

VILLAGE OF WOODLAWN

December 31, 2007

*FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT*



Mary Taylor, CPA
Auditor of State

Mayor and Members of Village Council
Village of Woodlawn
10141 Woodlawn Blvd.
Woodlawn, Ohio 45215

We have reviewed the *Independent Auditors' Report* of the Village of Woodlawn, Hamilton County, prepared by VonLehman and Company, Inc., for the audit period January 1, 2007 through December 31, 2007. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

Mary Taylor

Mary Taylor, CPA
Auditor of State

July 30, 2009

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

**VILLAGE OFFICIALS
December 31, 2007**

MAYOR

Dr. Raymond Terrell

COUNCIL MEMBERS

Paul Hogue

Willie Norton

Brian Poole

Johnnie Rabb

Bersetha Ranson

John Turner

DEPARTMENT HEADS

Village Administrator

Evonne Kovach

Village Law Director

Matthew Fellerhoff

Village Police Chief

Walter Obermeyer

Village Fire Chief

Richard Mynatt

Village Recreation Director

Majorie 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 governmental activities, each major fund and the aggregate remaining fund information of the Village of Woodlawn, Hamilton County, Ohio, as of and for the year ended December 31, 2007, which collectively comprise the Village's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Village's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

As discussed in Note 2, the Village of Woodlawn prepares its financial statements on a modified cash basis, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to previously present fairly, in all material respects, the respective financial position - modified cash basis of the governmental activities, each major fund and the aggregate remaining fund information of the Village of Woodlawn, Hamilton County, Ohio, as of December 31, 2007, and the respective changes in financial position - modified cash basis thereof and the respective budgetary comparison for the General Fund, Construction and Maintenance Fund, and Swimming Pool Fund for the year then ended in conformity with the basis of accounting described in Note 2.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 18, 2009 on our consideration of the Village of Woodlawn, Hamilton County, Ohio'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. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and important for assessing the results of our audit.

Honorable Mayor and Members of Council
Village of Woodlawn
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Management's discussion and analysis is not a required part of the basic financial statements but is supplementary information the Governmental Accounting Standards Board requires. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.

VonLehman & Company Inc.

Cincinnati, Ohio
March 18, 2009

**VILLAGE OF WOODLAWN, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2007
(Unaudited)**

This discussion and analysis of the Ohio Local Government's financial performance provides an overall review of the Government's financial activities for the year ended December 31, 2007, within the limitations of the Government's modified cash basis accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the Government's financial performance.

Financial Highlights

Key highlights for 2007 are as follows:

Net assets of governmental activities increased \$312,089, or 15.2%; a significant change from the prior year. The fund most affected by the increase in cash and cash equivalents was the General Fund, which realized the lesser burden of increased costs in 2007. However, cost increases affected most funds.

The Village's general receipts are primarily property/other local and municipal income taxes. These receipts represent respectively 12.7% and 72.8% of the total cash received for governmental activities during the year. Property/other local and municipal income tax receipts for 2007 increased 7.5% and 7.1%, respectively, as compared to 2006.

At the end of the 2007 fiscal year, the Village's General Fund reported a fund balance of \$1,332,926, a 7.1% increase over the 2006 General Fund balance.

Using the Basic Financial Statements

This annual report is presented in a format consistent with the presentation requirements of Governmental Accounting Standards Board Statement No. 34, as applicable to the Village's modified cash basis of accounting.

Report Components

The statement of net assets and the statement of activities provide information about the cash activities of the Government as a whole.

Fund financial statements provide a greater level of detail. Funds are created and maintained on the financial records of the Government as a way to segregate money whose use is restricted to a particular specified purpose. These statements present financial information by fund, presenting funds with the largest balances or most activity in separate columns.

The notes to the financial statements are an integral part of the Village-wide and fund financial statements and provide expanded explanation and detail regarding the information reported in the statements.

Reporting the Village of Woodlawn as a Whole

The statement of net assets and the statement of activities reflect how the Government did financially during 2007, within the limitations of modified cash basis accounting. The statement of net assets presents the cash balances and investments of the governmental and business-type activities of the Government at year end. The statement of activities compares cash disbursements with program receipts for each governmental program and business-type activity. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function or business-type activity draws from the Government's general receipts.

**VILLAGE OF WOODLAWN, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)**

These statements report the Government's cash position and the changes in cash position. Keeping in mind the limitations of the modified cash basis of accounting, you can think of these changes as one way to measure the Government's financial health. Over time, increases or decreases in the Government's cash position is one indicator of whether the Government's financial health is improving or deteriorating. When evaluating the Government's financial condition, you should also consider other nonfinancial factors as well such as the Government's property tax base, the condition of the Government's capital assets and infrastructure, the extent of the Government's debt obligations, the reliance on non-local financial resources for operations and the need for continued growth in the major local revenue sources such as property and income taxes.

In the statement of net assets and the statement of activities, all governmental programs are classified as one type of activity:

Governmental Activities - Most of the Government's basic services are reported here, including police, fire, streets and parks. Municipal income tax, property taxes, state and federal grants and income finance most of these activities. Benefits provided through governmental activities are not necessarily paid for by the people receiving them.

Reporting the Village of Woodlawn's Most Significant Funds

Fund financial statements provide detailed information about the Government's major funds - not the Government as a whole. The Government establishes separate funds to better manage its many activities and to help demonstrate that money that is restricted as to how it may be used is being spent for the intended purpose. The funds of the Government are split into two categories: governmental and fiduciary.

Governmental Funds - Most of the Government's activities are reported in governmental funds. The governmental fund financial statements provide a detailed view of the Village's governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the Village's programs. The Village of Woodlawn's significant governmental funds are presented on the financial statements in separate columns. The information for non-major funds (funds whose activity or balances are not large enough to warrant separate reporting) is combined and presented in total in a single column. The Government's only major governmental fund is the General Fund. The programs reported in governmental funds are closely related to those reported in the governmental activities section of the entity-wide statements. We describe this relationship in reconciliations presented with the governmental fund financial statements.

Fiduciary Funds - Fiduciary funds are used to account for resources held for the benefit of parties outside the Government. Fiduciary funds are not reflected on the government-wide financial statements because the resources of these funds are not available to support the Village's programs. The Village of Woodlawn only maintains one agency fund.

**VILLAGE OF WOODLAWN, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)**

The Village of Woodlawn as a Whole

Table 1 provides a summary of the Village's net assets for 2007 on a modified cash basis:

TABLE 1 – NETS ASSETS

	Governmental Activities	
	2007	2006
Assets		
Cash and Cash Equivalents	\$2,234,148	\$2,008,425
Investments	126,237	39,871
Total Assets	<u>\$2,360,385</u>	<u>\$2,048,296</u>
Net Assets		
Restricted for:		
Debt Service	\$ 339,592	\$ 105,548
Capital Outlay	11,831	-
Other Purposes	-	-
Unrestricted	<u>2,008,962</u>	<u>1,942,748</u>
Total Net Assets	<u>\$2,360,385</u>	<u>\$2,048,296</u>

As mentioned previously, net assets of governmental activities increased \$312,089, or 15.7%, during 2007. The primary reasons contributing to the increases in cash balances are as follows:

- Healthy growth in municipal income tax receipts of 7.1%. Overall, local businesses experienced a 32% increase in net profits. Municipal income tax withholding increased 4.4%, indicating an increase in local wages.
- In 2007, capital improvements spending slowed 20% compared to spending in 2006.

**VILLAGE OF WOODLAWN, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)**

Table 2 reflects the changes in net assets on a modified cash basis in 2007 and 2006 for governmental activities.

TABLE 2 – CHANGES IN NET ASSETS

	Governmental Activities	
	2007	2006
Receipts:		
Program Receipts:		
Charges for Services	\$ 456,377	\$ 469,711
Operating Grants and Contributions	478,706	477,509
Capital Grants and Contributions	23,182	222,108
Total Program Receipts	<u>958,265</u>	<u>1,169,328</u>
General Receipts:		
Municipal Income Taxes	4,910,801	4,583,285
Property Taxes	654,463	600,478
Notes Issued	1,610,000	1,210,000
Investment Earnings	90,546	59,076
Other Revenue	120,082	313,522
Total General Receipts	<u>7,385,892</u>	<u>6,766,361</u>
Total Receipts	<u>8,344,157</u>	<u>7,935,689</u>
Disbursements:		
General Government	1,298,685	1,312,649
Security of Persons and Property	2,770,812	2,803,283
Leisure Time Activities	743,826	762,497
Community Environment	164,572	138,046
Basic Utilities	617,585	576,003
Transportation	271,234	208,312
Capital Outlay	234,424	293,141
Principal Retirement	1,658,167	1,638,167
Interest and Fiscal Charges	272,763	205,585
Total Disbursements	<u>8,032,068</u>	<u>7,937,683</u>
Excess (Deficiency) Before Transfers	312,089	(1,994)
Transfers	-	-
Increase (Decrease) in Net Assets	<u>312,089</u>	<u>(1,994)</u>
Net Assets, Beginning Year	<u>2,048,296</u>	<u>2,050,290</u>
Net Assets, End of Year	<u>\$2,360,385</u>	<u>\$2,048,296</u>

**VILLAGE OF WOODLAWN, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)**

Program receipts represent only 11.5% of total receipts and are primarily comprised of restricted intergovernmental receipts such as motor vehicle license and gas tax money, building permits and inspection fees.

General receipts represent 88.5% of the Government's total receipts and, of this amount, over 75% are local taxes. Notes issued and investment earnings make up the balance of the Government's general receipts. Other receipts are insignificant and somewhat unpredictable revenue sources.

Disbursements for General Government represent the overhead costs of running the Government and the support services provided for the other Government activities. These include the costs of council, Village Manager's office, finance and income tax departments, as well as internal services such as payroll and purchasing. Since these costs do not represent direct services to residents, we try to limit these costs to no more than 18% of General Fund unrestricted receipts.

Security of Persons and Property are the costs of police and fire protection; Leisure Time Activities are the costs of maintaining the parks, playing fields and providing recreational activities to all age groups; community environment promotes the Village to industry and commerce as well as working with other governments in the area to attract new business; and Transportation is the cost of maintaining the roads.

Municipal income tax receipts in 2007 accounted for the significant increase in net assets. Higher wages and additional hiring accounted for the favorable outcome.

Governmental Activities

If you look at the statement of activities on Page 9, you will see that the first column lists the major services provided by the Government. The next column identifies the costs of providing these services. The major program disbursements for governmental activities are for security of persons and property and debt service, which account for 34.5% and 24% of all governmental disbursements, respectively. General government also represents a significant cost, about 16%. The next three columns of the statement entitled Program Receipts identify amounts paid by people who are directly charged for the service and grants received by the Government that must be used to provide a specific service. The net Receipt (Disbursement) column compares the program receipts to the cost of the service. This "net cost" amount represents the cost of the service which ends up being paid from money provided by local taxpayers. These net costs are paid from the general receipts which are presented at the bottom of the statement. A comparison between the total cost of services and the net cost is presented in Table 3.

TABLE 3 - COST OF SERVICES	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
	2007	2007	2006	2006
General Government	\$1,298,685	\$1,126,075	\$1,312,649	\$1,190,514
Security of Persons and Property	2,770,812	2,747,400	2,803,283	2,418,849
Leisure Time Activities	743,826	472,137	762,497	676,491
Community Environment	164,572	(41,481)	138,046	(36,917)
Basic Utilities	617,585	615,592	576,003	573,326
Transportation	271,234	(11,274)	208,312	(18,047)
Capital Outlay	234,424	234,424	293,141	293,141
Principal Retirement	1,658,167	1,658,167	1,638,167	1,638,167
Interest and Fiscal Charges	272,763	272,763	205,585	205,585
Total Expenses	\$8,032,068	\$7,073,803	\$7,937,683	\$6,941,109

**VILLAGE OF WOODLAWN, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)**

The dependence upon property and income tax receipts is apparent as 88% of governmental activities are supported through these general receipts.

Increases in debt service principal and interest payments and street maintenance contributed to the minor overall increase in total and net cost of services.

The Government's Funds

Total governmental funds had receipts of \$8,344,157 and disbursements of \$8,032,068. The greatest change within governmental funds occurred within the General Fund. The fund balance of the General Fund increased \$88,932 as the result of decreased administrative costs for salaries and benefits.

The governmental funds disbursements include a \$1,210,000 note retirement and the \$1,610,000 note renewal of a one-year note for the construction of the Village Community Center.

General Fund receipts were more than disbursements by \$89,932. As mentioned earlier, the significant increase in income tax receipts more than offset the increases in police and fire department spending.

General Fund Budgeting Highlights

The Village's budget is prepared according to Ohio law and is based upon accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The most significant budgeted fund is the General Fund.

During 2007, the Village amended its General Fund budget several times to reflect changing circumstances. Final budgeted receipts were above original budgeted receipts due to significant growth in municipal income tax receipts and Mayor's Court fines. The difference between income tax receipts budgeted and actual receipts was approximately 21%.

Final General Fund disbursements were budgeted at \$5,573,054, while actual disbursements were \$5,450,717. Although receipts increased significantly, spending was conservative. The result is the increase in the General Fund balance of \$29,711 for 2007.

Capital Assets and Debt Administration

Capital Assets

The Village of Woodlawn does not currently keep track of its capital assets and infrastructure. The Village has plans to acquire a software package to accomplish this task with the acquisition of the new accounting system. The system will be installed in mid-2009. It is anticipated that this system will be fully functional for 2010.

Debt

At December 31, 2007, the Government's outstanding debt included \$6,136,333 in general obligation debt issued for improvements to buildings and structures, and \$284,414 in capital leases for facilities and equipment. For further information regarding the Government's debt, refer to Note 11 to the basic financial statements.

**VILLAGE OF WOODLAWN, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)**

Current Issues

The challenge for all Governments is to provide quality services to the public while staying within the restrictions imposed by limited and, in many cases, shrinking funding. We rely heavily on local taxes and have a diverse industry to support the tax base. Our newly prepared financial forecast predicts a 3% reduction in municipal taxes for 2009, but the finance committee and the administration implemented a strategy to avoid an operating deficit. We reviewed our sources of revenue and determined that increases were unlikely. We then reviewed the disbursement history of the Government. We have reduced planned maintenance and capital improvements, and have also reduced staffing levels in areas where we felt it would have the least impact on services. All departments have been asked to reduce their spending for supplies.

Contacting the Government's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the Village's finances and to reflect the Village's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Terri L. Mayle, Finance Director, Village of Woodlawn, 10141 Woodlawn Boulevard, Woodlawn, Ohio 45215.

VILLAGE OF WOODLAWN
HAMILTON COUNTY, OHIO
STATEMENT OF NET ASSETS - MODIFIED CASH BASIS
December 31, 2007

	Total Governmental Activities
Assets	
Equity in Pooled Cash and Cash Equivalents	\$ 2,234,148
Cash and Cash Equivalents with Fiscal Agents	<u>126,237</u>
Total Assets	\$ <u>2,360,385</u>
Net Assets	
Restricted For	
Capital Projects	\$ 11,831
Debt Service	339,592
Unrestricted	<u>2,008,962</u>
Total Net Assets	\$ <u>2,360,385</u>

See accompanying notes.

**VILLAGE OF WOODLAWN
HAMILTON COUNTY, OHIO
STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS
Year Ended December 31, 2007**

	<u>Cash Disbursements</u>	<u>Program Cash Receipts</u>			<u>Net (Disbursements) Receipts and Changes in Net Assets</u>
		<u>Charges for Services and Sales</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>
Governmental Activities					
General Government	\$ 1,298,685	\$ -	\$ 172,610	\$ -	\$ (1,126,075)
Security of Persons and Property	2,770,812	-	230	23,182	(2,747,400)
Leisure Time Activities	743,826	250,324	21,365	-	(472,137)
Community Environment	164,572	206,053	-	-	41,481
Basic Utility Services	617,585	-	1,993	-	(615,592)
Transportation	271,234	-	282,508	-	11,274
Capital Outlay	234,424	-	-	-	(234,424)
Debt Service					
Principal Retirement	1,658,167	-	-	-	(1,658,167)
Interest and Fiscal Charges	272,763	-	-	-	(272,763)
Total Governmental Activities	<u>\$ 8,032,068</u>	<u>\$ 456,377</u>	<u>\$ 478,706</u>	<u>\$ 23,182</u>	<u>(7,073,803)</u>
		General Receipts			
					654,463
					4,910,801
					38,620
					1,610,000
					88,870
					1,676
					81,462
					<u>7,385,892</u>
					<u>312,089</u>
					2,118,296
					<u>(70,000)</u>
					<u>2,048,296</u>
					<u>\$ 2,360,385</u>

See accompanying notes.

VILLAGE OF WOODLAWN
HAMILTON COUNTY, OHIO
STATEMENT OF MODIFIED CASH BASIS ASSETS AND FUND BALANCES -
GOVERNMENTAL FUNDS
December 31, 2007

	<u>General</u>	<u>Street Construction and Maintenance</u>	<u>Swimming Pool</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets					
Equity in Pooled Cash and Cash Equivalents	\$ 1,325,945	\$ 137,110	\$ 223,227	\$ 547,866	\$ 2,234,148
Cash and Cash Equivalents with Fiscal Agents	-	-	-	126,237	126,237
Total Assets	<u>\$ 1,325,945</u>	<u>\$ 137,110</u>	<u>\$ 223,227</u>	<u>\$ 674,103</u>	<u>\$ 2,360,385</u>
Fund Balances					
Reserved					
Reserved for Encumbrances	\$ 59,221	\$ 22,150	\$ 29	\$ 52,782	\$ 134,182
Reserved for Debt Service	-	-	-	126,237	126,237
Unreserved					
Undesignated, Reported In					
General Fund	1,266,724	-	-	-	1,266,724
Special Revenue Funds	-	114,960	223,198	273,358	611,516
Debt Service Fund	-	-	-	213,355	213,355
Capital Projects Funds	-	-	-	8,371	8,371
Total Fund Balances	<u>\$ 1,325,945</u>	<u>\$ 137,110</u>	<u>\$ 223,227</u>	<u>\$ 674,103</u>	<u>\$ 2,360,385</u>

See accompanying notes.

**VILLAGE OF WOODLAWN
HAMILTON COUNTY, OHIO
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES
IN MODIFIED CASH BASIS FUND BALANCES -
GOVERNMENTAL FUNDS
Year Ended December 31, 2007**

	General	Street Construction and Maintenance	Swimming Pool	Other Governmental Funds	Total Governmental Funds
Receipts					
Municipal Income Taxes	\$ 4,182,402	\$ -	\$ -	\$ 728,399	\$ 4,910,801
Property and Other Local Taxes	518,491	135,665	200,543	10,880	865,579
Charges for Services	281,117	-	7,827	-	288,944
Fines, Licenses and Permits	208,119	64,126	-	28,611	300,856
Intergovernmental	174,603	-	-	21,365	195,968
Interest	47,763	5,004	6,401	29,703	88,871
Gain on Sale of Securities	805	82	135	654	1,676
Miscellaneous	71,128	-	326	10,008	81,462
Total Receipts	<u>5,484,428</u>	<u>204,877</u>	<u>215,232</u>	<u>829,620</u>	<u>6,734,157</u>
Disbursements					
Current					
General Government	1,278,032	-	20,653	-	1,298,685
Security of Persons and Property	2,750,728	-	-	20,084	2,770,812
Leisure Time Activities	528,678	-	138,033	77,115	743,824
Community Environment	164,572	-	-	-	164,572
Basic Utility Services	617,585	-	-	-	617,585
Transportation	51,901	153,804	-	65,529	271,234
Capital Outlay	-	-	-	234,424	234,424
Debt Service					
Principal Retirement	-	-	-	1,658,167	1,658,167
Interest and Fiscal Charges	-	-	-	272,763	272,763
Total Disbursements	<u>5,391,496</u>	<u>153,804</u>	<u>158,686</u>	<u>2,328,082</u>	<u>8,032,068</u>
Excess of Receipts Over (Under) Disbursements	<u>92,932</u>	<u>51,073</u>	<u>56,546</u>	<u>(1,498,462)</u>	<u>(1,297,911)</u>
Other Financing Sources (Uses)					
Notes Issued	1,610,000	-	-	-	1,610,000
Transfers In	-	-	-	1,614,000	1,614,000
Transfers Out	(1,614,000)	-	-	-	(1,614,000)
Total Other Financing Sources (Uses)	<u>(4,000)</u>	<u>-</u>	<u>-</u>	<u>1,614,000</u>	<u>1,610,000</u>
Net Change in Fund Balances	<u>88,932</u>	<u>51,073</u>	<u>56,546</u>	<u>115,538</u>	<u>312,089</u>
Fund Balances Beginning of Year	1,237,013	86,037	166,681	628,565	2,118,296
Prior Period Adjustment	-	-	-	(70,000)	(70,000)
Fund Balances Beginning of Year, as Restated	<u>1,237,013</u>	<u>86,037</u>	<u>166,681</u>	<u>558,565</u>	<u>2,048,296</u>
Fund Balances End of Year	<u>\$ 1,325,945</u>	<u>\$ 137,110</u>	<u>\$ 223,227</u>	<u>\$ 674,103</u>	<u>\$ 2,360,385</u>

See accompanying notes.

**VILLAGE OF WOODLAWN
HAMILTON COUNTY, OHIO
STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - BUDGET BASIS -
GENERAL FUND
Year Ended December 31, 2007**

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		<u>(Negative)</u>
Receipts				
Municipal Income Taxes	\$ 3,459,667	\$ 3,459,667	\$ 4,182,402	\$ 722,735
Property and Other Local Taxes	557,405	557,405	518,491	(38,914)
Charges for Services	220,650	220,650	281,117	60,467
Fines, Licenses and Permits	115,463	115,463	208,119	92,656
Intergovernmental	108,900	108,900	174,603	65,703
Interest	10,000	10,000	47,763	37,763
Gain on Sale of Securities	-	-	805	805
Miscellaneous	1,609,371	1,609,371	71,128	(1,538,243)
Total Receipts	<u>6,081,456</u>	<u>6,081,456</u>	<u>5,484,428</u>	<u>(597,028)</u>
Disbursements				
Current				
General Government	1,542,002	1,542,002	1,318,024	223,978
Security of Persons and Property	2,672,209	2,672,209	2,752,103	(79,894)
Leisure Time Activities	551,214	551,214	533,127	18,087
Community Environment	150,877	150,877	164,572	(13,695)
Basic Utility Services	599,692	599,692	630,990	(31,298)
Transportation	57,060	57,060	51,901	5,159
Total Disbursements	<u>5,573,054</u>	<u>5,573,054</u>	<u>5,450,717</u>	<u>122,337</u>
Excess of Receipts Over (Under) Disbursements	<u>508,402</u>	<u>508,402</u>	<u>33,711</u>	<u>(719,365)</u>
Other Financing Sources (Uses)				
Notes Issued	-	-	1,610,000	1,610,000
Transfers Out	(568,498)	(568,498)	(1,614,000)	(1,045,502)
Total Other Financing Sources (Uses)	<u>(568,498)</u>	<u>(568,498)</u>	<u>(4,000)</u>	<u>564,498</u>
Net Change in Fund Balance	(60,096)	(60,096)	29,711	(154,867)
Fund Balance Beginning of Year	974,840	974,840	974,840	-
Prior Year Encumbrances Appropriated	<u>262,173</u>	<u>262,173</u>	<u>262,173</u>	<u>-</u>
Fund Balance End of Year	<u>\$ 1,176,917</u>	<u>\$ 1,176,917</u>	<u>\$ 1,266,724</u>	<u>\$ (154,867)</u>

See accompanying notes.

VILLAGE OF WOODLAWN
HAMILTON COUNTY, OHIO
STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - BUDGET BASIS -
STREET CONSTRUCTION AND MAINTENANCE FUND
Year Ended December 31, 2007

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Receipts				
Property and Other Local Taxes	\$ 100,000	\$ 100,000	\$ 135,665	\$ 35,665
Fines, Licenses and Permits	60,000	60,000	64,126	4,126
Interest	650	650	5,004	4,354
Gain on Sale of Securities	<u>-</u>	<u>-</u>	<u>82</u>	<u>82</u>
Total Receipts	160,650	160,650	204,877	44,227
Disbursements				
Current				
Transportation	<u>187,899</u>	<u>187,899</u>	<u>175,954</u>	<u>11,945</u>
Net Change in Fund Balance	(27,249)	(27,249)	28,923	56,172
Fund Balance Beginning of Year	73,426	73,426	73,426	-
Prior Year Encumbrances Appropriated	<u>12,611</u>	<u>12,611</u>	<u>12,611</u>	<u>-</u>
Fund Balance End of Year	<u>\$ 58,788</u>	<u>\$ 58,788</u>	<u>\$ 114,960</u>	<u>\$ 56,172</u>

See accompanying notes.

**VILLAGE OF WOODLAWN
HAMILTON COUNTY, OHIO
STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - BUDGET BASIS -
SWIMMING POOL FUND
Year Ended December 31, 2007**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Receipts				
Property and Other Local Taxes	\$ 182,552	\$ 182,552	\$ 200,543	\$ 17,991
Charges for Services	9,980	9,980	7,827	(2,153)
Interest	1,080	1,080	6,401	5,321
Gain on Sale of Securities	-	-	135	135
Miscellaneous	-	-	326	326
Total Receipts	<u>193,612</u>	<u>193,612</u>	<u>215,232</u>	<u>21,620</u>
Disbursements				
Current				
General Government	20,000	20,000	20,653	(653)
Leisure Time Activities	159,231	159,231	138,062	21,169
Capital Outlay	1,000	1,000	-	1,000
Total Disbursements	<u>180,231</u>	<u>180,231</u>	<u>158,715</u>	<u>21,516</u>
Net Change in Fund Balance	13,381	13,381	56,517	43,136
Fund Balance Beginning of Year	<u>166,681</u>	<u>166,681</u>	<u>166,681</u>	<u>-</u>
Fund Balance End of Year	<u>\$ 180,062</u>	<u>\$ 180,062</u>	<u>\$ 223,198</u>	<u>\$ 43,136</u>

See accompanying notes.

VILLAGE OF WOODLAWN
HAMILTON COUNTY, OHIO
STATEMENT OF MODIFIED CASH BASIS ASSETS AND FUND BALANCES -
FIDUCIARY FUNDS
December 31, 2007

	Mayor's Court	Total Fiduciary Funds
Assets		
Equity in Pooled Cash and Cash Equivalents	\$ <u>4,238</u>	\$ <u>4,238</u>
Fund Balances		
Unreserved		
Undesignated (Deficit), Reported In Agency Funds	\$ <u>4,238</u>	\$ <u>4,238</u>

See accompanying notes.

VILLAGE OF WOODLAWN
HAMILTON COUNTY, OHIO
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES
IN MODIFIED CASH BASIS FUND BALANCES -
FIDUCIARY FUNDS
Year Ended December 31, 2007

	Mayor's Court	Total Fiduciary Funds
Receipts		
Fines, Licenses and Permits	\$ 228,114	\$ 228,114
Other Financing Sources (Uses)		
Distribution of Fines	(228,414)	(228,414)
Net Change in Fund Balances	(300)	(300)
Fund Balances Beginning of Year	4,538	4,538
Fund Balances End of Year	\$ 4,238	\$ 4,238

See accompanying notes.

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

NOTE 1 - REPORTING ENTITY

The Village of Woodlawn, Hamilton County, Ohio (the Village), 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. The Village is directed by a six-member Council elected at large for four-year terms. The Mayor is elected to a four-year term, serves as the President of Council and votes only to break a tie.

Primary Government

The primary government consists of all funds and departments that are not legally separate from the Village. The Village provides general government services, fire and emergency medical, maintenance of Village roads and bridges, park operations and police services.

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

These financial statements are presented on a modified cash basis of accounting. This modified cash basis of accounting differs from U.S. generally accepted accounting principles (GAAP). U.S. generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the modified cash basis of accounting. The following are the more significant of the Village's accounting policies:

Basis of Presentation

The Village's basic financial statements consist of government-wide financial statements, including a statement of net assets and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

Government-Wide Financial Statements

The statement of net assets and the statement of activities display information about the Village as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The activity of the internal service fund is eliminated to avoid "doubling up" receipts and disbursements. The statements distinguish between those activities of the Village that are governmental and those that are considered business-type. Governmental activities generally are financed through taxes, intergovernmental receipts or other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services, which the Village does not have.

The statement of net assets presents the cash and investment balances of the governmental activities of the Village at year end. The statement of activities compares disbursements with program receipts for each of the Village's governmental activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the Village is responsible. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function or business-type activity is self-financing on a modified cash basis or draws from the Village's general receipts.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Financial Statements

During the year, the Village segregates transactions related to certain Village functions or activities in separate funds to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Village at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column.

Fiduciary funds are reported by type.

Fund Accounting

The Village uses fund accounting 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. Funds are used to segregate resources that are restricted as to use. The funds of the Village are divided into two categories, governmental and fiduciary.

Governmental Funds

The Village classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants) and other nonexchange transactions as governmental funds. The Village has three major governmental funds. They are:

General Fund - The General Fund is used to account for all financial resources, except those required to be accounted for 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.

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

Swimming Pool Fund - The Swimming Pool Fund receives property tax and admission fees for operation and maintenance of a Village swimming pool. The other governmental funds of the Village account for grants and other resources whose use is restricted to a particular purpose.

Fiduciary Funds

Fiduciary funds include agency funds. Agency funds are purely custodial in nature and are used to hold resources for individuals, organizations or other governments. The Village's Agency Fund accounts for the Mayor's Court, which receives all fines and forfeitures for violation of ordinances within the Village limits and disburses the funds to the Village and State of Ohio according to statute.

Basis of Accounting

The Village's financial statements are prepared using the modified cash basis of accounting. Except for modifications having substantial support, receipts are recorded in the Village's financial records and reported in the financial statements when cash is received rather than when earned, and disbursements are recorded when cash is paid rather than when a liability is incurred. Any such modifications made by the Village are described in the appropriate section in this note.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

As a result of the use of this modified cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued liabilities and the related expenses) are not recorded in these financial statements.

Budgetary Process

All funds, except agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources and the appropriations ordinance, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount the Village Council may appropriate.

The appropriations ordinance is the Village Council's authorization to spend resources and sets limits on cash disbursements plus encumbrances at the level of control selected by the Village Council. The legal level of control has been established at the fund, department and object level for all funds.

The certificate of estimated resources may be amended during the year if projected increases or decreases in receipts are identified by the Village Clerk. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the amended certificate of estimated resources in effect at the time final appropriations were passed by the Village Council.

The appropriations ordinance is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation ordinance for the fund that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Village Council during the year.

Cash and Investments

To improve cash management, cash received by the Village is pooled and invested. Individual fund integrity is maintained through Village records. Interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents". Cash and cash equivalents that are held separately in accounts at a financial institution for retainage, bond reserves and debt service are reported as "Cash and Cash Equivalents with Fiscal Agents".

Investments of the cash management pool and investments with an original maturity of three months or less at the time of purchase are presented on the financial statements as cash equivalents. Investments with an initial maturity of more than three months that were not purchased from the pool are reported as investments.

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

During 2007, the Village invested in an escrow fund, federal government securities and STAR Ohio. The Village's money market fund investment is recorded at the amount reported by Merrill Lynch at December 31, 2007. The escrow account is held by Huntington National Bank trust department and holds the Village's equity securities in book-entry form in the Village's name for the purpose of repayment of interest and principal on General Obligation Bonds.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

STAR Ohio is an investment pool, managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price, which is the price the investment could be sold for on December 31, 2007.

Interest earnings are allocated to Village funds according to State statutes, grant requirements or debt related restrictions.

Inventory and Prepaid Items

The Village reports disbursements for inventories and prepaid items when paid. These items are not reflected as assets in the accompanying financial statements.

Capital Assets

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

Accumulated Leave

In certain circumstances, such as upon leaving employment or retirement, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the Village's modified cash basis of accounting.

Employer Contributions to Cost-Sharing Pension Plans

The Village recognizes the disbursement for their employer contributions to cost-sharing pension plans when they are paid. As described in the Defined Benefit Pension Plans and Postemployment Benefits notes of these financial statements, the employer contributions include portions for pension benefits and postretirement healthcare benefits.

Long-Term Obligations

The Village's modified cash basis financial statements do not report liabilities for bonds or other long-term obligations. Proceeds of debt are reported when the cash is received and principal and interest payments are reported when paid. Since recording a capital asset when entering into a capital lease is not the result of a cash transaction, neither an other financing source nor a capital outlay expenditure are reported at inception. Lease payments are reported when paid.

Net Assets

Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net assets restricted for other purposes include resources restricted for capital projects and debt service. The Village's policy is to first apply restricted resources when an obligation is incurred for purposes for which both restricted and unrestricted net assets are available.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Balance Reserves

The Village reserves any portion of fund balances which is not available for appropriation of which is legally segregated for a specific future use. Unreserved fund balance indicates that portion of fund balance which is available for appropriation in future periods. Fund balance reserves have been established for encumbrances and debt service. The Ohio Revised Code requires the Village to reserve (encumber) appropriations when commitments are made. Encumbrances outstanding at year end are canceled and reappropriated in the subsequent year. The Village maintains an escrow account specifically for the payment of the General Obligation Bonds. Funds paid into this account are set aside to be paid out as required per bond agreement and are not available for appropriation in future periods.

Interfund Transactions

Transfers between governmental and business-type activities on the government-wide financial statements are reported in the same manner as general receipts.

Exchange transactions between funds are reported as receipts in the seller funds and as disbursements in the purchaser funds. Subsidies from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after nonoperating receipts/disbursements in proprietary funds. Repayments from funds responsible for particular disbursements to the funds that initially paid for them are not presented in the financial statements.

Estimates

The modified cash basis of accounting used by the Village requires management to make estimates and assumptions that affect certain reported amounts and disclosures; accordingly, actual results could differ from those estimates.

NOTE 3 - COMPLIANCE

The Village incurred the following compliance violations:

Budgetary Activity

- *Budgeted Receipts Exceeded Actual Receipts (Repeated from Prior Audit)* - Ohio Revised Code, Section 5705.36 (see Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* and Schedule of Findings and Responses).
- *No Appropriation Measure Filed with the County Auditor for 2007 (Repeated from Prior Audit)* - Ohio Revised Code, Section 5705.39 (see Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* and Schedule of Findings and Responses).
- *Expenditures Exceeded Appropriations (Repeated from Prior Audit)* - Ohio Revised Code, Section 5705.41(B) (see Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* and Schedule of Findings and Responses).

NOTE 3 - COMPLIANCE (Continued)

Fund Balances

- *Negative Fund Balances (Repeated from Prior Audit)* - Ohio Revised Code, Section 5705.10 (see Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* and Schedule of Findings and Responses).
- *Inadequate Independent Oversight of Disbursement Activity (Repeated from Prior Audit)* - Ohio Revised Code 5705.41(D) (see Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* and Schedule of Findings and Responses).

Other

- *Income Tax Refunds in Excess of \$10 Were Not Reported to the Taxpayer on Form 1099d (Repeated from Prior Audit)* - Internal Revenue Regulation, Section 1.6050E-1 (see Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* and Schedule of Findings and Responses).
- *Inadequate Detail of Capital Assets (Repeated from Prior Audit)* - Ohio Revised Code, Section 117-2-02(D) (see Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* and Schedule of Findings and Responses).
- *No Mayor's Court Report Presented to Council of Funds Received and Distributed on a Monthly Basis* - Ohio Revised Code, Section 1905.21 (see Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* and Schedule of Findings and Responses).

NOTE 4 - BUDGETARY BASIS OF ACCOUNTING

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance - Budget and Actual - Budget Basis presented for the General Fund and any major special revenue fund are prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference(s) between the budgetary basis and the modified cash basis is (are) outstanding year end encumbrances are treated as cash disbursements (budgetary basis) rather than as a reservation of fund balance (modified cash basis) (and outstanding year end advances are treated as an other financing source or use (budgetary basis) rather than as an interfund receivable or payable (modified cash basis). The encumbrances outstanding at year end (budgetary basis) amounted to \$59,221 for the General Fund, \$22,150 for Street Construction and Maintenance Fund, \$29 for Swimming Pool Fund and \$52,782 for other governmental funds.

NOTE 5 - DEPOSITS AND INVESTMENTS

Monies held by the Village are classified by State statute into three categories.

Active monies are public monies determined to be necessary to meet current demands upon the Village treasury. Active monies must be maintained either as cash in the Village treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that Council has identified as not required for use within the current five year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts, including passbook accounts.

Interim monies held by the Village can be deposited or invested in the following securities:

1. United States Treasury bills, bonds, notes or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2 percent and be marked to market daily, and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio or Ohio local governments;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-loan money market mutual funds consisting exclusively of obligations described in division (1) of (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio).

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase, unless matched to a specific obligation or debt of the Village, and must be purchased with the exception that it will be held to maturity. Investments may only be made through specified dealers and institutions.

NOTE 5 - DEPOSITS AND INVESTMENTS (Continued)

The Village maintains a cash and investments pool used by all funds. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of cash and investments at December 31, 2007 was as follows:

	December 31, <u>2007</u>
Equity in Pooled Cash and Cash Equivalents	
Cash	
Demand Deposits	\$ <u>1,121,964</u>
Cash Equivalents	
Federal National Mortgage Association	443,593
Federal Home Loan Mortgage Corporation	140,064
STAR Ohio Investments	<u>528,527</u>
	1,112,184
Cash and Cash Equivalents with Fiscal Agents	
Bond Escrow Account	<u>126,237</u>
Total Investments	<u>1,238,421</u>
Total Cash and Investments	<u>\$2,360,385</u>

Deposits

Deposits are either (1) insured by the Federal Depository Insurance Corporation, (2) collateralized by securities specifically pledged by the financial institution to the Village or (3) collateralized by the financial institution's public entity deposit pool.

Interest rate risk arises because the fair value of investments changes as interest rates change. The Village's investment policy addresses interest rate risk by requiring that the Village's investment portfolio be structured so that securities mature to meet cash requirements for ongoing operations and/or long-term debt payments, thereby avoiding the need to sell securities on the open market prior to maturity, and by investing operating funds primarily in short-term investments.

The STAR Ohio carries a rating of AAAM by Standard and Poor's. The Village has no investment policy dealing with investment credit risk beyond the requirements in State statutes. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service and that the money market fund be rated in the highest category at the time of purchase by at least one nationally recognized standard rating service.

Custodial credit risk is the risk that in the event of bank failure, the Village will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year end, \$2,237,544 of the Village's bank balance of \$2,437,544 was exposed to custodial credit risk because those deposits were uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the Village's name.

NOTE 5 - DEPOSITS AND INVESTMENTS (Continued)

The Village has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the Village or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least 105 percent of the deposits being secured.

NOTE 6 - INCOME TAXES

The Village levies a 2 percent income tax whose proceeds are placed into the General Fund. The Village levies and collects the tax on all income earned within the Village as well as on incomes of residents earned outside the Village. In the latter case, the Village allows a credit of the actual taxes paid to another city. Employers within the Village are required to withhold income tax on employee earnings and remit the tax to the Village at least quarterly. Corporations and other individual taxpayers are also required to pay their estimated tax at least quarterly and file a final return annually.

NOTE 7 - PROPERTY TAXES

Property taxes include amounts levied against all real property, public utility property and tangible personal property located in the Village. Property tax receipts received in 2007 for real and public utility property taxes represents collections of the 2006 taxes. Property tax payments received during 2007 for tangible personal property (other than public utility property) is for 2007 taxes.

2007 real property taxes are levied after October 1, 2007 on the assessed values as of January 1, 2007, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. 2007 real property taxes are collected in and intended to finance 2008.

Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2007 public utility property taxes which became a lien on December 31, 2006 are levied after October 1, 2007 and are collected in 2008 with real property taxes.

2007 tangible property taxes are levied after October 1, 2006, on the value as of December 31, 2006. Collections are made in 2007. Tangible personal property assessments are being phased out - the assessment percentage for all property including inventory for 2007 is 12.5 percent. This will be reduced to 6.25 percent for 2008, and zero for 2009. Payments by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 20; if paid semi-annually, the first payment is due April 3, with the remainder due September 20.

The County Treasurer collects property taxes on behalf of all taxing districts in the county, including the Village. The County Auditor periodically remits to the Village its portion of the taxes collected.

NOTE 8 - 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 insurance for the following risks:

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

NOTE 9 - DEFINED BENEFIT PENSION PLANS

Ohio Public Employees Retirement System

Plan Description - The Village participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan in which the member invests both member and employer contributions. Under the member-directed plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings. The combined plan is a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and a defined contribution plan. Under the combined plan, employer contributions are invested by the retirement system to provide a formula retirement benefit similar to the traditional plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the member-directed plan. While members in the State and local divisions may participate in all three plans, law enforcement (generally sheriffs, deputy sheriffs and township police) and public safety divisions exist only within the traditional plan.

OPERS provides retirement, disability, survivor and death benefits and annual cost-of-living adjustments to members of the traditional and combined plans. Members of the member-directed plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-5601 or (800) 222-7377.

Funding Policy - The Ohio Revised Code provides statutory authority for member and employer contributions. For the year ended December 31, 2007, members in state and local classifications contributed 23.35 percent of covered payroll, public safety members contributed 34 percent, and law enforcement members contributed 29.5 percent.

The Village's contribution rate for 2007 was 100 percent of covered payroll for all plan members, including law enforcement and public safety. The Village has paid all contributions required through December 31, 2007.

NOTE 9 - DEFINED BENEFIT PENSION PLANS (Continued)

Ohio Police and Fire Pension Fund

Plan Description - The Village contributes to the Ohio Police and Fire Pension Fund (OP&F), a cost-sharing, multiple-employer defined benefit pension plan. OP&F provides retirement and disability pension benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. Benefit provisions are established by the Ohio State Legislature and are codified in Chapter 742 of the Ohio Revised Code. OP&F issues a publicly available financial report that includes financial information and required supplementary information for the plan. That report may be obtained by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

Funding Policy - Plan members are not required to contribute any of their annual covered salary to fund pension obligations. The Village's contribution was 100 percent for police officers. Contribution rates are established by State statute. For 2007, a portion of the Village's contribution equal to 100 percent of covered payroll was allocated to fund the postemployment healthcare plan.

NOTE 10 - POSTEMPLOYMENT BENEFITS

Ohio Public Employees Retirement System

Plan Description - OPERS maintains a cost sharing, multiple-employer defined benefit postemployment healthcare plan for qualifying members of both the traditional and combined pension plans. Members of the member-directed plan do not qualify for ancillary benefits, including postemployment healthcare. The plan includes a medical plan, a prescription drug program and Medicare Part B premium reimbursement.

To qualify for postemployment healthcare coverage, age and service retirees under the traditional and combined plans must have ten or more years of qualifying Ohio service credit. Healthcare coverage for disability benefit recipients and qualified survivor benefit recipients is available. The Ohio Revised Code permits, but does not require, OPERS to provide healthcare benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

NOTE 11 - DEBT

The Village's long-term debt activity for the year ended December 31, 2007 was as follows:

	<u>Interest Rate</u>	<u>Balance at 12/31/06</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance at 12/31/07</u>	<u>Due Within One Year</u>
<u>Governmental Activities</u>						
General Obligation Real Estate Acquisition Bonds	4.00 - 5.20%	\$2,705,000	\$ -	\$ 65,000	\$2,640,000	\$ 135,000
Swimming Pool Construction and Judgment Bonds	3.15 - 4.45%	1,270,000	-	50,000	1,220,000	55,000
Community Center Loan	3.00%	999,500	-	333,167	666,333	333,167
Community Center Bond Anticipation Notes	4.15%	<u>1,210,000</u>	<u>1,610,000</u>	<u>1,210,000</u>	<u>1,610,000</u>	<u>1,610,000</u>
Total Governmental Activities		<u>\$6,184,500</u>	<u>\$1,610,000</u>	<u>\$1,658,167</u>	<u>\$6,136,333</u>	<u>\$2,133,167</u>

NOTE 11 - 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 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 interest and principal due per the repayment schedule. The final payment is due in December, 2022.

Swimming Pool Construction and Judgment Bonds

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

Community Center Loan and Bond Anticipation Notes

In 2003, the Village received a loan of \$2,000,000 from Hamilton County for the construction of its community center. The Village is required to make six yearly payments of approximately \$400,000 (principal and interest) to the County with the proceeds of a bond anticipation note of \$400,000 from the bank in each of the five years subsequent to 2003. Once the Village has received all five bond anticipation notes, a bond will be issued in 2009 to retire the bond anticipation notes.

The following is a summary of the Village's future annual debt service requirements:

Years Ending December 31,	General Obligation Bonds		Swimming Pool Bonds		Community Center Loan		Community Center Bond Anticipation Notes	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2008	\$ 135,000	\$ 130,118	\$ 55,000	\$ 58,196	\$333,166	\$29,900	\$1,610,000	\$65,527
2009	145,000	123,975	55,000	56,271	333,167	19,995	-	-
2010	150,000	117,378	60,000	44,400	-	-	-	-
2011	155,000	110,552	60,000	45,150	-	-	-	-
2012	80,000	103,500	65,000	43,560	-	-	-	-
Thereafter	<u>1,975,000</u>	<u>646,125</u>	<u>925,000</u>	<u>34,360</u>	-	-	-	-
	<u>\$2,640,000</u>	<u>\$1,231,648</u>	<u>\$1,220,000</u>	<u>\$281,937</u>	<u>\$666,333</u>	<u>\$49,895</u>	<u>\$1,610,000</u>	<u>\$65,527</u>

NOTE 11 - DEBT (Continued)

Capital Lease Obligations

The Village has five capital leases that charge interest at rates ranging from 3.44% to 6.1%, one expired in 2007, three in 2009 and the other in 2010. Two of these capital leases were entered into in 2007, and were non-monetary transactions totaling \$147,427 to acquire vehicles. The Village disbursed \$144,499 to pay lease costs for the year ended December 31, 2007. At the conclusion of the capital leases, the Village will take possession of the equipment.

Future payments are as follows:

<u>Years Ending December 31,</u>	
2008	\$131,961
2009	126,833
2010	<u>49,106</u>
	307,900
Less Amount Representing Interest	<u>23,486</u>
Principal Due	<u>\$284,414</u>

NOTE 12 - INTERFUND TRANSFERS

Interfund transactions for the year ended December 31, 2007 consisted of the following:

	<u>2007</u>	
	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ -	\$1,614,000
Special Revenue Funds		
Summer Youth Employment Fund	4,000	-
Debt Service Fund	<u>1,610,000</u>	<u>-</u>
	<u>\$1,614,000</u>	<u>\$1,614,000</u>

During 2007, the Village also transferred money from the General Fund to other funds. These transfers simply moved unrestricted dollars received by the General Fund to other funds to meet Village obligations.

NOTE 13 - RELATED ORGANIZATION

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

NOTE 14 - PRIOR PERIOD ADJUSTMENT

An adjustment of \$70,000 was made to the prior period for an item incorrectly posted as a deposit-in-transit at December 31, 2006.

NOTE 15 - CONTINGENT LIABILITIES

Federal and State Grants

Amounts grantor agencies pay to the Village are subject to audit and adjustment by the grantor, principally the federal government. Grantors may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refund would be immaterial.

OTHER INFORMATION



**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS 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 governmental activities, each major fund and the aggregate remaining fund of the Village of Woodlawn as of and for the year ended December 31, 2007 and have issued our report thereon dated March 18, 2009, wherein we noted the Village prepares its financial statements on the modified cash basis of accounting, a comprehensive accounting basis other than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Village of Woodlawn's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Village's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Village's ability to initiate, authorize, record, process or report financial data reliably in accordance with its applicable accounting basis such that there is more than a remote likelihood that a misstatement of the Village's financial statements that is more than inconsequential will not be prevented or detected by the Village's internal control. We consider the following deficiencies described in the accompanying schedule of findings and responses to be significant deficiencies in internal control over financial reporting: Finding Numbers 2007-001, 2007-002, 2007-003, 2007-004, 2007-005, 2007-006, 2007-007 and 2007-008.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Village's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant

Honorable Mayor and Members of Council
Village of Woodlawn
Page Two

deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies described above, we consider Finding Numbers 2007-003, 2007-004, 2007-005, 2007-006, 2007-007 and 2007-008 to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Village's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, 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 or other matters that are required to be reported under *Government Auditing Standards*, and which are described in the accompanying schedule of findings and responses as Finding Numbers 2007-009, 2007-010, 2007-011, 2007-012, 2007-013, 2007-014, 2007-015, 2007-16, 2007-17 and 2007-18.

We noted certain matters that we reported to management of the Village, in a separate letter dated March 18, 2009.

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

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

VonLehman & Company Inc.

Cincinnati, Ohio
March 18, 2009

VILLAGE OF WOODLAWN
HAMILTON COUNTY

SCHEDULE OF FINDINGS AND RESPONSES
DECEMBER 31, 2007

FINDINGS AND RESPONSES RELATED TO THE INTERNAL CONTROL OVER FINANCIAL
REPORTING REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS

Internal Control Over Financial Reporting

Finding Number	2007-001
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Significant Deficiency

Lack of Independent Oversight Over the Finance Director's Time Worked (Repeated from Prior Audit) - The Finance Director's timesheets were not approved by Council or the Village Manager. This would permit a misappropriation of assets to go undetected. We noted that all other employees have timesheets approved prior to submitting to payroll for the period worked. The Village should have procedures in place to ensure adequate oversight of the Finance Director's time. The Village did not have a Finance Director during 2007. Therefore, this finding remains in the audit report and will be re-evaluated as part of the 2008 audit.

Village Response: We concur. The Finance Director reports directly to Village Council as does the Village Manager. In lieu of the Council approving the Finance Director's time worked, the new electronic timekeeping system scheduled to be installed in early 2009 will adequately record the Finance Director's work attendance. The Finance Director will have no access to changing or editing his or her time recorded because attendance is verified by hand recognition and no one person can make changes to their own time record. Any manual changes will be supported with proper documentation. In the case of paid time off, the Finance Director will submit leave requests to the Mayor for approval.

Finding Number	2007-002
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Significant Deficiency

Lack of Ability to Prepare Annual Financial Statements (Repeated from Prior Audit) - Management has requested that we prepare the Village's financial statements, including footnotes. Although we have prepared the financial statements, the financial statements still remain the responsibility of management. A proper system of internal controls over financial reporting is essential in order to prevent, detect and correct misstatements. We noted that the Village does not have the necessary expertise in order to prepare the financial statements, including footnotes, in accordance with the complex requirements of the U.S. generally accepted accounting principles. Our firm has implemented the appropriate controls over the financial statement preparation; however, our controls cannot be considered as the Village's internal controls. Accordingly, a significant deficiency in the Village's internal controls exists in regards to the financial statement reporting function.

Village Response: We concur. The Village has hired a certified public accountant with more than 15 years in government accounting as its Finance Director. She has already changed procedures and processes in the accounting area and documented the same. The process of segregation of duties has been done and proper approvals of all disbursement, payroll processing and non-cash accounting adjustments are in place. These actions will help to ensure that the accounting records are free from material misstatements. While the Finance Director is responsible for the preparation of the financial statements and footnotes, we would still be looking for the auditor to assist the Finance Director with that task.

FINDINGS AND RESPONSES RELATED TO THE INTERNAL CONTROL OVER FINANCIAL REPORTING REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)

Finding Number	2007-003
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Material Weakness

Lack of Segregation of Payroll and Human Resource Duties (Repeated from Prior Audit) - Because of the lack of segregation of duties due to a small staff, the Village has only one employee who is responsible for payroll disbursements and maintaining personnel files. This would permit a misappropriation of assets to go undetected. The Village should have an employee independent of the payroll function maintain all personnel records and another employee independent of the payroll function approve the payroll checks, prior to disbursement. Due to suggestions made in the last audit, the payroll files were moved to the Village Manager's Administrative Coordinator's office. However, per inquiry, the files are still maintained primarily by the payroll clerk, indicating the lack of segregation of duties still existed at the time of the 2007 audit fieldwork.

Village Response: Effective immediately, the payroll clerk will not provide documents to the personnel files. The Village Manager's office will be responsible for keeping the files up to date with current personnel changes.

Finding Number	2007-004
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Material Weakness

Lack of Support for Pay Rates Maintained by the Village - Through our testing of employee payroll, we noted many instances where the employee's pay rate could not be traced to the employee's human resource file. Employee pay rates should be properly approved and maintained in each employee's file and, as mentioned in Finding Number 2007-003, maintained by someone other than the payroll clerk.

Village Response: As of February, 2009, updated Personnel Action Forms will be prepared, approved and filed in each active personnel file. The Personnel Action Form will indicate employee status, title, department and effective date of pay rate. When any change is initiated, a Personnel Action Form will be prepared and approved, and filed in the applicable personnel file by the Village Manager's office.

Finding Number	2007-005
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Material Weakness

Lack of Proper Control Over Cash (Repeated from Prior Audit) - Because of the lack of a Finance Director during 2007, the Village has not been adequately reconciling the cash from the ledger to the bank statement. Through our testing of cash, we noted that interest income was not properly recorded.

This would permit a misappropriation of assets to go undetected. While the Village has been performing individual bank reconciliations on a monthly basis, the cash balance maintained by the Village is not being reconciled together, which does not provide appropriate control over cash.

Village Response: The overall cash balance will be reconciled each month, but the auditors must provide current combined reconciliation of all accounts for 2007 to the Finance Director.

FINDINGS AND RESPONSES RELATED TO THE INTERNAL CONTROL OVER FINANCIAL REPORTING REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)

Finding Number	2007-006
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Material Weakness

Lack of Independent Oversight Over Disbursement Activity (Repeated from Prior Audit) - Because of the lack of segregation of duties due to a small staff and inadequate procedures, the Village Clerk has the ability to make cash disbursements with little oversight. This would permit a misappropriation of assets to go undetected. Through testing of cash disbursements, we noted inadequate internal controls and compliance issues over disbursement activity (see the list of findings and responses noted on Finding Number 2006-013 in the "Compliance and Other Matters" section of this report). The Village should have adequate procedures in place to ensure that all disbursements are properly authorized by someone other than the person responsible for making the disbursement.

Village Response: In early 2008, the Finance Director updated and documented the procurement and disbursement procedures, and reviewed the same with Village department heads. The procedures provide for proper segregation of duties and approvals of applicable staff. Department heads sign off on the requisition and purchase order voucher. The Village Manager signs off on all requisitions. The Finance Director signs off on all requisitions, purchase order vouchers and checks. In no circumstance is the Village Clerk involved in any step of the approval process.

Finding Number	2007-007
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Material Weakness

Lack of Written Policy Regarding Use of Funds for Political Activity (Repeated from Prior Audit) - There is no written policy regarding the prohibition of use of public funds to publish, distribute or communicate information that supports or opposes the nomination or election of a candidate for public office, the investigation, prosecution or recall of a public official or the passage of a levy or bond issue.

Village Response: We concur. The Village's goal is to have a policy in place by June 30, 2009.

Finding Number	2007-008
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Material Weakness

Lack of Segregation of Duties in the Mayor's Court Function - There is only one employee responsible for all Mayor's Court functions, from collecting and recording payment of fines, to payout to various agencies of fines received, and reconciliation of the bank statements. This leaves the Mayor's Court open to misappropriation of funds. We recommend that another person be involved in the bookkeeping for the Mayor's Court function.

Village Response: The Finance Director will reconcile the Mayor's Court bank account each month.

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

Compliance and Other Matters

Finding Number	2007-009
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Budgetary Activity

Budgeted Receipts Exceeded Actual Receipts (Repeated from Prior Audit) - Ohio Revised Code, Section 5705.36, requires that an amended certificate of estimated resources be obtained upon determination by the fiscal officer that revenues collected will be less than the amount in the official certificate of estimated resources. The following funds were not in compliance by the following amounts as of December 31, 2007:

<u>Fund</u>	<u>2007</u>
General	\$1,021,993
Special Revenue	94,640

Village Response: We concur. Actual revenues will be monitored closely and a request for an amended certificate will be initiated if necessary.

Finding Number	2007-010
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Budgetary Activity

No Appropriation Measure Filed With the County Auditor for 2007 (Repeated from Prior Audit) - Ohio Revised Code, Section 5705.39, states that no appropriation measure is effective until the County Auditor files a certificate that the total appropriations from each fund do not exceed the total official estimate or amended official certificate. This certificate was not filed, nor were the four council-approved revisions to the appropriation measure filed in 2007. In addition, there were four amendments and Ohio Revised Code, Section 5705.40, states that appropriations may be amended. However, original certificate was not filed.

Village Response: Because of the vacancy in the Finance Director position, the council-approved appropriations were not filed with the County Auditor. Appropriations were filed with the County Auditor for 2008.

**FINDINGS AND RESPONSES RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)**

Finding Number	2007-011
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Budgetary Activity

Expenditures Exceeded Appropriations (Repeated from Prior Audit) - Ohio Revised Code, Section 5705.41(B), requires that no subdivision or taxing unit is to expend money except by a proper warrant drawn against an appropriate fund. The following funds were not in compliance by the following amounts as of December 31, 2007:

<u>Fund</u>	<u>2007</u>
General	\$923,125
Debt Service	95,197

Village Response: We concur. Because of the vacancy in the Finance Director position, expenditures were not monitored properly and, therefore, appropriate budget revisions were not made. In the future, appropriations will be properly amended before expenditures exceed appropriations.

Finding Number	2007-012
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Fund Balances

Negative Fund Balances (Repeated from Prior Audit) - Ohio Revised Code, Section 5705.10, requires that appropriations do not exceed official or amended estimated resources. 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 also requires that money paid into any fund shall be used only for the purpose for which the fund is established. Certain special revenue, capital projects and debt service funds had negative (cash) fund balances as of December 31, 2007 as follows:

	<u>2007</u>
Special Revenue	
Summer Lunch Grant	\$ (19,360)
Summer Youth Employment	(31,332)
FEMA Fire Grant	(3,931)
Capital Projects	
Building Improvement	(41,844)
Property Acquisition	(238,963)
Marion Road	(82,559)
Debt Service	
Pool House Construction	(1,674)

Village Response: We concur. Expenditures will be monitored closely and controlled and, if necessary, approved fund transfers will be made prior to the occurrence of a negative fund balance. Fund transfers were approved for 2008 to ensure that no negative balances exist.

**FINDINGS AND RESPONSES RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)**

Finding Number

2007-013

Fund Balances

Inadequate Independent Oversight of Disbursement Activity (Repeated from Prior Audit) - Ohio Revised Code, Section 5705.41(D), requires that no orders or contracts involving the expenditure of money are to be made unless there is a certificate of the fiscal officer that the amount required for the order or contract has been lawfully appropriated and is in the Treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances. Through testing of cash disbursements, we noted the following:

- Payments made in excess of purchase order
- Payments made without proper invoice support
- Payments made without verification of receipt of goods or services
- Payments made without proper authorization
- Confirming purchase orders used

The Village should implement adequate procedures to ensure that all disbursements are properly appropriated, money is in the appropriate fund and free from encumbrances.

Village Response: We concur. As mentioned in response in **Finding Number 2007-005**, disbursement procedures have been revised to address the lack of separation of duties and lack of proper authorization/approvals. Check copies are now attached to approved vouchers with the source documents attached. In addition, the bank statement is now reconciled by someone independent of the cash disbursement function, and unsigned and unissued checks are marked "Void".

Finding Number

2007-014

Other

Income Tax Refunds in Excess of \$10 Were Not Reported to the Taxpayer on Form 1099d (Repeated from Prior Audit) - Internal Revenue Regulation, Section 1.6050E-1, requires that every refund officer prepare and mail an information return in accordance with this section for each calendar year. This section applies to any refund officer who, with respect to an individual, makes payments of refunds of state or local income taxes or allows credits or offsets with respect to such taxes aggregating \$10 or more for such individual in any calendar year. An information return must be prepared even if the refund officer is not required to furnish a statement to the applicable taxpayer. The information return required by this section shall be made on Forms 1096 and 1099.

The Village of Woodlawn has not issued any 1099's for income tax refunds.

Village Response: We concur. It is unclear why information returns were not issued for this audit period and prior. The Village has prepared and mailed the Forms 1099d for 2008 in a timely manner.

**FINDINGS AND RESPONSES RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)**

Finding Number	2007-015
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Other

Inadequate Detail of Capital Assets (Repeated from Prior Audit) - Ohio Revised Code Section 117-2-02(D), requires a fixed assets record including information on the original costs, acquisition date, voucher number, the asset type (land, building, vehicle, etc.), asset description, location and tag number. All public offices should have a record of significant capital assets owned sufficient to manage their operations.

Village Response: The Village agrees but has not yet decided the implementation process. The Village will develop the proper listing of capital assets by December 31, 2009.

Finding Number	2007-016
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Other

No Mayor's Court Report Presented to Council of Funds Received and Distributed on a Monthly Basis - Ohio Revised Code, Section 1905.21, requires that at the first regular meeting of the legislative authority each month, the Mayor shall submit a full statement of all money received, from whom and for what purposes received, and when paid into the Treasury. Per inquiry of the Mayor's Court Clerk and the Village Finance Director, this was not being done. We recommend that monthly reports to Council on the status of Mayor's Court funds be resumed on a monthly basis.

Village Response: We concur. The Mayor's Court Clerk has resumed providing this report on a monthly basis to the Mayor and Village council.

Finding Number	2007-017
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Budgetary Activity

Tax Budget was Approved Late - Ohio Revised Code, Section 5705.28, states that on or before July 15 in each year, the taxing authority of each subdivision or other taxing unit must adopt a tax budget for the succeeding fiscal year. Per Village council minutes, the tax budget was approved on July 31, which is later than the required adoption date.

Village Response: The Village was without a Finance Director during most of 2007. However, a temporary was utilized to prepare the 2008 tax budget and cash basis financial report only after the due dates of both. The 2009 tax budget was prepared and approved in a timely manner.

Finding Number	2007-018
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Budgetary Activity

Certification of Tax Levies was Approved Late - Ohio Revised Code, Section 5705.34, requires each taxing authority to pass an ordinance or resolution to authorize the necessary tax levies. Each such authority is to certify the levies to the County Auditor before October 1, unless a later date is approved by the tax commissioner. The resolution, certifying tax levies, was passed on October 31, 2007, which is past the certification deadline per the requirement, and a later date does not appear to be approved by the tax commissioner.

Village Response: Because the 2008 tax budget was approved and filed with the County late, the certification was approved late as well. The 2009 tax levies certification was approved in a timely manner.

**VILLAGE OF WOODLAWN
HAMILTON COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2007**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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Finding Number	Finding Summary	Fully Corrected?	Not corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid: Explain
Internal Control Over Financial Reporting			
2006-001	Lack of Independent Oversight Over the Finance Director's Time Worked	No	Not corrected. Refer to Finding 2007-001
2006-002	Lack Ability to Prepare Annual Financial Statements	No	Not corrected. Refer to Finding 2007-002
2006-003	Lack of Segregation of Payroll and Human Resource Duties	No	Not corrected. Refer to Finding 2007-003
2006-004	Lack of Proper Control Over Cash	No	Not corrected. Refer to Finding 2007-005
2006-005	Lack of Independent Oversight Over Disbursement Activity	No	Not corrected. Refer to Finding 2007-006
2006-006	Lack of Written Policy Regarding Use of Funds for Political Activity	No	Not corrected. Refer to Finding 2007-007
Compliance and Other Matters			
2006-007	Budgeted Receipts Exceeded Actual Receipts (Ohio Revised Code, Section 5705.36)	No	Not corrected. Refer to Finding 2007-009
2006-008	No Appropriation Measure Filed with the County Auditor for 2006 (Ohio Revised Code, Section 5705.39)	No	Not corrected. Refer to Finding 2007-010
2006-009	"Blanket" Fiscal Officer Certificate Exceeding One Year (Ohio Revised Code, Section 5705.41(D))	Yes	
2006-010	Expenditures Exceeded Appropriations (Ohio Revised Code, Section 5705.41(B))	No	Not corrected. Refer to Finding 2007-011
2006-011	Negative Fund Balances (Ohio Revised Code, Section 5705.10)	No	Not corrected. Refer to Finding 2007-012

**FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)**

Finding Number	Finding Summary	Fully Corrected?	Not corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid: Explain
2006-012	Inadequate Independent Oversight of Disbursement Activity (Ohio Revised Code, Section 5705.41(D))	No	Not corrected. Refer to Finding 2007-013
2006-013	Financial Report Was Not Filed Within 60 Days of the Fiscal Year End (Ohio Revised Code, Section 117.38)	Yes	
2006-014	Income Tax Refunds in Excess of \$10 Were Not Reported to the Taxpayer on Form 1099d (Internal Revenue Regulation, Section 1.6050E-1)	No	Not corrected. Refer to Finding 2007-014
2006-015	Inadequate Detail of Capital Assets (Ohio Revised Code Section 117-2-02(D))	No	Not corrected. Refer to Finding 2007-015



Mary Taylor, CPA
Auditor of State

VILLAGE OF WOODLAWN

HAMILTON COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
AUGUST 13, 2009**