

VILLAGE OF WOODLAWN

December 31, 2000 and 1999

*FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT*



STATE OF OHIO
OFFICE OF THE AUDITOR

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Honorable Mayor and Members of Council
Village of Woodlawn
10141 Woodlawn Blvd
Woodlawn, Ohio 45215-1324

We have reviewed the Independent Auditor's Report of the Village of Woodlawn, Hamilton County, prepared by VonLehman & Company, Inc., for the audit period January 1, 1999 through December 31, 2000. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Village of Woodlawn is responsible for compliance with these laws and regulations.

JIM PETRO
Auditor of State

January 14, 2002

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HAMILTON COUNTY, OHIO
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**VILLAGE OF WOODLAWN
HAMILTON COUNTY, OHIO**

VILLAGE OFFICIALS

MAYOR

Susan Upton Farley

COUNCIL MEMBERS

Scott A. Gelder

Rowena D. Gillam

Mary L. Gowdy

Rodney Minter

Jerry Mitchell

Johnnie Rabb

DEPARTMENT HEADS

Village Administrator

Jack P. Layne, Jr.

Village Law Director

Louis Lausche

Village Police Chief

Walter Obermeyer

Village Fire Chief

Richard Mynatt

Village Finance Director

Ronnise C. Handy

Village Recreation Director

Marji Dogan

Village Service Director

Terry Meadows



INDEPENDENT AUDITORS' REPORT

Honorable Mayor and Members of Council
Village of Woodlawn
Woodlawn, Ohio

We have audited the accompanying financial statements of the Village of Woodlawn, Hamilton County, Ohio, as of and for the years ended December 31, 2000 and 1999, as listed in the table of contents. 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 have conducted our audit in accordance with U.S. 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 described in Note 1, the Village of Woodlawn 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 U.S. generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of the Village of Woodlawn, Hamilton County, Ohio, as of December 31, 2000 and 1999, its combined cash receipts and disbursements and its combined budgeted and actual receipts and budgeted and actual disbursements and encumbrances, for the years then ended on the basis of accounting described in Note 1.

Honorable Mayor and Members of Council
Village of Woodlawn
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In accordance with Government Auditing Standards, we have also issued a report dated November 8, 2001 on our consideration of the Village of Woodlawn's internal control over financial reporting and our tests of its compliance with certain provision of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

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

VonLehman & Company Inc.

Cincinnati, Ohio
November 8, 2001

**VILLAGE OF WOODLAWN
COMBINED STATEMENT OF
FUND CASH BALANCES
ALL FUND TYPES**

December 31, 2000

Cash	\$ <u><u>917,476</u></u>
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FUND CASH BALANCES BY FUND TYPE

Governmental Fund Types

General Fund	\$ (49,539)
Special Revenue Funds	107,454
Debt Service Fund	20,707
Capital Projects Funds	<u>807,054</u>
	885,676

Proprietary Fund Type

Enterprise Fund	6,390
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Fiduciary Fund Type

Agency Funds	<u>25,410</u>
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\$ 917,476

See accompanying notes.

**VILLAGE OF WOODLAWN
COMBINED STATEMENT OF
FUND CASH BALANCES
ALL FUND TYPES**

December 31, 1999

Cash	\$ <u>3,614,439</u>
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FUND CASH BALANCES BY FUND TYPE

Governmental Fund Types

General Fund	\$ 841,729
Special Revenue Funds	997,465
Debt Service Fund	18,163
Capital Projects Funds	<u>1,720,883</u>
	3,578,240

Proprietary Fund Type

Enterprise Fund	6,042
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Fiduciary Fund Type

Agency Funds	<u>30,157</u>
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\$ 3,614,439

See accompanying notes.

**VILLAGE OF WOODLAWN
COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS
AND CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES**

	Year Ended December 31, 2000				
	General Fund	Special Revenue Funds	Debt Service Fund	Capital Projects Funds	Totals (Memorandum Only)
Receipts					
Taxes	\$ 2,664,368	\$ 444,042	\$ -	\$ 139,298	\$ 3,247,708
Intergovernmental Receipts	207,581	187,877	-	252,637	648,095
Special Assessments	-	-	1,565	-	1,565
Charges for Services	97,391	4,824	-	-	102,215
Fines, Licenses and Permits	122,941	10,775	-	-	133,716
Interest	21,421	27,265	979	63,729	113,394
Miscellaneous	65,289	451	-	-	65,740
Total Receipts	<u>3,178,991</u>	<u>675,234</u>	<u>2,544</u>	<u>455,664</u>	<u>4,312,433</u>
Disbursements					
Security of Persons and Property	2,121,374	48,892	-	38,295	2,208,561
Public Health Services	6,071	-	-	-	6,071
Leisure Time Activities	311,879	395,399	-	713,997	1,421,275
Community Environment	120,216	-	-	-	120,216
Basic Utilities Services	474,513	6,540	-	3,628	484,681
Transportation	-	1,093,348	-	-	1,093,348
General Government	1,268,559	21,863	-	273,474	1,563,896
Debt Service	-	-	4,456,949	-	4,456,949
Total Disbursements	<u>4,302,612</u>	<u>1,566,042</u>	<u>4,456,949</u>	<u>1,029,394</u>	<u>11,354,997</u>
Deficit of Receipts Under Disbursements	(1,123,621)	(890,808)	(4,454,405)	(573,730)	(7,042,564)
Other Financing Sources (Uses)					
Issuance of Bond Anticipation Notes	-	-	-	4,350,000	4,350,000
Transfers - In	233,150	797	4,456,949	-	4,690,896
Transfers - Out	(797)	-	-	(4,690,099)	(4,690,896)
Total Other Financing Sources (Uses)	<u>232,353</u>	<u>797</u>	<u>4,456,949</u>	<u>(340,099)</u>	<u>4,350,000</u>
(Deficit) Excess of Receipts and Other Financing Sources (Under) Over Disbursements and Other Financing Uses	(891,268)	(890,011)	2,544	(913,829)	(2,692,564)
Beginning Fund Cash Balance	<u>841,729</u>	<u>997,465</u>	<u>18,163</u>	<u>1,720,883</u>	<u>3,578,240</u>
Ending Fund Cash Balance	<u>\$ (49,539)</u>	<u>\$ 107,454</u>	<u>\$ 20,707</u>	<u>\$ 807,054</u>	<u>\$ 885,676</u>

See accompanying notes.

**VILLAGE OF WOODLAWN
 COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS
 AND CHANGES IN FUND CASH BALANCES - ALL PROPRIETARY
 AND FIDUCIARY FUND TYPES**

	Year Ended December 31, 2000		
	Proprietary Fund Type	Fiduciary Fund Type	Totals
	Enterprise Fund	Agency Funds	(Memorandum Only)
Operating Receipts			
Miscellaneous	\$ 348	\$ 338	\$ 686
Operating Disbursements	-	-	-
Operating Income	348	338	686
Other Financing Sources (Uses)			
Other Non-Operating Receipts	-	78,233	78,233
Other Non-Operating Disbursements	-	(83,318)	(83,318)
Total Other Financing Sources (Uses)	-	(5,085)	(5,085)
Net Income (Loss)	348	(4,747)	(4,399)
Beginning Fund Cash Balance	6,042	30,157	36,199
Ending Fund Cash Balance	\$ 6,390	\$ 25,410	\$ 31,800

See accompanying notes.

**VILLAGE OF WOODLAWN
COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS
AND CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES**

Year Ended December 31, 1999

	General Fund	Special Revenue Funds	Debt Service Fund	Capital Projects Funds	Totals (Memorandum Only)
Receipts					
Taxes	\$ 2,606,853	\$ 440,096	\$ -	\$ 137,831	\$ 3,184,780
Intergovernmental Receipts	1,606,868	226,015	-	70,650	1,903,533
Special Assessments	-	-	2,034	-	2,034
Charges for Services	74,396	-	-	-	74,396
Fines, Licenses and Permits	148,541	22,558	-	-	171,099
Interest	55,381	43,869	4,973	102,189	206,412
Miscellaneous	44,706	362	-	20,050	65,118
	<u>4,536,745</u>	<u>732,900</u>	<u>7,007</u>	<u>330,720</u>	<u>5,607,372</u>
Disbursements					
Security of Persons and Property	1,942,537	91,273	-	65,335	2,099,145
Public Health Services	6,430	-	-	-	6,430
Leisure Time Activities	300,316	149,816	-	1,232,819	1,682,951
Community Environment	93,803	-	-	2,668	96,471
Basic Utilities Services	370,995	22,325	-	57,199	450,519
Transportation	-	308,372	-	335,316	643,688
General Government	1,047,963	15,321	81	520,673	1,584,038
Debt Service	-	-	3,748,069	-	3,748,069
	<u>3,762,044</u>	<u>587,107</u>	<u>3,748,150</u>	<u>2,214,010</u>	<u>10,311,311</u>
Excess (Deficit) of Receipts Over (Under) Disbursements	774,701	145,793	(3,741,143)	(1,883,290)	(4,703,939)
Other Financing Sources (Uses)					
Issuance of Bond Anticipation Notes	-	-	-	4,150,600	4,150,600
Transfers - In	9,372	30,204	3,748,069	934,503	4,722,148
Transfers - Out	(518,354)	(9,372)	(100,000)	(4,094,422)	(4,722,148)
Other Sources (Uses)	(30,049)	(19,530)	-	-	(49,579)
	<u>(539,031)</u>	<u>1,302</u>	<u>3,648,069</u>	<u>990,681</u>	<u>4,101,021</u>
Excess (Deficit) of Receipts and Other Financing Sources Over (Under) Disbursements and Other Financing Uses	235,670	147,095	(93,074)	(892,609)	(602,918)
Beginning Fund Cash Balance	<u>606,059</u>	<u>850,370</u>	<u>111,237</u>	<u>2,613,492</u>	<u>4,181,158</u>
Ending Fund Cash Balance	<u>\$ 841,729</u>	<u>\$ 997,465</u>	<u>\$ 18,163</u>	<u>\$ 1,720,883</u>	<u>\$ 3,578,240</u>

See accompanying notes.

**VILLAGE OF WOODLAWN
 COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS
 AND CHANGES IN FUND CASH BALANCES - ALL PROPRIETARY
 AND FIDUCIARY FUND TYPES**

	Year Ended December 31, 1999		
	Proprietary Fund Type	Fiduciary Fund Type	Totals
	Enterprise Fund	Agency Funds	(Memorandum Only)
Operating Receipts			
Miscellaneous	\$ 279	\$ 368	\$ 647
Operating Disbursements	-	-	-
Operating Income	279	368	647
Other Financing Sources (Uses)			
Other Non-Operating Receipts	-	85,646	85,646
Other Non-Operating Disbursements	-	(81,965)	(81,965)
Total Other Financing Sources (Uses)	-	3,681	3,681
Net Income	279	4,049	4,328
Beginning Fund Cash Balance	5,763	26,108	31,871
Ending Fund Cash Balance	\$ 6,042	\$ 30,157	\$ 36,199

See accompanying notes.

**VILLAGE OF WOODLAWN
COMBINED STATEMENT OF RECEIPTS
BUDGET AND ACTUAL**

Fund Type/Funds	Year Ended December 31, 2000		
	Budget	Actual	Variance Favorable (Unfavorable)
Governmental Fund Types			
General Fund	\$ 3,191,741	\$ 3,412,141	\$ 220,400
Special Revenue Funds	710,717	676,031	(34,686)
Debt Service Fund	2,018	4,459,493	4,457,475
Capital Projects Funds	1,277,525	4,805,664	3,528,139
Total Governmental Fund Types	5,182,001	13,353,329	8,171,328
Proprietary Fund Type			
Enterprise Fund	154	348	194
December 31, 2000 (Memorandum Only)	\$ 5,182,155	\$ 13,353,677	\$ 8,171,522

See accompanying notes.

**VILLAGE OF WOODLAWN
COMBINED STATEMENT OF RECEIPTS
BUDGET AND ACTUAL**

<u>Fund Type/Funds</u>	Year Ended December 31, 1999		
	Budget	Actual	Variance Favorable (Unfavorable)
<u>Governmental Fund Types</u>			
General Fund	\$ 3,623,318	\$ 4,546,117	\$ 922,799
Special Revenue Funds	787,123	763,104	(24,019)
Debt Service Fund	48,400	3,755,076	3,706,676
Capital Projects Funds	1,512,392	5,415,823	3,903,431
Total Governmental Fund Types	5,971,233	14,480,120	8,508,887
<u>Proprietary Fund Type</u>			
Enterprise Fund	150	279	129
December 31, 1999 (Memorandum Only)	\$ 5,971,383	\$ 14,480,399	\$ 8,509,016

See accompanying notes.

**VILLAGE OF WOODLAWN
COMBINED STATEMENT OF DISBURSEMENTS AND ENCUMBRANCES
COMPARED WITH EXPENDITURE AUTHORITY**

<u>Fund Type/Funds</u>	<u>Prior Year Carryover Appropriations</u>	<u>2000 Appropriations</u>	<u>Total</u>	<u>Actual 2000 Disbursements</u>	<u>Encumbrances Outstanding at 12/31/00</u>	<u>Total</u>	<u>Variance Favorable (Unfavorable)</u>
<u>Governmental Fund Types</u>							
General Fund	\$ 84,292	\$ 4,005,152	\$ 4,089,444	\$ 4,303,409	\$ 289,286	\$ 4,592,695	\$ (503,251)
Special Revenue Funds	117,580	1,768,654	1,886,234	1,566,042	99,980	1,666,022	220,212
Debt Service Fund	-	1,150	1,150	4,456,949	-	4,456,949	(4,455,799)
Capital Projects Funds	565,991	2,617,230	3,183,221	5,719,493	136,491	5,855,984	(2,672,763)
Total Governmental Fund Types	767,863	8,392,186	9,160,049	16,045,893	525,757	16,571,650	(7,411,601)
<u>Proprietary Fund Type</u>							
Enterprise Fund	-	5,750	5,750	-	-	-	5,750
December 31, 2000 (Memorandum Only)	\$ <u>767,863</u>	\$ <u>8,397,936</u>	\$ <u>9,165,799</u>	\$ <u>16,045,893</u>	\$ <u>525,757</u>	\$ <u>16,571,650</u>	\$ <u>(7,405,851)</u>

See accompanying notes.

**VILLAGE OF WOODLAWN
COMBINED STATEMENT OF DISBURSEMENTS AND ENCUMBRANCES
COMPARED WITH EXPENDITURE AUTHORITY**

<u>Fund Type/Funds</u>	<u>Prior Year Carryover Appropriations</u>	<u>1999 Appropriations</u>	<u>Total</u>	<u>Actual 1999 Disbursements</u>	<u>Encumbrances Outstanding at 12/31/99</u>	<u>Total</u>	<u>Variance Favorable (Unfavorable)</u>
<u>Governmental Fund Types</u>							
General Fund	\$ 28,619	\$ 3,723,310	\$ 3,751,929	\$ 4,310,447	\$ 84,292	\$ 4,394,739	\$ (642,810)
Special Revenue Funds	169,136	959,778	1,128,914	616,009	117,580	733,589	395,325
Debt Service Fund	-	41,500	41,500	3,848,150	-	3,848,150	(3,806,650)
Capital Projects Funds	113,554	2,761,365	2,874,919	6,308,432	565,991	6,874,423	(3,999,504)
Total Governmental Fund Types	311,309	7,485,953	7,797,262	15,083,038	767,863	15,850,901	(8,053,639)
<u>Proprietary Fund Type</u>							
Enterprise Fund	-	4,025	4,025	-	-	-	4,025
December 31, 1999 (Memorandum Only)	\$ <u>311,309</u>	\$ <u>7,489,978</u>	\$ <u>7,801,287</u>	\$ <u>15,083,038</u>	\$ <u>767,863</u>	\$ <u>15,850,901</u>	\$ <u>(8,049,614)</u>

See accompanying notes.

**VILLAGE OF WOODLAWN
HAMILTON COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS**

NOTE 1 - ACCOUNTING POLICIES

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 operates under a council-mayor form of government and provides security of persons and property, public health and welfare and community development. Educational services are provided by the Princeton City School District. The District is a separate governmental entity and its financial statements are not included in those presented in this report.

The Village's management believes these financial statements present all activities for which the Village of Woodlawn, Hamilton County, Ohio is financially accountable.

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.

Fund Accounting

The Village uses fund accounting to segregate cash that is restricted as to use. Fund accounting is a concept developed to meet the needs of governmental entities in which legal or other restraints require the recording of specific receipts and disbursements. The transactions of each fund are reflected in a self-balancing group of accounts, an accounting entity which stands separate from the activities reported in other funds. The Village classifies its funds into the following types:

General Fund

The general fund is the general operating fund. It is used to account for all financial resources except those required by law or contract to be restricted.

NOTE 1 - ACCOUNTING POLICIES (Continued)Special Revenue Funds

These funds are used to account for proceeds from specific sources (other than from trusts, debt or for capital projects) that are restricted to expenditure for specific purposes.

These funds include the following:

- *Cops Fast Fund* - This fund is specifically for salaries of two full-time police officers. Revenue is derived from grant funds over a period of four (4) years.
- *Curbside Recycling (1999) Fund* - This fund receives grant money to purchase recycling services.
- *Drug Law Enforcement Fund* - This fund is used exclusively for drug related investigations, training and equipment.
- *EMS Grant Fund* - This fund is used for the purchase of medical equipment and supplies. Revenue is derived from grant monies received from the Ohio Department of Public Safety, Division of Emergency Medical Services.
- *Enforcement and Education Fund* - This fund is used to collect fine monies received in D.U.I. cases.
- *Law Enforcement Fund* - This fund is used for equipment purchases that are not specifically drug related and training. Revenue is derived from seized or forfeited contraband/sale.
- *Litter Collection Fund* - This fund is used to receive and expend monies for litter collection.
- *Mayor's Court Computer Fund* - This fund is used for staff expenses related to operating the computer system, supplies, etc. Revenue is generated from each court fine. A percentage of each fine is posted to the Mayor's Court Computer Fund.
- *State Highway Improvement Fund* - This fund receives gasoline tax and motor vehicle tax money from the state and is allocated 7.5% of these monthly receipts while 92.5% total collections is allocated to the Street Construction, Maintenance and Repair Fund.
- *Street and Road Improvement Fund* - This fund receives 10% of all income tax receipts. The monies are used to reconstruct streets, curbs, aprons, etc.
- *Street Construction, Maintenance and Repair Fund* - This fund receives gasoline tax and motor vehicle tax money for constructing, maintaining and repairing Village streets.
- *Summer Lunch Grant Fund* - This fund is used to receive and expend grant monies for child and adult care summer food service programs.
- *Summer Youth Employment Fund* - This fund is used to help the Village employ its young citizens during summer months.
- *Swimming Pool Fund* - This fund is used to receive and expend monies to operate the swimming pool.

Debt Service Fund

The debt service fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs.

The Village had the following significant debt service fund:

- *Special Assessment Bond Retirement Fund* - This fund receives transfers from the general fund to retire bonds used for street improvements.

NOTE 1 - ACCOUNTING POLICIES (Continued)Capital Projects Funds

The capital projects funds are utilized to account for resources used in the acquisition and construction of certain capital facilities. The Village had the following significant capital projects funds:

- *Anthony Wayne Road Improvement Fund* - This fund is used to receive revenue from the municipal road fund through the Hamilton County Engineers Office to be expended for improvements to Anthony Wayne Avenue.
- *Building Improvement Fund* - The purpose of this fund is for building construction and renovation of Village buildings and property.
- *Capital Improvement Fund* - This fund is used to receive and expend monies for the purchase of capital equipment and improvements. The fund receives 5% of all income tax receipts.
- *Chester/Marion Drainage Improvement Fund* - This fund is used to receive and expend grant monies to correct Chester/Marion Road drainage problems.
- *Greenways Project Fund* - This fund is used to receive and expend grant monies to be used in establishing a hike/bike trail.
- *Grove Road Improvement Fund* - This fund is used to receive and expend monies for the improvement of Grove Road.
- *Pool House Construction Fund* - This fund is used to receive and expend monies to construct the new pool house.
- *Property Acquisition Fund* - This fund is used to receive and expend monies to purchase land and property.
- *Recreational Facilities Improvement Fund* - This fund is used to receive and expend grant monies to be used in six different park projects including restrooms, play equipment and ball field lighting.
- *State Route 126 Improvement Fund* - This fund is used to expend monies for the improvement of Glendale-Milford Road.

Enterprise Fund

This fund accounts 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 is used to receive and expend monies for inspections.

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 agency funds:

- *Contractors' Escrow Fund* - This fund is used to withhold a certain amount from the contractor's payment to be paid to the contractor upon successful completion of the contract.
- *Mayor's Court* - This fund receives fines and forfeitures for violation of ordinances within the Village limits.

NOTE 1 - ACCOUNTING POLICIES (Continued)**Budgetary Process**

The Ohio Revised Code requires that each fund (except certain agency funds) be budgeted annually. A budget of estimated cash receipts and disbursements is submitted to the county auditor, as secretary of the County Budget Commission, by July 20 of each year, for the period January 1 to December 31 of the following year.

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. The County Budget Commission must also approve the annual appropriation measure.

A temporary appropriation measure to control cash disbursements may be passed on or about January 1 each year for the period January 1 to March 31. An annual appropriation measure must be passed by April 1 of each year for the period January 1 to December 31. The appropriation measure may be amended or supplemented during the year as new information becomes available.

Estimated Resources

Estimated resources include estimates of cash to be received (budget periods) plus cash as of January 1. The County Budget Commission must also approve estimated resources. The County Budget Commission certifies its actions to the Village by September 1. As part of this certification, the Village receives the official certificate of estimated resources which states the projected receipts of each fund. On or about January 1, this certificate is amended to include any unencumbered balances from the preceding year.

Prior to December 31, the Village must revise its budget so that the total contemplated disbursements from a fund during the ensuing fiscal year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriation measure. Budget receipts as shown in the accompanying financial statements do not include January 1, 1999 unencumbered fund balances. However, those fund balances are available for appropriation.

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. The Village is required to use the encumbrance method of accounting by virtue of Ohio law. Under this system, purchase orders, contracts and other commitments for the disbursement of funds are recorded in order to reserve the portion of the applicable appropriation.

At the close of each fiscal year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriations. The encumbered appropriation balance is carried forward to the succeeding fiscal year and need not be reappropriated.

NOTE 1 - ACCOUNTING POLICIES (Continued)**Cash**

The Village's cash balances consisted of cash in checking accounts and investments in STAROhio (the State Treasurer's investment pool). STAROhio is not registered with the Securities and Exchange Commission (SEC) as an investment company, but does operate in a manner consistent with Rule 2(a)(7) of the Investment Company Act of 1940. Investments in STAROhio are valued at STAROhio's share price, which is equal to the price the investment could be sold for at December 31.

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.

Unpaid Vacation and Personal Time

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

Interfund Transactions

During the course of normal operations, the Village had transactions between funds. The most significant include transfers of resources from one fund to another fund. The resources transferred are to be expended for operations by the receiving fund and are recorded as operating transfers.

Intergovernmental Revenues

Intergovernmental revenues, such as entitlements and grants awarded on a non-reimbursable basis, are recorded when received in accordance with the Village's cash basis method of accounting.

Total Columns on Financial Statements

Total columns on the financial statements are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. This data is not comparable to a consolidation. Interfund-type eliminations have not been made in the aggregation of this data.

NOTE 2 - EQUITY IN POOLED CASH

The Village of Woodlawn maintains a cash and investments pool used by all funds. Each fund type's portion of this pool is displayed on the "Combined Statement of Fund Cash Balances" as "Fund Cash Balances by Fund Type". The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of cash at December 31, 2000 and 1999 was as follows:

	<u>December 31,</u>	
	<u>2000</u>	<u>1999</u>
Demand Deposits	\$748,700	\$ 253,194
STAROhio Investments	<u>168,776</u>	<u>3,361,245</u>
Total Cash and Investments	<u>\$917,476</u>	<u>\$3,614,439</u>

Deposits

Deposits are insured by the Federal Depository Insurance Corporation or are otherwise collateralized by the financial institution where the money is on deposit. At both December 31, 2000 and 1999, all deposits were insured or collateralized, in compliance with Chapter 135, Ohio Revised Code.

NOTE 3 - COMPLIANCE

Budgetary Activity

For the years ended December 31, 2000 and 1999, the general, debt service and capital projects funds had disbursements in excess of appropriations as shown in the financial statements (see Report on Compliance and on Internal Control over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards).

Fund Balances

For the year ended December 31, 2000, the general, swimming pool, cops fast, EMS grant, property acquisition and greenways project funds had a negative fund balance (see Report on Compliance and on Internal Control over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards).

NOTE 4 - PROPERTY TAX

Real property taxes become a lien on January 1, preceding the October 1 date for which rates are adopted by Hamilton County. 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 semi-annual payments, 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.

NOTE 4 - PROPERTY TAX (Continued)

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.

NOTE 5 - RISK MANAGEMENT

The Village of Woodlawn is exposed to various risks of loss related to torts; theft, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance. The Village assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

The Village has obtained commercial insurance for the following risks:

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

NOTE 6 - LOCAL INCOME TAX

This locally levied tax of 1.4% is applied to gross salaries, wages and other personal service compensation earned by residents both in and out of the Village and to earnings of nonresidents (except certain transients) who worked in the Village. It also applies to net income of business organizations' earnings conducted within the Village. Income tax receipts amounted to \$2,785,960 and \$2,742,835 in 2000 and 1999, respectively.

NOTE 7 - RETIREMENT SYSTEMS

The Village's law enforcement officers belong to the Police & Firemen's Disability & 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 post-retirement health care 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 both 2000 and 1999, members of PFDPF contributed 10% of their wages to the PFDPF. The Village contributed an amount equal to 24% of firemen's gross salaries and 19.5% of law enforcement officers' gross salaries. For both 2000 and 1999, PERS members contributed 8.5% of their gross salaries and the Village contributed an amount equal to 13.5% of participants' gross salaries. The Village has paid all contributions required through December 31, 2000.

NOTE 8 - LONG-TERM DEBT

Payments made on the long-term debt for the years ended December 31, 2000 and 1999 were as follows:

	<u>2000</u>	<u>1999</u>
Real Estate Acquisition Bond		
Anticipation Notes		
Principal	\$3,500,000	\$3,500,000
Interest (5.25%)	<u>176,138</u>	<u>166,328</u>
	<u>3,676,138</u>	<u>3,666,328</u>
Swimming Pool Construction Bond		
Anticipation Notes		
Principal	650,000	-
Interest (5.5%)	<u>25,675</u>	<u>-</u>
	<u>675,675</u>	<u>-</u>
Capital Lease Obligations	<u>105,136</u>	<u>81,741</u>
	<u>\$4,456,949</u>	<u>\$3,748,069</u>

Real Estate Acquisition Bond Anticipation Note

In September, 1998, the Village received a bond anticipation note of \$3,500,000 from the bank for acquisition of real estate and urban renewal. This note was renewed and interest was paid in September, 1999. This note was renewed and interest was paid again in September, 2000 and 2001.

Swimming Pool Construction Bond Anticipation Notes

In May, 1999, the Village received a bond anticipation note of \$650,000 from the bank for the construction of a swimming pool. This note was repaid with interest in May, 2000 through the acquisition of another bond anticipation note of \$850,000 from the bank. These bonds were refinanced and interest was paid again in May, 2001, and the notes are now due in May, 2002.

NOTE 8 - LONG-TERM DEBT (Continued)

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

Year Ending December 31,	Real Estate Acquisition Bond Anticipation Note	Swimming Pool Construction Bond Anticipation Notes	Total
2001	\$3,683,750	\$ -	\$3,683,750
2002	<u>-</u>	<u>896,750</u>	<u>896,750</u>
	<u>\$3,683,750</u>	<u>\$896,750</u>	<u>\$4,580,500</u>

Capital Lease Obligations

The Village has five capital leases that bear interest at rates ranging from 5.3% to 6.1% and expire on various dates through January, 2007. At the conclusion of the capital leases, the Village will take possession of the equipment.

The following is a summary of the remaining future minimum capital lease payments and the associated interest expense:

Year Ending December 31,	
2001	\$105,136
2002	105,136
2003	81,741
2004	32,312
2005	32,312
Thereafter	<u>64,624</u>
Total Payments	421,261
Less Interest Portion	<u>62,770</u>
Net Capital Lease Obligation	<u>\$358,491</u>

NOTE 9 - CONTINGENCY

The Village is engaged in litigation surrounding the acquisition of property by eminent domain. The plaintiff seeks damages of approximately \$1.1 million, which the Village is vigorously contesting. No amount of any potential settlement has been determined at this time.



**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL
REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Honorable Mayor and Members of Council
Village of Woodlawn
Woodlawn, Ohio

We have audited the financial statements of the Village of Woodlawn as of and for the years ended December 31, 2000 and 1999, and have issued our report thereon dated November 8, 2001. We conducted our audit in accordance with U.S. 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 of Woodlawn'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 as follows:

1. *Update Appropriations as Needed* - The Village overspent its appropriations on the general, debt service and capital projects funds in 2000 and 1999. This is a violation of Ohio State Code 5705.41(B). If the Village finds or anticipates spending more than it had previously appropriated for the year, it should pass an updated appropriation resolution. Also, per Auditor of State Bulletin 97-010, the revised appropriations for 1999 passed on January 11, 2000 were not used in this report since they were not passed until after year end. In addition, according to the same bulletin, the Village must budget for the receipt and payment of notes, even if they are only renewed and no cash changes hands. Neither the debt service nor capital projects funds had appropriations for the \$3.5 million debt renewed each year.
2. *Negative Fund Balances* - The general, swimming pool, cops fast, EMS grant, property acquisition and greenways project funds had negative (cash) fund balances of \$49,539, \$97,126, \$973, \$4,593, \$120,689 and \$9,596, respectively, as of December 31, 2000. These deficit balances indicate that cash from other funds has been used to pay obligations of these funds. This is a violation of Ohio Revised Code, Section, 5705.10, which requires that money paid into any fund shall be used only for the purpose for which such fund is established. The Village should adopt procedures to properly monitor fund balances.

Honorable Mayor and Members of Council
Village of Woodlawn

3. *Code Receipts and Expenditures to Proper Funds* - An accurate record was not maintained for all monies received and expended by the Village. Various errors were found in the annual reports which were corrected during the audit. This is a violation of Ohio Revised Code, Section 733.28, which requires the Village clerk to keep the books of the Village, exhibit accurate statements of all monies received and expended, maintain records of all property owned by the Village and the income derived therefrom and of all taxes and assessments.
4. *Organize Information for Better Record Retention* - Village employees struggled to locate proper documentation we requested during the audit. This violates Ohio Revised Code, Section 149.351, which establishes guidelines against the destruction or damage of records. All records are the property of the public office and shall not 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 commission provided for under Ohio Revised Code, Sections 149.38 to 149.42.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Village of Woodlawn'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 of Woodlawn's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements.

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 that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we noted certain matters involving internal control over financial reporting and its operation that we consider to be material weaknesses as follows:

Material Weaknesses

1. *Provide Independent Oversight of Disbursement Activity* - Because of the lack of segregation of duties due to a small staff, the finance director has access to both cash and the records, a situation which would permit a misappropriation of assets to go undetected. The Village should have an individual independent of the disbursement function receive the unopened bank statement and either examine all cleared checks for propriety, do the bank reconciliation or both.

Honorable Mayor and Members of Council
Village of Woodlawn

2. *Segregate Cash Receipts and Record Keeping Function* - Because of the lack of segregation of duties due to a small staff, the Village has one employee who receives cash receipts and posts the cash receipts in the system. This would permit a misappropriation of assets to go undetected. The Village should have an employee independent of the cash receipts function open the mail and make a listing of all checks received and compare it to the deposit made and posted to the system by the cash receipts clerk.
3. *Prepare Monthly Financial Reports Timely* - In order to assure that expenditures are properly controlled, the Village needs to receive monthly financial reports on a timely basis. Such reports were not available during the periods in which the Village overspent its appropriations and may have contributed to the overspending.

In order to do this, the daily transactions for cash receipts and cash disbursements must be kept up to date during the month. Providing timely reporting should then be as simple as printing the results of those transactions. Department heads should receive their reports during the first week of the following month. They can then question and make any adjustments necessary based upon these reports. Council members should receive copies of the Village's financial reports no later than the second week of the month, with any notes or revisions resulting from comments made by the department heads.

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

VonLehman & Company Inc.

Cincinnati, Ohio
November 8, 2001



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OFFICE OF THE AUDITOR

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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 22, 2002**