



Dave Yost • Auditor of State

VILLAGE OF WOODLAWN
HAMILTON COUNTY

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Dave Yost • Auditor of State

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

To the Village Council:

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

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost
Auditor of State

May 14, 2013

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Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

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

To the Village Council:

We have audited the accompanying financial statements of Village of Woodlawn, Hamilton County, Ohio (the Village), as of and for the years ended December 31, 2011 and 2010. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

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

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

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2011 and 2010 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2011 and 2010, or its changes in financial position for the years then ended.

The Village failed to provide sufficient evidence for receipts totaling \$137,977 and \$30,000 for 2010 and 2011, respectively. Therefore, we were unable to obtain sufficient evidence to support the December 31, 2010 and December 31, 2011 balances for the general, special revenue, and capital projects funds.

For the year ended December 31, 2011, the Village did not revise its financial presentation to meet the requirements of Governmental Accounting Standard Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

In our opinion, except for the effects of adjustments, if any, as might have been necessary had we been able to examine evidence regarding December 31, 2010 and December 31, 2011 cash balances described in the preceding paragraphs, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of the Village of Woodlawn, Hamilton County, as of December 31, 2011 and 2010, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 14, 2013 on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.



Dave Yost
Auditor of State

May 14, 2013

VILLAGE OF WOODLAWN
HAMILTON COUNTY

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2011**

	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Totals (Memorandum Only)</u>
Cash Receipts:					
Property and Local Taxes	\$316,681	\$138,979		\$159,477	\$615,137
Municipal Income Tax	3,627,075		\$426,715	\$213,355	4,267,145
Intergovernmental	143,917	285,209		100,910	530,036
Charges for Services	332,767	8,218			340,985
Fines, Licenses and Permits	156,445	23,056			179,501
Earnings on Investments	976	366			1,342
Refunds	40,301				40,301
Miscellaneous	45,438	3,892			49,330
	<u>4,663,600</u>	<u>459,720</u>	<u>426,715</u>	<u>473,742</u>	<u>6,023,777</u>
Cash Disbursements:					
Current:					
Security of Persons and Property	2,740,065	15,358			2,755,423
Public Health Services	6,303				6,303
Leisure Time Activities	239,124	134,969			374,093
Community Environment	87,565				87,565
Basic Utility Service	373,620				373,620
Transportation		267,408			267,408
General Government	1,326,711	28,343		74,576	1,429,630
Debt Service:					
Redemption of Principal			2,465,000		2,465,000
Interest and Fiscal Charges			244,204		244,204
Debt Issuance Costs			11,950		11,950
Capital Outlay				366,803	366,803
	<u>4,773,388</u>	<u>446,078</u>	<u>2,721,154</u>	<u>441,379</u>	<u>8,381,999</u>
Total Receipts Over/(Under) Disbursements	<u>(109,788)</u>	<u>13,642</u>	<u>(2,294,439)</u>	<u>32,363</u>	<u>(2,358,222)</u>
Other Financing Receipts / (Disbursements):					
Proceeds from Sale of Public Debt:					
Sale of Notes			2,170,000		2,170,000
Transfers-In			241,626	303,408	545,034
Transfers-Out	(545,035)				(545,035)
	<u>(545,035)</u>	<u>0</u>	<u>2,411,626</u>	<u>303,408</u>	<u>2,169,999</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(654,823)	13,642	117,187	335,771	(188,223)
Fund Cash Balances, January 1	764,172	651,535	186,743	292,449	1,894,899
Fund Cash Balances, December 31	<u>\$109,349</u>	<u>\$665,177</u>	<u>\$303,930</u>	<u>\$628,220</u>	<u>\$1,706,676</u>
Reserve for Encumbrances, December 31	<u>\$1,817</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$1,817</u>

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

VILLAGE OF WOODLAWN
HAMILTON COUNTY

STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGE IN FUND CASH BALANCE - AGENCY FUND
FOR THE YEAR ENDED DECEMBER 31, 2011

Non-Operating Cash Receipts:

Other Non-Operating Cash Receipts \$123,027

Total Non-Operating Cash Receipts 123,027

Non-Operating Cash Disbursements:

Other Non-Operating Cash Disbursements 122,391

Total Non-Operating Cash Disbursements 122,391

Net Receipts Over Disbursements 636

Fund Cash Balance, January 1 286

Fund Cash Balance, December 31 \$922

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

**VILLAGE OF WOODLAWN
HAMILTON COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2010**

	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Totals (Memorandum Only)</u>
Cash Receipts:					
Property and Local Taxes	\$376,905	\$196,871			\$573,776
Municipal Income Tax	3,741,592		\$440,207	\$220,104	4,401,903
Intergovernmental	292,315	344,043		544,168	1,180,526
Charges for Services	324,963	10,602			335,565
Fines, Licenses and Permits	197,415	16,879			214,294
Earnings on Investments	2,011				2,011
Refunds	9,620				9,620
Miscellaneous	33,873	200		469,107	503,180
Total Cash Receipts	<u>4,978,694</u>	<u>568,595</u>	<u>440,207</u>	<u>1,233,379</u>	<u>7,220,875</u>
Cash Disbursements:					
Current:					
Security of Persons and Property	2,759,714	10,532			2,770,246
Public Health Services	912				912
Leisure Time Activities	306,233	195,014			501,247
Community Environment	126,415				126,415
Basic Utility Service	493,672				493,672
Transportation		218,988			218,988
General Government	1,374,087	15,359			1,389,446
Debt Service:					
Redemption of Principal			2,589,106		2,589,106
Interest and Fiscal Charges			263,048		263,048
Capital Outlay				1,254,355	1,254,355
Total Cash Disbursements	<u>5,061,033</u>	<u>439,893</u>	<u>2,852,154</u>	<u>1,254,355</u>	<u>9,607,435</u>
Total Receipts Under Disbursements	<u>(82,339)</u>	<u>128,702</u>	<u>(2,411,947)</u>	<u>(20,976)</u>	<u>(2,386,560)</u>
Other Financing Receipts / (Disbursements):					
Proceeds from Sale of Public Debt:					
Sale of Notes			2,250,000		2,250,000
Other Financing Source(uses)			(18,242)		(18,242)
Transfers-In				100,000	100,000
Transfers-Out	(100,000)				(100,000)
Total Other Financing Receipts / (Disbursements)	<u>(100,000)</u>	<u>0</u>	<u>2,231,758</u>	<u>100,000</u>	<u>2,231,758</u>
Excess of Cash Receipts and Other Financing Receipts (Under) Cash Disbursements and Other Financing Disbursements	(182,339)	128,702	(180,189)	79,024	(154,802)
Fund Cash Balances, January 1(restated)	946,511	522,833	366,932	213,425	2,049,701
Fund Cash Balances, December 31	<u>\$764,172</u>	<u>\$651,535</u>	<u>\$186,743</u>	<u>\$292,449</u>	<u>\$1,894,899</u>
Reserve for Encumbrances, December 31	<u>\$100</u>	<u>\$37,543</u>			<u>\$37,643</u>

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

VILLAGE OF WOODLAWN
HAMILTON COUNTY

STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCE - AGENCY FUND
FOR THE YEAR ENDED DECEMBER 31, 2010

Non-Operating Cash Receipts:	
Other Non-Operating Cash Receipts	<u>\$248,120</u>
Total Non-Operating Cash Receipts	<u>248,120</u>
Non-Operating Cash Disbursements:	
Other Non-Operating Cash Disbursements	<u>249,224</u>
Total Non-Operating Cash Disbursements	<u>249,224</u>
Net Receipts Over Disbursements	(1,104)
Fund Cash Balance, January 1	<u>1,390</u>
Fund Cash Balance, December 31	<u><u>\$286</u></u>

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

**VILLAGE OF WOODLAWN
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010**

1. Summary of Significant Accounting Policies

A. Description of the Entity

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

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

B. Accounting Basis

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

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

C. Deposits and Investments

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

D. Fund Accounting

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

1. General Fund

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

2. Special Revenue Funds

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

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

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

**VILLAGE OF WOODLAWN
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

3. Debt Service Funds

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

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

4. Capital Project Funds

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

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

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

5. Fiduciary Fund (Agency Fund)

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

E. Budgetary Process

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

1. Appropriations

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

2. Estimated Resources

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

**VILLAGE OF WOODLAWN
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

3. Encumbrances

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

A summary of 2011 and 2010 budgetary activity appears in Note 3.

F. Property, Plant, and Equipment

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

G. Accumulated Leave

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

2. Equity in Pooled Deposits and Investments

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

	<u>2011</u>	<u>2010</u>
Demand deposits	\$295,059	\$584,291
Bond escrow account	252,776	167,967
STAR Ohio	<u>1,175,021</u>	<u>1,174,361</u>
Total deposits and investments	<u><u>\$1,722,856</u></u>	<u><u>\$1,926,619</u></u>

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

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

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

The Village had un-reconciled cash balances of \$16,475 in 2011 and \$32,017 in 2010.

**VILLAGE OF WOODLAWN
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010
(Continued)**

3. Budgetary Activity

Budgetary activity for the years ending December 31, 2011 and 2010 follows:

2011 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$5,547,918	\$4,663,600	(\$884,318)
Special Revenue	1,006,248	459,720	(546,528)
Debt Service	3,043,169	2,838,341	(204,828)
Capital Projects	1,721,454	777,150	(944,304)
Total	\$11,318,789	\$8,738,811	(\$2,579,978)

2011 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$5,151,881	\$5,320,240	(\$168,359)
Special Revenue	651,956	446,078	205,878
Debt Service	2,818,223	2,721,154	97,069
Capital Projects	1,344,697	441,379	903,318
Total	\$9,966,757	\$8,928,851	\$1,037,906

2010 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$6,098,355	\$4,978,694	(\$1,119,661)
Special Revenue	755,804	568,595	(187,209)
Debt Service	3,353,085	2,690,207	(662,878)
Capital Projects	1,715,652	1,333,379	(382,273)
Total	\$11,922,896	\$9,570,875	(\$2,352,021)

2010 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$5,317,522	\$5,161,133	\$156,389
Special Revenue	528,757	477,436	51,321
Debt Service	2,966,055	2,852,154	113,901
Capital Projects	1,510,696	1,254,355	256,341
Total	\$10,323,030	\$9,745,078	\$577,952

Contrary to Ohio law, appropriations exceeded available resources for the Springfield Pike Road Improvement Fund for 2010, the Food Grant Fund, Hike and Bike Trail Grant Fund, Springfield Pike and SR 747 fund, and the Brownsfield Assessment Fund at December 31, 2011.

Contrary to Ohio law, expenditures exceeded appropriations for various Funds at December 31, 2011 and 2010.

**VILLAGE OF WOODLAWN
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010
(Continued)**

3. Budgetary Activity (Continued)

Contrary to Ohio law, the Springfield Pike Road Improvement Fund and Pool House Bond Retirement had negative fund balances at December 31, 2010.

Contrary to Ohio law, the Village failed to properly post estimated resources and appropriations to the accounting system for 2011 and 2010.

Contrary to Ohio law, the Village failed to post on-behalf grant monies for 2011 and 2010.

4. Property Tax

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

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

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

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

5. Local Income Tax

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

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

6. Debt

Debt outstanding at December 31, 2011 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
General Obligation Real Estate Acquisition Bonds	\$2,050,000	4% to 5.20%
Swimming Pool Construction and Judgment Bonds	990,000	3.8% to 5.25%
Community Center Bond Anticipation Notes	2,170,000	4%
Police Equipment Acquisition Bonds	5,307	3.72%
OPWC Marion Road Improvements	306,359	0%
Total	<u>\$5,521,666</u>	

**VILLAGE OF WOODLAWN
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010
(Continued)**

6. Debt (Continued)

General Obligation Real Estate Acquisition Bonds

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

Swimming Pool Construction and Judgment Bonds

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

Community Center Bond Anticipation Notes

In 2003 the Village received a loan in the amount of \$2,000,000 from Hamilton County for the construction of the Community Center. The Community Center Loan outstanding at December 31, 2007 for \$666,333 was paid in full in 2009. In 2008, the Village renewed the Bond Anticipation Notes from 2007 in the amount of \$2,010,000. In 2009, the Village renewed the Bond Anticipation Note in the amount of \$2,330,000. The 2009 Bond Anticipation Note matured on November 24, 2010. These bonds were renewed in 2011 in the amount of \$2,170,000.

The Village's taxing authority collateralized the notes.

Police Equipment Acquisition Bonds

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

Ohio Public Works Commission Marion Road Improvements

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

**VILLAGE OF WOODLAWN
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010
(Continued)**

6. Debt (Continued)

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

Year ending December 31:	Real Estate Acquisition Bonds	Swimming Pool Construction and Judgment Bonds	Community Center Bond Anticipation Notes	Police Equipment Acquisition Bonds
2012	281,228	114,201	2,170,000	5,406
2013	278,720	111,341		
2014	280,390	108,449		
2015-2019	1,395,675	565,244		
2020-2024	840,340	448,025		
Total	<u>\$3,076,353</u>	<u>\$1,347,260</u>	<u>\$2,170,000</u>	<u>\$5,406</u>

Year ending December 31:	OPWC Marion Road Improvements
2012	18,567
2013	18,567
2014	18,567
2015-2019	92,836
2020-2024	92,836
2025-2028	74,266
Total	<u>\$315,639</u>

7. Employee Early Retirement Incentive Plan

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

**VILLAGE OF WOODLAWN
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010
(Continued)**

8. Retirement Systems

A. Ohio Public Employees Retirement System

The Village's full-time employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing multiple employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits. The Ohio Revised Code also prescribes contribution rates. For 2010 and 2011, OPERS members should contribute 10% of their gross salaries and the Village contribute an amount equaling 14% of participants' gross salaries.

However, for the Village of Woodlawn, until April 2010, the Village contributed 100% of both the employee share and the employer share of the payments. After April 2010, the village passed a resolution to only "pickup" 4% of the employee share, while the employees will now contribute the remaining 6% of their gross salaries and the village will contribute an amount equaling 18% of participants' gross salaries.

The Village has paid all contributions required through December 31, 2011.

B. Ohio Police and Fire Pension Fund

The Village's certified Fire Fighters and full-time Police Officers belong to the Ohio Police and Fire Pension Fund (OP&F). OP&F is a cost sharing multiple employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits. The Ohio Revised Code also prescribes contribution rates. For 2010 and 2011, OPERS members contributed 10% of their gross salaries and the Village contributed an amount equaling 19.5% of full-time police officers' gross salaries and 24% of full-time firefighters' gross salaries.

However, for the Village of Woodlawn, until April 2010, the Village contributed 100% of both the employee share and the employer share of the payments. After April 2010, the village passed a resolution to only "pickup" 4% of the employee share, while the employees will now contribute the remaining 6% of their gross salaries and the village will contribute an amount equaling 24.5% of full-time police officers' gross salaries and 30% of full-time firefighters' gross salaries.

The Village has paid all contributions required through December 31, 2011.

C. Social Security System

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

**VILLAGE OF WOODLAWN
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010
(Continued)**

9. Risk Management

Commercial Insurance

The Village has obtained commercial insurance for the following risks:

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

10. Related Organization

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

11. Non Compliance

The Village did not maintain accurate accounting records.

The Village did not establish funds for and properly record OPWC money.

The Village did not retain certain public records.

The Village did properly integrate budgetary information in their accounting system.

The Village did not properly certify the availability of funds and record all outstanding encumbrances at year end.

The Village recorded unauthorized transfers.

Actual receipts were less than estimated receipts and the deficiency reduced available resources below the current appropriations.

Expenditures exceeded appropriations.

The Village paid property taxes on certain parcels of land.

**VILLAGE OF WOODLAWN
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010
(Continued)**

12. Restatement Note

The Village's balances at December 31, 2009 have been restated to agree to their CMI Accounting system.

A restatement of the December 31, 2009 amounts are as follows:

	General	Special Revenue	Debt Service	Capital Projects	Total Governmental Funds
Original balance as of December 31, 2009	\$ 775,458	\$ 643,834	\$ 237,618	\$ 392,526	\$ 2,049,436
Amount Restated	171,053	(121,001)	129,314	(179,101)	265
Restated Balance as of December 31, 2009	\$ 946,511	\$ 522,833	\$ 366,932	\$ 213,425	\$ 2,049,701



Dave Yost • Auditor of State

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

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

To the Village Council:

We have audited the financial statements of the Village of Woodlawn, Hamilton County, Ohio (the Village), as of and for the years ended December 31, 2011 and 2010, and have issued our report thereon dated May 14, 2013, wherein we noted that the Village prepared its financial statements using accounting practices the Auditor of State prescribes or permits rather than accounting principles generally accepted in the United States of America. In addition, we noted we were unable to obtain sufficient evidence to reasonably assure the accuracy of the ending fund balances and that the Village did not implement Governmental Accounting Standard Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* for 2011.

Internal Control Over Financial Reporting

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

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and timely corrected. We consider findings 2011-001, 2011-002, 2011-003, 2011-010, 2011-011, and 2011-14 described in the accompanying schedule of findings to be material weaknesses.

A significant deficiency is a deficiency or a combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider finding 2011-012 described in the accompanying schedule of findings to be a significant deficiency.

Compliance and Other Matters

As part of reasonably assuring whether the Village's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed instances of noncompliance or other matters we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2011-001 through 2011-009, and 2011-013.

We also noted certain matters not requiring inclusion in this report that we reported to the Village's management in a separate letter dated May 14, 2013.

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

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



Dave Yost
Auditor of State

May 14, 2013

**VILLAGE OF WOODLAWN
HAMILTON COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2011 AND 2010**

FINDING NUMBER 2011-001

Noncompliance/Material Weakness

Ohio Rev. Code Section 733.262(A) states in part that “in lieu of having the elected office of village clerk and the office of village treasurer, or the combined elected office of village clerk-treasurer, a village may combine the duties of the clerk and treasurer into one appointed office, to be known as the village fiscal officer.”

Ohio Rev. Code Section 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.”

Ohio Rev. Code Section 733.28 states in part “the village clerk shall keep the books of the village, exhibit accurate statements of all moneys received and expended, of all the property owned by the village and the income derived therefrom, and of all taxes and assessments.”

In addition, Ohio Administration Code, Section 117-2-02(A), states, in part that 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 financial statements required by rule 117-2-03 of the Administrative Code.

The following issues noted during the audit illustrate a lack of management oversight by the Village:

- In 2011, the Village failed to post the August 20, 2011 payroll totaling \$91,326 to the General Ledger until December 31, 2011.
- In 2010 the Village posted a \$100,000 transfer from the General Fund to the Property Acquisition Fund (Fund 408), and in 2011 posted \$249,339 in transfers from the General Fund to various other funds that were not approved by Village Council, see Finding 2011-006.
- The Village did not report outstanding encumbrances of \$54,789 and \$52,759, at December 31, 2010 and December 31, 2011, respectively, see Finding 2011-005.
- \$75,000 of Community Development Block Grant money for the Neighborhood Stabilization Program grant received from Hamilton County was recorded in the Leacrest Road Improvement fund (fund 213) and not in a fund designated for the grant money.
- \$5,050 and \$5,092 of Homestead Rollback receipts in 2011 and 2010, respectively, to the General fund that should have been posted to the Pool fund (208). The financial statements have been adjusted for this misclassification between funds.
- \$13,658 and \$13,774 of Homestead Rollback receipts in 2011 and 2010, respectively, were posted to the property tax line item that should have been posted as intergovernmental receipts in the General fund.
- \$10,905 in cable franchise fees were posted to the intergovernmental line item in 2010 that should have been posted to fines, license, and permits.
- \$100,901 and \$425,178 in OPWC receipts and disbursements in 2011 and 2010, respectively, were not recorded in the general ledger, see Finding 2011-002.

**FINDING NUMBER 2011-001
(Continued)**

- Special Assessment receipts and disbursements totaling \$797 and \$12, respectively, in 2010, were not posted to the Special Assessment fund. We have determined that the money was received by the Village from the County via electronic fund transfer and that \$385 was posted to the General fund but we cannot determine which fund the remaining \$412 in receipts and \$12 in disbursements was recorded in and cannot propose an adjustment.
- Property taxes were posted at net rather than gross resulting in understating both receipts and disbursements in 2011 and 2010 totaling \$16,291 and \$13,787, respectively, in the General fund, \$4,341 and \$2,188, respectively in the Pool fund, and \$863 in the TIF fund and \$336 in the Special Assessment fund for 2011.
- In 2010, \$469,106 received from the City of Cincinnati was recorded as Miscellaneous receipts in fund 405 and they should have been recorded as intergovernmental receipts.
- In 2010 and 2011, we identified numerous postings to the Debt Service funds (301 and 302) that were described in the general ledger as "Account Code Correction" or "EOY Reconciliation". \$350,000 and \$280,000 in 2011 and 2010 respectively, were entries recording the movement of money between bank accounts resulting in the overstatement of receipts and disbursements in the Debt Service funds (301 and 302). The 2010 financial statements have been adjusted to reduce the receipts in fund 302 and the disbursements in fund 301 by \$280,000 as a result of these posting errors. In addition there were several entries posted to the general ledger twice as positive and negative expenditures netting to zero totaling \$640,889 and \$67,239 in 2011 and 2010 respectively, and receipts posted twice netting to zero totaling \$210,276 and \$30,000 in 2011 and 2010 respectively.
- In 2011 and 2010 we identified 306 disbursement transactions that netted to \$168,732 and 325 disbursement transactions that netted to \$48,869, respectively, recorded to the general ledger that did not have valid check numbers. These transactions were posted at the end of the month throughout the year and based on the remarks and/or descriptions listed in the general ledger were made to adjust and correct previous postings and reconciliation errors indicating monthly reconciliations were not being performed or not being prepared correctly, see Finding 2011-012.

The Village does not have procedures in place for effective monitoring of the Village's financial activity recorded in the underlying accounting records and reporting in the financial statements. The Village Finance Director has sole responsibility for recording and reporting. Due to the small size of the Village, it is important that Council take an active role in monitoring the posting of such activity. We recommend due care be exercised when posting entries to the financial records and financial statement preparation to prevent errors and assist in properly reflecting the Village's financial activity in the underlying accounting records to assist in properly presenting all activities in the financial statements. Failure to accurately post financial activity can lead to material misstatements in financial reporting. In addition, we recommend Village Council adopt procedures for ongoing reviews of the activity recorded in the underlying accounting records and reported on the financial statements.

Officials' Response:

The Village recognizes the effects of Finding Number 2011-001. The Village has instituted procedures that will eliminate incorrect postings. Transfers will be approved by Council and reconciliations will be submitted to the Chair of the Finance Committee monthly.

FINDING NUMBER 2011-002

Noncompliance/Material Weakness

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

Ohio Public Works Commission (OPWC) monies in the form of grants for three projects were paid to contractors by OPWC on behalf of the Village totaling \$100,901 and \$425,178, in 2011 and 2010 respectively. The Village failed to establish funds for the Julian Drive and Riddle Road Culvert OPWC money paid on the Village's behalf for these projects and did not record and budget for this money in the accounting system. In addition, the Village failed to record or budget for the OPWC money paid on their behalf in the Springfield Pike Capital Improvement fund. The receipts and disbursements would be equal and have no effect on the ending fund balance for the Capital Project fund type therefore the accompanying financial statements have not been adjusted to reflect the receipt and disbursement of this money in the appropriate 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:

The Village does establish a special fund for revenue derived from other sources. The Village will record monies paid on behalf of the Village.

FINDING NUMBER 2011-003

Noncompliance/Material Weakness

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.

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

The Village could not locate the following records:

- There was no supporting documentation provided for receipt #3317001, posted 12/29/10, in the amount of \$14,796 posted to fund 208 and therefore we cannot determine if this receipt is posted to the correct fund or line item.
- There was no supporting documentation provided for receipt #3282007, posted 9/30/10, in the amount of \$4,190 from the City of Cincinnati posted to fund 101 and therefore we cannot determine if this receipt is posted to the correct fund or line item.

**FINDING NUMBER 2011-003
 (Continued)**

- There was no supporting documentation provided for Ohio Public Works receipt #3247005 from the City of Cincinnati, posted 5/27/10, in the amount of \$106,789 and OPWC receipt #3269001 from the State of Ohio, posted 7/22/10, in the amount of \$12,202 posted to fund 405 and therefore we cannot determine if this receipt is posted to the correct fund or line item.
- There was no supporting documentation for receipt #3483001, posted 6/30/11, in the amount of \$15,000 and receipt #3526004, posted 9/13/11, in the amount of \$15,000 from Hamilton County posted to fund 250 and therefore we cannot determine if this receipt is posted to the correct fund or line item.
- Six EMS monthly billing reports from Medicount requested for testing were not provided.
- Not all of the recreation center rental forms could be provided.
- No bonds for either public officials or employees could be provided for the period under audit however, we did note expenditures related to bonding for the public officials and/or employees.

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

We recommend that the Village maintain all records required by law.

Officials' Response:

The Village will establish a more strict policy on record retention that enforces the importance of having available, supporting documents.

FINIDING NUMBER 2011-004

Noncompliance

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

The Village failed to properly post estimated resources and appropriations to the accounting system. The following differences were noted between the system and the approved budgetary documents each fiscal year as follows:

Appropriations	Per Appropriation Resolutions	Amount Posted to System	Variance
Fund 101 General Fund - 2011	\$5,151,881	\$5,519,715	\$(367,834)
Fund 201 Street Construction, Maintenance, and Repair- 2011	\$305,572	\$306,572	\$(1,000)

**FINDING NUMBER 2011-004
(Continued)**

Estimated Resources	Per Certificate of Estimated Resources	Amount Posted to System	Variance
Fund 250 We Thrive Grant - 2010	\$18,000	\$0	\$18,000
Fund 408 Property Acquisition - 2010	100,000	0	100,000
Fund 415 Springfield Pike Road Improvements - 2010	1,150,896	0	1,150,896
Fund 224 Food Grant - 2011	10,309	0	10,309
Fund 417 Springfield Pike & SR 747 - 2011	143,200	115,000	28,200
Fund 419 TIF - 2011	\$159,477	\$0	\$159,477

Failure to properly record estimated receipts and appropriations in the accounting system may result in an inability of management and Village Council to properly monitor the activity and budgetary status of the Village and could result in overspending.

We recommend the Village properly post estimated receipts and appropriations to its accounting system. Once posted, the Finance Director and Council should periodically review amounts recorded in the budgetary system for accuracy and agreement with official budgetary documents. Also, the Village should compare internal information with the official budgetary documents and the amounts recorded in the system for accuracy and agreement.

Officials' Response:

The Village will properly post estimated resources and appropriations into the financial accounting system.

FINDING NUMBER 2011-005

Noncompliance

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

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 encumbrances, 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.

**FINDING NUMBER 2011-005
(Continued)**

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

2. Blanket Certificate – Fiscal officers may prepare “blanket” certifications 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 Certificates – 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.

Where a continuing contract is to be performed in whole or in part in an ensuing fiscal year, only the amount required to meet those amounts in the fiscal year in which the contract is made need be certified.

The Village did not follow established procedures for certifying expenditures and none of the exceptions above applied. Of the 54 expenditures tested, the fiscal officer did not certify 7 of 28 expenditures (25%) in 2010 and 17 of 26 expenditures (65%) in 2011 at the time the Village incurred the commitment and none of the exceptions above applied. We also noted that the Village failed to properly record outstanding encumbrances of \$24,542 and \$30,247 in the General fund and Special Revenue funds, respectively in 2010, and \$52,759 for the General fund in 2011.

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 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.

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.

Officials’ Response:

Procedures are in place for certifying expenditures. The Village will reinforce the importance of Ohio Rev. Code Section 5705.41.

FINDING NUMBER 2011-006

Noncompliance

Ohio Rev. Code Sections 5705.05-.06, 5705.14, 5705.15, and 5705.16 provide that no transfer can be made from one fund of a subdivision to any other fund, except as defined in the above mentioned Ohio Revised Code Sections. Except in the case of transfers from the general fund, transfers can be made only by resolution of the taxing authority passed with the affirmative vote of two thirds of the members. Transfers from the general fund require a resolution passed by a simple majority of the board members (i.e., a two thirds vote is not required for general fund transfers though a resolution passed by a simple majority is required. A simple majority constitutes a quorum of greater than 50% of the members.)

During the audit period we noted the following items:

Transfers Not Approved by Council however posted to the financial records
2010 - \$100,000 transferred from General Fund to Property Acquisition Fund
2011 - \$176,626 transferred from General Fund to Pool House Bond Retirement Fund
2011 - \$35,493 transferred from General Fund to Hike Bike Trail Fund
2011 - \$15,354 transferred from General Fund to Springfield Pike & SR 747 Fund
2011 - \$21,866 transferred from General Fund to Brownfield Assessment Grant Fund
Transfers Approved by Council however not posted to the financial records
2010 - \$6,150 transfer from the Department of Safety Grant to the General Fund
2011 - \$160,000 transfer from the General Fund to the Hike Bike Trail Fund

Advances approved by Council however not posted to the financial records
2011 - \$195,494 advance from the General Fund to the Hike Bike Trail Fund
2011 - \$15,354 advance from the General Fund to the Springfield Pike & SR 747 Fund
2011 - \$21,867 advance from General Fund to the Brownfield Assessment Grant Fund

The Village adopted Ordinance 57-2011 that authorized the Finance Director to transfer or advance funds for current expenses and other expenditures.

Failure to properly transfer monies between funds could result in fund cash balances not being accurate and used for purposes not approved by Council.

We recommend that the Village Council approve all transfers and advances via a formal resolution. The Village needs to adopt specific transfer resolutions and not authorize the Finance Director to make these as needed. Monies should be transferred or advanced only for the allowable purposes as defined in the Ohio Revised Code.

Officials' Response:

The Village recognizes that there were incorrect postings. Transfers vs Advances will be monitored to make sure that they are posted in the financial system correctly. Transfers and/or Advances will be approved by Council.

FINDING NUMBER 2011-007

Noncompliance

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

**FINDING NUMBER 2011-007
(Continued)**

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

Fund/Year	Available Resources (Beginning Unencumbered Balance plus Actual Receipts)	Appropriations	Variance
Fund 415 Springfield Pike Road Improvements at December 31, 2010	\$469,107	\$1,150,896	(\$681,789)
Fund 224 Food Grant at December 31, 2011	8,159	10,309	(2,150)
Fund 416 Hike Bike Trail at December 31, 2011	195,493	613,600	(418,107)
Fund 417 Springfield Pike & SR 747 at December 31, 2011	15,354	126,550	(111,196)
Fund 418 Brownfield Assessment at December 31, 2011	\$21,866	\$200,000	(\$178,134)

Failure to monitor budgetary activity can result in overspending and negative fund balances. The funds noted in the table above did have negative fund balances at year end and during the period under audit.

We recommend that the Village monitor revenue and expenditures and obtain a reduced amended certificate when necessary if revenue is expected to be less than appropriations.

Officials' Response:

Prior to year-end when a deficiency occurs, the Fiscal Officer will certify the amount of the deficiency to the commission, and the commission shall certify an amended certificate reflecting the deficiency.

FINDING NUMBER 2011-008

Noncompliance

Ohio Rev. Code Section 5705.41(B) prohibits a subdivision from expending money unless it has been lawfully appropriated. Budgetary expenditures exceeded appropriations as follows:

Fund	Expenditures	Appropriations	Variance
Fund 213 Leacrest Road Improvement at December 31, 2010	\$73,606	\$0	\$73,606
Fund 302 Pool House Bond Retirement at December 31, 2010	333,638	67,713	265,925
Fund 403 Capital Improvement Fund December 31, 2010	715,553	359,800	355,753
Fund 101 General Fund at December 31, 2011	5,320,242	5,151,881	168,361

**FINDING NUMBER 2011-008
(Continued)**

Failure to properly appropriate funds before they are spent could result in excessive spending leading to deficit fund balances. In addition, prior to recording the appropriations, Ohio Revised Code Section 5705.40 requires the legislative authority to pass a resolution amending its appropriation measure.

We recommend that the Village monitor expenditures and appropriations and obtain supplemental appropriations throughout the year as needed.

Officials' Response:

Per Ohio Rev. Code Section 5705.41 (B) the Village will not expend money unless it has been lawfully appropriated. The Village will monitor expenditures and appropriations.

FINDING NUMBER 2011-009

Noncompliance

Ohio Rev. Code Section 5709.10, states market houses and other houses or halls, public squares, or other public grounds of a municipal corporation or township used exclusively for public purposes or erected by taxation for such purposes, land and multi-level parking structures used exclusively for a public purpose and owned and operated by a municipal corporation under section 717.05 of the Revised Code that charges no fee for the privilege of parking thereon, property used as a county fairgrounds that is owned by the board of county commissioners or by a county agricultural society, and property of housing authorities created and organized under and for the purposes of sections 3735.27 to 3735.50 of the Revised Code, which property is hereby declared to be public property used exclusively for a public purpose, notwithstanding that parts thereof may be lawfully leased, shall be exempt from taxation.

During the audit, contrary to the above revised code section, we noted that the village has 72 parcels of property in the Village of Woodlawn's name and the village was paying property tax on those parcels. In 2010, the Village paid \$16,132 for property tax and in 2011 the village paid \$17,295 for a total of \$33,427.

We also noted, included in the parcels that belong to the Village of Woodlawn, the Village was also paying the property tax for parcels that belonged to the Woodlawn CIC, in the amount \$15,733. This amount has been repaid to the Village by the CIC, see Finding 2011-013.

We recommend the Village contact the Hamilton County Auditor's Office and the Village Attorney to determine the best course of action to establish the parcels as exempt and possibly obtain a refund of the taxes paid. Failure to do this could result in the Village continuing to pay property taxes they are not required. We also recommend that the village use due care when paying bills to ensure that only Village related expenditures are paid.

Officials' Response:

The Village's Legal Counsel will file the appropriate paper work to eliminate the payment of property taxes.

FINDING NUMBER 2011-010

Material Weakness

Governmental Accounting Standards Board (GASB) Statement No. 54 established criteria for reporting governmental fund balances and is applicable for audit periods beginning after June 15, 2010. Governmental fund balances are reported based on constraints placed upon the use of resources reported in the governmental funds. This statement eliminates the reserved component of governmental fund balances in favor of restricted classifications for the governmental funds presented in the financial statements. The statement also enhances the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions.

The five classifications of fund balances presented in GASB 54 are nonspendable, restricted, committed, assigned, and unassigned. Restricted fund balances include those where constraints have been placed on the use of resources are either (a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments (i.e., State Statutes); or (b) imposed by law through constitutional provisions or enabling legislation. Committed fund balances include amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority (such as an ordinance or resolution).

Additionally, AOS Bulletin 2011-004 requires local governments preparing regulatory statements to implement both the new fund balance classifications and the government fund type definitions, as stated in GASB 54.

In 2011 the Village was required to follow GASB 54, however the Village did not report governmental fund balances in accordance with GASB 54.

In order to ensure the Village's governmental fund balances are reported in accordance with GASB 54, we recommend the Village review Auditor of State Bulletin 2011-004 and take the necessary steps to ensure that the fund balances in the financial statement are prepared in accordance with GASB 54.

Officials' Response:

The Village recognizes that it has not implemented GASB 54. The Village is taking the necessary steps to implement GASB 54.

FINDING NUMBER 2011-011

Material Weakness

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 financial 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.

**FINDING NUMBER 2011-011
(Continued)**

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.

The Village utilizes their CMI system to track all income tax receipts received during the year. Income tax receipts represent a significant income stream for the village, in 2010 the village collected \$4,401,903, which represented 65% of their total operating receipts for the year. In 2011 the village collected \$4,267,145, which was 72% of the total operating receipts for the village.

During our testing of this receipt cycle, we noted the following:

- Tax Department is not performing procedures to ensure the CMI Taxpayer Master File database is 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 does not include parcel data for property owners within the Village, therefore there is currently no way to verify that all residents within the Village had filled or remitted their taxes.
- The Village could not provide evidence that anyone was reviewing "Rent Roll" reports for renters moving in or out of the Village's apartment complex or that the reports were even received during the audit period.
- The Village could not provide evidence that anyone was reviewing "Princeton City School District Residency Affidavits" for new residents enrolling their children in the District during the audit period.
- The Village Fiscal Officer or anyone within the Income Tax Department was not providing Council with monthly or quarterly reports detailing budget to actual Income Tax collections or detailing the total number of tax payers in the Village.

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 could lead to tax payers not filling or remitting taxes in a timely manner and could lead to the Village not collecting all income tax receipts legally entitled to.

Officials' Response:

The Village will update the current Tax System to have better control and accuracy of the residential population. Income Tax Collections' reports will be given to Village Council monthly.

FINDING NUMBER 2011-012

Significant Deficiency

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

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

In addition, the reconciled bank balance does not equal the book balance at December 31, 2010 and December 31, 2011. The reconciled bank balance is \$31,437 higher than the book balance at December 31, 2010; the reconciled bank balance is \$15,261 higher than the book balance at December 31, 2011.

We also noted that the Village did not update signatories on the Village's accounts. Individuals who were no longer employed by the Village were still listed as signatories on the Village bank accounts and thus had access to those accounts.

Accurate reconciliations are a basic and essential internal control component for sound fiscal management. Village officials rely on accurate reconciliations to make sound financial decisions. As of the date of this report the Village has not been able to provide us with any monthly reconciliations subsequent to December 31, 2011.

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. The bank signatory cards need to be updated and kept updated when there are changes in personnel at the Village. For guidance the Village should utilize the Village Officer's Handbook.

Officials' Response:

Monthly reconciliations will be approved by the Chair of Finance.

FINDING NUMBER 2011-013

Finding for Recovery Repaid Under Audit

The Woodlawn Community Improvement Corporation (CIC) owns a piece of property (parcel # 598-0040-0052-00) located in the Village of Woodlawn. During our review of the Village of Woodlawn's expenditures we found that during the audit period the Village had paid the real estate tax bill related to this parcel.

The Village reviewed its records and identified that from 2009 to 2012 it had paid a total of \$15,733.37 in real estate bills related to this parcel of property owned by the CIC.

**FINDING NUMBER 2011-013
(Continued)**

In accordance with the foregoing facts and pursuant to Ohio Rev. Code Section 117.28, a Finding for Recovery for public monies illegally expended is hereby issued against the Woodlawn Community Improvement Corporation in the amount of \$15,733, and in favor of the Village of Woodlawn general fund.

Upon discussion with the CIC it determined that it owned this piece of property and that the real estate taxes were related to land that then owned. The CIC made repayment to the Village of Woodlawn on August 3, 2012.

Officials' Response:

The Woodlawn Community Improvement Corporation's' bi-annual bill was sent to the Village of Woodlawn. The Village was reimbursed for the years of 2009-2012.

FINDING NUMBER 2011-014

Material Weakness

During our testing of over the counter collections for the Recreation Department we noted the following issues:

- The recreation department sells recreation memberships and pool memberships however no prenumbered membership cards are used, and the underlying accounting records failed to record ant membership number(s) assigned at the time of issuance.
- General Admission revenue for the Recreation Center was not supported by prenumbered, duplicate receipts or cash register receipts;
- Swimming pool general admission was not supported by any documentation such as bracelets, admission receipts or cash register receipts;
- No reconciliation of the Recreation Department receipts that were collected to amounts deposited in the bank along with a review of the original supporting documents for the deposit was being performed by some besides the individual responsible for collecting and depositing there receipts;
- The Recreation Center Director prepares a year-end list of all Recreation Center room rentals, however all rentals on the list count not be traced to a rental form. We also found a number of rentals had their fees waived however per Village policy the Village Administrator had not signed off on the fees being waived.

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 purchasing a cash register to use for recording and collecting general and pool receipts if not they should issue duplicate, prenumbered receipts for all admissions;

**FINDING NUMBER 2011-014
(Continued)**

- If the Village does not use a cash register system then they should consider using prenumbered ticket stubs or bracelets be issued for daily pool admissions which 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 Administrator.
- 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. Part of that reconciliation should be review of the supporting documentation.

Officials' Response:

The Recreation Department will enact better controls.

**VILLAGE OF WOODLAWN
HAMILTON COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2011 AND 2010**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2009-001	ORC 135.21 Interested Posted to incorrect funds	Yes	
2009-002	ORC 5705.10(H) Negative Fund Balance	No	Reported in the management letter.
2009-003	OAC 117-2-02(C) (1) Failure to properly post budgetary items to system	No	Issued as Finding 2011-004
2009-004	ORC 5705.39 Appropriations exceeded estimated resources	Yes	
2009-005	ORC 5705.09(F) Village did not post OPWC payments.	No	Issued as Finding 2011-002
2009-006	ORC 5705.41(B) Expenditures exceeded Appropriations	No	Issued as Finding 2011-008
2009-007	ORC 5705.36 (A)(4) Amended Certificates	No	Issued as Finding 2011-007
2009-008	ORC 5705.41 (D)(1) Lack of Proper Encumbering	No	Issued as Finding 2011-005
2009-009	ORC 149.351 Destruction of Public Records	No	Issued as Finding 2011-003
2009-010	Proper posting of financial activity	No	Issued as Finding 2011-001
2009-011	Preparing proper cash reconciliations	No	Issued as Finding 2011-012

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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 11, 2013**