



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

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REPORT OF INDEPENDENT ACCOUNTANTS

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, 1998 and 1997. 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 generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about 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 that our audit provides a reasonable basis for our opinion.

As discussed in Note 1, the Village prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

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 as of December 31, 1998 and 1997, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 20, 1999 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 grants.

This report is intended solely for the information and use of the management, and Village Council and other officials authorized to receive this report under § 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, appearing to read "Jim Petro".

Jim Petro
Auditor of State

December 20, 1999

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS
AND CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES -
FOR THE YEAR ENDED DECEMBER 31, 1998**

	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Totals (Memorandum Only)</u>
Cash Receipts:					
Property Tax and Other Local Taxes	\$2,752,952	\$456,928		\$145,921	\$3,355,801
Special Assessments			6,472		6,472
Intergovernmental Receipts	169,171	255,393		477,848	902,412
Charges for Services	78,258	3,567			81,825
Fines, Licenses, and Permits	85,516	91,725			177,241
Miscellaneous	76,312	35,648	5,154	101,202	218,316
	<u>3,162,209</u>	<u>843,261</u>	<u>11,626</u>	<u>724,971</u>	<u>4,742,067</u>
Cash Disbursements:					
Current:					
Security of Persons and Property	1,705,462	98,415			1,803,877
Public Health Services	6,330	192,579			198,909
Leisure Time Activities	241,518				241,518
Community Environment	53,597				53,597
Basic Utility Services	356,726	20,544			377,270
Transportation		141,493		9,575	151,068
General Government	935,294	12,105	251	4,829	952,479
Capital Outlay		181,802		3,564,237	3,746,039
	<u>3,298,927</u>	<u>646,938</u>	<u>251</u>	<u>3,578,641</u>	<u>7,524,757</u>
Total Receipts Over/(Under) Disbursements	<u>(136,718)</u>	<u>196,323</u>	<u>11,375</u>	<u>(2,853,670)</u>	<u>(2,782,690)</u>
Other Financing Receipts/(Disbursements):					
Proceeds of Notes				3,500,000	3,500,000
Transfers-In		78,664			78,664
Other Financing Sources	79,502	130			79,632
Transfers-Out	(78,664)				(78,664)
Other Financing Uses	(46,485)	(44)			(46,529)
	<u>(45,647)</u>	<u>78,750</u>	<u>0</u>	<u>3,500,000</u>	<u>3,533,103</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(182,365)	275,073	11,375	646,330	750,413
Fund Cash Balances, January 1	788,424	575,297	99,862	1,967,162	3,430,745
Fund Cash Balances, December 31	<u>\$606,059</u>	<u>\$850,370</u>	<u>\$111,237</u>	<u>\$2,613,492</u>	<u>\$4,181,158</u>
Reserves for Encumbrances, December 31	<u>\$28,619</u>	<u>\$169,136</u>	<u>\$0</u>	<u>\$113,554</u>	<u>\$311,309</u>

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

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS
AND CHANGES IN FUND CASH BALANCES
ALL PROPRIETARY AND SIMILAR FIDUCIARY FUND TYPES -
FOR THE YEAR ENDED DECEMBER 31, 1998**

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Agency</u>	
Non-Operating Cash Receipts:			
Other Non-Operating Receipts	<u>273</u>	<u>85,717</u>	<u>85,990</u>
Total Non-Operating Cash Receipts	<u>273</u>	<u>85,717</u>	<u>85,990</u>
Non-Operating Cash Disbursements:			
Other Non-Operating Cash Disbursements	<u></u>	<u>85,245</u>	<u>85,245</u>
Total Non-Operating Cash Disbursements	<u>0</u>	<u>85,245</u>	<u>85,245</u>
Net Receipts Over/(Under) Disbursements	273	472	745
Fund Cash Balances, January 1	<u>5,490</u>	<u>16,516</u>	<u>22,006</u>
Fund Cash Balances, December 31	<u><u>\$5,763</u></u>	<u><u>\$16,988</u></u>	<u><u>\$22,751</u></u>

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

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS
AND CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES -
FOR THE YEAR ENDED DECEMBER 31, 1997**

	General	Special Revenue	Debt Service	Capital Projects	Totals (Memorandum Only)
Cash Receipts:					
Property Tax and Other Local Taxes	\$2,599,834	\$356,795		\$135,032	\$3,091,661
Special Assessments			8,000		8,000
Intergovernmental Receipts	1,391,319	207,646		145,000	1,743,965
Charges for Services	79,895	3,295			83,190
Fines, Licenses, and Permits	74,209	19,467			93,676
Miscellaneous	73,183	31,263	5,525	80,632	190,603
Total Cash Receipts	4,218,440	618,466	13,525	360,664	5,211,095
Cash Disbursements:					
Current:					
Security of Persons and Property	1,664,067	87,049			1,751,116
Public Health Services	6,667				6,667
Leisure Time Activities	236,076	110,628			346,704
Community Environment	51,556				51,556
Basic Utility Services	351,428				351,428
Transportation		158,053		40,231	198,284
General Government	947,065	14,840	4,668		966,573
Debt Service:					
Principal Payments			3,000		3,000
Interest Payments			176		176
Capital Outlay		179,723		130,714	310,437
Total Disbursements	3,256,859	550,293	7,844	170,945	3,985,941
Total Receipts Over/(Under) Disbursements	961,581	68,173	5,681	189,719	1,225,154
Other Financing Receipts/(Disbursements):					
Sale of Fixed Assets	338				338
Transfers-In	0			1,032,400	1,032,400
Other Financing Sources	5,360				5,360
Transfers-Out	(1,032,400)				(1,032,400)
Other Financing Uses	(22,707)				(22,707)
Total Other Financing Receipts/(Disbursements)	(1,049,409)	0	0	1,032,400	(17,009)
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(87,828)	68,173	5,681	1,222,119	1,208,145
Fund Cash Balances January 1	876,252	507,124	94,181	745,043	2,222,600
Fund Cash Balances, December 31	\$788,424	\$575,297	\$99,862	\$1,967,162	\$3,430,745
Reserves for Encumbrances, December 31	\$39,246	\$383,593	\$0	\$91,245	\$514,084

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

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS
AND CHANGES IN FUND CASH BALANCES
ALL PROPRIETARY AND SIMILAR FIDUCIARY FUND TYPES -
FOR THE YEAR ENDED DECEMBER 31, 1997**

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Agency</u>	
Operating Cash Disbursements:			
Personal Services	\$129	\$0	\$129
Total Operating Cash Disbursements	<u>129</u>	<u>0</u>	<u>129</u>
Operating Income/(Loss)	<u>(129)</u>	<u>0</u>	<u>(129)</u>
Non-Operating Cash Receipts:			
Other Non-Operating Receipts	<u>301</u>	<u>80,414</u>	<u>80,715</u>
Total Non-Operating Cash Receipts	<u>301</u>	<u>80,414</u>	<u>80,715</u>
Non-Operating Cash Disbursements:			
Other Non-Operating Cash Disbursements	<u></u>	<u>78,643</u>	<u>78,643</u>
Total Non-Operating Cash Disbursements	<u>0</u>	<u>78,643</u>	<u>78,643</u>
Net Receipts Over/(Under) Disbursements	172	1,771	1,943
Fund Cash Balances, January 1	<u>5,318</u>	<u>14,745</u>	<u>20,063</u>
Fund Cash Balances, December 31	<u>\$5,490</u>	<u>\$16,516</u>	<u>\$22,006</u>

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

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1998 AND 1997**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Village of Woodlawn, Hamilton County, Ohio (the Village), is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Village is directed by a publicly-elected six-member Council and Mayor. The Village provides general governmental services, street maintenance, street lighting, park operations (leisure time activities), fire and police protection.

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

B. Basis of Accounting

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized 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 prescribed or permitted by the Auditor of State.

C. Cash and Investments

U.S. Treasury Bills are valued at cost. The investment in STAROhio (the State Treasurer's investment pool) is valued at amounts reported by the State Treasurer.

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or disbursements, respectively.

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 is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

2. Special Revenue Funds

These funds are used to account for proceeds from specific sources (other than from 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.

Street & Road Improvement Fund - This fund receives income tax money for constructing, maintaining, and repairing Village streets.

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1998 AND 1997
(Continued)

Swimming Pool Fund - This fund receives general and tangible personal property taxes to fund the Village swimming pool.

3. Debt Service Funds

These funds are used to accumulate resources for the payment of bonds and note indebtedness. The Village had the following significant Debt Service Fund:

Special Assessment Bond Retirement - This fund receives tax assessments and interest income to pay principal and interest for bond issued to repair sidewalks and sewers.

4. Capital Project Funds

These funds are used to account for receipts that are restricted for the acquisition or construction of major capital projects (except those financed through enterprise or trust funds). The Village had the following significant Capital Project Funds:

Capital Improvement Fund - This fund receives state and local money to be used for construction in the Village.

Property Acquisition Fund - This fund received income from bond anticipation notes for the acquisition of property within the Village.

5. Enterprise Funds

These funds account for operations that are similar to private business enterprises where management intends that the significant costs of providing certain goods or services will be recovered through user charges. The Village had the following significant Enterprise Fund:

Inspection Fund - This fund receives revenue for building inspections within the Village.

6. Fiduciary Funds (Agency Funds)

Funds for which the Village is acting in an agency capacity are classified as agency funds. The Village had the following significant Fiduciary Fund:

Mayor's Court Fund -This agency fund receives fines and forfeitures for violation of ordinances within the Village limits.

E. Budgetary Process

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

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control, and appropriations may not exceed estimated resources. The 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.

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1998 AND 1997
(Continued)

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 commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated.

A summary of 1998 and 1997 budgetary activity appears in Note 3.

F. Property, Plant and Equipment

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets on the accompanying financial statements.

G. Unpaid Vacation and Sick Leave

Employees are entitled to cash payments for unused vacation and sick leave in certain circumstances, such as upon leaving employment. Unpaid vacation and sick leave are not reflected as liabilities under the cash basis of accounting used by the Village.

2. EQUITY IN POOLED CASH AND INVESTMENTS

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

	<u>1998</u>	<u>1997</u>
Demand deposits	\$ 795,283	\$ 308,611
Total deposits	795,283	308,611
STAR Ohio	3,408,626	2,657,338
U.S. Treasury Bills	0	486,802
Total investments	3,408,626	3,144,140
Total deposits and investments	\$ 4,203,909	\$ 3,452,751

Deposits: Deposits are either (1) insured by the Federal Depository Insurance Corporation, or (2) collateralized by the financial institution's public entity deposit pool.

Investments: U.S. Treasury Bills are held in book-entry form by the Federal Reserve, in the name of the Village's financial institution. The financial institution maintains records identifying the Village as owner of these securities. Investments in STAROhio are not evidenced by securities that exist in physical or book-entry form.

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1998 AND 1997
(Continued)

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 1998 and 1997 follows:

1998 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 3,071,864	\$ 3,241,711	\$ 169,847
Special Revenue	853,090	922,055	68,965
Debt Service	6,000	11,626	5,626
Capital Projects	4,354,303	4,224,971	(129,332)
Enterprise	250	273	23
Total	<u>\$ 8,285,507</u>	<u>\$ 8,400,636</u>	<u>\$ 115,129</u>

1998 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 3,461,852	\$ 3,452,695	\$ 9,157
Special Revenue	1,264,907	816,118	448,789
Debt Service	1,600	251	1,349
Capital Projects	4,776,762	3,692,195	1,084,567
Enterprise	2,875	0	2,875
Total	<u>\$ 9,507,996</u>	<u>\$ 7,961,259</u>	<u>\$ 1,546,737</u>

1997 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 4,012,666	\$ 4,224,138	\$ 211,472
Special Revenue	626,270	618,466	(7,804)
Debt Service	6,700	13,525	6,825
Capital Projects	1,925,700	1,393,064	(532,636)
Enterprise	150	301	151
Total	<u>\$ 6,571,486</u>	<u>\$ 6,249,494</u>	<u>\$ (321,992)</u>

1997 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 4,376,593	\$ 4,351,212	\$ 25,381
Special Revenue	1,003,663	933,886	69,777
Debt Service	9,280	7,844	1,436
Capital Projects	1,045,403	262,190	783,213
Enterprise	5,410	129	5,281
Total	<u>\$ 6,440,349</u>	<u>\$ 5,555,261</u>	<u>\$ 885,088</u>

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1998 AND 1997
(Continued)**

4. PROPERTY TAX

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

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. DEBT

Debt outstanding at December 31, 1998 was as follows:

	Principal	Interest Rate
Bond Anticipation Notes - Real Estate Acquisition	\$ 3,500,000	4.7%
Total	\$ 3,500,000	

In September 1998, the Village received a bond anticipation note of \$3,500,000 from Fifth Third Bank for acquisition of real estate and urban renewal. The notes will be repaid with interest in September 1999.

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

<u>Year ending December 31:</u>	<u>Bond Anticipation Note</u>
1999	\$3,664,500
Total	\$3,664,500

6. RETIREMENT SYSTEMS

The Village's law enforcement officers and firefighters belong to the Police and Firemen's Disability and Pension Funds (PFDPF). Other full-time employees belong to the Public Employees Retirement System (PERS) of Ohio. PFDPF and PERS are cost-sharing, multiple-employer plans. These plans provide retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 1998 and 1997, members of PFDPF contributed 10% of their wages to the PFDPF. The Village contributed an amount equal to 19.5% of their wages. PERS members contributed 8.5% of their gross salaries. The Village contributed an amount equal to 13.55% of participants' gross salaries. The Village has paid all contributions required through December 31, 1998.

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1998 AND 1997
(Continued)

7. RISK MANAGEMENT

The Village is a member of the Ohio Municipal League Joint Self-Insurance Pool (the Pool). The Pool assumes the risk of loss up to the limits of the Village's policy. The Pool may assess supplemental premiums. The following risks are covered by the Pool:

- General liability and casualty
- Public official's liability
- Property
- Vehicle

The Village also provides health insurance and dental and vision coverage to full-time employees through a private carrier.

8. CONTINGENT LIABILITIES

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

Amounts received from grantor agencies are subject to audit and adjustment by the grantor, principally the federal government. Any disallowed costs may require refunding to the grantor. Amounts which may be disallowed, if any, are not presently determinable. However, based on prior experience, management believes such refunds, if any, would not be material.

9. YEAR 2000 ISSUE

The Year 2000 issue is the result of shortcomings in many electronic data processing systems and other electronic equipment that may adversely affect the government's operations as early as fiscal year 1999.

The Village has completed an inventory of computer systems and other equipment necessary to conducting Village operations. The Village has identified the following systems requiring Year 2000 remediation:

Financial reporting, and income tax system. At December 31, 1999, The Village was in the process of remediating its financial reporting, and income tax system. As of November 22, 1999, the Village purchased and installed Year 2000 ready computers and software.

911 police and fire emergency reporting system. Hamilton County is responsible for remediating this system and is solely responsible for any cost associated with this project. The Hamilton County has indicated that the telecommunication system has been assessed, remediated, and tested and validated.

State and Federal Grants. The State of Ohio distributes a substantial sum of money to the Village in the form of state and federal grants payments. The State of Ohio is responsible for remediating this system and is solely responsible for any cost associated with this project.

Property Tax Collections. Hamilton County collects property taxes for distribution to the Village. Hamilton County is responsible for remediating this system and is solely responsible for any cost associated with this project.

During 1998, the Village initiated remediation plans and committed resources which management believes will address the Year 2000 issue for other systems not considered mission-critical.

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1998 AND 1997
(Continued)

Because of the unprecedented nature of the Year 2000 issue, its effects and the success of related remediation efforts will not be fully determinable until the Year 2000 and thereafter. Management cannot assure that the Village is or will be Year 2000 ready, that the Village's remediation efforts will be successful in whole or in part, or that parties with whom the Village does business will be Year 2000 ready.

10. COMPLIANCE

The Village did not maintain a Mayor's Court cashbook as required by Ohio Rev. Code, Section 1907.20 (C), and the Village did not reconcile the Mayor's Court cash balance to the book balance and an open items list as required by Ohio Administrative Code, Section 117-5-09 (d).

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**REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE AND ON
INTERNAL CONTROL REQUIRED BY GOVERNMENT AUDITING STANDARDS**

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, 1998 and 1997, and have issued our report thereon dated December 20, 1999. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Village's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on 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 such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying schedule of findings as 1998-30431-001 through 1998-30431-002.

We also noted certain immaterial instances of noncompliance that we have reported to management of the Village in a separate letter dated December 20, 1999.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Village's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Village's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. The reportable conditions are described in the accompanying schedule of findings as items 1998-30431-001 through 1998-30431-002.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. However, we consider items 1998-30431-001 through 1998-30431-002 to be material weaknesses.

We also noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Village in a separate letter dated December 20, 1999.

This report is intended for the information and use of the management, and Village Council, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, appearing to read "Jim Petro", with a stylized flourish at the end.

Jim Petro
Auditor of State

December 20, 1999

**SCHEDULE OF FINDINGS
DECEMBER 31, 1998 AND 1997**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 1998-30431-001

Noncompliance Citation/Material Weakness

Ohio Rev. Code, Section 1907.20 (C), under the authority of Ohio Rev. Code, Section 1905.02, requires that Clerk of Court to keep a cashbook showing all receipts and disbursements of the court . Ohio Admin. Code, Section 117-5-09, establishes guidelines for the proper and complete maintenance of a cash journal. The Clerk of Court failed to maintain such documentation.

The following internal control weaknesses were noted during our review of the Mayor's Court procedures:

The Court Clerk is maintaining two sets of books, manual and computer generated.

The Cash journal did not contain beginning or ending balance. There were also no month-to-date, or year-to-date totals.

Mayor's Court ledgers only contained receipts. Disbursements made during the audit period were not recorded in manual or the computer ledgers.

These practices reduces control over receipts and disbursements, and increases the probability of misappropriation of funds without timely detection. To improve accountability and to strengthen internal accounting controls, the Mayor's Court Clerk should prepare and maintain an accurate cash journal as prescribed by Ohio Admin. Code, Section 117-5-09. This ledger should include month-to-date and year-to-date totals that agree to the Court's receipts ledger, check register, and the reconciled monthly bank balance.

FINDING NUMBER 1998-30431-002

Noncompliance Citation/Material Weakness

Ohio Admin. Code, Section 117-5-09(D), promulgated under the authority of Ohio Rev. Code, Section 117.43, requires monthly reconciliations of the cash balance to the book balance and an open items list. The Mayor's Court Clerk performed monthly reconciliation, however they were not traced to book balances.

The following internal control weaknesses were noted during our review of the Mayor's Court procedures:

Monthly bank reconciliations were prepared incorrectly, using receipts for the following year as deposits-in-transit for the current year.

Monthly bank balances do not reconcile to a book balance.

An open items list, which records bonds held by the Village, was not maintained.

These practices could and did result in undetected posting errors. The Mayor's Court bank account should be reconciled to the ledger and open items list on at least a monthly basis. These reconciliations should be periodically reviewed for timeliness and accuracy.

FINDING NUMBER 1998-30431-002 (Continued)

Additional training would be beneficial in helping the Mayor and the Clerk perform the many components of their job, such as, proper posting to the receipts ledger and cash journal, review of monthly reports presented to council, and preparation of a monthly bank statement reconciliation to the cash journal fund balance. It will also provide them with knowledge of the required court procedures and documentation.



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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
JANUARY 11, 2000