody or disposal such records as it considers to be of continuing historical value. The Village could not locate the following records:

- Debt issuance documents relating to the Ohio Public Works Commission Marion Road Improvement project.
- Debt issuance documents relating to the Fire Apparatus Lease Purchase agreement.
- Ordinance 2001-11 [pertains to allocation of income tax]
- Supporting documentation for numerous expenditures (see the table below). We were able to perform alternative audit procedures or obtain other corroborating evidence on the expenditures noted below.

**FINDING NUMBER 2009-009
(Continued)**

| Check Number | Check Date | Vendor/Payee | Amount |
|---------------------|-------------------|-----------------------------|---|
| 53608 | 2/26/09 | U.S. Bank | \$150.00 |
| 53795 | 3/27/09 | U.S. Bank | \$2,412.48 (no invoices for \$2,248.60) |
| 53939 | 4/21/09 | U.S. Bank | \$1,894.31 (no invoices for \$608.31) |
| 54288 | 6/25/09 | U.S. Bank | \$304.87 (no invoices for \$92.60) |
| 54425 | 7/23/09 | U.S. Bank | \$4,717.34 (no invoices for \$3,050.83) |
| 54802 | 10/9/09 | U.S. Bank | \$360.00 |
| 55007 | 11/20/09 | U.S. Bank | \$349.13 (no invoices for \$215.43) |
| 52487 | 7/8/08 | U.S. Bank | \$1,705.66 (no invoices for \$364.78) |
| 52599 | 7/31/08 | U.S. Bank | \$23.32 |
| 53033 | 10/24/08 | U.S. Bank | \$642.74 |
| 53191 | 11/21/08 | U.S. Bank | \$4,590.66 (no invoices for \$1,120) |
| 53352 | 12/31/08 | U.S. Bank | \$2,871.61 (no invoices for \$2,798.51) |
| 51985 | 4/18/08 | Bally's Atlantic City Hotel | \$485.00 |
| 54184 | 6/4/09 | Holiday Inn Express | \$315.00 |

Failure to maintain proper documentation could result in difficulties when documents are needed to support actions taken by the Village. The Village disposed of records without the authorization of the Village's records commission, the Auditor of State, and the Ohio Historical Society. We recommend that the Village maintain all records as required by law.

Official's Response:

The Village will maintain all records as required by law.

FINDING NUMBER 2009-010

Material Weakness

When designing the public office's system of internal control and the specific control activities, management should consider ensuring that accounting records are properly designed, verifying the existence and valuation of assets and liabilities and periodically reconcile them to the accounting records, and performing analytical procedures to determine the reasonableness of financial data.

The Village lacks management oversight in the posting of financial activity. This lack of oversight is illustrated by the following:

- For both 2008 and 2009 the Village's accounting records reported outstanding encumbrances at year end. However, the Village did not report outstanding encumbrances on the annual financial reports (\$24,119 of outstanding encumbrances for 2008; \$49,355 of outstanding encumbrances for 2009).
- In 2008 the Village attempted to correct an incorrect transfer between the Swimming Pool Fund and Pool House Bond Retirement Fund. However, the Village double posted the transfer (\$1,088).

FINDING NUMBER 2009-010
(Continued)

- In 2008 the Village posted bond proceeds (\$42,600) to Miscellaneous Revenue rather than Bond Proceeds in the Capital Improvement Fund.
- For both 2008 and 2009 the Village posted debt service payments in the G.O. Bond Retirement Fund entirely to Debt Service-Principal rather than the applicable portion to Debt Service-Interest (\$164,900 for 2008; \$144,995 for 2009).
- For both 2008 and 2009 the Village posted property taxes to the Pool House Bond Retirement Fund rather than the Swimming Pool Fund (\$67,682 for 2008; \$70,000 for 2009).
- For both 2008 and 2009 the Village posted homestead/rollback monies as Property Taxes rather than Intergovernmental (\$18,957 for 2008; \$18,780 for 2009). Also, the Village posted the monies entirely to the General Fund instead of allocating part of the monies to the Swimming Pool Fund (\$4,929 for 2008; \$5,071 for 2009).
- In 2008 the Village posted federal lunch grant monies (\$3,150) to the Ohio Department of Safety EMS Grant Fund rather than the General Fund.
- In 2008 for the federal grant monies the Village did post in the General Fund (\$5,460), the Village posted the monies as Miscellaneous Revenue rather than Intergovernmental.
- In 2009 the Village posted federal lunch grant monies (\$11,027) in the General Fund as Charges for Services rather than Intergovernmental.
- In 2009 the Village posted transfers out (\$115,172) in the FEMA-Large Project Grant Fund as Security of Persons & Property rather than Transfers Out.
- In 2009 the Village posted FEMA grant monies (\$115,172) in the FEMA-Large Project Grant Fund as Miscellaneous Revenue rather than Intergovernmental.
- For both 2008 and 2009 the Village posted gas tax in the Street Fund and State Highway Fund as Property Taxes rather than Intergovernmental (\$140,519 for 2008; \$134,671 for 2009).
- For both 2008 and 2009 the Village posted motor vehicle license fees in the Street Fund and State Highway Fund as Fines, Licenses & Permits rather than Intergovernmental (\$75,979 for 2008; \$76,257 for 2009).
- In 2009 the Village posted a litter grant (\$2,500) in the Litter Grant Fund as Miscellaneous Revenue rather than Intergovernmental.
- For both 2008 and 2009 the Village posted property taxes at net rather than gross in the General Fund (\$21,364 for 2008; \$12,047 for 2009).
- For both 2008 and 2009 the Village posted property taxes at net rather than gross in the Swimming Pool Fund (\$2,685 for 2008; \$2,347 for 2009).
- For both 2008 and 2009 the Village posted liquor permit fees in the General Fund as Fines, Licenses & Permits rather than Intergovernmental (\$7,185 for 2008; \$7,796 for 2009).
- For both 2008 and 2009 the Village posted public utility reimbursements in the Swimming Pool Fund as Property Taxes rather than Intergovernmental (\$2,450 for 2008; \$2,826 for 2009).

**FINDING NUMBER 2009-010
 (Continued)**

- In 2008 the Village posted income taxes (\$6,219) and public utility reimbursements (\$3,774) in the General Fund as Property Tax rather than Income Tax and Intergovernmental.
- In 2009 the Village posted income taxes (\$8,243), public utility reimbursements (\$4,353), inheritance tax (\$13,738), and cigarette tax (\$74) in the General Fund as Property Tax rather than Income Tax and Intergovernmental.

Adjustments were needed to properly classify the monies received. The net adjustments affected fund balances as follows:

| Fund | 2008 | 2009 |
|--|-----------|-----------|
| General Fund | \$(1,779) | \$(5,071) |
| Swimming Pool Fund | 73,699 | 75,071 |
| Ohio Department of Safety EMS Grant Fund | (3,150) | |
| Pool House Bond Retirement Fund | (68,770) | (70,000) |

These adjustments have been posted to the accompanying financial statements and the Village's accounting records. Failure to properly post revenues and expenditures can result in inaccurate records and cause the Village to misappropriate funds. To improve accountability and record keeping, we recommend that the Village properly post all county and state revenue receipts to the correct funds and line items. The Village should review receipts posted to the ledgers for accuracy. Comparisons between years may aid in the determination if the Village has properly posted a receipt. The Village should post all property taxes at gross. The Village should properly allocate debt service payments to debt service-principal and debt service-interest. The Village should allocate homestead/rollback as well as grant monies to the proper funds.

The Village does not have procedures in place for effective monitoring of the Village's financial activity recording in the accounting records and reporting on the financial statements. The Village Finance Director has sole responsibility for recording and reporting. Due to the small size of the Village, it is important the Council take an active role in monitoring the posting of such activity. Council does not receive and approve detailed records or monthly financial reports for review. We recommend the Village Council adopt procedures for ongoing review of the activity recorded in the accounting records and reported on the financial statements.

Official's Response:

Financial activity for the Village will be reviewed by Council.

FINDING NUMBER 2009-011

Material Weakness

When designing the public office's system of internal control and the specific control activities, management should consider ensuring that accounting records are properly designed, verifying the existence and valuation of assets and liabilities and periodically reconcile them to the accounting records, and performing analytical procedures to determine the reasonableness of financial data.

The Village completed monthly bank reconciliations. However, the reconciliations were not reviewed or approved by any supervisory personnel other than the Finance Director. The Village did not accurately reconcile its bank account to fund balances for the audit period. Examples of discrepancies found are:

**FINDING NUMBER 2009-011
(Continued)**

The Village did not post audit adjustments of \$42,265 from the prior audit to the accounting system.

- Monthly bank reconciliations included the following reconciling items:

- \$ (19,737) trans in error Star Ohio int [starting with August 2008 reconciliation]
 - \$ 12,178 2005/2006 audit adj [entire audit period]
 - \$323,097 Star Ohio [entire audit period]

There was no documentation to support these reconciling items.

- The Village only included the general checking account on the monthly reconciliations [the Village has several other bank accounts and investments].
- The Village did not reconcile the payroll checking account with the general checking account.

In addition, the reconciled bank balance does not equal the adjusted book balance at December 31, 2008 and December 31, 2009. The reconciled bank balance is \$15,622 higher than the adjusted book balance (after audit adjustments) at December 31, 2008; the reconciled bank balance is \$15,680 higher than the adjusted book balance at December 31, 2009 (after audit adjustments).

Accurate reconciliations are a basic and essential internal control component for sound fiscal management. Village officials rely on accurate reconciliations to make sound financial decisions.

We recommend the Village reconcile accurately on a monthly basis. The Village should document and adequately explain all other adjustment factors. Village officials should review and sign the reconciliations indicating their approval. Adjustments should be documented, and any unexplained differences should be investigated and resolved immediately. Outstanding checks older than six months should be investigated and appropriate actions taken to remove them from the reconciliation if they no longer apply. For guidance the Village should utilize the Village Officer's Handbook.

Official's Response:

Financial activity for the Village will be reviewed by Council.

**VILLAGE OF WOODLAWN
HAMILTON COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2009 AND 2008**

| Finding Number | Finding Summary | Fully Corrected? | Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i> |
|----------------|--|------------------|--|
| 2007-001 | Failure to approve timesheets | No | Partially corrected – reissued as Management Letter recommendation |
| 2007-002 | Lack of ability to prepare annual financial statements | Yes | |
| 2007-003 | Lack of segregation of payroll and human resource duties | No | Not corrected – reissued as Finding 2009-010 |
| 2007-004 | Lack of support for pay rates | No | Partially corrected – reissued as Management Letter recommendation |
| 2007-005 | Lack of proper control over cash | No | Not corrected – reissued as Finding 2009-011 |
| 2007-006 | Lack of independent oversight over disbursement activity | No | Not corrected – reissued as Management Letter recommendation |
| 2007-007 | Lack of written policy regarding use of funds for political activity | Yes | |
| 2007-008 | Lack of segregation of duties in the mayor’s court function | No | Not corrected – reissued as Management Letter recommendation |
| 2007-009 | ORC § 5705.36, budgeted receipts exceeded actual receipts | No | Not corrected – reissued as Finding 2009-007 |
| 2007-010 | ORC § 5705.39, appropriations exceeded estimated resources | No | Not corrected – reissued as Finding 2009-004 |
| 2007-011 | ORC § 5705.41(B), expenditures exceeded appropriations | No | Not corrected – reissued as Finding 2009-006 |
| 2007-012 | ORC § 5705.10, negative fund balances | No | Not corrected – reissued as Finding 2009-002 |
| 2007-013 | ORC § 5705.41(D), failure to properly certify funds | No | Not corrected – reissued as Finding 2009-008 |
| 2007-014 | Internal Revenue Regulation § 1.6050E-1, failure to issue Form 1099d | Yes | |

Village of Woodlawn
Hamilton County
Schedule of Prior Audit Findings
Page 2

| | | | |
|----------|---|-----|--|
| 2007-015 | OAC § 117-2-02(D), inadequate detail of capital assets | No | Not corrected – reissued as Management Letter citation |
| 2007-016 | ORC § 1905.21, failure to report Mayor’s Court funds on a monthly basis | Yes | |
| 2007-017 | ORC § 5705.28, failure to adopt a tax budget by July 15 | Yes | |
| 2007-018 | ORC § 5705.34, failure to authorize the necessary tax levies by October 1 | No | Not corrected – reissued as Management Letter citation |



Mary Taylor, CPA
Auditor of State

VILLAGE OF WOODLAWN

HAMILTON 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
DECEMBER 28, 2010**