



Dave Yost • Auditor of State



VILLAGE OF WOODLAWN  
HAMILTON COUNTY

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# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT

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

To the Village Council:

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of the cash balances, receipts and disbursements by fund type, and related notes of the Village of Woodlawn, Hamilton County, Ohio (the Village) as of and for the years ended December 31, 2015 and 2014.

### ***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.

### ***Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles***

As described in Note 2 of the financial statements, the Village prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements.

Although the effects on the financial statements of the variances between the regulatory accounting basis and GAAP are not reasonably determinable, we presume they are material.

Though the Village does not intend these statements to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. Our opinion on this accounting basis is in the *Opinion on Regulatory Basis of Accounting* paragraph below.

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

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2015 and 2014, 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 Woodlawn, Hamilton County as of December 31, 2015 and 2014, for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 2.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated May 30, 2018, 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.



**Dave Yost**  
Auditor of State

Columbus, Ohio

May 30, 2018

**Village of Woodlawn, Ohio**

*Hamilton County*

*Combined Statement of Receipts, Disbursements  
and Changes in Fund Balances (Regulatory Cash Basis)*

*All Governmental Fund Types*

*For the Year Ended December 31, 2015*

|  | General          | Special<br>Revenue | Debt<br>Service | Capital<br>Projects | Totals<br>(Memorandum<br>Only) |
|--|------------------|--------------------|-----------------|---------------------|--------------------------------|
| <b>Cash Receipts</b>                                 |                  |                    |                 |                     |                                |
| Property and Other Local Taxes                       | \$285,861        | \$645,894          |                 | \$70,000            | \$1,001,755                    |
| Municipal Income Tax                                 | 4,179,824        |                    | 250,967         | 139,288             | 4,570,079                      |
| Intergovernmental                                    | 86,100           | 249,673            |                 | 22,774              | 358,547                        |
| Special Assessments                                  |                  |                    |                 |                     | 0                              |
| Charges for Services                                 | 399,237          | 7,055              |                 |                     | 406,292                        |
| Fines, Licenses and Permits                          | 205,685          | 29,968             |                 |                     | 235,653                        |
| Earnings on Investments                              | 2,888            |                    |                 |                     | 2,888                          |
| Refunds  | 27,798           | 4,611              |                 |                     | 32,409                         |
| Miscellaneous  | 35,955           | 1,360              |                 |                     | 37,315                         |
| <i>Total Cash Receipts</i>                           | <u>5,223,348</u> | <u>938,561</u>     | <u>250,967</u>  | <u>232,062</u>      | <u>6,644,938</u>               |
| <b>Cash Disbursements</b>                            |                  |                    |                 |                     |                                |
| Current:   |                  |                    |                 |                     |                                |
| Security of Persons and Property                     | 2,721,754        | 69,878             |                 |                     | 2,791,632                      |
| Public Health Services                               |                  | 34,956             |                 |                     | 34,956                         |
| Leisure Time Activities                              | 352,390          | 221,093            |                 |                     | 573,483                        |
| Community Environment                                | 133,405          |                    |                 |                     | 133,405                        |
| Basic Utility Services                               | 57,393           |                    |                 |                     | 57,393                         |
| Transportation                                       |                  | 273,333            |                 |                     | 273,333                        |
| General Government                                   | 1,748,576        | 87                 |                 | 739                 | 1,749,402                      |
| Capital Outlay                                       |                  |                    |                 | 282,158             | 282,158                        |
| Debt Service:  |                  |                    |                 |                     |                                |
| Principal Retirement                                 |                  |                    | 150,946         | 114,206             | 265,152                        |
| Interest and Fiscal Charges                          |                  |                    | 141,776         | 4,371               | 146,147                        |
| <i>Total Cash Disbursements</i>                      | <u>5,013,518</u> | <u>599,347</u>     | <u>292,722</u>  | <u>401,474</u>      | <u>6,307,061</u>               |
| <i>Excess of Receipts Over (Under) Disbursements</i> | <u>209,830</u>   | <u>339,214</u>     | <u>(41,755)</u> | <u>(169,412)</u>    | <u>337,877</u>                 |
| <i>Fund Cash Balances, January 1</i>                 | <u>(79,995)</u>  | <u>426,901</u>     | <u>56,107</u>   | <u>652,454</u>      | <u>1,055,467</u>               |
| <b>Fund Cash Balances, December 31</b>               |                  |                    |                 |                     |                                |
| Nonspendable   | 0                | 0                  | 0               | 0                   | 0                              |
| Restricted   | 0                | 766,115            | 46,471          | 273,118             | 1,085,704                      |
| Committed  | 0                | 0                  | 0               | 209,924             | 209,924                        |
| Assigned   | 127,804          | 0                  | 0               | 0                   | 127,804                        |
| Unassigned (Deficit)                                 | 2,031            | 0                  | (32,119)        | 0                   | (30,088)                       |
| <i>Fund Cash Balances, December 31</i>               | <u>\$129,835</u> | <u>\$766,115</u>   | <u>\$14,352</u> | <u>\$483,042</u>    | <u>\$1,393,344</u>             |

*See accompanying notes to the basic financial statements*

**Village of Woodlawn, Ohio**

*Hamilton County*

*Combined Statement of Receipts, Disbursements  
and Changes in Fund Balances (Regulatory Cash Basis)*

*All Proprietary and Fiduciary Fund Types*

*For the Year Ended December 31, 2015*

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|   | <u>Fiduciary Fund Types</u> |
|---|-----------------------------|
|   | <u>Agency</u>               |
| <b>Non-Operating Cash Receipts</b>            |                             |
| Other Non-Operating Cash Receipts             | <u>\$122,362</u>            |
| <i>Total Non-Operating Cash Receipts</i>      | <u>122,362</u>              |
| <b>Non-Operating Cash Disbursements</b>       |                             |
| Other Non-Operating Cash Disbursements        | <u>119,686</u>              |
| <i>Total Non-Operating Cash Disbursements</i> | <u>119,686</u>              |
| <i>Net Change in Fund Cash Balances</i>       | 2,676                       |
| <i>Fund Cash Balances, January 1</i>          | <u>1,789</u>                |
| <i>Fund Cash Balances, December 31</i>        | <u><u>\$4,465</u></u>       |

*See accompanying notes to the basic financial statements*

**Village of Woodlawn, Ohio**

*Hamilton County*

*Combined Statement of Receipts, Disbursements  
and Changes in Fund Balances (Regulatory Cash Basis)*

*All Governmental Fund Types*

*For the Year Ended December 31, 2014*

|  | General           | Special<br>Revenue | Debt<br>Service  | Capital<br>Projects | Totals<br>(Memorandum<br>Only) |
|--|-------------------|--------------------|------------------|---------------------|--------------------------------|
| <b>Cash Receipts</b>                                 |                   |                    |                  |                     |                                |
| Property and Other Local Taxes                       | \$308,930         | \$158,667          |                  | \$70,043            | \$537,640                      |
| Municipal Income Tax                                 | 3,700,359         | 0                  | 337,410          | 315,619             | 4,353,388                      |
| Intergovernmental                                    | 203,193           | 255,602            |                  | 202,890             | 661,685                        |
| Special Assessments                                  | 0                 | 241                |                  |                     | 241                            |
| Charges for Services                                 | 335,948           | 3,566              |                  |                     | 339,514                        |
| Fines, Licenses and Permits                          | 163,421           | 20,726             |                  |                     | 184,147                        |
| Earnings on Investments                              | 398               | 0                  |                  |                     | 398                            |
| Refunds  | 60,544            | 0                  |                  |                     | 60,544                         |
| Miscellaneous  | 65,678            | 5,925              |                  |                     | 71,603                         |
| <i>Total Cash Receipts</i>                           | <u>4,838,471</u>  | <u>444,727</u>     | <u>337,410</u>   | <u>588,552</u>      | <u>6,209,160</u>               |
| <b>Cash Disbursements</b>                            |                   |                    |                  |                     |                                |
| Current:   |                   |                    |                  |                     |                                |
| Security of Persons and Property                     | 2,824,625         | 50,211             |                  | 87,922              | 2,962,758                      |
| Public Health Services                               |                   | 29,160             |                  | 0                   | 29,160                         |
| Leisure Time Activities                              | 433,371           | 223,105            |                  | 9,086               | 665,562                        |
| Community Environment                                | 123,126           | 0                  |                  | 0                   | 123,126                        |
| Basic Utility Services                               | 62,836            | 0                  |                  | 18,338              | 81,174                         |
| Transportation                                       |                   | 228,632            |                  | 0                   | 228,632                        |
| General Government                                   | 1,799,501         | 0                  |                  | 124,510             | 1,924,011                      |
| Capital Outlay                                       |                   | 0                  |                  | 298,226             | 298,226                        |
| Debt Service:  |                   |                    |                  |                     |                                |
| Principal Retirement                                 |                   |                    | 303,164          | 88,237              | 391,401                        |
| Interest and Fiscal Charges                          |                   |                    | 189,608          | 6,714               | 196,322                        |
| <i>Total Cash Disbursements</i>                      | <u>5,243,459</u>  | <u>531,108</u>     | <u>492,772</u>   | <u>633,033</u>      | <u>6,900,372</u>               |
| <i>Excess of Receipts Over (Under) Disbursements</i> | <u>(404,988)</u>  | <u>(86,381)</u>    | <u>(155,362)</u> | <u>(44,481)</u>     | <u>(691,212)</u>               |
| <i>Fund Cash Balances, January 1</i>                 | <u>324,993</u>    | <u>513,282</u>     | <u>211,469</u>   | <u>696,935</u>      | <u>1,746,679</u>               |
| <b>Fund Cash Balances, December 31</b>               |                   |                    |                  |                     |                                |
| Nonspendable   | 0                 | 0                  | 0                | 0                   | 0                              |
| Restricted   | 0                 | 426,901            | 56,107           | 371,083             | 854,091                        |
| Committed  | 0                 | 0                  | 0                | 281,371             | 281,371                        |
| Assigned   | 29,932            | 0                  | 0                | 0                   | 29,932                         |
| Unassigned (Deficit)                                 | (109,927)         | 0                  | 0                | 0                   | (109,927)                      |
| <i>Fund Cash Balances, December 31</i>               | <u>(\$79,995)</u> | <u>\$426,901</u>   | <u>\$56,107</u>  | <u>\$652,454</u>    | <u>\$1,055,467</u>             |

*See accompanying notes to the basic financial statements*

**Village of Woodlawn, Ohio**  
*Hamilton County*  
*Combined Statement of Receipts, Disbursements*  
*and Changes in Fund Balances (Regulatory Cash Basis)*  
*All Proprietary and Fiduciary Fund Types*  
*For the Year Ended December 31, 2014*

|   | <u>Fiduciary Fund Types</u> |
|---|-----------------------------|
|   | <u>Agency</u>               |
| <b>Non-Operating Cash Receipts</b>            |                             |
| Other Non-Operating Cash Receipts             | <u>\$157,486</u>            |
| <i>Total Non-Operating Cash Receipts</i>      | <u>157,486</u>              |
| <b>Non-Operating Cash Disbursements</b>       |                             |
| Other Non-Operating Cash Disbursements        | <u>155,536</u>              |
| <i>Total Non-Operating Cash Disbursements</i> | <u>155,536</u>              |
| <i>Net Change in Fund Cash Balances</i>       | 1,950                       |
| <i>Fund Cash Balances, January 1</i>          | <u>(161)</u>                |
| <i>Fund Cash Balances, December 31</i>        | <u><u>\$1,789</u></u>       |

*See accompanying notes to the basic financial statements*

**Village of Woodlawn, Ohio**  
*Hamilton County*  
*Notes to the Financial Statements*  
*For the Years Ended December 31, 2015 and 2014*

**Note 1 - Reporting Entity**

The Village of Woodlawn (the Village), Hamilton County, is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. A publicly-elected six-member Council directs the Village. The Village provides park operations, and police and fire protective services.

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

The Village participates in a related organization. Note 11 to the financial statements provides additional information for this entity. The Village's management believes these financial statements present all activities for which the Village is financially accountable.

**Note 2 - Summary of Significant Accounting Policies**

***Basis of Presentation***

The Village's financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types, and a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all proprietary and fiduciary fund types which are organized on a fund type basis.

***Fund Accounting***

The Village uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Village are presented below:

***General Fund*** The general fund accounts for and reports all financial resources not accounted for and reported in another fund. The general fund balance is available to the Village for any purpose provided it is expended or transferred according to the general laws of Ohio.

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

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

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

***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:

**Village of Woodlawn, Ohio**  
*Hamilton County*  
*Notes to the Financial Statements*  
*For the Years Ended December 31, 2015 and 2014*  
*(Continued)*

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

**General Obligation Bond Retirement** This fund accumulates resources for the payment of various Village Debt issues.

**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:

**Capital Improvement** This fund receives a portion of Village Income tax receipts. These receipts are used to finance Village capital projects.

**Tax Increment Financing** This fund receives property tax for the purpose of economic development within the Village.

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

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

***Basis of Accounting***

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D). This basis is similar to the cash receipts and disbursements accounting basis. The Board recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D) permit.

***Budgetary Process***

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

**Appropriations** Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control, and appropriations may not exceed estimated resources. The Village Council must annually approve appropriation measures and subsequent amendments. Unencumbered appropriations lapse at year end.

**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.

**Village of Woodlawn, Ohio**  
*Hamilton County*  
*Notes to the Financial Statements*  
*For the Years Ended December 31, 2015 and 2014*  
*(Continued)*

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

**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. Management has included audit adjustments in the accompanying budgetary presentations for material items that should have been encumbered.

A summary of 2015 and 2014 budgetary activity appears in Note 4.

**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.

**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 amends the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

**Village of Woodlawn, Ohio**  
*Hamilton County*  
*Notes to the Financial Statements*  
*For the Years Ended December 31, 2015 and 2014*  
*(Continued)*

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

*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.

**Note 3 - Compliance**

Contrary to Ohio law, budgetary expenditures exceeded appropriation authority in the Capital Improvement Fund by \$72,268 and in the General Obligation Bond Retirement Fund by \$34,758 for the year ended December 31, 2014.

**Note 4 - Budgetary Activity**

Budgetary activity for the year ending December 31, 2015 and 2014 follows:

| 2015 Budgeted vs. Actual Receipts |                      |                    |             |
|-----------------------------------|----------------------|--------------------|-------------|
| Fund Type                         | Budgeted<br>Receipts | Actual<br>Receipts | Variance    |
| General                           | \$5,217,550          | \$5,223,348        | \$5,798     |
| Special Revenue                   | 912,593              | 938,561            | 25,968      |
| Debt Service                      | 374,460              | 250,967            | (123,493)   |
| Capital Projects                  | 455,705              | 232,062            | (223,643)   |
| Total                             | \$6,960,308          | \$6,644,938        | (\$315,370) |

**Village of Woodlawn, Ohio**  
*Hamilton County*  
*Notes to the Financial Statements*  
*For the Years Ended December 31, 2015 and 2014*  
(Continued)

**Note 4 - Budgetary Activity (Continued)**

| 2015 Budgeted vs. Actual Budgetary Basis Expenditures |                            |                           |           |
|---|----------------------------|---------------------------|-----------|
| Fund Type   | Appropriation<br>Authority | Budgetary<br>Expenditures | Variance  |
| General   | \$5,226,136                | \$5,027,940               | \$198,196 |
| Special Revenue                                       | 1,119,560                  | 599,347                   | 520,213   |
| Debt Service  | 351,739                    | 292,722                   | 59,017    |
| Capital Projects                                      | 596,695                    | 401,474                   | 195,221   |
| Total   | \$7,294,130                | \$6,321,483               | \$972,647 |

| 2014 Budgeted vs. Actual Receipts |                      |                    |            |
|-----------------------------------|----------------------|--------------------|------------|
| Fund Type                         | Budgeted<br>Receipts | Actual<br>Receipts | Variance   |
| General                           | \$4,916,744          | \$4,838,471        | (\$78,273) |
| Special Revenue                   | 441,491              | 444,727            | 3,236      |
| Debt Service                      | 392,815              | 337,410            | (55,405)   |
| Capital Projects                  | 556,766              | 588,552            | 31,786     |
| Total                             | \$6,307,816          | \$6,209,160        | (\$98,656) |

| Fund Type        | Appropriation<br>Authority | Budgetary<br>Expenditures | Variance  |
|------------------|----------------------------|---------------------------|-----------|
| General          | \$5,318,047                | \$5,273,391               | \$44,656  |
| Special Revenue  | 628,418                    | 531,108                   | 97,310    |
| Debt Service     | 532,699                    | 492,772                   | 39,927    |
| Capital Projects | 695,864                    | 633,033                   | 62,831    |
| Total            | \$7,175,028                | \$6,930,304               | \$244,724 |

**Note 5 – 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:

|                 | 2015        | 2014        |
|-----------------|-------------|-------------|
| Demand deposits | \$1,393,344 | \$1,055,467 |

**Village of Woodlawn, Ohio**  
*Hamilton County*  
*Notes to the Financial Statements*  
*For the Years Ended December 31, 2015 and 2014*  
*(Continued)*

**Note 5 – Deposits and Investments (Continued)**

***Deposits***

Deposits are insured by the Federal Deposit Insurance Corporation; or collateralized by securities specifically pledged by the financial institution to the Village.

**Note 6 – Taxes**

***Property Taxes***

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

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

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

***Income Taxes***

The Village levies a municipal income tax of 2.0 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.

**Note 7 - Risk Management**

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 (if material).

***Commercial Insurance***

The Village has obtained commercial insurance for the following risks:

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

**Village of Woodlawn, Ohio**  
*Hamilton County*  
*Notes to the Financial Statements*  
*For the Years Ended December 31, 2015 and 2014*  
*(Continued)*

**Note 7 - Risk Management (Continued)**

The Village is uninsured for the following risks:

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

**Note 8 - Defined Benefit Pension Plans**

***Ohio Public Employees Retirement System***

Sixty-nine 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. 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, 2015.

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

The Village's certified Fire Fighters and full-time Police Officers belong to the 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 January 1, 2014-June 30, 2014 OP&F participants contributed 10.75% of their wages. For July 1, 2014-June 30, 2015 participants contributed 11.5%. For July 1, 2015-December 31, 2015 participants contributed 12.25%. The Village contributed to OP&F an amount equal to 19.5% of full-time police members' wages and 24% of full-time firefighter members' wages. The Village has paid all contributions required through December 31, 2015.

**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. OPERS contributes 2 percent of the employer contribution to fund these benefits, and OP&F contributes 0.5 percent to fund these benefits.

**Note 10 – Debt**

Debt outstanding at December 31, 2015 was as follows:

**Village of Woodlawn, Ohio**  
*Hamilton County*  
*Notes to the Financial Statements*  
*For the Years Ended December 31, 2015 and 2014*  
*(Continued)*

**Note 10 – Debt (Continued)**

|   | <u>Principal</u>   | <u>Interest Rate</u> |
|---|--------------------|----------------------|
| 2001 General Obligation Real Estate Acquisition Bonds | \$1,430,000        | 5.00%                |
| 2003 Swimming Pool Construction and Judgment Bonds    | \$720,000          | 5.25%                |
| 2011 Community Center Bonds                           | \$1,965,000        | 6.00%                |
| 2008 OPWC Marion Road Improvements                    | \$232,091          | 0.00%                |
| 2011 Ambulance Capital Lease                          | \$19,784           | 3.75%                |
| 2013 Police Equipment Acquisition Capital Lease       | \$32,513           | 2.99%                |
| 2013 Fire Equipment Capital Lease                     | \$19,095           | 3.05%                |
| 2014 Dump Truck Capital Lease                         | \$83,761           | 2.19%                |
| 2015 Fire Equipment Capital Lease                     | \$1,857,362        | 2.20%                |
| 2015 Public Works Equipment Capital Lease             | 56,017             | 3.00%                |
| Total   | <u>\$6,415,623</u> |                      |

The General Obligation Real Estate Acquisition Bonds were issued in December 2001 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.

The Swimming Pool Construction and Judgment Bonds were issued in August 2003 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.

The Village received a loan in the amount of \$2,000,000 from Hamilton County for the construction of the Community Center in 2003. 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, which was renewed annually through 2010. In 2011, the Village issued bonds in the amount of \$2,170,000 maturing in 2036.

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 in 2008. 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.

The Village entered into a lease purchase agreement with PNC Equipment Finance to finance the purchase of a new ambulance in 2011. The original amount of the lease was \$182,235. The Village is required to make semi-annual payments. The final payment is due March 1, 2016. The Village's taxing authority collateralized this lease.

The Village entered into a lease purchase agreement with U.S. Bank to finance the purchase of two new police vehicles in 2013. The original amount of the lease was \$79,954. The Village is required to make payments annually. The final payment is due September 30, 2017. The Village's taxing authority collateralized this lease.

**Village of Woodlawn, Ohio**  
*Hamilton County*  
*Notes to the Financial Statements*  
*For the Years Ended December 31, 2015 and 2014*  
*(Continued)*

**Note 10 – Debt (Continued)**

The Village entered into a lease purchase agreement with U.S. Bank to finance the purchase of fire equipment in 2013. The original amount of the lease was \$54,184. The Village is required to make payments annually. The final payment is due May 10, 2017. The Village’s taxing authority collateralized this lease.

The Village entered into a lease purchase agreement with U.S. Bank to finance the purchase of a new dump truck in 2014. The original amount of the lease was \$124,287. The Village is required to make annual payments. The final payment is due in 2017. The Village’s taxing authority collateralized this lease.

The Village entered into a lease purchase agreement with Oshkosh Capital for the purchase of fire equipment in 2015. The original amount of the lease was \$1,857,362. The Village is required to make annual payments. The final payment is due in 2020. The Village’s taxing authority collateralized this lease.

The Village entered into a lease agreement with U.S. Bank to finance the purchase of public works equipment in 2015. The original amount of the lease was \$56,017. The Village is required to make annual payments. The final payment is due in 2018. The Village’s taxing authority collateralized this lease.

***Amortization***

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

| Year Ending<br>December 31: | General<br>Obligation Real<br>Estate<br>Acquisition<br>Bonds | Swimming<br>Pool<br>Construction<br>and Judgment<br>Bonds | Community<br>Center Bonds | OPWC Marion<br>Road<br>Improvements | Capital<br>Leases |
|-----------------------------|--|---|---------------------------|-------------------------------------|-------------------|
| 2016                        | \$277,260  | \$111,900   | \$154,570                 | \$18,567                            | \$505,522         |
| 2017                        | 277,705  | 113,244   | 156,820                   | 18,567                              | 485,367           |
| 2018                        | 277,660  | 114,346   | 153,820                   | 18,567                              | 415,105           |
| 2019                        | 281,480  | 110,200   | 155,820                   | 18,567                              | 395,550           |
| 2020                        | 279,520  | 110,738   | 152,570                   | 18,567                              | 395,550           |
| 2021-2025                   | 560,820  | 337,288   | 769,850                   | 92,836                              |                   |
| 2026-2030                   |  |   | 777,850                   | 46,418                              |                   |
| 2031-2035                   |  |   | 768,870                   |                                     |                   |
| Total                       | \$1,954,445  | \$897,716   | \$3,090,170               | \$232,089                           | \$2,197,094       |

**Village of Woodlawn, Ohio**  
*Hamilton County*  
*Notes to the Financial Statements*  
*For the Years Ended December 31, 2015 and 2014*  
*(Continued)*

**Note 11 – Related Organizations**

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.

**Note 12 – Subsequent Events**

A Subsequent Event is an event or transaction that affects the financial statement that is subsequent to the date of the financial statements (i.e. Year End December 31, 2015) but before financial statement are issued.

In September 2016 the Village issued Road Improvement Special Assessment Bond Anticipation Notes for \$1,350,000 in anticipation of the issuance of bonds in connection with the Woodlawn Meadows Project.



# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON 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, 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 Woodlawn, Hamilton County, (the Village) as of and for the years ended December 31, 2015 and 2014, and the related notes to the financial statements, and have issued our report thereon dated May 30, 2018 wherein we noted the Village followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

### ***Internal Control Over Financial Reporting***

As part of our financial statement audit, we considered the Village's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinion 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 material weaknesses and 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 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 2015-001 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 findings 2015-003 and 2015-006 through 2015-008 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, 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 instances of noncompliance or other matters we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2015-001 through 2015-005.

***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 audit the Village's responses and, accordingly, we express no opinion on them.

***Purpose of this Report***

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



**Dave Yost**  
Auditor of State

Columbus, Ohio

May 30, 2018

**VILLAGE OF WOODLAWN  
HAMILTON COUNTY  
  
SCHEDULE OF FINDINGS  
DECEMBER 31, 2015 AND 2014**

|   |
|---|
| <b>2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS<br/>REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b> |
|---|

**FINDING 2015-001**

**Noncompliance/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.

**Ohio Rev. Code § 733.262(C)** states that a village fiscal officer appointed under this section shall perform the duties provided by law for the village clerk and treasurer and any other duties consistent with the nature of the office that are provided for by municipal ordinance.

We identified the following conditions related to the above criteria:

- The Village did not report the Mayor's Court receipts, disbursements, and fund balances in the 2014 and 2015 financial statements. For 2014, the Mayor's Court Agency Fund had negative beginning fund balance of (\$161), Non-Operating cash receipts of \$157,486, Non-Operating cash disbursements of \$155,536, and Ending Fund Balance of \$1,789. For 2015, the Mayor's Court Agency Fund had Beginning Fund Balance of \$1,789, Non-Operating cash receipts of \$122,362, Non-Operating cash disbursements of \$119,686, and Ending Fund Balance of \$4,465.
- General Fund disbursements totaling \$2,291,764 in 2015 were incorrectly posted to Security of Persons and Property rather than to General Government, Leisure Time Activities, Community Environment, and Basic Utility Services for \$1,748,576, \$352,390, \$133,405, and \$57,393, respectively.
- Leisure Time Activities disbursements in the Swimming Pool Fund totaling \$232,178 in 2014 and \$221,093 in 2015 were incorrectly posted to Public Health Services and Security of Persons and Property, respectively.
- Transportation disbursements in the Street Construction Maintenance and Repair Fund and the State Highway Fund totaling \$252,016 and \$21,272, respectively, were incorrectly posted to Security of Persons and Property in 2015.
- Public Health Services disbursements in the Food Grant Fund totaling \$34,956 were incorrectly posted to Security of Persons and Property in 2015.
- Intergovernmental receipts totaling \$5,421 in the Swimming Pool Fund were incorrectly posted to the General Fund in 2014.

**FINDING 2015-001**  
**(Continued)**

- Street Construction Maintenance and Repair Fund receipts totaling \$67,737 in 2014 and \$79,980 in 2015 were incorrectly posted to Fines Licenses and Permits receipts rather than Intergovernmental and Property and Other Local Taxes for \$49,565 and \$18,172 in 2014, respectively, and \$61,304 and \$18,676 in 2015, respectively.
- State Highway Fund receipts totaling \$16,909 in 2014 and \$6,231 in 2015 were incorrectly posted to Fines Licenses and Permits receipts rather than Intergovernmental and Property and Other Local Taxes for \$15,436 and \$1,473 in 2014, respectively, and \$4,717 and \$1,514 in 2015, respectively.
- Intergovernmental receipts totaling \$6,826 and \$5,595 in the Swimming Pool and the Fire EMS Levy Fund, respectively, were incorrectly posted to the Street Construction Maintenance and Repair Fund and State Highway Fund for \$11,489 and \$932, respectively, in 2015.
- Ohio Public Works Commission receipts totaling \$134,265 in the Capital Projects Funds in 2014 were incorrectly posted to Municipal Income Taxes receipts rather than Intergovernmental receipts.
- Principal Retirement and Interest and Fiscal Charges totaling \$25,000 and \$17,181, respectively, for the 2003 Judgment Bonds were incorrectly posted to the Pool House Bond Retirement Fund rather than the Bond Retirement Fund in 2014.
- Principal Retirement and Interest and Fiscal Charges totaling \$88,237 and \$6,714, respectively, in 2014 and totaling \$92,158 and \$4,371, respectively, in 2015 in the Capital Improvement Fund were incorrectly posted to Capital Outlay disbursements.
- Capital Outlay and General Government disbursements totaling \$190,000 and \$739, respectively, in the TIF Fund were incorrectly posted to Principal Retirement in 2015.
- Property and Other Local Taxes and Fines Licenses and Permits receipts totaling \$3,007 and \$844, respectively, in the Special Assessment Fund in 2015 were incorrectly reported within the Debt Service Funds rather than the Special Revenue Funds.
- Assigned Fund Balance in the General Fund totaling \$127,804 in 2014 and \$29,932 in 2015 was incorrectly posted to Unassigned Fund Balance.
- Committed Fund Balance in the Capital Improvement Fund totaling \$281,371 in 2014 and \$209,924 in 2015 was incorrectly posted to Restricted Fund Balance in 2014 and Unassigned Fund Balance in 2015.
- Restricted Fund Balance in the Debt Service Funds and Capital Project Funds totaling \$46,471 and \$273,118, respectively, in 2015 was incorrectly posted to Unassigned Fund Balance.

The financial statements and accounting records have been adjusted for these errors, where applicable.

**FINDING 2015-001  
(Continued)**

The Village did not have procedures in place for effective monitoring of the Village's financial activity, and the accuracy of accounting and financial reporting. The Village Fiscal Officer has sole responsibility over accounting and reporting. Due to the small size of the Village, it is important that Council take an active role in monitoring the posting of such activity. Failure to accurately post financial activity and monitor financial activity increases the risk that errors, theft and fraud could occur and not be detected in a timely manner.

We recommend due care be exercised when posting entries to the financial records and financial statement preparation to prevent errors and to assist in properly reflecting the Village's financial activity. In addition, we recommend that Village Council adopt procedures for ongoing reviews of the activity recorded in the underlying accounting records and reported on the financial statements so that errors can be detected and corrected in a timely manner.

**Officials' Response:**

The Village has placed a detailed review process in place in 2016 with multiple levels of review including final sign-off by the Fiscal Officer before final processing of financial activities.

**FINDING 2015-002**

**Noncompliance**

**Ohio Rev. Code § 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.

Ohio Public Works Commission (OPWC) monies in the form of grants for one project was paid to contractors by OPWC on behalf of the Village totaling \$134,265 in 2014. The Village failed to establish a fund for the Warren Avenue Project OPWC money paid on the Village's behalf for this project and instead recorded and budgeted for this money in Fund 403, Capital Improvement Funds.

We recommend the Village establish and budget monies spent on behalf of the Village in the correct funds. Guidance on the accounting treatment for these types of transactions is set forth in the Auditor of State Bulletin 2002-004.

**Officials' Response:**

We did not receive a response from Officials to this finding.

**FINDING 2015-003**

**Noncompliance/Significant Deficiency**

**Ohio Rev. 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.

**FINDING 2015-003**  
**(Continued)**

In addition, **Ohio Rev. Code § 149.381** 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. The Auditor of State shall approve or disapprove the application or schedule within a period of not more than sixty days after receipt of it. Before public records are to be disposed of pursuant to an approved schedule of records retention and disposition, the records commission shall inform the Ohio Historical Society of the disposal through the submission of a certificate of records disposal for only the records required by the schedule to be disposed of, and shall give the society the opportunity for a period of fifteen business days to select for its custody those public records, from the certificate submitted, that it considers to be of continuing historical value.

The Village did not provide the following records for audit:

- Supporting documentation for receipts totaling \$18,494 for 2015 and \$68,625 for 2014 posted to the Clean Ohio Revitalization Fund grant fund.
- Supporting documentation for three of four charges-for-services receipts tested totaling \$20,268 posted to the General Fund for 2014.
- Supporting documentation for four of six charges-for-services receipts tested totaling \$27,774 posted to the General Fund for 2015.
- Hiring authorization documentation for two of six employees tested for 2014 and one of seven employees tested 2015.
- Form W-4, Form OH-IT, pension system enrollment forms, and direct deposit authorization forms for five of six employees tested for 2014.
- Form W-4 and Form OH-IT for six of seven employees tested for 2015, and pension system enrollment forms and direct deposit authorization forms for five of seven employees tested for 2015.
- Employee timesheets to document the number of hours worked for a selected pay period for two employees tested for 2014 and for one employee tested for 2015.
- Personnel Action Forms or other detailed supporting documentation to document approved pay rates for four employees tested for 2014 and eight employees tested for 2015.
- Statements of pooled collateral from the Village's financial institutions for 2014 and 2015.
- Initially, supporting invoice documentation for three expenditures selected for testing in 2015 and seven expenditures tested in 2014 could not be located for review. Subsequently, the Village was able to locate copies of the invoice, contact the vendor for necessary documentation or provide other information to demonstrate the expenditures were for a proper public purpose.

**FINDING 2015-003  
(Continued)**

- Five income tax returns in 2015 to verify that the amounts received by the Village agreed to the income tax returns.
- Twenty income tax receipts deposit slips in 2015 and two income tax receipts deposit slip in 2014.
- Two income tax returns in 2015 and one income tax return in 2014 to verify that the amounts refunded by the Village agreed to the income tax returns.
- Canceled checks for five income tax refunds tested for 2015 and five income tax refunds tested for 2014.

Failure to maintain proper documentation could result in difficulties supporting the actions taken by the Village and noncompliance. We recommend that the Village maintain all records required by law.

**Officials' Response:**

The Village created a Records Retention Policy that was approved by the State of Ohio in 2015. Regular meetings are scheduled to maintain policies and procedures around the storage and availability of records for all departments within the Village. Proper filing processes have been put in place to enhance the procedures for being able to produce records of both financial and operational activities.

**FINDING 2015-004**

**Noncompliance**

**Ohio Rev. Code § 5705.41(D)(1)** requires that no subdivision or taxing unit shall make any contract or give any order involving the expenditure of money unless there is attached thereto a certificate of the fiscal officer of the subdivision that the amount required to meet the obligation has been lawfully appropriated for such purpose and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances. This certificate need be signed only by the subdivision's fiscal officer. Every contract made without such a certificate shall be void, and no warrant shall be issued in payment of any amount due thereon.

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

**FINDING 2015-004  
(Continued)**

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.

In addition, **Ohio Rev. Code § 5705.36(A)(1)** requires that on or about the first day of each fiscal year, the fiscal officer of each subdivision and other taxing unit shall certify to the county auditor the total amount from all sources available for expenditures from each fund set up in the tax budget or, if adoption of a tax budget was waived under section 5705.281 of the Revised Code, from each fund created by or on behalf of the taxing authority. The amount certified shall include any unencumbered balances that existed at the end of the preceding year.

The Village did not follow established procedures for certifying expenditures and none of the exceptions above applied. Of the expenditures tested, the Fiscal Officer did not certify seven of seven expenditures (100%) in 2014 and four of seven expenditures (57%) in 2015 at the time the Village incurred the commitment. The Village failed to properly encumber \$29,932 for the General Fund at December 31, 2014, and failed to properly encumber \$14,422 and \$9,284 for the General Fund and Capital Improvement Fund, respectively, at December 31, 2015. None of these amounts were properly certified to the County Budget Commission on the Certificate of the Total Amount From All Sources Available.

Failure to properly certify the availability of funds can result in overspending funds and negative cash fund balances. Unless the Village uses the exceptions noted above, prior certification is not only required by statute but also 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 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. Failure to properly certify encumbrances could result in budgetary spending violations and negative fund balances.

We recommend the Village officials and employees obtain the Fiscal Officer’s certification of the availability of funds prior to the commitment being incurred. 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 orders to the proper appropriation code to reduce the available appropriation. In addition, Then and Now certificates be used only when necessary.

**FINDING 2015-004  
 (Continued)**

We further recommend the Village exercise due care when preparing and submitting the Certificate of the Total Amount From All Sources Available to the County Budget Commission.

**Officials' Response:**

Appropriate procedures have been put in place to create an acceptable Purchase Order before entering into a purchase or contract without outside vendors. There are various levels of authority that ultimately must be signed off by the Village Manager and lastly, the Fiscal Officer, prior to approval. The Fiscal Officer's role is to verify funds as required. After completion of all procedures, funds are appropriated and expenditures can take place.

**FINDING 2015-005**

**Noncompliance**

**Ohio Rev. Code § 5705.41(B)** states that no subdivision or taxing unit is to expend money unless it has been appropriated. The Village had expenditures in excess of appropriations at December 31, 2014, in the following fund:

| Fund  | Expenditures plus Encumbrances | Appropriations | Variance   |
|---|--------------------------------|----------------|------------|
| General Obligation Bond Retirement Fund (301) | \$459,008                      | \$424,250      | (\$34,758) |

Expenditures in excess of appropriations can result in overspending and deficit fund balances. The Village should routinely compare actual expenditures to current appropriations and amend appropriations when needed.

**Officials' Response:**

New procedures require forecasting annual spend at various times throughout the year. By tracking expenditures, outstanding encumbrances and outlook for future spend during the fiscal year, the Village is now able to control its spend and not overspend current appropriations as required.

**FINDING 2015-006**

**Significant Deficiency**

When designing the public office's system in 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 periodically reconcile them to the accounting records, and performing analytical procedures to determine the reasonableness of financial data.

The Village did not complete timely or accurate monthly bank reconciliations, and the reconciliations that were prepared did not receive a supervisory review or approval.

Accurate preparation and timely review of bank reconciliations are basic and essential internal - control components for sound fiscal management. Failure to reconcile the Village accounts with the accounting system could increase the likelihood of errors being made and not detected and corrected in a timely manner. This condition, combined with the lack of a supervisory review,

**FINDING 2015-006  
(Continued)**

increases the risk of misappropriation or theft, and reduces the Village's ability to monitor banking activities.

We recommend the Village reconcile all active bank accounts on a monthly basis. The Village should document and adequately explain all adjusting factors. Village officials should review and sign the reconciliations indicating their review and 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.

**Officials' Response:**

The Village has implemented a system of control that encompasses the ongoing reconciliation of general ledger accounts. A process of balancing the cash accounts and bank statements is in place and has a timely review component per audit recommendations.

**FINDING 2015-007**

**Significant Deficiency**

All local public offices shall maintain an accounting system and accounting records sufficient to enable the public office to identify, assemble, analyze, classify, record and report its transactions, maintain accountability for the related assets, document compliance with finance related legal and contractual requirements and prepare finance statements required by 117-2-03 of the Administrative Code. The management of each local public office is responsible for the assertions underlying the information in the public office's financial statements. The accounting system should assure that the following five assertions are achieved for all transaction types and account balances applicable to the local public office's operations, considering the basis of accounting applicable to it:

1. Existence/occurrence: That recorded assets (and liabilities, if generally accepted accounting principles apply) exist as of fiscal year end, recorded transactions have occurred and are not fictitious.
2. Completeness: That all account balances and transactions that should be included in the financial records are included.
3. Rights and obligations: That recorded assets are rights of the public office and recorded liabilities (if generally accepted accounting principles apply), are obligations of the public office at the fiscal year end.
4. Valuation/allocation: That generally accepted accounting measurement and recognition principles are properly selected and applied. This includes accounting measurement and recognition principles prescribed by the auditor of state for public offices that are not required to follow generally accepted accounting principles.
5. Presentation and disclosure: That financial statement elements are properly classified and described and appropriate disclosures are made as required by generally accepted accounting principles, or as prescribed by the auditor of state for entities that do not follow generally accepted accounting principles.

**FINDING 2015-007  
(Continued)**

The Village utilizes their CMI accounting system to track all income tax receipts received during the year. Income tax receipts represent a significant income stream for the Village. For 2015 the Village collected \$4,570,079 which represented 69% of their total operating receipts for the year. For 2014 the Village collected \$4,487,653 which was 72% of the total operating receipts for the village.

We identified the following conditions related to the above criteria:

- The Village did not perform procedures to ensure the CMI Taxpayer Master File database was updated periodically or on an annual basis. The Taxpayer Master File should properly identify all taxpayers in the Village and designate them as active or inactive. The Tax Commissioner should periodically purge those taxpayers from the system who no longer live or are employed in the Village;
- The Village's Taxpayer database did not include parcel data for property owners within the Village, therefore there was no way to verify that all residents within the Village had filed or remitted their taxes;
- The Village could not provide evidence that anyone reviewed "Rent Roll" reports for renters moving in or out of Village apartment complexes, or that the reports were even received during the audit period;
- The Village could not provide evidence that officials or management reviewed "Princeton City School District Residency Affidavits" for new residents enrolling their children in the District during the audit period;
- Council was not provided with monthly or quarterly reports detailing the total number of taxpayers in the Village and budget to actual Income Tax collections;
- The CMI Income Tax Module receipts for 2014 did not agree to the total in the CMI revenue ledger due to a tax payment of \$897.46 being recorded as \$89,746 in the Income Tax Module. The CMI Income Tax Module receipts for 2015 totaled \$32,848 more than the Income Tax revenue reported on the financials. The discrepancies were due to clerical data entry errors in the Income Tax Module that were not corrected based on actual cash receipts received and posted in the CMI revenue ledger;
- For five of five (100%) income tax refunds tested for both 2015 and 2014, the Tax Commissioner's approval of the refunds was not documented.

Failure to accurately update and maintain the CMI Taxpayer Master File database reduces the accountability over the Village's Income tax collections and reduces the Village's ability to monitor income tax collections. Furthermore, this, combined with a lack of reviewing rent roll reports and performing other completeness procedures, could lead to taxpayers not filling or remitting taxes in a timely manner, and the Village not collecting all income tax receipts it is legally entitled to.

We recommend the Village accurately update their income tax database to be able to verify all residents file and remit their taxes, and review all applicable reports to verify the Taxpayer Master File is accurately updated. The Village should implement procedures to ensure all residents file such as making periodic inquiry to major local employers for lists of employees, obtaining notices of utility hookups for new residents, and sharing customer information from

**FINDING 2015-007  
(Continued)**

other Village departments with the Income Tax Department.

**Officials' Response:**

The Village has hired a full-time Tax Director. Part-time staff under the guidance of the Tax Director are working to fully update all the tax records and contact any delinquent filers. Rent rolls from the apartment complexes have been acquired and a process is in place to contact all tenants to ensure compliance with tax law. The Tax Department is additionally working closely with the other departments within the Village to identify and notify new businesses and residents of requirements for current and past filing requirements.

**FINDING 2015-008**

**Significant Deficiency**

All public officials and management are responsible for the design and operation of a system of internal control that is adequate to provide reasonable assurance regarding the operations of their respective public offices.

We identified the following conditions related to management controls over the Recreation Center/Department receipts totaling \$86,947 and \$74,719 for 2015 and 2014, respectively:

- General admission revenue was not supported by prenumbered, duplicate receipts or cash register receipts;
- Swimming pool general admission was not supported by any documentation such as prenumbered, duplicate receipts or cash register receipts. Also, bracelets or some other identification was not provided to indicate an individual had paid his or her admission;
- Summer Camp and Membership Fees were not always supported by prenumbered, duplicate receipts or cash register receipts;
- The Recreation Center/Department sold recreation memberships and pool memberships. However, the Village did not use prenumbered membership cards, and the underlying accounting records did not indicate membership numbers assigned at the time of issuance;
- A legislatively approved fee schedule was not maintained to provide accuracy over fees collected;
- There was no reconciliation of the Recreation Center receipts collected to amounts deposited in the bank. Also, there was no review of the documentation supporting the deposits by someone other than the individual responsible for collecting and depositing the receipts;
- The Recreation Center Director prepared a year end list of all Recreation Center room rentals, however all rentals on the list could not be traced to a rental form. Also, the Village waived certain rentals fees without the sign-off of the waiver by the Village Manager, which is required by Village policy.

**FINDING 2015-008  
(Continued)**

Failure to keep records results in a lack of financial accountability and could also result in misappropriation of funds.

Controls should be put into place to help assure that all over the counter receipts are properly accounted for. We recommend the implementation of the following controls:

- The Village should use prenumbered recreation and pool membership cards to provide accountability over all memberships;
- The Village may want to consider using a cash register, prenumbered ticket stubs or bracelets to record general and pool receipts. Daily pool admissions should be reconciled with the pool receipts on a daily basis;
- All Recreation Center rental forms should be maintained and included on the year-end listing. Fee waivers should be signed off on by the Village Manager.
- Daily receipts from the various collection points in the Recreation Department should be reconciled to amounts deposited daily. This reconciliation should be done by an individual other than those who collect the receipts. The reconciliation process should include a review of the supporting documentation.

**Officials' Response:**

We did not receive a response from Officials to this finding.

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**VILLAGE OF WOODLAWN  
HAMILTON COUNTY**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2015**

| <b>Finding Number</b> | <b>Finding Summary</b>  | <b>Status</b>   | <b>Additional Information</b> |
|-----------------------|---|---|-------------------------------|
| 2013-001              | Significant posting and classification errors   | Not Corrected   | Reissued as Finding 2015-001  |
| 2013-002              | Failure to establish and budget a fund for OPWC   | Partially Corrected; improved from Material Noncompliance in prior audit to Noncompliance.            | Reissued as Finding 2015-002  |
| 2013-003              | Failure to certify availability of funds prior to expenditures and properly record outstanding encumbrances | Not Corrected   | Reissued as Finding 2015-005  |
| 2013-004              | Unable to provide documentation for selected items for audit  | Not Corrected   | Reissued as Finding 2015-003  |
| 2013-005              | Lack of records and financial accountability over the Recreation Department charges for services receipts   | Partially Corrected; improved from a Material Weakness in the prior audit to a Significant Deficiency | Reissued as Finding 2015-008  |
| 2013-006              | Failure to update and maintain the income tax database and tax returns                                      | Partially Corrected; improved from a Material Weakness in the prior audit to a Significant Deficiency | Reissued as Finding 2015-007  |
| 2013-007              | Inaccurate or nonexistent bank reconciliations  | Not Corrected   | Reissued as Finding 2015-006  |

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# Dave Yost • 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  
JUNE 26, 2018