

VILLAGE OF WOODLAWN

December 31, 2004 and 2003

*FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT*



**Auditor of State
Betty Montgomery**

Mayor and Members of Council
Village of Woodlawn
10141 Woodlawn Boulevard
Woodlawn, Ohio 45215

We have reviewed the *Independent Auditor's Report* of the Village of Woodlawn, Hamilton County, prepared by VonLehman & Company Inc., for the audit period January 1, 2003 to December 31, 2004. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

The financial statements in the attached report are presented in accordance with a regulatory basis of accounting prescribed or permitted by the Auditor of State. Due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA), modifications were required to the *Independent Auditor's Report* on your financial statements. While the Auditor of State 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. The attached report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the statements are misstated under the non-GAAP regulatory basis. The *Independent Auditor's Report* also includes an opinion on the financial statements using the regulatory format the Auditor of State permits.

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

A handwritten signature in black ink that reads "Betty Montgomery".

BETTY MONTGOMERY
Auditor of State

July 18, 2005

This Page is Intentionally Left Blank.

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

	PAGE
Village Officials	
Independent Auditors' Report	
Financial Statements	
Combined Statement of Fund Cash Balances - All Fund Types - 2004	1
Combined Statement of Fund Cash Balances - All Fund Types - 2003	2
Combined Statement of Cash Receipts, Cash Disbursements and Changes in Fund Cash Balances - All Governmental Fund Types - 2004	3
Combined Statement of Cash Receipts, Cash Disbursements and Changes in Fund Cash Balances - All Proprietary and Fiduciary Fund Types - 2004	4
Combined Statement of Cash Receipts, Cash Disbursements and Changes in Fund Cash Balances - All Governmental Fund Types - 2003	5
Combined Statement of Cash Receipts, Cash Disbursements and Changes in Fund Cash Balances - All Proprietary and Fiduciary Fund Types - 2003	6
Combined Statement of Receipts - Budget and Actual - 2004	7
Combined Statement of Receipts - Budget and Actual - 2003	8
Combined Statement of Disbursements and Encumbrances Compared with Expenditure Authority - 2004	9
Combined Statement of Disbursements and Encumbrances Compared with Expenditure Authority - 2003	10
Notes to the Financial Statements	11 - 21
Other Information	
Report on Compliance and on Internal Control over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards	22 - 24

**VILLAGE OF WOODLAWN
HAMILTON COUNTY, OHIO**

VILLAGE OFFICIALS

MAYOR

Dr. Raymond Terrell

COUNCIL MEMBERS

Brenda England

Brian Poole

Jerry Mitchell

Johnnie Rabb

Willie Norton

John Turner

DEPARTMENT HEADS

Village Administrator

Evonne Kovach

Village Law Director

Mathew Fellerhoff

Village Police Chief

Walter Obermeyer

Village Fire Chief

Richard Mynatt

Village Finance Director

Ronnise C. Handy

Village Recreation Director

Marjorie Dogan

Village Service Director

Leroy Williams



INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the Village of Woodlawn, Hamilton County, Ohio, as of and for the years ended December 31, 2004 and 2003, as listed in the table of contents. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

As described in Note 1, the Village of Woodlawn prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State. These practices differ from accounting principles generally accepted in the United States. Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States, we presume they are material.

In our opinion, because of the effects of the matter discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States, the financial position of the Village as of December 31, 2004 and 2003, or the changes in the financial position for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of the Village as of December 31, 2004 and 2003, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

Honorable Mayor and Members of Council
Village of Woodlawn
Page Two

In accordance with Government Auditing Standards, we have also issued a report dated June 2, 2005 on our consideration of the Village of Woodlawn's internal control over financial reporting and our tests of its compliance with certain provision of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audits.

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

VonLehman & Company Inc.

Cincinnati, Ohio
June 2, 2005

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

December 31, 2004

Cash \$ 1,144,809

FUND CASH BALANCES BY FUND TYPE

Governmental Fund Types

General Fund	\$ 493,508
Special Revenue Funds	674,450
Debt Service Funds	11,915
Capital Projects Funds	<u>(35,304)</u>
	1,144,569

Fiduciary Fund Type

Agency Funds	<u>240</u>
	\$ <u>1,144,809</u>

See accompanying notes.

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

December 31, 2003

Cash	\$ <u>3,209,588</u>
------	---------------------

FUND CASH BALANCES BY FUND TYPE

Governmental Fund Types

General Fund	\$ 530,044
Special Revenue Funds	506,808
Debt Service Funds	7,136
Capital Projects Funds	<u>2,141,757</u>
	3,185,745

Proprietary Fund Type

Enterprise Fund	6,609
-----------------	-------

Fiduciary Fund Type

Agency Funds	<u>17,234</u>
--------------	---------------

\$ 3,209,588

See accompanying notes.

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

	Year Ended December 31, 2004				
	General Fund	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Totals (Memorandum Only)
Receipts					
Property and Other Local Tax:	\$ 3,684,089	\$ 182,005	\$ -	\$ 197,676	\$ 4,063,770
Intergovernmental Receipt:	199,605	237,633	393,645	127,785	958,668
Special Assessments	-	-	12,009	-	12,009
Charges for Services	167,155	7,848	-	-	175,003
Fines, Licenses and Permits	139,714	28,494	-	-	168,208
Earnings from Investments	2,641	5,088	227	4,284	12,240
Miscellaneous	188,788	1,001	-	-	189,789
Total Receipts	<u>4,381,992</u>	<u>462,069</u>	<u>405,881</u>	<u>329,745</u>	<u>5,579,687</u>
Disbursements					
Security of Persons and Property	2,320,010	9,218	-	53,894	2,383,122
Public Health Services	6,611	-	-	-	6,611
Leisure Time Activities	151,785	167,813	-	-	319,598
Community Environment	49,605	-	-	-	49,605
Basic Utilities Services	524,268	-	-	-	524,268
Transportation	-	273,964	-	260,887	534,851
General Government	1,151,505	71,315	-	69,816	1,292,636
Capital Outlay	-	-	-	2,046,251	2,046,251
Debt Service	-	-	884,929	-	884,929
Total Disbursements	<u>4,203,784</u>	<u>522,310</u>	<u>884,929</u>	<u>2,430,848</u>	<u>8,041,871</u>
Excess (Deficit) of Receipts Over (Under) Disbursement:	<u>178,208</u>	<u>(60,241)</u>	<u>(479,048)</u>	<u>(2,101,103)</u>	<u>(2,462,184)</u>
Other Financing Sources (Uses)					
Issuance of Bond Anticipation Note:	400,000	-	-	-	400,000
Transfers - In	165,780	227,883	524,420	155,818	1,073,901
Transfers - Out	(777,819)	-	(40,593)	(231,776)	(1,050,188)
Other Uses	(2,705)	-	-	-	(2,705)
Total Other Financing Sources (Uses)	<u>(214,744)</u>	<u>227,883</u>	<u>483,827</u>	<u>(75,958)</u>	<u>421,008</u>
(Deficit) Excess of Receipts and Other Financing Sources (Under) Over Disbursements and Other Financing Uses	<u>(36,536)</u>	<u>167,642</u>	<u>4,779</u>	<u>(2,177,061)</u>	<u>(2,041,176)</u>
Beginning Fund Cash Balance	<u>530,044</u>	<u>506,808</u>	<u>7,136</u>	<u>2,141,757</u>	<u>3,185,745</u>
Ending Fund Cash Balance	<u>\$ 493,508</u>	<u>\$ 674,450</u>	<u>\$ 11,915</u>	<u>\$ (35,304)</u>	<u>\$ 1,144,569</u>

See accompanying notes.

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

	Year Ended December 31, 2004		
	Proprietary Fund Type	Fiduciary Fund Type	Totals
	Enterprise Fund	Agency Funds	(Memorandum Only)
Operating Receipts			
Miscellaneous	\$ 6	\$ 36	\$ 42
Operating Disbursements	-	-	-
Operating Income	6	36	42
Other Financing Sources (Uses)			
Transfers - Out	(6,615)	(17,098)	(23,713)
Other Non-Operating Receipts	-	194,726	194,726
Other Non-Operating Disbursements	-	(194,658)	(194,658)
Total Other Financing Sources (Uses)	(6,615)	(17,030)	(23,645)
Net Loss	(6,609)	(16,994)	(23,603)
Beginning Fund Cash Balance	6,609	17,234	23,843
Ending Fund Cash Balance	\$ -	\$ 240	\$ 240

See accompanying notes.

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

	Year Ended December 31, 2003				
	General Fund	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Totals (Memorandum Only)
Receipts					
Property and Other Local Taxes	\$ 3,778,689	\$ 580,147	\$ -	\$ 203,690	\$ 4,562,526
Intergovernmental Receipts	214,162	377,634	-	252,000	843,796
Special Assessments	-	-	12,199	-	12,199
Charges for Services	129,305	14,377	-	-	143,682
Fines, Licenses and Permits	94,488	12,156	-	-	106,644
Earnings from Investments	4,193	4,109	266	4,757	13,325
Miscellaneous	140,735	3,319	5,113	109,500	258,667
Total Receipts	4,361,572	991,742	17,578	569,947	5,940,839
Disbursements					
Security of Persons and Property	2,248,322	11,096	-	-	2,259,418
Public Health Services	2,865	-	-	1,188	4,053
Leisure Time Activities	297,357	223,117	-	-	520,474
Community Environment	47,567	-	-	-	47,567
Basic Utilities Services	516,869	12,873	-	-	529,742
Transportation	-	308,010	-	78,255	386,265
General Government	1,245,313	220,389	-	20,042	1,485,744
Capital Outlay	-	-	-	511,527	511,527
Debt Service	-	-	1,855,539	-	1,855,539
Total Disbursements	4,358,293	775,485	1,855,539	611,012	7,600,329
Excess (Deficit) of Receipts Over (Under) Disbursements:	3,279	216,257	(1,837,961)	(41,065)	(1,659,490)
Other Financing Sources (Uses)					
Issuance of Bond Anticipation Notes	-	-	1,400,000	-	1,400,000
Transfers - In	-	16,992	448,902	918,313	1,384,207
Transfers - Out	(618,664)	(315,000)	-	(450,543)	(1,384,207)
Other Sources	-	-	-	2,000,000	2,000,000
Sale of Land	503,398	-	-	-	503,398
Total Other Financing Sources (Uses)	(115,266)	(298,008)	1,848,902	2,467,770	3,903,398
(Deficit) Excess of Receipts and Other Financing Sources (Under) Over Disbursements and Other Financing Uses	(111,987)	(81,751)	10,941	2,426,705	2,243,908
Beginning Fund Cash Balance	642,031	588,559	(3,805)	(284,948)	941,837
Ending Fund Cash Balance	\$ 530,044	\$ 506,808	\$ 7,136	\$ 2,141,757	\$ 3,185,745

See accompanying notes.

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

	Year Ended December 31, 2003		
	Proprietary Fund Type	Fiduciary Fund Type	Totals
	Enterprise Fund	Agency Funds	(Memorandum Only)
Operating Receipts			
Miscellaneous	\$ 84	\$ 105	\$ 189
Operating Disbursements	-	-	-
Operating Income	84	105	189
Other Financing Sources (Uses)			
Other Non-Operating Receipts	-	78,182	78,182
Other Non-Operating Disbursements	-	(78,002)	(78,002)
Total Other Financing Sources (Uses)	-	180	180
Net Income	84	285	369
Beginning Fund Cash Balance	6,525	16,949	23,474
Ending Fund Cash Balance	\$ 6,609	\$ 17,234	\$ 23,843

See accompanying notes.

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

Fund Type/Funds	Year Ended December 31, 2004		
	Budget	Actual	Variance Favorable
<u>Governmental Fund Types</u>			
General Fund	\$ 4,647,168	\$ 4,947,772	\$ 300,604
Special Revenue Funds	634,335	689,952	55,617
Debt Service Funds	841,829	930,301	88,472
Capital Projects Funds	483,727	485,563	1,836
Total Governmental Fund Types	6,607,059	7,053,588	446,529
<u>Proprietary Fund Type</u>			
Enterprise Fund	5	6	1
December 31, 2004 (Memorandum Only)	\$ 6,607,064	\$ 7,053,594	\$ 446,530

See accompanying notes.

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

	Year Ended December 31, 2003		
Fund Type/Funds	Budget	Actual	Variance Favorable (Unfavorable)
<u>Governmental Fund Types</u>			
General Fund	\$ 4,845,723	\$ 4,864,970	\$ 19,247
Special Revenue Funds	1,002,774	1,008,734	5,960
Debt Service Funds	1,450,743	1,866,480	415,737
Capital Projects Funds	3,440,713	3,488,260	47,547
 Total Governmental Fund Types	 10,739,953	 11,228,444	 488,491
<u>Proprietary Fund Type</u>			
Enterprise Fund	78	84	6
 December 31, 2003 (Memorandum Only)	 \$ 10,740,031	 \$ 11,228,528	 \$ 488,497

See accompanying notes.

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

<u>Fund Type/Funds</u>	<u>Prior Year Carryover Appropriations</u>	<u>2004 Appropriations</u>	<u>Total</u>	<u>Actual 2004 Disbursements</u>	<u>Encumbrances Outstanding at 12/31/04</u>	<u>Total</u>	<u>Variance Favorable (Unfavorable)</u>
<u>Governmental Fund Types</u>							
General Fund	\$ 12,365	\$ 4,856,563	\$ 4,868,928	\$ 4,984,308	\$ 22,782	\$ 5,007,090	\$ (138,162)
Special Revenue Funds	9,800	738,488	748,288	522,310	19,180	541,490	206,798
Debt Service Funds	-	850,905	850,905	925,522	-	925,522	(74,617)
Capital Projects Funds	3,172	2,534,332	2,537,504	2,662,624	-	2,662,624	(125,120)
Total Governmental Fund Types	25,337	8,980,288	9,005,625	9,094,764	41,962	9,136,726	(131,101)
<u>Proprietary Fund Type</u>							
Enterprise Fund	-	-	-	6,615	-	6,615	(6,615)
December 31, 2004 (Memorandum Only)	\$ 25,337	\$ 8,980,288	\$ 9,005,625	\$ 9,101,379	\$ 41,962	\$ 9,143,341	\$ (137,716)

See accompanying notes.

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

<u>Fund Type/Funds</u>	<u>Prior Year Carryover Appropriations</u>	<u>2003 Appropriations</u>	<u>Total</u>	<u>Actual 2003 Disbursements</u>	<u>Encumbrances Outstanding at 12/31/03</u>	<u>Total</u>	<u>Variance Favorable (Unfavorable)</u>
<u>Governmental Fund Types</u>							
General Fund	\$ 103,652	\$ 5,164,298	\$ 5,267,950	\$ 4,976,957	\$ 12,365	\$ 4,989,322	\$ 278,628
Special Revenue Funds	43,271	865,433	908,704	1,090,485	9,800	1,100,285	(191,581)
Debt Service Funds	-	796,000	796,000	1,855,539	-	1,855,539	(1,059,539)
Capital Projects Funds	-	2,211,500	2,211,500	1,061,555	3,172	1,064,727	1,146,773
December 31, 2003 (Memorandum Only)	<u>\$ 146,923</u>	<u>\$ 9,037,231</u>	<u>\$ 9,184,154</u>	<u>\$ 8,984,536</u>	<u>\$ 25,337</u>	<u>\$ 9,009,873</u>	<u>\$ 174,281</u>

See accompanying notes.

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

NOTE 1 - ACCOUNTING POLICIES

The Village of Woodlawn, Hamilton County, Ohio (the Village) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the state of Ohio. The Village operates under a council-mayor form of government and provides security of persons and property, public health and welfare and community development. Educational services are provided by the Princeton City School District. The District is a separate governmental entity and its financial statements are not included in those presented in this report.

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

Basis of Accounting

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

Fund Accounting

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

General Fund

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

NOTE 1 - ACCOUNTING POLICIES (Continued)Special Revenue Funds

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

These funds include the following:

- *Cops Fast Fund* - This fund is specifically for salaries of two full-time police officers. Revenue is derived from grant funds over a period of four (4) years.
- *Curbside Recycling (1999) Fund* - This fund receives grant money to purchase recycling services.
- *Drug Law Enforcement Fund* - This fund is used exclusively for drug related investigations, training and equipment.
- *EMS Grant Fund* - This fund is used for the purchase of medical equipment and supplies. Revenue is derived from grant monies received from the Ohio Department of Public Safety, Division of Emergency Medical Services.
- *Enforcement and Education Fund* - This fund is used to collect fine monies received in D.U.I. cases.
- *Federal Emergency Management Agency (FEMA) Fund* - This fund receives monies from FEMA to help the Village repair and restore areas damaged by flooding.
- *FEMA Fire Grant* - This fund is used to receive and expend grant monies for communication equipment.
- *Law Enforcement Fund* - This fund is used for equipment purchases that are not specifically drug related and training. Revenue is derived from seized or forfeited contraband/sale.
- *Litter Collection Fund* - This fund is used to receive and expend monies for litter collection.
- *Mayor's Court Computer Fund* - This fund is used for staff expenses related to operating the computer system, supplies, etc. Revenue is generated from each court fine. A percentage of each fine is posted to the Mayor's Court Computer Fund.
- *Ohio Environmental Education Fund* - This fund receives grant monies from the state of Ohio to provide education and community programs for recycling and conservation.
- *State Highway Improvement Fund* - This fund receives gasoline tax and motor vehicle tax money from the state and is allocated 7.5% of these monthly receipts while 92.5% total collections is allocated to the Street Construction, Maintenance and Repair Fund.
- *Street and Road Improvement Fund* - This fund received 10% in 2003 and 0% in 2004 of all income tax receipts. The monies are used to reconstruct streets, curbs, aprons, etc.
- *Street Construction, Maintenance and Repair Fund* - This fund receives gasoline tax and motor vehicle tax money for constructing, maintaining and repairing Village streets.
- *Summer Lunch Grant Fund* - This fund is used to receive and expend grant monies for child and adult care summer food service programs.
- *Summer Youth Employment Fund* - This fund is used to help the Village employ its young citizens during summer months.
- *Swimming Pool Fund* - This fund is used to receive and expend monies to operate the swimming pool.
- *Traffic Safety Grant* - This fund receives monies from the state of Ohio to assist in funding additional police wages and overtime to perform traffic safety.

NOTE 1 - ACCOUNTING POLICIES (Continued)Debt Service Funds

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

The Village had the following significant debt service funds:

- *General Obligation Bond Retirement Fund* - This fund is used to retire general obligation debt of the Village.
- *Pool House Construction Bond Retirement Fund* - This fund was established to assist in the debt servicing of bonds used for construction of the Village's pool house.
- *Special Assessment Bond Retirement Fund* - This fund receives transfers from the general fund to retire bonds used for street improvements.

Capital Projects Funds

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

- *Anthony Wayne Road Improvement Fund* - This fund is used to receive revenue from the municipal road fund through the Hamilton County Engineers Office to be expended for improvements to Anthony Wayne Avenue.
- *Armory Community Center Fund* - This fund is a joint venture with state and federal governments to build Army and National Guard training centers that will also house a Village community center.
- *Building Improvement Fund* - The purpose of this fund is for building construction and renovation of Village buildings and property.
- *Capital Improvement Fund* - This fund is used to receive and expend monies for the purchase of capital equipment and improvements. The fund receives 5% of all income tax receipts.
- *Chester/Marion Drainage Improvement Fund* - This fund is used to receive and expend grant monies to correct Chester/Marion Road drainage problems.
- *Commerce Park Fund* - This fund is used to receive and expend monies for improvement of all roads in Commerce Park.
- *Greenways Project Fund* - This fund is used to receive and expend grant monies to be used in establishing a hike/bike trail.
- *Grove Road Improvement Fund* - This fund is used to receive and expend monies for the improvement of Grove Road.
- *Marion Road Improvement Fund* - This fund is used to receive and expend monies for the improvement of Marion Road.
- *Pool House Construction Fund* - This fund is used to receive and expend monies to construct the new pool house.
- *Property Acquisition Fund* - This fund is used to receive and expend monies to purchase land and property.
- *Recreational Facilities Improvement Fund* - This fund is used to receive and expend grant monies to be used in six different park projects including restrooms, play equipment and ball field lighting.
- *State Route 4 Culvert Fund* - This fund was established to assist in road repair of State Route 4.
- *State Route 126 Improvement Fund* - This fund is used to expend monies for the improvement of Glendale-Milford Road.

NOTE 1 - ACCOUNTING POLICIES (Continued)Enterprise Fund

This fund accounts for operations that are similar to private business enterprises where management intends that the significant costs of providing certain goods or services will be recovered through user charges. The Village had the following significant enterprise fund:

- *Inspection Fund* - This fund is used to receive and expend monies for inspections.

Fiduciary Funds (Agency Funds)

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

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

Budgetary Process

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

Appropriations

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

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

Estimated Resources

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

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

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

The Ohio Revised Code requires the Village to reserve (encumber) appropriations when commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated. The Village did not encumber all commitments required by Ohio law. The Village is required to use the encumbrance method of accounting by virtue of Ohio law. Under this system, purchase orders, contracts and other commitments for the disbursement of funds are recorded in order to reserve the portion of the applicable appropriation.

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

Cash and Investments

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

Investment procedures are restricted by the provisions of the Ohio Revised Code. Purchased investments are valued at cost, and interest earned is recognized and recorded when received.

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

Property, Plant and Equipment

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

Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. These items are not reflected as liabilities under the Village's basis of accounting.

Interfund Transactions

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

Intergovernmental Revenues

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

NOTE 1 - ACCOUNTING POLICIES (Continued)

Total Columns on Financial Statements

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

NOTE 2 - EQUITY IN POOLED CASH

The Village of Woodlawn maintains a cash and investments pool used by all funds. Each fund type's portion of this pool is displayed on the "Combined Statement of Fund Cash Balances" as "Fund Cash Balances by Fund Type". The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of cash at December 31, 2004 and 2003 was as follows:

	<u>December 31,</u>	
	<u>2004</u>	<u>2003</u>
Demand Deposits	\$ 680,570	\$ 251,840
STAROhio Investments	<u>464,239</u>	<u>2,957,748</u>
Total Cash and Investments	<u>\$1,144,809</u>	<u>\$3,209,588</u>

Deposits

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

NOTE 3 - COMPLIANCE

Budgetary Activity

For the year ended December 31, 2004, the general, debt service and capital projects funds had disbursements in excess of appropriations as shown in the financial statements. Similarly, for the year ended December 31, 2003, the debt service and special revenue funds had disbursements in excess of appropriations as shown in the financial statements (see Report on Internal Control over Financial Reporting and on Compliance Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards).

Fund Balances

For the year ended December 31, 2004, the cops fast, pool house construction bond retirement, property acquisition and state route 126 improvement funds had negative (cash) balances. In addition, for the year ended December 31, 2003, the cops fast, curbside recycling, EMS grant, FEMA fire grant, litter collection, mayor's court computer, summer lunch grant, swimming pool, general obligation bond retirement, pool house construction bond retirement, building improvement, greenways project, property acquisition, state route 4 culvert and state route 126 improvement funds had negative (cash) balances (see Report on Internal Control over Financial Reporting and on Compliance Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards).

NOTE 3 - COMPLIANCE (Continued)

Other

In addition to the budgetary activity, fund balance and encumbrance already mentioned in the Accounting Policies and Compliance footnotes, the Village incurred the following compliance violations:

- Appropriations Exceeded Estimated Resources (Ohio Revised Code, Section 5705.39)
- Code Receipts and Expenditures to Proper Funds (Ohio Revised Code, Section 733.28)
- Obtain Proper Approval for Transfer of Funds (Ohio Revised Code, Section 5705.14)

NOTE 4 - PROPERTY TAX

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

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

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

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

NOTE 5 - RISK MANAGEMENT

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

The Village has obtained commercial insurance for the following risks:

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

NOTE 6 - LOCAL INCOME TAX

This locally levied tax of 2.0% is applied to gross salaries, wages and other personal service compensation earned by residents both in and out of the Village and to earnings of nonresidents (except certain transients) who worked in the Village. It also applies to net income of business organizations' earnings conducted within the Village. Income tax receipts amounted to \$3,934,333 and \$4,073,113 in 2004 and 2003, respectively.

NOTE 7 - RETIREMENT SYSTEMS

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

Contribution rates are also prescribed by the Ohio Revised Code. For both 2004 and 2003, members of O P & F contributed 10% of their wages to the O P & F. The Village contributed an amount equal to 24% of firemen's gross salaries and 19.5% of law enforcement officers' gross salaries. For both 2004 and 2003, PERS members contributed 8.5% of their gross salaries and the Village contributed an amount equal to 13.5% of participants' gross salaries. The Village has paid all contributions required through December 31, 2004.

NOTE 8 - LONG-TERM DEBT

Long-term debt outstanding at December 31, 2004 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Swimming Pool and Judgment Bonds	\$1,370,000	3.15 - 4.45%
General Obligation Real Estate Acquisition Bonds	3,270,000	3.80 - 5.60%
Community Center Bond Anticipation Notes	1,665,833	2.39 - 3.00%
Bank Notes	<u>400,000</u>	2.39%
	<u>\$6,705,833</u>	

NOTE 8 - LONG-TERM DEBT (Continued)

Payments made on the long-term debt for the years ended December 31, 2004 and 2003 were as follows:

	December 31,	
	2004	2003
Swimming Pool Construction Bond Anticipation Note		
Principal	\$ -	\$ 850,000
Interest	<u>-</u>	<u>31,655</u>
	<u>-</u>	<u>881,655</u>
General Obligation Real Estate Acquisition Bonds		
Principal	115,000	115,000
Interest	<u>162,445</u>	<u>167,045</u>
	<u>277,445</u>	<u>282,045</u>
Judgment Bond Anticipation Note		
Principal	-	550,000
Interest	<u>-</u>	<u>4,396</u>
	<u>-</u>	<u>554,396</u>
Swimming Pool Construction and Judgment Bond Anticipation Note		
Principal	30,000	-
Interest	<u>85,322</u>	<u>-</u>
	<u>115,322</u>	<u>-</u>
Community Center Bond Anticipation Notes		
Principal	333,167	-
Interest	<u>72,915</u>	<u>-</u>
	<u>406,082</u>	<u>-</u>
Capital Lease Obligations	<u>86,080</u>	<u>137,443</u>
Subtotal	884,929	1,855,539
Bond Issuance Expense	<u>-</u>	<u>18,511</u>
	<u>\$884,929</u>	<u>\$1,874,050</u>

Swimming Pool Construction Bond Anticipation Note

This note was renewed and interest was paid in May, 2003. This note was paid off in October, 2003.

NOTE 8 - LONG-TERM 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 and the associated interest expense due. The Village is required to make principal and interest payments annually in December and the final payment is due in December, 2022.

Judgment Bond Anticipation Note

In May, 2002, the Village received a bond anticipation note of \$550,000 from the bank to pay the litigation settlement. The note was due in May, 2003 and was refinanced to be due in October, 2003. This note was paid off in October, 2003.

Swimming Pool Construction and Judgment Bond Anticipation Note

In August, 2003, the Village sold a bond 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 and the final payment is due in December, 2023.

Community Center Bond Anticipation Notes

In 2003, the Village received \$2,000,000 from Hamilton County for the construction of the community center. The Village is required to make five yearly payments of \$400,000 to the county. The Village will receive a bond anticipation note of \$400,000 from the bank each of the next five years to make the required payments to the county. Once the Village has received all five bond anticipation notes, a bond will be created. In November, 2004, the Village received its first of five bond anticipation notes of \$400,000 from the bank to pay for the community center.

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

Year Ending December 31,	General Obligation Real Estate Anticipation Bonds	Swimming Pool Construction and Judgment Bond Anticipation Note	Community Center Bond Anticipation Notes	Bank Note	Total
2005	\$ 277,845	\$ 113,046	\$ 393,142	\$409,560	\$1,193,593
2006	278,045	111,446	383,147	-	72,638
2007	278,045	109,846	373,152	-	61,043
2008	277,845	113,196	363,157	-	54,198
2009	281,703	111,271	353,162	-	46,136
Thereafter	<u>3,634,738</u>	<u>1,573,223</u>	<u>-</u>	<u>-</u>	<u>,207,961</u>
	<u>\$5,028,221</u>	<u>\$2,132,028</u>	<u>\$1,865,760</u>	<u>\$409,560</u>	<u>9,435,569</u>

Capital Lease Obligations

The Village has six capital leases that bear interest at rates ranging from 3.44% to 6.1% and expire on various dates through June, 2010. At the conclusion of the capital leases, the Village will take possession of the equipment.

NOTE 8 - LONG-TERM DEBT (Continued)

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

Year Ending <u>December 31,</u>	
2005	\$ 64,619
2006	64,619
2007	64,619
2008	32,307
2009	32,307
Thereafter	<u>32,307</u>
Total Payments	290,778
Less Interest Portion	<u>48,378</u>
Net Capital Lease Obligations	<u>\$242,400</u>

NOTE 9 - OPERATING LEASES

The Village leased three vehicles through operating leases expiring on various dates in 2004. Lease expense was \$7,836 and \$4,930 in 2004 and 2003, respectively.

OTHER INFORMATION



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

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

We have audited the financial statements of the Village of Woodlawn as of and for the years ended December 31, 2004 and 2003, and have issued our report thereon dated June 2, 2005. We conducted our audits in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we noted certain matters involving internal control over financial reporting and its operation that we consider to be material weaknesses as follows:

1. *Provide Independent Oversight of Disbursement Activity (repeated from prior audit)* - Because of the lack of segregation of duties due to a small staff, the Finance Director has access to both cash and the records, a situation which would permit a misappropriation of assets to go undetected. The Village should have an individual independent of the disbursement function receive the unopened bank statement and either examine all cleared checks for propriety, do the bank reconciliation or both.
2. *Segregate Cash Receipts and Record Keeping Function (repeated from prior audit)* - Because of the lack of segregation of duties due to a small staff, the Village has one employee who receives cash receipts and posts the cash receipts in the system. This would permit a misappropriation of assets to go undetected. The Village should have an employee independent of the cash receipts function open the mail and make a listing of all checks received and compare it to the deposit made and posted to the system by the cash receipts clerk.

Compliance

As part of obtaining reasonable assurance about whether the Village of Woodlawn’s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under Government Auditing Standards as follows:

1. *Negative Fund Balances* - Certain special revenue, debt service and capital projects funds had negative (cash) fund balances as of December 31, 2004 and 2003 as follows:

	<u>2004</u>	<u>2003</u>
Special Revenue		
Cops Fast	\$(9)	\$(10,824)
Curbside Recycling	-	(9,845)
EMS Grant	-	(4,922)
FEMA Fire Grant	-	(11,889)
Litter Collection	-	(14)
Mayor's Court Computer	-	(23,620)
Summer Lunch Grant	-	(33,770)
Swimming Pool	-	(81,368)
Debt Service		
General Obligation Bond Retirement	-	(202)
Pool House Construction Bond Retirement	(1,674)	(33,223)
Capital Projects		
Building Improvement	-	(124,145)
Greenways Project	-	(9,798)
Property Acquisition	(319,306)	(317,043)
State Route 4 Culvert	-	(211)
State Route 126 Improvement	(3,044)	(772)

These deficit balances indicate that cash from other funds has been used to pay obligations of these funds. This is a violation of Ohio Revised Code, Section 5705.10, which requires that money paid into any fund shall be used only for the purpose for which the fund is established. Subsequent to December 31, 2004, the Village has taken action to properly monitor and correct certain negative fund balances.

2. *Appropriations Exceeded Estimated Resources* - Ohio Revised Code, Section 5705.39, requires that appropriations do not exceed the amended estimate of resources. Appropriations exceeded the estimate of resources for the years ended December 31, 2004 and 2003 for certain funds in the special revenue and capital projects funds in the amount of \$165,634 and \$124,040, respectively, for 2004 and \$45,458 and \$319,178, respectively, for 2003.
3. *Expenditures Exceeded Appropriations (repeated from prior audit)* - The Village overspent its appropriations in the general, debt service and capital projects funds in 2004 and the special revenue and debt service funds in 2003. This is a violation of Ohio Revised Code, Section 5705.41(b). If the Village finds or anticipates spending more than it had previously appropriated for the year, it should pass an updated appropriation resolution.

In 2004, the Village of Woodlawn had favorable balances on their certificate of total appropriations for their debt and general funds, but became unfavorable due to audit adjustments.

Honorable Mayor and Members of Council
Village of Woodlawn

4. *Code Receipts and Expenditures to Proper Accounts (repeated from prior audit)* – Although substantially improved from the prior audit, certain errors were still found in the annual reports which were corrected during the audit. This is a violation of Ohio Revised Code, Section 733.28, which requires the Village Clerk to keep the books of the Village, exhibit accurate statements of all monies received and expended and maintain records of all property owned by the Village and the income derived therefrom and of all taxes and assessments.
5. *Obtain Proper Approval for Transfer of Funds* - Some of the transfers on the financial statements had not been properly approved during the year. This is a violation of Ohio Revised Code, Section 5705.14. The Village should properly approve all transfers timely.

In addition to the items noted on compliance and internal control over financial reporting, we have submitted to the Village and Auditor of State additional recommendations to assist the Village in enhancing the effectiveness and efficiency of its accounting procedures.

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

VonLehman & Company Inc.

Cincinnati, Ohio
June 2, 2005



**Auditor of State
Betty Montgomery**

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140

Telephone 614-466-4514
800-282-0370

Facsimile 614-466-4490

**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
AUGUST 4, 2005**