

Audited Financial Statements

VILLAGE OF ELMWOOD PLACE

Years ended December 31, 2000 and 1999

FLYNN & COMPANY PSC, INC.

Certified Public Accountants



STATE OF OHIO
OFFICE OF THE AUDITOR
JIM PETRO, AUDITOR OF STATE

35 North Fourth Street, 1st Floor
Columbus, Ohio 43215
Telephone 614-466-4514
800-282-0370
Facsimile 614-728-7398

Village Council
Village of Elmwood Place
6118 Vine Street
Cincinnati, OH 45216

We have reviewed the Independent Auditor's Report of the Village of Elmwood Place, Hamilton County, prepared by Flynn & Company PSC, Inc., for the audit period January 1, 1999 to December 31, 2000. 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 Elmwood Place is responsible for compliance with these laws and regulations.

JIM PETRO
Auditor of State

November 26, 2001

This Page is Intentionally Left Blank.

VILLAGE OF ELMWOOD PLACE

FINANCIAL STATEMENTS

Years ended December 31, 2000 and 1999

Contents

Report of Independent Accountants1

Audited Financial Statements

Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund
Cash Balances-All Governmental Fund Types and Similar Fiduciary Fund Types
For the Year Ended December 31, 20002

Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund
Cash Balances-Agency Fund for the Year Ended December 31, 20003

Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund
Cash Balances-All Governmental Fund Types and Similar Fiduciary Fund Types
For the Year Ended December 31, 19994

Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund
Cash Balances-Agency Fund for the Year Ended December 31, 19995

Notes to the Financial Statements6

This Page is Intentionally Left Blank.

REPORT OF INDEPENDENT ACCOUNTANTS

Village Council
Village of Elmwood Place
6118 Vine Street
Cincinnati, Ohio 45216

To the Village Council:

We have audited the accompanying financial statements of the Village of Elmwood Place, Hamilton County, Ohio, (the Village), as of and for the years ended December 31, 2000 and 1999. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

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

As described in Note 1, the Auditor of State establishes guidelines for the proper coding and classification of Village disbursements. The expenditures posted in the Village's appropriation ledger were not classified properly. It was considered impracticable to classify the Village's expenditures in the accompanying financial statements in accordance with these requirements.

In our opinion, except for the improper classification of expenditures in the Village's appropriation ledger, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of the Village of Elmwood Place, Hamilton County, Ohio as of December 31, 2000 and 1999, and its combined cash receipts and unclassified disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued a report dated October 24, 2001 on our consideration of the Village's internal control structure over financial reporting and our tests of compliance with certain provisions of laws, regulations, contracts and grants.

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

Flynn & Company PSC, Inc.

October 24, 2001

**VILLAGE OF VILLAGE OF ELMWOOD PLACE
HAMILTON COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN FUND
CASH BALANCES-ALL GOVERNMENTAL FUND TYPES AND SIMILAR FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2000**

	Governmental Fund Types				Fiduciary Fund Type	Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust	
Cash receipts						
Property and other local taxes	\$493,211	\$0	\$0	\$0	\$0	\$493,211
Intergovernmental	505,077	227,783	0	198	8,465	741,523
Charges for services	21,101	258	0	0	0	21,359
Fines, licenses, and permits	78,859	6,991	0	0	0	85,850
Miscellaneous	31,883	0	0	0	0	31,883
Total cash receipts	1,130,131	235,032	0	198	8,465	1,373,826
Cash disbursements						
Current:						
Security of persons and property	669,967	75,463	0	0	5,139	750,569
Leisure time activities	29,472	0	0	0	0	29,472
Basic utility services	70,159	0	0	0	0	70,159
Transportation	116,765	67,723	0	0	0	184,488
General government	369,128	0	0	0	0	369,128
Community environment	0	13,327	0	0	0	13,327
Capital outlay	0	7,203	0	0	0	7,203
Debt service:						
Principal	33,333	0	0	0	0	33,333
Interest	1,769	0	0	0	0	1,769
Total cash disbursements	1,290,593	163,716	0	0	5,139	1,459,448
Total cash receipts over/(under) cash disbursements	(160,462)	71,316	0	198	3,326	(85,622)
Other financing receipts/(disbursements)						
Transfers-in	0	4,790	0	0	0	4,790
Transfers-out	(4,790)	0	0	0	0	(4,790)
Total other financing Receipts/(disbursements)	(4,790)	4,790	0	0	0	0
Excess of cash receipts and other financing receipts over/(under) cash disbursement	(165,252)	76,106	0	198	3,326	(85,622)
Fund cash balances, January 1, 2000	358,190	130,378	1,222	502	40,764	531,056
Fund cash balances, December 31, 2000	\$192,938	\$206,484	\$1,222	\$700	\$44,090	\$445,434
Reserve for encumbrances, December 31, 2000	\$11,626	\$152	\$0	\$0	\$0	\$11,778

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

**VILLAGE OF ELMWOOD PLACE
HAMILTON COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,
AND CHANGES IN FUND CASH BALANCES-AGENCY FUND
FOR THE YEAR ENDED DECEMBER 31, 2000**

Non-Operating Cash Receipts:	
Other Non-Operating Receipts	<u>\$659,191</u>
Total Non-Operating Cash Receipts	<u>659,191</u>
Non-Operating Cash Disbursements:	
Other Non-Operating Cash Disbursements	<u>655,797</u>
Total Non-Operating Cash Disbursements	<u>655,797</u>
Net Receipts Over/(Under) Disbursements	3,394
Fund Cash Balances, January 1, 2000	<u>16,104</u>
Fund Cash Balances, December 31, 2000	<u>\$19,498</u>
Reserve for Encumbrances, December 31, 2000	<u>\$1,671</u>

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

**VILLAGE OF ELMWOOD PLACE
HAMILTON COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN FUND
CASH BALANCES-ALL GOVERNMENTAL FUND TYPES AND SIMILAR FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 1999**

	Governmental Fund Types				Fiduciary Fund Type	Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust	
Cash receipts						
Property and other local taxes	\$813,728	\$91,404	\$0	\$0	\$8,088	913,220
Intergovernmental	297,720	73,458	0	0	0	371,178
Charges for services	29,014	0	0	0	0	29,014
Fines, licenses, and permits	88,977	4,046	0	0	0	93,023
Miscellaneous	8,489	0	0	0	0	8,489
Total cash receipts	1,237,928	168,908	0	0	8,088	1,414,924
Cash disbursements						
Current:						
Security of persons and property	545,699	90,437	0	0	5,191	641,327
Public health services	1,583	0	0	0	0	1,583
Leisure time activities	32,726	0	0	0	0	32,726
Basic utility services	67,423	0	0	0	0	67,423
Transportation	274,855	58,039	0	0	0	332,894
General government	313,806	0	0	0	0	313,806
Community environment	2,075	0	0	0	0	2,075
Contractual services	0	0	0	0	0	0
Capital outlay	0	0	0	0	0	0
Debt service:						
Principal	33,333	0	0	0	0	33,333
Interest	3,539	0	0	0	0	3,539
Total cash disbursements	1,275,039	148,476	0	0	5,191	1,428,706
Total cash receipts over/(under) cash disbursements	(37,111)	20,432	0	0	2,897	(13,782)
Other financing receipts/(disbursements)						
Nonoperating revenue	185,495	0	0	0	0	185,495
Nonoperating expenditures	(37,584)	0	0	0	0	(37,584)
Total other financing receipts/(disbursements)	147,911	0	0	0	0	147,911
Excess of cash receipts and other financing receipts over/(under) cash disbursements and other financing disbursements	110,800	20,432	0	0	2,897	134,129
Fund cash balances, January 1, 1999	247,392	109,943	1,222	503	37,867	396,927
Fund cash balances, December 31, 1999	\$358,192	\$130,375	\$1,222	\$503	\$40,764	\$531,056
Reserve for encumbrances, December 31, 1999	\$0	\$0	\$0	\$0	\$0	\$0

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

**VILLAGE OF ELMWOOD PLACE
HAMILTON COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,
AND CHANGES IN FUND CASH BALANCES-AGENCY FUND
FOR THE YEAR ENDED DECEMBER 31, 1999**

Non-Operating Cash Receipts:	
Other Non-Operating Receipts	<u>\$647,624</u>
Total Non-Operating Cash Receipts	<u>647,624</u>
Non-Operating Cash Disbursements:	
Other Non-Operating Cash Disbursements	<u>644,019</u>
Total Non-Operating Cash Disbursements	<u>644,019</u>
Net Receipts Over/(Under) Disbursements	3,605
Fund Cash Balances, January 1, 1999	<u>12,499</u>
Fund Cash Balances, December 31, 1999	<u><u>\$16,104</u></u>
Reserve for Encumbrances, December 31, 1999	<u><u>\$0</u></u>

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

**VILLAGE OF ELMWOOD PLACE
HAMILTON COUNTY**

NOTES TO THE FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

A. Description of the Entity

The Village of Elmwood Place, 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 is directed by a publicly-elected six-member Council. The Village provides general governmental services, park operations (leisure time activities), and police and fire services.

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

B. 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 liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

The Village prepared financial statements that failed to classify disbursements by program, and failed to keep a proper receipt ledger. This presentation is a material departure from the presentation prescribed by the Auditor of State.

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

C. Fund Accounting

The Village uses fund accounting to segregate cash and deposits that are restricted as to use. 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.

**VILLAGE OF ELMWOOD PLACE
HAMILTION COUNTY**

NOTES TO THE FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies (Continued)

C. Fund Accounting (Continued)

Special Revenue Funds

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

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

Police Levy Fund – This fund receives property tax money to pay for the Village’s expenses for police protection.

Fire Levy Fund-This fund receives property tax money to pay for the Village’s expenses for fire protection.

Debt Service Fund

The Debt Service Fund is used to accumulate resources for the payment of bonds and note indebtedness. The Village had the following significant Debt Service Fund:

Bond Retirement Fund – This fund is established to pay the principal and interest of any debt. As of December 31, 2000, this fund is not being used.

Capital Project Funds

These funds are used to account for receipts that are restricted for the acquisition or construction of major capital projects (except those financed through enterprise or trust funds). The Village had the following significant Capital Project Fund:

Road Improvement Fund-The Village received a grant from the State of Ohio for the improvement of roads.

**VILLAGE OF ELMWOOD PLACE
HAMILTON COUNTY**

NOTES TO THE FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies (Continued)

C. Fund Accounting (Continued)

Fiduciary Funds

Trust funds are used to account for resources restricted by legally binding trust agreements. Other trust funds are classified as expendable. Funds for which the Village is acting in an agency capacity are classified as agency funds. The Village had the following significant Fiduciary Funds:

Police and Fire Pension Fund (expendable trust fund) – This fund receives property tax money to pay policemen’s pension and disability.

Payroll Trust Fund (agency fund) – This fund receives transfers from other funds in order to account for the payroll expenditures of the Village.

Mayor’s Court (agency fund) – This fund receives fines and forfeitures money to be distributed to the Village and to the State.

D. Budgetary Process

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

Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund and function level of control, and appropriations may not exceed estimated resources. The 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.

Estimated Resources

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

**VILLAGE OF ELMWOOD PLACE
HAMILTON COUNTY**

NOTES TO THE FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies (Continued)

D. Budgetary Process (Continued)

Encumbrances

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

A summary of 2000 and 1999 budgetary activity appears in Note 3.

E. 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.

F. Unpaid Vacation and Sick Leave

Employees are entitled to cash payments for unused vacation and sick leave in certain circumstances, such as leaving employment. Unpaid vacation and sick leaves are not reflected as liabilities under the cash basis of accounting used by the Village.

2. Equity in Deposits

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

	2000	1999
Demand deposits	<u>\$464,932</u>	<u>\$547,160</u>

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

**VILLAGE OF ELMWOOD PLACE
HAMILTON COUNTY**

NOTES TO THE FINANCIAL STATEMENTS

3. Budgetary Activity

Budgetary activity for the years ending December 31, 2000 and 1999 were as follows:

2000 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,715,904	\$1,130,131	\$585,773
Special Revenue	310,267	239,822	70,445
Debt Service	44,023	0	44,023
Capital Projects	502	198	304
Fiduciary*	0	8,465	(8,465)
Total	\$2,070,696	\$1,378,616	\$692,080

2000 Budgeted vs. Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,336,243	\$1,307,009	\$29,234
Special Revenue	285,443	163,868	121,575
Capital Projects	8,801	0	8,801
Fiduciary*	5,285	5,139	146
Total	\$1,635,772	\$1,476,016	\$159,756

* Does not include agency fund.

**VILLAGE OF ELMWOOD PLACE
HAMILTON COUNTY**

NOTES TO THE FINANCIAL STATEMENTS

3. Budgetary Activity (Continued)

Fund Type	1999 Budgeted vs. Actual Receipts		Variance
	Budgeted Receipts	Actual Receipts	
General	\$1,782,944	\$1,237,928	\$545,016
Special Revenue	259,492	168,908	90,584
Debt Service	45,643	0	45,643
Capital Projects	502	0	502
Fiduciary*	0	8,088	(8,088)
Total	\$2,088,581	\$1,414,924	\$673,657

Fund Type	1999 Budgeted vs. Actual Budgetary Basis Expenditures		Variance
	Appropriation Authority	Budgetary Expenditures	
General	1,089,289	1,275,039	(185,750)
Special Revenue	310,441	148,476	161,965
Capital Projects	43,303	0	43,303
Fiduciary*	0	5,191	(5,191)
Total	1,443,033	1,428,706	14,327

*Does not include agency fund.

4. Property Tax

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by the Village Council. 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 semiannual payment, the first half is due December 31. The second half payment is due the following June 20.

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

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

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

**VILLAGE OF ELMWOOD PLACE
HAMILTON COUNTY**

NOTES TO THE FINANCIAL STATEMENTS

5. Retirement Systems

The Village's law enforcement officers and firefighters belong to the Police & Firemen's Disability & Pension Funds (PFDPF). Other full-time employees belong to the Public Employees Retirement System (PERS) of Ohio, PFDPF and PERS are cost-sharing, multiple-employer plans. These plans provide retirement benefits, including post-retirement healthcare, 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 2000 and 1999, members of PFDPF contributed 10% of their wages to the PFDPF. The Village contributed an amount equal to 19.5% of their wages. PERS members contributed 8.5% of their gross salaries. The Village contributed an amount equal to 13.55% of participants' gross salaries. The Village has paid all contributions required through December 31, 2000.

6. Risk Management

The Village is a member of the Ohio Municipal League Joint Self Insurance Pool (the Pool). The Pool assumes the risk of loss up to the limits of the Village's policy. The following risks are covered by the plan:

- General liability and casualty
- Public official's liability
- Vehicle
- Comprehensive property and general liability.

The Village also provides health insurance, dental and vision coverage to full-time employees.

7. Deferred Compensation Assets

Certain employees may elect to participate in the Ohio Deferred Compensation Program (the Program). Amounts withheld from these employees are tax deferred, and are invested by the Program, as directed by the employees.

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

Village Council
Village of Elmwood Place
6118 Vine Street
Cincinnati, Ohio 45216

We have audited the general purpose financial statements of the Village of Elmwood Place, Hamilton County, Ohio, the (Village), as of and for the years ended December 31, 2000 and 1999, and have issued our report thereon dated October 24, 2001 which was qualified for lack of classification of expenditures. Except as noted in the preceding sentence, we conducted our audit in accordance with 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's general purpose 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 audits and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Village'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 a certain matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. 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'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 the 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. We noted one matter involving the internal control over financial reporting and its operation that we consider to be a material weakness, as follows:

The Village was not performing monthly reconciliations of the general fund cash account.

We also noted other matters involving the internal control over financial reporting that do not require inclusion in this report that we have reported to management of the Village in a separate letter dated October 24, 2001. This report is intended solely for the information of management and Council and is not intended to be and should not be used by anyone other than these specified parties.

Flynn & Company PSC, Inc.

October 24, 2001



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140
Telephone 614-466-4514
800-282-0370
Facsimile 614-466-4490

VILLAGE OF ELMWOOD PLACE

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
DECEMBER 4, 2001**