

Financial Statements

**VILLAGE OF ELMWOOD PLACE**

Years ended December 31, 2002 and 2001

FLYNN & COMPANY PSC, INC.  
*Certified Public Accountants*





**Auditor of State  
Betty Montgomery**

Village Council  
Village of Elmwood Place  
6118 Vine Street  
Elmwood Place, Ohio 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, 2001 through 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 Elmwood Place is responsible for compliance with these laws and regulations.

A handwritten signature in cursive script that reads "Betty Montgomery".

BETTY MONTGOMERY  
Auditor of State

November 24, 2003

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VILLAGE OF ELMWOOD PLACE

FINANCIAL STATEMENTS

Years ended December 31, 2002 and 2001

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## INDEPENDENT AUDITORS' REPORT

To the Village Council  
Village of Elmwood Place

We were engaged to audit the accompanying statements of cash receipts, cash disbursements, and changes in fund cash balances of the Village of Elmwood Place, Hamilton County, Ohio, (the Village), as of and for the years ended December 31, 2002 and 2001. These financial statements are the responsibility of the Village's management.

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 receipts and disbursements. The receipts posted in the Village's receipt ledger and the expenditures posted in the Village's appropriation ledger were not classified properly. It was considered impracticable to classify the Village's receipts and expenditures in the accompanying financial statements in accordance with these requirements.

Since the Village did not properly classify receipts and disbursements and we were unable to apply other audit procedures to satisfy ourselves as to the classification of receipts and disbursements, the scope of our work was not sufficient to enable us to express, and we do not express, an opinion on these financial statements.

In accordance with *Government Auditing Standards*, we have also issued a report dated June 5, 2003 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. 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 engagement.

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.***

June 5, 2003

**VILLAGE OF ELMWOOD PLACE  
HAMILTON COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN  
FUND CASH BALANCES-ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2002**

	<u>Governmental Fund Types</u>				<b>Totals (Memorandum Only)</b>
	<b>General</b>	<b>Special Revenue</b>	<b>Debt Service</b>	<b>Capital Projects</b>	
<b>Cash receipts</b>					
Property and other local taxes	\$ 261,694	\$ 76,795	\$ -	\$ -	\$ 338,489
Municipal income taxes	392,065	-	-	-	392,065
Intergovernmental receipts	96,580	96,876	-	-	193,456
Special assessments	-	-	-	-	-
Charges for services	25,738	-	-	-	25,738
Fines, licenses, and permits	122,068	4,311	-	-	126,379
Earnings on investments	3,237	-	-	-	3,237
Miscellaneous	<u>271,498</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>271,498</u>
Total cash receipts	1,172,880	177,982	-	-	1,350,862
<b>Cash disbursements</b>					
Current:					
Security of persons and property	492,624	212,785	-	-	705,409
Public health services	1,728	-	-	-	1,728
Leisure time activities	32,117	-	-	-	32,117
Basic utility services	79,954	-	-	-	79,954
Transportation	5,866	102,439	-	-	108,305
General government	<u>564,764</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>564,764</u>
Total cash disbursements	<u>1,177,053</u>	<u>315,224</u>	<u>-</u>	<u>-</u>	<u>1,492,277</u>
Total cash receipts over/ (under) cash disbursements	(4,173)	(137,242)	-	-	(141,415)
<b>Other financing receipts/(disbursements)</b>					
Transfers-in	8,712	-	-	-	8,712
Transfers-out	-	(6,790)	(1,222)	(700)	(8,712)
Other financing uses	<u>(7,537)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(7,537)</u>
Total other financing receipts (disbursements)	<u>1,175</u>	<u>(6,790)</u>	<u>(1,222)</u>	<u>(700)</u>	<u>(7,537)</u>
Excess of cash receipts and other financing receipts over/(under) cash disbursements	(2,998)	(144,032)	(1,222)	(700)	(148,952)
Fund cash balances, January 1, 2002	<u>43,413</u>	<u>283,562</u>	<u>1,222</u>	<u>1,104</u>	<u>329,301</u>
Fund cash balances, December 31, 2002	\$ <u>40,415</u>	\$ <u>139,530</u>	\$ <u>-</u>	\$ <u>404</u>	\$ <u>180,349</u>
Reserve for encumbrances, December 31, 2002	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</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-AGENCY FUND  
FOR THE YEAR ENDED DECEMBER 31, 2002

Non-Operating Cash Receipts:	
Other Non-Operating Receipts	\$ <u>161,716</u>
Total Non-Operating Cash Receipts	161,716
Non-Operating Cash Disbursements:	
Other Non-Operating Cash Disbursements	<u>138,463</u>
Total Non-Operating Cash Disbursements	<u>138,463</u>
Net Receipts Over Disbursements	23,253
Fund Cash Balances, January 1, 2002	<u>55,587</u>
Fund Cash Balances, December 31, 2002	\$ <u><u>78,840</u></u>
Reserve for Encumbrances, December 31, 2002	\$ <u><u>-</u></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  
FOR THE YEAR ENDED DECEMBER 31, 2001**

	<u>Governmental Fund Types</u>				Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	
<b>Cash receipts</b>					
Property and other local taxes	\$ 332,053	\$ 115,875	\$ -	\$ -	\$ 447,928
Municipal income taxes	414,536	-	-	-	414,536
Intergovernmental receipts	157,405	59,396	-	-	216,801
Special assessments	-	-	-	404	404
Charges for services	61,675	-	-	-	61,675
Fines, licenses, and permits	92,276	-	-	-	92,276
Miscellaneous	<u>107,776</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>107,776</u>
Total cash receipts	1,165,721	175,271	-	404	1,341,396
<b>Cash disbursements</b>					
Current:					
Security of persons and property	817,227	79,298	-	-	896,525
Public health services	375	-	-	-	375
Leisure time activities	18,030	-	-	-	18,030
Basic utility services	78,977	-	-	-	78,977
Transportation	51,808	62,984	-	-	114,792
General government	<u>348,829</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>348,829</u>
Total cash disbursements	<u>1,315,246</u>	<u>142,282</u>	<u>-</u>	<u>-</u>	<u>1,457,528</u>
Total cash receipts over/ (under) cash disbursements	(149,525)	32,989	-	404	(116,132)
<b>Other financing receipts/(disbursements)</b>					
Transfers-in	-	-	-	-	-
Transfers-out	-	-	-	-	-
Other financing uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing receipts/(disbursements)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of cash receipts and other financing receipts over/(under) cash disbursements	(149,525)	32,989	-	404	(116,132)
Fund cash balances, January 1, 2001	<u>192,938</u>	<u>250,573</u>	<u>1,222</u>	<u>700</u>	<u>445,433</u>
Fund cash balances, December 31, 2001	\$ <u><u>43,413</u></u>	\$ <u><u>283,562</u></u>	\$ <u><u>1,222</u></u>	\$ <u><u>1,104</u></u>	\$ <u><u>329,301</u></u>
Reserve for encumbrances, December 31, 2001	\$ <u><u>-</u></u>	\$ <u><u>-</u></u>	\$ <u><u>-</u></u>	\$ <u><u>-</u></u>	\$ <u><u>-</u></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-AGENCY FUND  
FOR THE YEAR ENDED DECEMBER 31, 2001**

Non-Operating Cash Receipts:	
Other Non-Operating Receipts	\$ <u>773,466</u>
Total Non-Operating Cash Receipts	773,466
Non-Operating Cash Disbursements:	
Other Non-Operating Cash Disbursements	<u>737,377</u>
Total Non-Operating Cash Disbursements	<u>737,377</u>
Net Receipts Over Disbursements	36,089
Fund Cash Balances, January 1, 2001	<u>19,498</u>
Fund Cash Balances, December 31, 2001	\$ <u>55,587</u>
Reserve for Encumbrances, December 31, 2001	\$ <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  
DECEMBER 31, 2002 AND 2001**

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  
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002 AND 2001**

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, 2002, 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.

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:

**VILLAGE OF ELMWOOD PLACE  
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002 AND 2001**

1. Summary of Significant Accounting Policies (Continued)

C. Fund Accounting (Continued)

Fiduciary Funds (Continued)

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.

Reclassifications

At December 31, 2000, the Village had an expendable trust fund balance of \$44,090 for the police and fire pension fund. During 2001, it was determined that this fund should have been classified as a special revenue fund. Accordingly, this fund balance was reclassified to special revenue funds as of January 1, 2001.

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  
DECEMBER 31, 2002 AND 2001**

1. Summary of Significant Accounting Policies (Continued)

D. Budgetary Process (Continued)

Encumbrances

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

A summary of 2002 and 2001 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:

	2002	2001
Demand deposits	<u>\$259,189</u>	<u>\$384,888</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  
DECEMBER 31, 2002 AND 2001**

3. Budgetary Activity

Budgetary activity for the years ending December 31, 2002 and 2001 were as follows:

2002 Budgeted vs. Actual Receipts			
Fund Type *	Budgeted Receipts	Actual Receipts	Variance
General	\$ 1,198,918	\$ 1,181,592	\$ (17,326)
Special Revenue	168,071	177,982	9,911
Debt Service	-	-	-
Capital Projects	-	-	-
Total	<u>\$ 1,366,989</u>	<u>\$ 1,359,574</u>	<u>\$ (7,415)</u>

2002 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type *	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 1,212,768	\$ 1,184,590	\$ 28,178
Special Revenue	418,209	322,014	96,195
Debt Service	-	1,222	(1,222)
Capital Projects	700	700	-
Total	<u>\$ 1,631,677</u>	<u>\$ 1,508,526</u>	<u>\$ 123,151</u>

\* Does not include agency fund.

2001 Budgeted vs. Actual Receipts			
Fund Type *	Budgeted Receipts	Actual Receipts	Variance
General	\$ 1,359,050	\$ 1,165,721	\$ (193,329)
Special Revenue	173,663	175,271	1,608
Debt Service	-	-	-
Capital Projects	-	404	404
Total	<u>\$ 1,532,713</u>	<u>\$ 1,341,396</u>	<u>\$ (191,317)</u>

2001 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type *	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 1,314,290	\$ 1,315,246	\$ (956)
Special Revenue	200,790	142,282	58,508
Debt Service	-	-	-
Capital Projects	-	-	-
Total	<u>\$ 1,515,080</u>	<u>\$ 1,457,528</u>	<u>\$ 57,552</u>

\*Does not include agency fund.



**VILLAGE OF ELMWOOD PLACE  
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002 AND 2001**

4. Property Tax

Real property taxes become a lien on January 1 proceeding 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.

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 2002 and 2001, members of PFDPF contributed 10% of their wages to the PFDPF. The Village contributed an amount equal to 10% of their wages. PERS members contributed 8.5% of their gross salaries. The Village contributed an amount equal to 8.5% of participants' gross salaries. The Village has paid all contributions required through December 31, 2001 and 2002, respectively.

**VILLAGE OF ELMWOOD PLACE  
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002 AND 2001**

6. Risk Management

The Village is a member of the Ohio Municipal League Joint Self Insurance Pool (the Pool) an unincorporated non-profit association available to municipal corporations and their instrumentalities. Pursuant to Section 2744.081 of the Ohio Revised Code, the Pool is deemed a separate legal entity. The Pool provides a program of property and casualty insurance for its members. The Pool assumes the risk of loss up to the limits of the Village's policy and pays judgments, settlements, and other expenses resulting from claims that exceed their member's deductibles. 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.

8. Concentration of Risk

The Village maintains its cash in bank accounts which, at times, may exceed the federally insured limits. The Village has not experienced any losses in such accounts. The amount in excess of the insurance coverage was \$159,189 at December 31, 2002.

**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 were engaged to audit the statements of cash receipts, cash disbursements and changes in fund cash balances of the Village of Elmwood Place, Hamilton County, Ohio, (the Village), as of and for the years ended December 31, 2002 and 2001, and have issued our report thereon dated June 5, 2003. We did not express an opinion on the financial statements because of the lack of classification of receipts and expenditures.

**Compliance**

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 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 engagement 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 engagement, we considered the Village's 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's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements.

We noted the following reportable conditions:

The Village was not performing monthly reconciliations of the general fund cash account and the mayor's court cash account. This comment was included in the report from the prior audit period and has not yet been corrected.

The receipts posted in the Village's receipt ledger and the expenditures posted in the Village's appropriation ledger were not classified properly in accordance with Auditor of State guidelines for proper coding and classification of Village receipts and disbursements.

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. The reportable conditions disclosed above are considered to be material weaknesses.

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 June 5, 2003. 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.***

June 5, 2003



**Auditor of State  
Betty Montgomery**

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**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, 2003**