

VILLAGE OF WOODLAWN

December 31, 2002 and 2001

*FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT*



**Auditor of State
Betty Montgomery**

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

We have reviewed the Independent Auditor's Report of the Village of Woodlawn, Hamilton County, prepared by VonLehman & Company Inc., for the audit period January 1, 2001 to December 31, 2002. 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.

Betty Montgomery

BETTY MONTGOMERY
Auditor of State

August 13, 2003

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

VILLAGE OFFICIALS

MAYOR

Susan Upton Farley

COUNCIL MEMBERS

Scott A. Gelder

Rowena D. Gillam

Mary L. Gowdy

Rodney Minter

Johnnie Rabb

Dr. Raymond Terrell

DEPARTMENT HEADS

Village Administrator - Acting

Walter Obermeyer

Village Law Director

Matt Fellerhoff

Village Police Chief - Acting

Jack Bennett

Village Fire Chief - Acting

Richard Mynatt

Village Finance Director

Ronnise C. Handy

Village Recreation Director

Marji Dogan

Village Service Director

Terry Meadows



INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the Village of Woodlawn, Hamilton County, Ohio, as of and for the years ended December 31, 2002 and 2001, as listed in the table of contents. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

As described in Note 1, the Village of Woodlawn prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of the Village of Woodlawn, Hamilton County, Ohio, as of December 31, 2002 and 2001, its combined cash receipts and disbursements and its combined budgeted and actual receipts and budgeted and actual disbursements and encumbrances, for the years then ended on the basis of accounting described in Note 1.

Honorable Mayor and Members of Council
Village of Woodlawn
Page Two

In accordance with Government Auditing Standards, we have also issued a report dated June 20, 2003 on our consideration of the Village of Woodlawn's internal control over financial reporting and our tests of its compliance with certain provision of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audits.

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

VonLehman & Company Inc.

Cincinnati, Ohio
June 20, 2003

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

December 31, 2002

Cash	\$ <u><u>965,311</u></u>
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FUND CASH BALANCES BY FUND TYPE

Governmental Fund Types

General Fund	\$ 642,031
Special Revenue Funds	588,559
Debt Service Funds	(3,805)
Capital Projects Funds	<u>(284,948)</u>
	941,837

Proprietary Fund Type

Enterprise Fund	6,525
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Fiduciary Fund Type

Agency Funds	<u>16,949</u>
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\$ 965,311

See accompanying notes.

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

December 31, 2001

Cash	\$ <u><u>449,975</u></u>
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FUND CASH BALANCES BY FUND TYPE

Governmental Fund Types

General Fund	\$ 311,056
Special Revenue Funds	82,366
Debt Service Funds	22,280
Capital Projects Funds	<u>11,326</u>
	427,028

Proprietary Fund Type

Enterprise Fund	6,488
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Fiduciary Fund Type

Agency Funds	<u>16,459</u>
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\$ 449,975

See accompanying notes.

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

	Year Ended December 31, 2002				
	General Fund	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Totals (Memorandum Only)
Receipts					
Property and Other Local Taxes	\$ 4,123,183	\$ 624,957	\$ -	\$ 222,885	\$ 4,971,025
Intergovernmental Receipts	256,290	227,972	-	122	484,384
Special Assessments	-	-	5,694	-	5,694
Charges for Services	133,517	12,112	-	-	145,629
Fines, Licenses and Permits	69,352	15,225	-	-	84,577
Earnings from Investments	2,738	2,661	561	447	6,407
Miscellaneous	79,807	1,882	-	72,418	154,107
Total Receipts	<u>4,664,887</u>	<u>884,809</u>	<u>6,255</u>	<u>295,872</u>	<u>5,851,823</u>
Disbursements					
Security of Persons and Property	2,253,007	14,672	-	116,610	2,384,289
Public Health Services	7,695	-	-	-	7,695
Leisure Time Activities	322,117	223,233	-	-	545,350
Community Environment	68,027	-	-	-	68,027
Basic Utilities Services	516,741	-	-	1,776	518,517
Transportation	-	117,532	-	-	117,532
General Government	1,666,772	33,660	22	36,776	1,737,230
Capital Outlay	-	-	-	139,094	139,094
Debt Service	-	-	1,229,761	-	1,229,761
Total Disbursements	<u>4,834,359</u>	<u>389,097</u>	<u>1,229,783</u>	<u>294,256</u>	<u>6,747,495</u>
(Deficit) Excess of Receipts (Under) Over Disbursements:	<u>(169,472)</u>	<u>495,712</u>	<u>(1,223,528)</u>	<u>1,616</u>	<u>(895,672)</u>
Other Financing Sources (Uses)					
Issuance of Bond Anticipation Notes	550,000	-	-	850,000	1,400,000
Transfers - In	-	-	1,197,443	42,451	1,239,894
Transfers - Out	(49,553)	-	-	(1,190,341)	(1,239,894)
Other Sources	-	10,481	-	-	10,481
Total Other Financing Sources (Uses)	<u>500,447</u>	<u>10,481</u>	<u>1,197,443</u>	<u>(297,890)</u>	<u>1,410,481</u>
Excess (Deficit) of Receipts and Other Financing Sources Over (Under) Disbursements and Other Financing Uses	330,975	506,193	(26,085)	(296,274)	514,809
Beginning Fund Cash Balance	<u>311,056</u>	<u>82,366</u>	<u>22,280</u>	<u>11,326</u>	<u>427,028</u>
Ending Fund Cash Balance	<u>\$ 642,031</u>	<u>\$ 588,559</u>	<u>\$ (3,805)</u>	<u>\$ (284,948)</u>	<u>\$ 941,837</u>

See accompanying notes.

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

	Year Ended December 31, 2002		
	Proprietary Fund Type	Fiduciary Fund Type	Totals
	Enterprise Fund	Agency Funds	(Memorandum Only)
Operating Receipts			
Miscellaneous	\$ 37	\$ 151	\$ 188
Operating Disbursements	-	-	-
Operating Income	37	151	188
Other Financing Sources (Uses)			
Other Non-Operating Receipts	-	75,593	75,593
Other Non-Operating Disbursements	-	(75,254)	(75,254)
Total Other Financing Sources (Uses)	-	339	339
Net Income	37	490	527
Beginning Fund Cash Balance	6,488	16,459	22,947
Ending Fund Cash Balance	\$ 6,525	\$ 16,949	\$ 23,474

See accompanying notes.

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

	Year Ended December 31, 2001				
	General Fund	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Totals (Memorandum Only)
Receipts					
Property and Other Local Taxes	\$ 3,112,990	\$ 505,059	\$ -	\$ 165,129	\$ 3,783,178
Intergovernmental Receipts	341,508	225,232	-	97,800	664,540
Special Assessments	-	-	1,272	-	1,272
Charges for Services	111,390	1,426	-	-	112,816
Fines, Licenses and Permits	123,454	9,425	-	-	132,879
Earnings from Investments	-	3,599	325	19,699	23,623
Miscellaneous	90,662	350	-	-	91,012
Total Receipts	<u>3,780,004</u>	<u>745,091</u>	<u>1,597</u>	<u>282,628</u>	<u>4,809,320</u>
Disbursements					
Security of Persons and Property	2,212,454	17,954	-	9,915	2,240,323
Public Health Services	2,877	-	-	-	2,877
Leisure Time Activities	369,668	271,118	-	7,633	648,419
Community Environment	86,953	-	-	-	86,953
Basic Utilities Services	498,713	-	-	5,326	504,039
Transportation	-	178,598	-	1,310	179,908
General Government	1,301,302	24,436	24	47,269	1,373,031
Capital Outlay	-	-	-	73,480	73,480
Debt Service	-	-	4,894,654	-	4,894,654
Total Disbursements	<u>4,471,967</u>	<u>492,106</u>	<u>4,894,678</u>	<u>144,933</u>	<u>10,003,684</u>
(Deficit) Excess of Receipts (Under) Over Disbursements:	<u>(691,963)</u>	<u>252,985</u>	<u>(4,893,081)</u>	<u>137,695</u>	<u>(5,194,364)</u>
Other Financing Sources (Uses)					
Issuance of Bond Anticipation Notes	-	-	-	4,313,074	4,313,074
Transfers - In	1,151,144	28,926	4,894,654	69,661	6,144,385
Transfers - Out	(98,586)	(322,168)	-	(5,723,631)	(6,144,385)
Other Sources	-	15,169	-	-	15,169
Sale of Land	-	-	-	407,473	407,473
Total Other Financing Sources (Uses)	<u>1,052,558</u>	<u>(278,073)</u>	<u>4,894,654</u>	<u>(933,423)</u>	<u>4,735,716</u>
Excess (Deficit) of Receipts and Other Financing Sources Over (Under) Disbursements and Other Financing Uses	360,595	(25,088)	1,573	(795,728)	(458,648)
Beginning Fund Cash Balance	<u>(49,539)</u>	<u>107,454</u>	<u>20,707</u>	<u>807,054</u>	<u>885,676</u>
Ending Fund Cash Balance	<u>\$ 311,056</u>	<u>\$ 82,366</u>	<u>\$ 22,280</u>	<u>\$ 11,326</u>	<u>\$ 427,028</u>

See accompanying notes.

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

	Year Ended December 31, 2001		
	Proprietary Fund Type	Fiduciary Fund Type	Totals
	Enterprise Fund	Agency Funds	(Memorandum Only)
Operating Receipts			
Miscellaneous	\$ 98	\$ 6	\$ 104
Operating Disbursements	-	-	-
Operating Income	98	6	104
Other Financing Sources (Uses)			
Other Non-Operating Receipts	-	142,603	142,603
Other Non-Operating Disbursements	-	(151,560)	(151,560)
Total Other Financing Sources (Uses)	-	(8,957)	(8,957)
Net Income (Loss)	98	(8,951)	(8,853)
Beginning Fund Cash Balance	6,390	25,410	31,800
Ending Fund Cash Balance	\$ 6,488	\$ 16,459	\$ 22,947

See accompanying notes.

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

<u>Fund Type/Funds</u>	Year Ended December 31, 2002		
	Budget	Actual	Variance Favorable
<u>Governmental Fund Types</u>			
General Fund	\$ 5,193,000	\$ 5,214,887	\$ 21,887
Special Revenue Funds	852,311	895,290	42,979
Debt Service Funds	4,245	1,203,698	1,199,453
Capital Projects Funds	224,503	1,188,323	963,820
Total Governmental Fund Types	6,274,059	8,502,198	2,228,139
<u>Proprietary Fund Type</u>			
Enterprise Fund	31	37	6
December 31, 2002 (Memorandum Only)	\$ 6,274,090	\$ 8,502,235	\$ 2,228,145

See accompanying notes.

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

Fund Type/Funds	Year Ended December 31, 2001		
	Budget	Actual	Variance Favorable (Unfavorable)
Governmental Fund Types			
General Fund	\$ 3,398,076	\$ 4,931,148	\$ 1,533,072
Special Revenue Funds	713,378	789,186	75,808
Debt Service Funds	8,400	4,896,251	4,887,851
Capital Projects Funds	1,249,200	5,072,836	3,823,636
Total Governmental Fund Types	5,369,054	15,689,421	10,320,367
Proprietary Fund Type			
Enterprise Fund	150	98	(52)
December 31, 2001 (Memorandum Only)	\$ 5,369,204	\$ 15,689,519	\$ 10,320,315

See accompanying notes.

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

<u>Fund Type/Funds</u>	<u>Prior Year Carryover Appropriations</u>	<u>2002 Appropriations</u>	<u>Total</u>	<u>Actual 2002 Disbursements</u>	<u>Encumbrances Outstanding at 12/31/02</u>	<u>Total</u>	<u>Variance Favorable (Unfavorable)</u>
<u>Governmental Fund Types</u>							
General Fund	\$ 89,961	\$ 4,912,534	\$ 5,002,495	\$ 4,883,912	\$ 103,652	\$ 4,987,564	\$ 14,931
Special Revenue Funds	-	640,664	640,664	389,097	43,271	432,368	208,296
Debt Service Funds	-	33,000	33,000	1,229,783	-	1,229,783	(1,196,783)
Capital Projects Funds	95,347	942,902	1,038,249	1,484,597	-	1,484,597	(446,348)
Total Governmental Fund Types	185,308	6,529,100	6,714,408	7,987,389	146,923	8,134,312	(1,419,904)
<u>Proprietary Fund Type</u>							
Enterprise Fund	-	-	-	-	-	-	-
December 31, 2002 (Memorandum Only)	<u>\$ 185,308</u>	<u>\$ 6,529,100</u>	<u>\$ 6,714,408</u>	<u>\$ 7,987,389</u>	<u>\$ 146,923</u>	<u>\$ 8,134,312</u>	<u>\$ (1,419,904)</u>

See accompanying notes.

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

<u>Fund Type/Funds</u>	<u>Prior Year Carryover Appropriations</u>	<u>2001 Appropriations</u>	<u>Total</u>	<u>Actual 2001 Disbursements</u>	<u>Encumbrances Outstanding at 12/31/01</u>	<u>Total</u>	<u>Variance Favorable (Unfavorable)</u>
<u>Governmental Fund Types</u>							
General Fund	\$ 289,286	\$ 4,215,349	\$ 4,504,635	\$ 4,570,553	\$ 89,961	\$ 4,660,514	\$ (155,879)
Special Revenue Funds	99,980	797,410	897,390	814,274	-	814,274	83,116
Debt Service Funds	-	1,500	1,500	4,894,678	-	4,894,678	(4,893,178)
Capital Projects Funds	136,491	1,325,000	1,461,491	5,868,564	95,347	5,963,911	(4,502,420)
Total Governmental Fund Types	525,757	6,339,259	6,865,016	16,148,069	185,308	16,333,377	(9,468,361)
<u>Proprietary Fund Type</u>							
Enterprise Fund	-	2,875	2,875	-	-	-	2,875
December 31, 2001 (Memorandum Only)	\$ <u>525,757</u>	\$ <u>6,342,134</u>	\$ <u>6,867,891</u>	\$ <u>16,148,069</u>	\$ <u>185,308</u>	\$ <u>16,333,377</u>	\$ <u>(9,465,486)</u>

See accompanying notes.

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

NOTE 1 - ACCOUNTING POLICIES

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

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

Basis of Accounting

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

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

Fund Accounting

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

General Fund

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

NOTE 1 - ACCOUNTING POLICIES (Continued)Special Revenue Funds

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

These funds include the following:

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

NOTE 1 - ACCOUNTING POLICIES (Continued)Debt Service Funds

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

The Village had the following significant debt service funds:

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

Capital Projects Funds

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

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

NOTE 1 - ACCOUNTING POLICIES (Continued)Enterprise Fund

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

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

Fiduciary Funds (Agency Funds)

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

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

Budgetary Process

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

Appropriations

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

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

Estimated Resources

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

NOTE 1 - ACCOUNTING POLICIES (Continued)

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

Encumbrances

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

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

Cash and Investments

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

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

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

Property, Plant and Equipment

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

Accumulated Leave

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

NOTE 1 - ACCOUNTING POLICIES (Continued)

Interfund Transactions

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

Intergovernmental Revenues

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

Total Columns on Financial Statements

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

NOTE 2 - EQUITY IN POOLED CASH

The Village of Woodlawn maintains a cash and investments pool used by all funds. Each fund type's portion of this pool is displayed on the "Combined Statement of Fund Cash Balances" as "Fund Cash Balances by Fund Type". The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of cash at December 31, 2002 and 2001 was as follows:

	<u>December 31,</u>	
	<u>2002</u>	<u>2001</u>
Demand Deposits	\$604,007	\$344,343
STAROhio Investments	<u>361,304</u>	<u>105,632</u>
Total Cash and Investments	<u>\$965,311</u>	<u>\$449,975</u>

Deposits

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

NOTE 3 - COMPLIANCE**Budgetary Activity**

For the year ended December 31, 2002, the debt service and capital projects funds had disbursements in excess of appropriations as shown in the financial statements. Similarly, for the year ended December 31, 2001, the general, debt service and capital projects funds had disbursements in excess of appropriations as shown in the financial statements (see Report on Compliance and on Internal Control over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards).

Fund Balances

For the year ended December 31, 2002, the swimming pool, mayor's court computer, cops fast, summer lunch grant, EMS grant, pool house construction bond retirement, building improvement, property acquisition, greenways project and armory community center funds had negative (cash) balances. In addition, for the year ended December 31, 2001, the swimming pool, mayor's court computer, cops fast, summer lunch grant, EMS grant, building improvement, property acquisition and greenways project funds had negative (cash) balances (see Report on Compliance and on Internal Control over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards).

Other

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

- Appropriations Exceeded Estimated Resources (Ohio Revised Code, Section 5705.39)
- Code Receipts and Expenditures to Proper Funds (Ohio Revised Code, Section 733.28)
- Certification of Available Revenue (Ohio Revised Code, Section 5705.36)

NOTE 4 - PROPERTY TAX

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

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

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

NOTE 4 - PROPERTY TAX (Continued)

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

NOTE 5 - RISK MANAGEMENT

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

The Village has obtained commercial insurance for the following risks:

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

NOTE 6 - LOCAL INCOME TAX

This locally levied tax of 1.4% is applied to gross salaries, wages and other personal service compensation earned by residents both in and out of the Village and to earnings of nonresidents (except certain transients) who worked in the Village. It also applies to net income of business organizations' earnings conducted within the Village. Income tax receipts amounted to \$4,403,871 and \$3,302,460 in 2002 and 2001, respectively.

NOTE 7 - RETIREMENT SYSTEMS

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

Contribution rates are also prescribed by the Ohio Revised Code. For both 2002 and 2001, members of O P & F contributed 10% of their wages to the O P & F. The Village contributed an amount equal to 24% of firemen's gross salaries and 19.5% of law enforcement officers' gross salaries. For both 2002 and 2001, PERS members contributed 8.5% of their gross salaries and the Village contributed an amount equal to 13.5% of participants' gross salaries. The Village has paid all contributions required through December 31, 2002.

NOTE 8 - LONG-TERM DEBT

Long-term debt outstanding at December 31, 2002 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Swimming Pool Construction Bond Anticipation Notes	\$ 850,000	2.25%
General Obligation Real Estate Acquisition Bonds	3,500,000	3.80 - 5.60%
Judgment Bond Anticipation Note	<u>550,000</u>	2.25%
	<u>\$4,900,000</u>	

Payments made on the long-term debt for the years ended December 31, 2002 and 2001 were as follows:

	<u>December 31,</u>	
	<u>2002</u>	<u>2001</u>
Real Estate Acquisition Bond Anticipation Notes		
Principal	\$ -	\$3,500,000
Interest	<u>-</u>	<u>226,849</u>
	<u>-</u>	<u>3,726,849</u>
Swimming Pool Construction Bond Anticipation Notes		
Principal	850,000	850,000
Interest	<u>32,318</u>	<u>47,659</u>
	<u>882,318</u>	<u>897,659</u>
General Obligation Real Estate Acquisition Bonds		
Principal	42,955	-
Interest	<u>167,045</u>	<u>-</u>
	<u>210,000</u>	<u>-</u>
Capital Lease Obligations	<u>137,443</u>	<u>137,443</u>
Bond Issuance Expense	1,229,761	4,761,951
	<u>-</u>	<u>132,703</u>
	<u>\$1,229,761</u>	<u>\$4,894,654</u>

Real Estate Acquisition Bond Anticipation Notes

In September, 1998, the Village received a bond anticipation note of \$3,500,000 from the bank for the acquisition of real estate and urban renewal. The note was renewed and interest was paid in September, 2000 and 1999. The Village paid \$300,000 of principal during 2001. In December, 2001, the Village issued bonds to retire outstanding bond anticipation notes of \$3,200,000 and the associated interest due at 5.25%.

NOTE 8 - LONG-TERM DEBT (Continued)

Swimming Pool Construction Bond Anticipation Notes

In May, 1999, the Village received a bond anticipation note of \$650,000 from the bank for the construction of a swimming pool. This note was repaid with interest in May, 2000 through the acquisition of another bond anticipation note of \$850,000 from the bank. The note was renewed and interest was paid in May, 2002 and 2001. The note is due with interest in October, 2003.

General Obligation Real Estate Acquisition Bonds

In December, 2001, the Village issued bonds in the amount of \$3,500,000 to retire the real estate acquisition bond anticipation note and the associated interest expense due. The Village is required to make principal and interest payments annually in December and the final payment is due in December, 2022.

Judgment Bond Anticipation Note

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

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

<u>Year Ending December 31,</u>	<u>Swimming Pool Construction Bond Anticipation Notes</u>	<u>General Obligation Real Estate Acquisition Bonds</u>	<u>Judgment Bond Anticipation Note</u>	<u>Total</u>
2003	\$874,969	\$ 282,045	\$566,156	\$1,723,170
2004	-	277,445	-	277,445
2005	-	277,845	-	277,845
2006	-	278,045	-	278,045
2007	-	278,045	-	278,045
Thereafter	-	<u>4,194,285</u>	-	<u>4,194,285</u>
	<u>\$874,969</u>	<u>\$5,587,710</u>	<u>\$566,156</u>	<u>\$7,028,835</u>

Capital Lease Obligations

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

NOTE 8 - LONG-TERM DEBT (Continued)

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

Year Ending <u>December 31,</u>	
2003	\$142,232
2004	92,803
2005	92,803
2006	64,619
2007	64,619
Thereafter	<u>96,924</u>
Total Payments	554,000
Less Interest Portion	<u>94,612</u>
Net Capital Lease Obligation	<u>\$459,388</u>

NOTE 9 - OPERATING LEASES

The Village leases three vehicles through operating leases expiring on various dates in 2004. Lease expense was \$11,008 and \$14,364 in 2002 and 2001, respectively.

Future minimum lease commitments are as follows:

Year Ending <u>December 31,</u>	
2003	\$11,713
2004	<u>7,795</u>
	<u>\$19,508</u>

OTHER INFORMATION



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

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

We have audited the financial statements of the Village of Woodlawn as of and for the years ended December 31, 2002 and 2001, and have issued our report thereon dated June 20, 2003. We conducted our audits in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

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

1. *Negative Fund Balances* - Certain special revenue, debt service and capital projects funds had negative (cash) fund balances as of December 31, 2002 and 2001 as follows:

December 31, 2002

Special Revenue

Cops Fast	\$(10,747)
EMS Grant	(8,237)
Mayor's Court Computer	(17,519)
Summer Lunch Grant	(10,090)
Swimming Pool	(98,588)

Debt Service

Pool House Construction Bond Retirement	(32,376)
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Capital Projects

Armory Community Center	(3,513)
Building Improvement	(103,538)
Greenways Project	(9,727)
Property Acquisition	(314,651)

Honorable Mayor and Members of Council
Village of Woodlawn

December 31, 2001

Special Revenue

Cops Fast	\$(10,682)
EMS Grant	(3,448)
Mayor's Court Computer	(10,065)
Summer Lunch Grant	(4,411)
Swimming Pool	(116,585)

Capital Projects

Building Improvement	(68,340)
Greenways Project	(9,669)
Property Acquisition	(103,776)

These deficit balances indicate that cash from other funds has been used to pay obligations of these funds. This is a violation of Ohio Revised Code, Section 5705.10, which requires that money paid into any fund shall be used only for the purpose for which the fund is established. Subsequent to December 31, 2002, the Village has taken action to properly monitor and correct certain negative fund balances.

- Appropriations Exceeded Estimated Resources* - Ohio Revised Code, Section 5705.39, requires that appropriations do not exceed the amended estimate of resources. Appropriations exceeded the estimate of resources for the year ended December 31, 2002 for debt service and capital projects funds in the amount of \$6,475 and \$703,573, respectively. In addition, appropriations exceeded the estimate of resources for the year ended December 31, 2001 for the general fund in the amount of \$523,024.
- Expenditures Exceeded Appropriations (repeated from prior audit)* - The Village overspent its appropriations in the debt service and capital projects funds in 2002 and the general, debt service and capital projects funds in 2001. However, only the general fund excess was due to a lack of proper appropriation, since the debt service and capital projects fund excesses were caused by audit transfers. This is a violation of Ohio Revised Code, Section 5705.41(b). If the Village finds or anticipates spending more than it had previously appropriated for the year, it should pass an updated appropriation resolution.
- Certification of Available Revenue* - The Village tried to certify its 2001 unencumbered fund balances to the county auditor in a timely manner but could not because the year had already expired. This is a violation of Ohio Revised Code, Section 5705.36. However, 2002 was properly handled.
- Code Receipts and Expenditures to Proper Accounts (repeated from prior audit)* - An accurate report was not maintained for all monies received and expended by the Village. Various errors were found in the annual reports which were corrected during the audit. This is a violation of Ohio Revised Code, Section 733.28, which requires the Village Clerk to keep the books of the Village, exhibit accurate statements of all monies received and expended and maintain records of all property owned by the Village and the income derived therefrom and of all taxes and assessments.

Internal Control Over Financial Reporting

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

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

Material Weaknesses

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

Honorable Mayor and Members of Council
Village of Woodlawn

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

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

VonLehman & Company Inc.

Cincinnati, Ohio
June 20, 2003



**Auditor of State
Betty Montgomery**

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VILLAGE OF WOODLAWN

HAMILTON COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
SEPTEMBER 4, 2003**