



OHIO AUDITOR OF STATE
KEITH FABER



VILLAGE OF WOODLAWN
HAMILTON COUNTY

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OHIO AUDITOR OF STATE KEITH FABER



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INDEPENDENT AUDITOR'S REPORT

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

To the Village Council:

Report on the Financial Statements

We have audited the accompanying financial statements of the cash balances, receipts and disbursements by fund type, and related notes of the Village of Woodlawn, Hamilton County, Ohio (the Village) as of and for the years ended December 31, 2017 and 2016.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Village's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Village's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

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

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

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

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Village of Woodlawn as of December 31, 2017 and 2016, and the respective changes in financial position thereof for the year then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements by fund type, and related notes of the Village of Woodlawn, Hamilton County as of December 31, 2017 and 2016, for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 2.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 15, 2019, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.



Keith Faber
Auditor of State

Columbus, Ohio

October 15, 2019

Village of Woodlawn, Ohio
Hamilton County
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
All Governmental Fund Types
For the Year Ended December 31, 2017

	General	Special Revenue	Debt Service	Capital Projects	Woodlawn Meadows SID	Totals (Memorandum Only)
Cash Receipts						
Property and Other Local Taxes	\$278,974	\$676,836	\$0	\$0	\$0	\$955,810
Municipal Income Tax	4,496,348	0	336,479	319,990	0	5,152,817
Intergovernmental	73,713	269,701	0	303,296	0	646,710
Special Assessments	0	3,383	0	0	0	3,383
Charges for Services	425,309	4,748	0	0	0	430,057
Fines, Licenses and Permits	289,608	17,380	0	0	0	306,988
Earnings on Investments	943	10	0	0	0	953
Miscellaneous	59,314	0	0	0	0	59,314
<i>Total Cash Receipts</i>	<u>5,624,209</u>	<u>972,058</u>	<u>336,479</u>	<u>623,286</u>	<u>0</u>	<u>7,556,032</u>
Cash Disbursements						
Current:						
Security of Persons and Property	2,949,755	93,435	0	0	0	3,043,190
Public Health Services	0	45,695	0	0	0	45,695
Leisure Time Activities	252,822	128,151	0	0	0	380,973
Community Environment	140,202	0	0	0	0	140,202
Basic Utility Services	53,565	0	0	0	0	53,565
Transportation	0	179,457	0	0	0	179,457
General Government	1,934,830	2,009	0	0	0	1,936,839
Capital Outlay	0	120,282	0	531,367	1,147,276	1,798,925
Debt Service:						
Principal Retirement	31,555	364,426	296,173	61,008	0	753,162
Payment of Capital Appreciation Bond Accretion	0	0	0	0	0	0
Interest and Fiscal Charges	2,796	31,124	193,909	1,822	34,414	264,065
<i>Total Cash Disbursements</i>	<u>5,365,525</u>	<u>964,579</u>	<u>490,082</u>	<u>594,197</u>	<u>1,181,690</u>	<u>8,596,073</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>258,684</u>	<u>7,479</u>	<u>(153,603)</u>	<u>29,089</u>	<u>(1,181,690)</u>	<u>(1,040,041)</u>
Other Financing Receipts (Disbursements)						
Sale of Bonds	0	0	0	0	0	0
Sale of Capital Assets	50,000	0	0	0	0	50,000
<i>Total Other Financing Receipts (Disbursements)</i>	<u>50,000</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>50,000</u>
<i>Net Change in Fund Cash Balances</i>	<u>308,684</u>	<u>7,479</u>	<u>(153,603)</u>	<u>29,089</u>	<u>(1,181,690)</u>	<u>(990,041)</u>
<i>Fund Cash Balances, January 1</i>	<u>277,805</u>	<u>799,136</u>	<u>(281,400)</u>	<u>325,495</u>	<u>1,148,289</u>	<u>2,269,325</u>
Fund Cash Balances, December 31						
Restricted	0	823,478	0	347,402	0	1,170,880
Assigned	84,872	45,580	0	48,409	0	178,861
Unassigned (Deficit)	501,617	(62,443)	(435,003)	(41,227)	(33,401)	(70,457)
<i>Fund Cash Balances, December 31</i>	<u>\$586,489</u>	<u>\$806,615</u>	<u>(\$435,003)</u>	<u>\$354,584</u>	<u>(\$33,401)</u>	<u>\$1,279,284</u>

See accompanying notes to the basic financial statements

Village of Woodlawn, Ohio
Hamilton County
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
All Proprietary and Fiduciary Fund Types
For the Year Ended December 31, 2017

	<u>Fiduciary Fund Types</u>
	<u>Agency</u>
Non-Operating Receipts (Disbursements)	
Other Financing Sources	244,394
Other Financing Uses	<u>(245,693)</u>
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(1,299)</u>
<i>Net Change in Fund Cash Balances</i>	(1,299)
<i>Fund Cash Balances, January 1</i>	<u>3,883</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$2,584</u></u>

See accompanying notes to the basic financial statements

Village of Woodlawn, Ohio
Hamilton County
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
All Governmental Fund Types
For the Year Ended December 31, 2016

	General	Special Revenue	Debt Service	Capital Projects	Woodlawn Meadows SID	Totals (Memorandum Only)
Cash Receipts						
Property and Other Local Taxes	\$277,828	\$672,928	\$0	\$74,284	\$0	\$1,025,040
Municipal Income Tax	4,360,550	0	257,686	143,159	0	4,761,395
Intergovernmental	69,306	254,240	0	402,110	0	725,656
Special Assessments	0	1,061	0	0	0	1,061
Charges for Services	362,946	5,100	0	0	0	368,046
Fines, Licenses and Permits	175,968	7,270	0	0	0	183,238
Earnings on Investments	3,886	30	0	0	0	3,916
Miscellaneous	69,333	750	0	0	0	70,083
<i>Total Cash Receipts</i>	<u>5,319,817</u>	<u>941,379</u>	<u>257,686</u>	<u>619,553</u>	<u>0</u>	<u>7,138,435</u>
Cash Disbursements						
Current:						
Security of Persons and Property	2,940,358	17,770	0	0		2,958,128
Public Health Services	0	31,083	0	0		31,083
Leisure Time Activities	292,815	144,289	0	0		437,104
Community Environment	100,075	0	0	0		100,075
Basic Utility Services	27,299	0	0	0		27,299
Transportation	0	206,893	0	0		206,893
General Government	2,033,017	398	0	0	54,165	2,087,580
Capital Outlay	0	72,222	0	714,107	147,546	933,875
Debt Service:						
Principal Retirement	16,017	392,649	343,567	59,663	0	811,896
Payment of Capital Appreciation Bond Accretion	0	0	0	0	0	0
Interest and Fiscal Charges	971	43,054	209,871	3,330	0	257,226
<i>Total Cash Disbursements</i>	<u>5,410,552</u>	<u>908,358</u>	<u>553,438</u>	<u>777,100</u>	<u>201,711</u>	<u>7,851,159</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(90,735)</u>	<u>33,021</u>	<u>(295,752)</u>	<u>(157,547)</u>	<u>(201,711)</u>	<u>(712,724)</u>
Other Financing Receipts (Disbursements)						
Sale of Bonds	0	0	0	0	1,350,000	1,350,000
Sale of Capital Assets	238,705	0	0	0	0	238,705
<i>Total Other Financing Receipts (Disbursements)</i>	<u>238,705</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,350,000</u>	<u>1,588,705</u>
<i>Net Change in Fund Cash Balances</i>	<u>147,970</u>	<u>33,021</u>	<u>(295,752)</u>	<u>(157,547)</u>	<u>1,148,289</u>	<u>875,981</u>
<i>Fund Cash Balances, January 1</i>	<u>129,835</u>	<u>766,115</u>	<u>14,352</u>	<u>483,042</u>	<u>0</u>	<u>1,393,344</u>
Fund Cash Balances, December 31						
Restricted	0	770,463	0	347,402	1,109,976	2,227,841
Assigned	74,922	39,814	0	17,362	38,313	170,411
Unassigned (Deficit)	202,883	(11,141)	(281,400)	(39,269)	0	(128,927)
<i>Fund Cash Balances, December 31</i>	<u>\$277,805</u>	<u>\$799,136</u>	<u>(\$281,400)</u>	<u>\$325,495</u>	<u>\$1,148,289</u>	<u>\$2,269,325</u>

See accompanying notes to the basic financial statements

Village of Woodlawn, Ohio

Hamilton County

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

All Proprietary and Fiduciary Fund Types

For the Year Ended December 31, 2016

	<u>Fiduciary Fund Types</u>
	<u>Agency</u>
Non-Operating Receipts (Disbursements)	
Other Financing Sources	95,864
Other Financing Uses	<u>(96,446)</u>
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(582)</u>
<i>Net Change in Fund Cash Balances</i>	(582)
<i>Fund Cash Balances, January 1</i>	<u>4,465</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$3,883</u></u>

See accompanying notes to the basic financial statements

Village of Woodlawn, Ohio
Hamilton County
Notes to the Financial Statements
For the Year Ended December 31, 2017 and 2016

Note 1 - Reporting Entity

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

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

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

Note 2 - Summary of Significant Accounting Policies

Basis of Presentation

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

Fund Accounting

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

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

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

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

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

Fire/EMS Levy Fund This fund receives property tax money for providing fire and emergency medical services to the Village and its residents.

Woodlawn Meadows Special Improvement Fund: This fund is dedicated to the build out of the infrastructure within the Special Improvement District. The Village issued a Bond Anticipatory

Village of Woodlawn, Ohio
Hamilton County
Notes to the Financial Statements
For the Year Ended December 31, 2017 and 2016

Note 2 - Summary of Significant Accounting Policies (Continued)

Note (“BAN”) in the amount of \$1.35 million to fund these improvements. All activities related to the Special Improvement District are recorded within this fund.

Debt Service Funds: These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest. The Village had the following significant Debt Service Funds:

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

Pool House Bond Retirement Fund: This fund accumulates resources for the payment of the swimming pool construction and judgement bonds issues.

Capital Project Funds: These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Village had the following significant capital project funds:

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

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

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

Basis of Accounting

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

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

Budgetary Process

The Ohio Revised Code requires that each fund be budgeted annually.

Village of Woodlawn, Ohio
Hamilton County
Notes to the Financial Statements
For the Year Ended December 31, 2017 and 2016

Note 2 - Summary of Significant Accounting Policies (Continued)

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

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

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 use the encumbrance method of accounting. Management has included audit adjustments in the accompanying budgetary presentations for material items that should have been encumbered.

A summary of 2017 and 2016 budgetary activity appears in Note 4.

Deposits and Investments

The Village's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

Money market mutual funds are recorded at share values the mutual funds report. Investment in STAR Ohio is measured at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

Capital Assets

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

Accumulated Leave

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

Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the Village must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

Nonspendable: The Village classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

Village of Woodlawn, Ohio
Hamilton County
Notes to the Financial Statements
For the Year Ended December 31, 2017 and 2016

Note 2 - Summary of Significant Accounting Policies (Continued)

Restricted: Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

Committed: Council can *commit* amounts via formal action (resolution). The Village must adhere to these commitments unless the Council amends the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

Assigned: Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by Village Council or a Village official delegated that authority by resolution, or by State Statute.

Unassigned: Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The Village applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

Note 3 - Compliance

Contrary to Ohio law, budgetary expenditures exceeded appropriation authority in the following funds for the years ended December 31, 2017 and 2016:

- 2017 General Fund - \$137,656
- 2017 Food Grant Fund - \$6,860
- 2017 Pool House Retirement Fund - \$43,144
- 2017 Capital Improvement Fund - \$18,654
- 2017 OPWC Fund - \$284,741
- 2016 Highway Fund - \$2,319
- 2016 Food Grant Fund - \$675
- 2016 General Obligation Bond Retirement Fund - \$213,577
- 2016 Special Assessment Fund - \$36
- 2016 OPWC Fund - \$402,110

Also contrary to Ohio law, the following funds had a cash deficit balance at December 31, 2017 and 2016:

- Highway Fund – 2016 (\$4,085) and 2017 (\$26,919)
- Drug Law Enforcement Fund – 2017 (3,163)
- Food Grant Fund – 2016 (\$2,125) and 2017 (\$24,620)
- General Obligation Bond Retirement Fund – 2016 (\$251,917) and 2017 (\$403,062)

Village of Woodlawn, Ohio
Hamilton County
Notes to the Financial Statements
For the Year Ended December 31, 2017 and 2016

Note 3 – Compliance (Continued)

- Pool House Bond Retirement Fund – 2016 (\$29,483) and 2017 (\$31,941)
- Capital Improvement Fund – 2016 (\$21,907)
- Woodlawn Meadows Special Assessment Fund – 2017 (\$33,401)

Note 4 - Budgetary Activity

Budgetary activity for the year ending December 31, 2017 and 2016 follows:

2017 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$5,662,093	\$5,674,209	\$12,116
Special Revenue	942,044	972,058	30,014
Debt Service	435,000	336,479	(98,521)
Capital Projects	255,000	623,286	368,286
Woodlawn Meadows SID	0	0	0
Total	\$7,294,137	\$7,606,032	\$311,895

2017 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$5,328,327	\$5,450,397	(\$122,070)
Special Revenue	1,267,702	1,010,159	257,543
Debt Service	534,870	490,082	44,788
Capital Projects	323,625	642,606	(318,981)
Woodland Meadows SID	1,200,000	1,181,690	18,310
Total	\$8,654,524	\$8,774,934	(\$120,410)

2016 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$5,314,761	\$5,558,522	\$243,761
Special Revenue	909,189	941,379	32,190
Debt Service	374,460	257,686	(116,774)
Capital Projects	380,271	619,553	239,282
Woodland Meadows SID	0	1,350,000	1,350,000
Total	\$6,978,681	\$8,727,140	\$1,748,459

Village of Woodlawn, Ohio
Hamilton County
Notes to the Financial Statements
For the Year Ended December 31, 2017 and 2016

Note 4 - Budgetary Activity (Continued)

2016 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$5,678,518	\$5,485,474	\$193,044
Special Revenue	2,123,251	948,172	1,175,079
Debt Service	339,870	553,438	(213,568)
Capital Projects	613,842	794,462	(180,620)
Woodland Meadows SID	255,000	240,024	14,976
Total	\$9,010,481	\$8,021,570	\$988,911

Note 5 – Deposits and Investments

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

	2017	2016
Demand deposits	\$879,137	\$1,880,150
STAR Ohio	712,589	705,030
Total deposits and investments	\$1,591,726	\$2,585,180

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation; or collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

Investments

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

Note 6 – Taxes

Property Taxes

Real property taxes become a lien on January 1 preceding the October 1 date for which the Council adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable non-business, owner occupancy, and homestead exemption credits and/or homestead and rollback deductions. The financial statements include these credits and/or deduction 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.

Village of Woodlawn, Ohio
Hamilton County
Notes to the Financial Statements
For the Year Ended December 31, 2017 and 2016

Note 6 – Taxes (Continued)

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

Income Taxes

The Village levies a municipal income tax of 2.0 percent on substantially all earned income arising from employment, residency, or business activities within the Village as well as certain income of residents earned outside of the Village. Full credit, up to the 2.0 percent is given for taxes paid to other taxing districts on residents' income earned outside the Village.

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

Note 7 - Risk Management

Worker's compensation coverage is provided by the State of Ohio. The Village pays the State Worker's Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs (of material).

Commercial Insurance

The Village has obtained commercial insurance for the following risks:

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

The Village is uninsured for the following risks:

- Errors and omissions.

Note 8 - Defined Benefit Pension Plans

Ohio Public Employees Retirement System

Sixty-nine employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10%, of their gross salaries and the Village contributed an amount equaling 14%, of participants' gross salaries. The Village has paid all contributions required through December 31, 2017 and 2016.

Village of Woodlawn, Ohio
Hamilton County
Notes to the Financial Statements
For the Year Ended December 31, 2017 and 2016

Note 8 - Defined Benefit Pension Plans (Continued)

<i>Retirement Rates</i>	<i>Year</i>	<i>Member Rate</i>	<i>Employer Rate</i>
<i>OPERS – Local</i>	<i>2012-2018</i>	<i>10%</i>	<i>14%</i>

Ohio Police and Fire Retirement System

All of the Village’s certified full-time Fire Fighters and full-time Police Officers belong to the Police and Fire Pension Fund (OP&F). OP&F is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan’s benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OP&F participants contributed 12.25% of their wages. The Village contributed to OP&F an amount equal to 19.5% of full-time police members’ wages and 24% of full-time fire fighters’ wages, respectively. The Village has paid all contributions required through December 31, 2017 and 2016.

<i>Retirement Rates</i>	<i>Year</i>	<i>Member Rate</i>	<i>Employer Rate</i>
<i>OP&F- full time police</i>	<i>July 1, 2015- December 31, 2018</i>	<i>12.25%</i>	<i>19.5%</i>
<i>OP&F- full time firefighters</i>	<i>July 1, 2015- December 31, 2018</i>	<i>12.25%</i>	<i>24%</i>

Social Security

The Village’s part-time firefighters and student employees contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2 percent of their gross salaries. The Village contributed an amount equal to 6.2 percent of participants’ gross salaries. The Village has paid all contributions required through December 31, 2017 and 2016.

Note 9 - Postemployment Benefits

Both OPERS and OP&F offer cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the Traditional Pension Plan and Combined Plan was 0 percent during calendar year 2018. The portion of employer contributions allocated to health care for OPERS members in the Member Directed Plan was 4.0 percent during calendar year 2018. OP&F contributes 0.5 percent to fund these benefits.

Village of Woodlawn, Ohio
Hamilton County
Notes to the Financial Statements
For the Year Ended December 31, 2017 and 2016

Note 9 - Defined Benefit Pension Plans (Continued)

Beginning January 1, 2019, OP&F is changing its retiree health care model and the current self-insured health care plan will no longer be offered. In its place is a stipend-based health care model. A stipend funded by OP&F will be placed in individual Health Reimbursement Accounts that retirees will use to be reimbursed for health care expenses.

Note 10 – Debt

Debt outstanding at December 31, 2017 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
2001 GO Real Estate Acquisition Bonds	\$1,110,000	5%
2003 Swimming Pool Construction Bonds	\$340,000	5%
2003 Judgement Bonds	\$225,000	5%
2011 Community Center Bonds	\$1,850,000	6%
2016 Woodlawn Meadows SA Bonds	\$1,350,000	2%
OPWC Marion Road Improvements Loan	\$194,957	0%
OPWC Rustic & Beech Lane Project Loan	\$142,960	0%
OPWC Taconic Terrace Repair Project Loan	\$96,545	0%
2014 Fire Equipment Lease	\$1,139,167	2%
2015 Public Works Equipment Lease	\$19,107	3%
2016 Police Equipment Lease	64,711	2%
Total	<u>\$6,532,445</u>	

Debt outstanding at December 31, 2016 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
2001 GO Real Estate Acquisition Bonds	\$1,235,000	5%
2003 Swimming Pool Construction Bonds	\$390,000	5%
2003 Judgement Bonds	\$255,000	5%
2011 Community Center Bonds	\$1,910,000	6%
2016 Woodlawn Meadows SA Bonds	\$1,350,000	2%
OPWC Marion Road Improvements Loan	\$213,524	0%
OPWC Rustic & Beech Lane Project Loan	\$150,484	0%
OPWC Taconic Terrace Repair Project Loan	\$101,626	0%
2013 Police Vehicle Lease	\$16,496	3%
2014 Dump Truck Lease	\$42,339	2%
2014 Fire Equipment Lease	\$1,503,592	2%
2015 Public Works Equipment Lease	\$37,776	3%
2016 Police Equipment Lease	79,770	2%
Total	<u>\$7,285,606</u>	

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

Village of Woodlawn, Ohio
Hamilton County
Notes to the Financial Statements
For the Year Ended December 31, 2017 and 2016

Note 10 – Debt (Continued)

collateralized the bonds.

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

The Village received a loan in the amount of \$2,000,000 from Hamilton County for the construction of the Community Center in 2003. The Community Center loan outstanding at December 31, 2007 for \$666,333 was paid in full in 2009. In 2008, the Village renewed the Bond Anticipation Notes from 2007 in the amount of \$2,010,000, which was renewed annually through 2010. In 2011, the Village issued bonds in the amount of \$2,170,000 maturing in 2036.

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

The Village entered into an agreement with the Ohio Public Works Commission (OPWC) to secure funding in the amount of \$101,626 for improvements to Taconic Terrace Road in 2016. The Village is required to make payments semi-annually. The final payment is due July 1, 2036. The Village's taxing authority collateralized this loan.

The Village entered into an agreement with the Ohio Public Works Commission (OPWC) to secure funding in the amount of \$150,484 for improvements to Rustic and Beech Lane in 2016. The Village is required to make payments semi-annually. The final payment is due July 1, 2036. The Village's taxing authority collateralized this loan.

The Village received a Bond Anticipatory Note ("BAN") loan in the amount of \$1,350,000 from PNC Bank to fund the infrastructure improvements within the Woodlawn Meadows Special Improvement District. The BAN is a 2 year obligation due October, 2018 with semi-annual interest payments. The Village's taxing authority collateralized this loan which will be repaid from the Special Assessments levied upon the 43 homes residing in the Special Improvement District in which they reside.

Leases

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

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

Village of Woodlawn, Ohio
Hamilton County
Notes to the Financial Statements
For the Year Ended December 31, 2017 and 2016

Note 10 – Debt (Continued)

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

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

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

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

The Village leases the above vehicles and other equipment under noncancelable leases. The Village disbursed \$456,988 and \$468,330 to pay lease costs for the years ended December 31, 2017 and 2016 respectively.

Amortization

Amortization of the above debt, including interest, as of December 31, 2017 is scheduled as follows:

Year Ending December 31:	Leases	OPWC Loan	2001 GO Real Estate Bonds	2003	2011	2016
				Swimming Pool Construction and Judgement Bonds	Community Center Bonds	Woodlawn Meadows Bonds
2018	\$432,467	\$31,173	\$277,660	\$114,344	\$153,820	\$1,378,204
2019	412,912	31,173	281,480	110,200	155,820	0
2020	412,912	31,173	279,520	110,738	152,570	0
2021	17,362	31,173	282,040	116,013	154,320	0
2022	0	31,173	278,780	110,763	155,820	0
2023 - 2027	0	168,178	0	110,513	770,350	0
2028 - 2032	0	103,093	0	0	776,600	0
2033 - 2037	0	60,193	0	0	612,020	0
Total	\$1,275,653	\$487,329	\$1,399,480	\$672,571	2,931,320	1,378,204

Village of Woodlawn, Ohio
Hamilton County
Notes to the Financial Statements
For the Year Ended December 31, 2017 and 2016

Note 10 – Debt (Continued)

Amortization of the above debt, including interest, as of December 31, 2016 is scheduled as follows:

Year Ending December 31:	Leases	OWDA Loan	2001 GO Real Estate Bonds	2003 Swimming Pool Construction and Judgement Bonds	2011 Community Center Bonds	2016 Woodlawn Meadows Bonds
2017	\$502,730	\$31,173	\$277,705	\$113,244	\$156,820	\$0
2018	432,467	31,173	277,660	114,344	153,820	1,378,204
2019	412,912	31,173	281,480	110,200	155,820	0
2020	412,912	31,173	279,520	110,738	152,570	0
2021	17,362	31,173	282,040	116,013	154,320	0
2022 - 2026	0	155,864	278,780	221,275	770,600	0
2027 - 2031	0	90,878	0	0	777,850	0
2032 - 2036	0	63,027	0	0	766,340	0
Total	<u>\$1,778,383</u>	<u>\$465,634</u>	<u>\$1,677,185</u>	<u>\$785,814</u>	<u>3,088,140</u>	<u>1,378,204</u>

Note 11 – Related Organizations

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

OHIO AUDITOR OF STATE KEITH FABER



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

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

To the Village Council:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the Village of Woodlawn, Hamilton County, (the Village) as of and for the years ended, December 31, 2017 and 2016, and the related notes to the financial statements, and have issued our report thereon dated October 15, 2019.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Village internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinion on the financial statements, but not to the extent necessary to opine on the effectiveness of the Village internal control. Accordingly, we have not opined on it.

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or a combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Village's financial statements. We consider finding 2017-001 described in the accompanying schedule of findings to be material weaknesses.

A *significant deficiency* is a deficiency, or a combination of internal control deficiencies less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider findings 2017-005 through 2017-006 and 2017-008 described in the accompanying schedule of findings to be significant deficiencies.

Compliance and Other Matters

As part of reasonably assuring whether the Village's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed instances of noncompliance or other matters we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2017-002 through 2017-004, 2017-007 and 2017-009.

Village's Response to Findings

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

Purpose of this Report

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



Keith Faber
Auditor of State

Columbus, Ohio

October 15, 2019

**VILLAGE OF WOODLAWN
HAMILTON COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2017 AND 2016**

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

FINDING NUMBER 2017-001

Material Weakness

In our audit engagement letter, as required by AU-C Section 210, *Terms of Engagement*, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error as discussed in AU-C Section 210 paragraphs .A14 & .A16.

We identified the following conditions related to the Village's financial statements at December 31, 2017:

- Allocations of Municipal Income Taxes were calculated incorrectly resulting in an understatement in the General Obligation (GO) Bond Retirement fund by \$56,828, an understatement in the Capital Improvement Fund by \$158,198, an overstatement of the General fund by \$196,378, and an overstatement of the Pool House Bond fund by \$18,648.
- Fire Levy Special Revenue Fund overstated Capital Outlay by \$395,550 and should have been posted as Principal \$364,426 and Interest \$31,124 for capital lease equipment used by the fire department.
- The GO Bond Retirement fund understated Principal by \$26,211 and Interest by \$85,665 resulting in overstatement in Capital Outlay Fund. The Pool House Bond fund reported \$80,665 in debt payments which should have been reported as GO Bond Retirement fund payments.
- The Village incorrectly reported in the General fund \$45,194 in Intergovernmental receipts, \$37,478 in Fines Licenses and Permits, and \$50,000 in Sale of Fixed Asset as \$22,263 in Refunds and \$110,409 in Intergovernmental receipts.
- The Capital Improvement Fund reported \$65,524 in Capital Outlay that should have been recorded as a capital lease principal and interest payment in the General fund.
- A \$62,830 payment in the Capital Improvement fund was recorded as Capital Outlay and should have been recorded as Principal Retirement of \$61,008 and Interest expenditure of \$1,822.
- The Village did not record on-behalf of payments for \$284,741 in Intergovernmental Revenue and \$284,741 in Capital Outlay in the OPWC Capital Projects fund. (See Finding 2017-003).
- The Village did not present a Fiduciary Fund Type Statement for the Mayor's Court activity. This statement should have presented Other Financing Sources \$244,394, Other Financing Uses \$245,693, Beginning Balance \$3,883, and Ending Balance \$2,584.
- The Village included information for a discretely presented component unit for the Woodlawn Meadows Special Improvement District (SID) as a Special Revenue Fund. The statement should have presented beginning fund balance \$1,148,289, cash disbursements \$1,181,690 and ending balance \$(33,401).

FINDING NUMBER 2017-001
(Continued)

The Village made additional errors in classifying receipt and disbursement transaction line items and fund balance classifications in the 2017 Combined Statement of Receipts, Disbursements, and Changes in Fund Balances in the General fund in amounts ranging from \$2,798 to \$ 34,351; in the Special Revenue funds in amounts ranging from \$353 to \$53,621; and the Capital Projects funds in amounts ranging from \$297 to \$18,555.

The Village corrected the financial statements and accounting records where appropriate.

We identified the following conditions related to the Village's financial statements at December 31, 2016:

- Allocations of Municipal Income Taxes were calculated incorrectly resulting in an overstatement in the of Bond Retirement fund of \$95,859, and overstatement in the Pool Bond Retirement fund of \$77,381, an overstatement in the Capital Improvement fund of \$29,250, and an understatement in the General fund of \$199,314 and \$3,176 in the Street and Highway fund.
- Capital Leases in the Capital Improvement fund were reported as Capital Outlay of \$62,993 and should have been reported as Principal Retirement of \$59,663 and Interest of \$3,330.
- Capital Improvement Fund Capital Outlay expenditures of \$57,710 should have been posted to the General fund for \$16,988, Bond Retirement fund for \$18,567 and Special Revenue for \$20,155.
- The Village incorrectly reported in the General fund Intergovernmental receipts of \$10,309, Fines Licenses and Permits of \$36,900, and Sale of Fixed Assets of \$238,705 as \$4,648 in Municipal Income Tax, \$223,705 in Miscellaneous receipts, and \$57,316 in refunds and \$245 in General Governmental disbursements.
- Fire Levy Fund reported \$415,548 in Capital Outlay which should have been posted as Principal Retirement of \$372,865 and Interest of \$42,683.
- GO Bond Retirement Fund understated Principal by \$213,567 which consisted of \$195,000 of the 2001 GO Bond reported as Principal in the TIF Fund and \$18,567 of OPWC principal payments reported in Capital Improvement fund as Capital Outlay.
- GO Bond Retirement Fund incorrectly reported \$86,485 of interest expense as Principal Retirement.
- The Village did not record on-behalf of payments of \$402,110 in Intergovernmental Revenue and \$402,110 in Capital Outlay in the OPWC Capital Projects fund. (See Finding 2017-002).
- The Village did not present a Fiduciary Fund Type Statement for the Mayor's Court activity. This statement should have presented Other Financing Sources \$95,864, Other Financing Uses \$96,446, Beginning Balance \$4,465, and Ending Balance \$3,883.
- The Village included information for a discretely presented component unit for the Woodlawn Meadows Special Improvement District (SID) as a Special Revenue Fund. The statement should have presented beginning fund balance \$0, other financing receipts \$1,350,000, cash disbursements \$201,711 and ending balance \$1,148,289.

**FINDING NUMBER 2017-001
 (Continued)**

The Village made additional errors in classifying receipt and disbursement transaction line items and fund balance classifications in the 2016 Combined Statement of Receipts, Disbursements, and Changes in Fund Balances in the General fund in amounts ranging from \$971 to \$20,291; in the Special Revenue funds in the amounts ranging from \$110 to \$31,719; in the Debt Service Fund in the amount of \$1,965, and the Capital Projects in amounts ranging from \$17,362 to \$48,367.

The Village corrected the financial statements and accounting records where appropriate.

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

The Village should exercise due care when posting entries to the financial records and annual financial report to prevent errors and to assist in accurately reflecting the Village's financial activity in the underlying accounting records and the annual financial statements. The Village should refer to the Ohio Village Officer's Handbook at <http://www.ohioauditor.gov/publications/VillageOfficerHandbook%202-27-19.pdf> for guidance when posting transactions. In addition, Village Council should adopt procedures for ongoing reviews of the activity recorded in the underlying accounting records and reported on the financial statements so that errors can be detected and corrected in a timely manner.

Officials' Response:

The Village is in the process of converting to the UAN, which will allow the Village to more accuracy in the Budgetary and Payroll process.

FINDING NUMBER 2017-002

Noncompliance

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

Ohio Public Works Commission (OPWC) monies in the form of grants for various road projects were paid to contractors by OPWC on behalf of the Village for the following projects:

Year	Project #	Amount
2016	CB30S - Taconic Terrace Repair & Resurfacing	\$101,626
2016	CT87R	150,000
2016	CB28S - Rustic & Beech Lane Resurfacing	150,484
2017	CBIAJ	127,257
2017	CU26T	157,484

The Village did not establish a fund for these OPWC projects or account for the on-behalf of payments as part of the filed financial statements. Failure to properly report OPWC on-behalf of payments understates revenues and expenditures in the Village's Special Revenue fund type on the annual financial statements. This results in an inaccurate reflection of the Village's financial condition at year end.

**FINDING NUMBER 2017-002
(Continued)**

The Village Council should approve, by resolution, the grant or project application and establish any fund(s) necessary to meet the grant or project objectives. Auditor of State permission for fund establishment is not necessary, although it may be necessary to obtain a fund number from the Auditor of State if one has not been previously assigned.

Auditor of State Bulletins 2000-008 and 2002-004 provide guidance for cash basis accounting for on-behalf payments. (See Finding 2017-001).

Officials' Response:

The Village is in the process of converting to the UAN, which will allow the Village to more accuracy in the Budgetary and Payroll process.

FINDING NUMBER 2017-003

Noncompliance

Ohio Rev. Code § 5705.41(B) states "no subdivision or taxing unit shall make any expenditure of money unless it has been appropriated as provided in such chapter."

The Village had expenditures in excess of appropriations at December 31, 2017 and 2016, in the following funds:

Fund	Expenditures plus Encumbrances	Appropriations	Variance
General Fund (101) – 2017	\$5,465,983	\$5,328,327	\$(137,656)
Food Grant Fund (224) – 2017	52,860	46,000	(6,860)
Pool House Bond Retirement Fund (302) - 2017	113,244	70,100	(43,144)
Capital Improvement Fund (403) - 2017	342,279	323,625	(18,654)
OPWC Fund – 2017	284,741	0	(284,741)
Highway Fund (202) – 2016	\$56,466	\$54,147	(2,319)
Food Grant Fund (224) – 2016	35,675	35,000	(675)
Bond Retirement Fund (301) – 2016	441,547	227,970	(213,577)
Special Assessment Fund (801) - 2016	136	100	(36)
OPWC Fund – 2016	402,110	0	(402,110)

Expenditures in excess of appropriations can result in overspending and deficit fund balances.

The Village should routinely compare actual expenditures to current appropriations and amend appropriations when needed and appropriate.

Officials' Response:

The Village is in the process of converting to the UAN, which will allow the Village to more accuracy in the Budgetary and Payroll process.

FINDING NUMBER 2017-004

Noncompliance

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

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

1. "Then and Now" Certificate – If the fiscal officer can certify that both at the time that the contract or order was made ("then"), and at the time that the fiscal officer is completing the certification ("now"), that sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the Village can authorize the drawing of a warrant for the payment of the amount due. The Village has thirty days from the receipt of the "then and now" certificate to approve payment by ordinance or resolution. Amounts of less than \$3,000 may be paid by the fiscal officer without a resolution or ordinance upon completion of the "then and now" certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the Village.
2. Blanket Certificate – Fiscal officers may prepare "blanket" certificates for a certain sum of money not in excess of an amount established by resolution or ordinance adopted by a majority of the members of the legislative authority against any specific line item account over a period not running beyond the end of the current fiscal year. The blanket certificates may, but need not, be limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time for any one particular line item appropriation.
3. Super Blanket Certificate – The Village may also make expenditures and contracts for any amount from a specific line-item appropriation account in a specified fund upon certification of the fiscal officer for most professional services, fuel, oil, food items, and any other specific recurring and reasonably predictable operating expense. This certification is not to extend beyond the current year. More than one super blanket certificate may be outstanding at a particular time for any line item appropriation.

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

The Village did not follow established procedures for certifying expenditures and none of the exceptions above applied. Of the expenditures tested,

- The fiscal officer did not certify four of seven expenditures (57%) in 2016.

FINDING NUMBER 2017-004
(Continued)

- The fiscal officer did not certify one of five expenditures (20%) in 2017 at the time the Village incurred the commitment.
- The Village failed to properly encumber \$20,291 for the General Fund, \$17,362 for the Capital Projects Fund, and \$21,573 for the Special Revenue Fund at December 31, 2016.
- The Village failed to properly encumber \$15,586 for the Capital Improvement Fund at December 31, 2017. None of these amounts were properly certified to the County Budget Commission on the Certificate of the Total Amount from All Sources Available.

Failure to properly certify the availability of funds can result in overspending funds and negative cash fund balances. Unless the Village uses the exceptions noted above, prior certification is not only required by statute but also is a key control in the disbursement process to assure that purchase commitments receive prior approval. To improve controls over disbursements and to help reduce the possibility of the Village's funds exceeding budgetary spending limitations, we recommend that the Fiscal Officer certify that funds are or will be available prior to obligation by the Village. When prior certification is not possible, "then and now" certification should be used. Failure to properly certify encumbrances could result in budgetary spending violations and negative fund balances.

We recommend the Village officials and employees obtain the Fiscal Officer's certification of the availability of funds prior to the commitment being incurred. The most convenient certification method is to use purchase orders that include the certification language 5705.41(D) requires to authorize disbursements. The Fiscal Officer should sign the certification at the time the Village incurs a commitment, and only when the requirements of 5705.41(D) are satisfied. The Fiscal Officer should post approved purchase orders to the proper appropriation code to reduce the available appropriation. In addition, Then and Now certificates should be used only when necessary.

The Village should exercise due care when preparing and submitting the Certificate of the Total Amount from All Sources Available to the County Budget Commission.

Officials' Response:

The Village is in the process of converting to the UAN, which will allow the Village to more accuracy in the Budgetary and Payroll process.

FINDING NUMBER 2017-005

Significant Deficiency

In our audit engagement letter, as required by AU-C Section 210, *Terms of Engagement*, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error as discussed in AU-C Section 210 paragraphs .A14 & .A16.

Furthermore, all public officials are responsible for the design and operation of a system of internal controls that is adequate to provide reasonable assurance regarding the achievement of objectives for their respective public offices in certain categories. "Internal control" includes a process effected by those charged with governance, management, and other personnel, designed to provide reasonable assurance regarding the achievement of objectives in the reliability of financial reporting, and should consist of monitoring, which is a process that assesses the quality of internal control performance over time.

FINDING NUMBER 2017-005
(Continued)

Council minutes are the official record of meetings held and actions taken by the Council. Approval of and sign off by the Council is an integral part of monitoring the accuracy and completeness of the minutes. The minutes should include all actions taken by the Council during the meeting and reflect an accurate record of all actions affecting the financial condition of the Village including expenditures, revenues, changes in personnel, and additional compensation to employees. During our review of the minutes we noted the following items were not presented to Council for their review:

- Monthly financial reports which include budget to actual activity by fund and account.
- Lists of bills paid.
- Draft annual report prior to submission to the Auditor of State's Office.

As a result of not submitting adequately detailed financial activity to the Council, the Council was unable to monitor the activities of the Village and therefore unable to adequately perform their function as an oversight body. Council approved annual appropriations each year, however, Council was not provided with actual activity expenditure reports during the year to determine if what they approved for appropriations was reasonable. The Finance Director made payments on behalf of the Village and because Council did not receive a list of bills, there was no oversight over the vendors being used or payments being made.

Council should be presented a monthly financial report for every month of the year and financial reports from months in which no meeting is held should be presented during the next meeting. These reports should include detail revenues and expenditures as well as budget to actual activity. The minutes should note which month's financial report is being presented and approved. The Council should receive a list of bills that have been paid since the previous meeting, a list which includes the vendor, amount and reason for payment and be presented with a draft annual report prior to submission to the Auditor of State's Office.

Officials' Response:

The Village is in the process of converting to the UAN, which will allow the Village to more accuracy in the Budgetary and Payroll process.

FINDING NUMBER 2017-006

Significant Deficiency

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

1. Existence/occurrence: That recorded assets (and liabilities, if generally accepted accounting principles apply) exist as of fiscal year end, recorded transactions have occurred and are not fictitious.
2. Completeness: That all account balances and transactions that should be included in the financial records are included.

FINDING NUMBER 2017-006
(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.

We identified the following conditions related to the Village's Income Tax Department:

- The Tax Department did not have a system to determine that all business and residents required to pay the Village Income Tax were filing returns.
- Council was not provided with monthly or quarterly reports detailing total taxpayers and collections.
- Collections per the CMI Income Tax Module were \$257,500 less than the amount deposited and posted as revenue in the CMI Accounting Module for 2017.

Failure to identify all taxpayers could result in the Village not receiving all income tax due. Failure to provide on-going financial activity regarding collections from taxpayers throughout the year could result in Council making uninformed decisions regarding the operation of the Village. Failure to ensure that all collections received are properly posted in the CMI Income Tax Module could result in a taxpayer not receiving proper credit for their payment. Failure to allocate collections according to the Council approved allocation provides the governing body with inaccurate financial activity and results in financial reporting errors.

The Income Tax Department should take the following actions to correct these conditions:

- Identify all parcels related to businesses within Village limits to determine if all business are submitting withholding.
- Compile a list of residents to determine that all residents within Village limits are submitting tax returns.
- Prepare either a monthly or quarterly report for Council which includes collections to date with a comparison to the prior fiscal year.
- Perform a reconciliation at the end of each month agreeing the amount collected per the CMI Income Tax Module to the amount posted as received in the CMI Accounting Module.
- Use Council-adopted allocation ordinance in effect at the time of collection for posting.

Officials' Response:

The Village is in the process of converting to the UAN, which will allow the Village to more accuracy in the Budgetary and Payroll process.

FINDING NUMBER 2017-007

Noncompliance

Ohio Rev. Code § 5705.10(I) requires that money paid into any fund shall be used only for the purposes for which such fund is established. Therefore, a negative fund cash balance in any fund indicates that money from another fund or funds has been used to pay the obligations of the fund carrying the deficit balance.

We identified the following funds with a negative fund balance:

Fund	December 31, 2016	December 31, 2017
Highway Fund (202)	\$ (4,085)	\$ (26,919)
Drug Fund (210)	-	(3,163)
Food Grant Fund (224)	(2,125)	(24,620)
Bond Retirement Fund (301)	(251,917)	(403,062)
Pool House Bond Fund (302)	(29,483)	(31,941)
Capital Improvement Fund (403)	(21,907)	-
Woodlawn Meadows SA Fund (802)	-	(33,401)

Negative fund balances could result in the use of restricted receipts for unallowable purposes. Procedures and controls, such as the Management and/or Council's periodic review of reports that show cash fund balances, and budgeted versus actual receipts and disbursements, should be implemented to identify those funds that may potentially develop a negative balance.

Advances or transfers should be made for these funds or appropriations modified to prevent a negative cash balance. The Village should refer to Ohio Compliance Supplement (OCS) Chapter 1 and/or Auditor of State Bulletin 97-003 for information regarding the accounting treatment and approval process for advances.

Officials' Response:

The Village is in the process of converting to the UAN, which will allow the Village to more accuracy in the Budgetary and Payroll process.

FINDING NUMBER 2017-008

Significant Deficiency

Sound accounting practices require that when designing the public office's system of internal control and the specific control activities, management should ensure adequate security of assets and records, and verify the existence and valuation of assets and periodically reconcile them to the accounting records.

The reconciliation of cash (bank) balances to accounting system records (book) is the most basic and primary control process performed. Lack of completing an accurate and timely reconciliation may allow for accounting errors, theft and fraud to occur without timely detection.

The Village Fiscal Officer is responsible for reconciling the book (fund) balance to the total bank balance on a monthly basis, and the Council and/or other administrator are responsible for reviewing the reconciliations and related support. The Fiscal Officer did not complete timely or accurate monthly bank reconciliations, and the reconciliations that were prepared did not receive a supervisory review or approval.

**FINDING NUMBER 2017-008
(Continued)**

The Mayor's Court Clerk is responsible for reconciling the court's outstanding items listing each month. The Clerk should reconcile the book (fund) balance to the total bank balance on a monthly basis, and the Council and/or other administrator are responsible for reviewing the reconciliations and related support. All receipts of the Mayor's Court should be disbursed to the Village, County and State after each month end. The only funds which should be held in the Mayor's account are bonds which have not been applied to the violator's case. We noted the following conditions regarding the Mayor's Court reconciliations:

- The Mayor's Court had outstanding checks older than six years totaling \$970. In order to simplify the reconciliation process and properly report current year activity the Mayor's Court should monitor old outstanding checks throughout the year.
- There was no documentation of supervisory review or approval of the monthly bank reconciliations or monthly reports of fines and monies collected by the Mayor's Court Clerk. These reports were not formally approved by the Village Council or their designee.
- In 2016, there was a bank fee and three insufficient funds charges in the amount of \$582. In 2017, there was a bank fee and three insufficient funds charges in the amount of \$1,296. At December 31, 2017 the reconciled balance of the Mayor's Court account was (\$292.13). The \$1,296 overpayment to the Village due to bank fees and NSF attributed to this.
- The Village did not provide an Open Items Listing as of December 31, 2017 and December 31, 2016 for audit.

Failure to reconcile monthly increases the possibility that the Village will not be able to identify, assemble, analyze, classify, and record its transactions correctly or to document compliance with finance related legal and contractual requirements. Further, the lack of accurate monthly reconciliations increases the risk of theft/fraud over the cash cycle and could lead to inaccurate reporting in the annual financial statements.

The Fiscal Officer and the Mayor's Court Clerk should record all transactions and prepare monthly bank to book cash reconciliations, which include all bank accounts and all fund balances. Variances should be investigated, documented and corrected. In addition, the Council should review the monthly cash reconciliations including the related support (such as reconciling items) and document the reviews.

Official Response:

The Village is in the process of converting to the UAN, which will allow the Village to more accuracy in the Budgetary and Payroll process.

FINDING NUMBER 2017-009

Noncompliance

Ohio Rev. Code § 5705.39 provides, in part, that "total appropriations from each fund shall not exceed the total of the estimated revenue available for expenditure. No appropriation measure shall become effective until the county auditor files with the appropriating authority a certificate that the total appropriations from each fund, taken together with all other outstanding appropriations, do not exceed such official estimate or amended official estimate."

FINDING NUMBER 2017-009
(Continued)

Furthermore, all public officials are responsible for the design and operation of a system of internal control that is adequate to provide reasonable assurance regarding the achievement of objectives for their respective public offices in certain categories. "Internal control" includes a process effected by those charged with governance, management, and other personnel, designed to provide reasonable assurance regarding the achievement of objectives in the reliability of financial reporting, and should consist of monitoring, which is a process that assesses the quality of internal control performance over time.

Due to deficiencies in the Village's internal control policies and procedures, at December 31, 2017 and 2016, appropriations exceeded estimated resources as noted:

Fund	Estimated Resources	Appropriations	Variance
Drug Law Enforcement - 2017	\$10,298	\$25,000	(14,072)
Food Grant - 2017	36,500	46,000	(9,500)
Woodlawn Meadows SA – 2017	1,148,289	1,200,000	(51,711)
GO Bond Retirement – 2017	344,477	464,770	(120,293)
General Fund – 2016	5,480,276	5,678,518	(198,243)
Traffic Safety Grant – 2016	4,789	5,301	(512)
Police Continuous Professional Training Grant - 2016	1,520	1,723	(203)
Fire Levy – 2016	907,426	1,004,500	(97,074)
Woodlawn Meadows SA – 2016	0	255,000	(255,000)
Pool House Bond Retirement – 2016	41,662	111,900	(70,238)

Failure to maintain appropriations within estimated resources could result in negative fund balances. The Village should ensure appropriations (including prior year carryover appropriations) do not exceed estimated resources. The Village should routinely compare appropriations to the estimated resources available for expenditures as certified by the Budget Commission for each fund to ensure compliance.

Officials' Response:

The Village is in the process of converting to the UAN, which will allow the Village to more accuracy in the Budgetary and Payroll process.

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**VILLAGE OF WOODLAWN
HAMILTON COUNTY**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2017 AND 2016**

Finding Number	Finding Summary	Status	Additional Information
2015-001	Significant posting and classification errors	Not Corrected	Reissued as Finding 2017-001
2015-002	Failure to establish a fund for OPWC	Not Corrected	Reissued as Finding 2017-002
2015-003	Destruction of records	Partially Corrected	Reissued as Management Letter Comment
2015-004	Failure to certify availability of funds prior to expenditures incurred	Not Corrected	Reissued as Finding 2017-004
2015-005	Expenditures exceeding Appropriations	Not Corrected	Reissued as Finding 2017-003
2015-006	Failure to prepare timely or accurate monthly reconciliations	Not Corrected	Reissued as Finding 2017-008
2015-007	Deficiencies in the income tax CMI Taxpayer Master File database	Not Corrected	Reissued as Finding 2017-006
2015-008	Deficiencies in the internal control system over the Recreation Department	Corrected	

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OHIO AUDITOR OF STATE KEITH FABER



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
NOVEMBER 7, 2019**