

**VILLAGE OF ELMWOOD PLACE  
HAMILTON COUNTY, OHIO**

**AUDITED FINANCIAL STATEMENTS  
FOR THE YEARS ENDED  
DECEMBER 31, 2012 AND 2011**





# Dave Yost • Auditor of State

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

We have reviewed the *Independent Auditors' Report* of the Village of Elmwood Place, Hamilton County, prepared by Bastin & Company, LLC, for the audit period January 1, 2011 through December 31, 2012. 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 "Dave Yost".

Dave Yost  
Auditor of State

October 16, 2013

**This page intentionally left blank.**

VILLAGE OF ELMWOOD PLACE  
HAMILTON COUNTY, OHIO

TABLE OF CONTENTS

TITLE	PAGE
Independent Auditors' Report.....	1
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Cash Basis) – All Governmental Fund Types – For the Year Ended December 31, 2012.....	3
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Cash Basis) – All Fiduciary Fund Types – For the Year Ended December 31, 2012.....	4
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Cash Basis) – All Governmental Fund Types – For the Year Ended December 31, 2011.....	5
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Cash Basis) – All Fiduciary Fund Types – For the Year Ended December 31, 2011.....	6
Notes to the Financial Statements.....	7
Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i> .....	16
Schedule of Findings.....	18
Schedule of Prior Audit Findings .....	21

**This page intentionally left blank.**

# Bastin & Company, LLC

*Certified Public Accountants*

## **INDEPENDENT AUDITORS' REPORT**

Village of Elmwood Place  
Hamilton County  
6118 Vine Street  
Cincinnati, Ohio 45216

To the Village Council:

### ***Report on the Financial Statements***

We have audited the accompanying financial statements and related notes of the Village of Elmwood Place, Hamilton County, (the Village) as of and for the years ended December 31, 2012 and 2011.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Village's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Village's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinion.

### ***Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principle***

As described in Note 1 of the financial statements, the Village prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03, which is an accounting basis other than accounting principles generally accepted in the United States of America, to satisfy requirements.

The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

***Adverse Opinion on U.S Generally Accepted Accounting Principles***

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2012 and 2011, or changes in financial position thereof for the years then ended.

***Opinion on Regulatory Basis of Accounting***

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash balances of the Village as of December 31, 2012 and 2011, and its combined cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 permits, described in Note 1.

***Emphasis of Matter***

As discussed in Note 1 to the financial statements, during 2011 the Village adopted new accounting guidance in Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. Our opinion is not modified with respect to this matter.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated June 24, 2013, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.



Cincinnati, Ohio  
June 24, 2013



**VILLAGE OF ELMWOOD PLACE  
HAMILTON COUNTY, OHIO  
COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS,  
AND CHANGES IN FUND BALANCES - (CASH BASIS)  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2012**

	Governmental Fund Types			Totals (Memorandum Only)
	General	Special Revenue	Capital Projects	
<i>Cash Receipts:</i>				
Property and Other Local Taxes	\$ 211,338	\$ 57,155	\$ -	\$ 268,493
Municipal Income Tax	274,685	-	-	274,685
Intergovernmental	107,822	86,604	-	194,426
Charges for Services	222,658	-	-	222,658
Fines, Licenses and Permits	859,338	17,961	-	877,299
Earnings on Investments	279	-	-	279
Miscellaneous	20,194	-	-	20,194
Total Cash Receipts	<u>1,696,314</u>	<u>161,720</u>	<u>-</u>	<u>1,858,034</u>
<i>Cash Disbursements:</i>				
Current:				
Security of Persons and Property	395,632	61,296	-	456,928
Leisure Time Activities	2,993	-	-	2,993
Basic Utility Service	110,000	-	-	110,000
Transportation	4,589	126,598	-	131,187
General Government	402,325	6,140	-	408,465
Capital Outlay	-	-	100	100
Debt Service:				
Principal Retirement	45,393	-	-	45,393
Interest and Fiscal Charges	11,386	-	-	11,386
Total Cash Disbursements	<u>972,318</u>	<u>194,034</u>	<u>100</u>	<u>1,166,452</u>
Net Change in Fund Cash Balances	723,996	(32,314)	(100)	691,582
Fund Cash Balances, January 1, 2012	<u>124,092</u>	<u>230,336</u>	<u>28,422</u>	<u>382,850</u>
Fund Cash Balances, December 31, 2012:				
Restricted	-	198,022	28,322	226,344
Assigned	3,991	-	-	3,991
Unassigned	844,097	-	-	844,097
Fund Cash Balances, December 31, 2012	<u>\$ 848,088</u>	<u>\$ 198,022</u>	<u>\$ 28,322</u>	<u>\$ 1,074,432</u>

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

**VILLAGE OF ELMWOOD PLACE  
HAMILTON COUNTY, OHIO  
COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS,  
AND CHANGES IN FUND BALANCES - (CASH BASIS)  
ALL FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2012**

	Fiduciary Fund Types
	Agency
<i>Non-Operating Cash Receipts:</i>	
Other Financing Sources	188,275
Total Non-Operating Cash Receipts	188,275
<i>Non-Operating Cash Disbursements:</i>	
Other Financing Uses	201,085
Total Non-Operating Cash Disbursements	201,085
Net Change in Fund Cash Balances	(12,810)
Fund Cash Balance, January 1, 2012	14,119
Fund Cash Balance, December 31, 2012	\$ 1,309

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

**VILLAGE OF ELMWOOD PLACE  
HAMILTON COUNTY, OHIO  
COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS,  
AND CHANGES IN FUND BALANCES - (CASH BASIS)  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2011**

	Governmental Fund Types			Totals (Memorandum Only)
	General	Special Revenue	Capital Projects	
<i>Cash Receipts:</i>				
Property and Other Local Taxes	\$ 315,063	\$ 73,252	\$ -	\$ 388,315
Municipal Income Tax	295,882	-	-	295,882
Intergovernmental	137,676	92,090	-	229,766
Charges for Services	47,460	-	-	47,460
Fines, Licenses and Permits	180,127	36,169	-	216,296
Earnings on Investments	239	-	-	239
Miscellaneous	13,860	-	-	13,860
Total Cash Receipts	<u>990,307</u>	<u>201,511</u>	<u>-</u>	<u>1,191,818</u>
<i>Cash Disbursements:</i>				
Current:				
Security of Persons and Property	347,072	101,504	-	448,576
Leisure Time Activities	8,690	-	-	8,690
Basic Utility Service	104,832	-	-	104,832
Transportation	9,030	117,167	-	126,197
General Government	471,471	9,327	-	480,798
Capital Outlay	-	-	1,419	1,419
Debt Service:				
Principal Retirement	42,890	-	-	42,890
Interest and Fiscal Charges	13,508	-	-	13,508
Total Cash Disbursements	<u>997,493</u>	<u>227,998</u>	<u>1,419</u>	<u>1,226,910</u>
Net Change in Fund Cash Balances	(7,186)	(26,487)	(1,419)	(35,092)
Fund Cash Balances, January 1, 2011	<u>131,278</u>	<u>256,823</u>	<u>29,841</u>	<u>417,942</u>
Fund Cash Balances, December 31, 2011:				
Restricted	-	230,336	28,422	258,758
Unassigned	124,092	-	-	124,092
Fund Cash Balances, December 31, 2011	<u>\$ 124,092</u>	<u>\$ 230,336</u>	<u>\$ 28,422</u>	<u>\$ 382,850</u>

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

**VILLAGE OF ELMWOOD PLACE  
HAMILTON COUNTY, OHIO  
COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS,  
AND CHANGES IN FUND BALANCES - (CASH BASIS)  
ALL FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2011**

	Fiduciary Fund Types
	Agency
<i>Non-Operating Cash Receipts:</i>	
Other Financing Sources	207,809
Total Non-Operating Cash Receipts	207,809
<i>Non-Operating Cash Disbursements:</i>	
Other Financing Uses	212,754
Total Non-Operating Cash Disbursements	212,754
Net Change in Fund Cash Balances	(4,945)
Fund Cash Balance, January 1, 2011	19,064
Fund Cash Balance, December 31, 2011	\$ 14,119

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

**VILLAGE OF ELMWOOD PLACE  
HAMILTON COUNTY, OHIO  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2012 AND 2011**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The constitution and laws of the State of Ohio establish the rights and privileges of the Village of Elmwood Place, Hamilton County, Ohio (the Village), as a body corporate and politic. A publicly elected Mayor and six-member council directs the Village. The Village provides general governmental services, park operations and other leisure time activities, and police and fire services.

The Village participates in the Public Entities Pool of Ohio public entity risk pool. Note 9 to the financial statements provides additional information for this entity.

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

**B. Accounting Basis**

These financial statements follow the accounting basis the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. The Village recognizes receipts when received in cash rather than when earned, and recognizes disbursements 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 the Auditor of State prescribes or permits.

**C. Deposits and Investments**

The Village's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

**D. Fund Accounting**

The Village uses fund accounting to segregate cash and investments that are restricted as to use. The Village classifies its funds into the following types:

**1. General Fund**

The General Fund accounts for and reports all financial resources not accounted for and reported in another fund.

**2. Special Revenue Funds**

These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Village had the following significant Special Revenue Funds:

**VILLAGE OF ELMWOOD PLACE  
HAMILTON COUNTY, OHIO  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2012 AND 2011  
(Continued)**

*Street Construction, Maintenance and Repair Fund* - This fund receives gasoline tax and motor vehicle tax monies 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.

**4. Capital Project Funds**

These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Village had the following significant Capital Project Fund:

*Revitalization Fund* - This fund received proceeds from the issuance of bonds in 2010, which are being used for revitalization of blighted property within the Village.

**5. Fiduciary Funds (Agency Funds)**

Agency funds are purely custodial in nature and are used to hold resources for individuals, organizations or other governments. The Village disburses these funds as directed by the individual, organization or other government. The Village had the following significant Fiduciary Fund:

*Mayor's Court Fund* - This fund is used to account for the collection and distribution of Mayor's Court fines, fees and bonds.

**E. Budgetary Process**

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

**1. 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. Appropriations lapse at year end.

**2. 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, OHIO  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2012 AND 2011  
(Continued)**

**3. Encumbrances**

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

A summary of 2012 and 2011 budgetary activity appears in Note 3.

**F. Fund Balance**

For 2011, the Village implemented GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

GASB Statement No. 54 establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. GASB Statement No. 54 also clarifies the definitions of governmental fund types. The implementation of GASB Statement No. 54 did not have an effect on the previously reported fund balances.

Fund balance is divided into five classifications based primarily on the extent to which the Village must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

**1. Nonspendable**

The Village classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

**2. Restricted**

Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

**3. Committed**

Council can *commit* amounts via formal action (resolution). The Village must adhere to these commitments unless the Council amends the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

**4. Assigned**

Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the General Fund report all fund balances as *assigned* unless they are restricted or committed. In the General Fund, *assigned* amounts represent intended uses established by Village Council or a Village official delegated that authority by resolution, or by State Statute.

**VILLAGE OF ELMWOOD PLACE  
HAMILTON COUNTY, OHIO  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2012 AND 2011  
(Continued)**

**5. Unassigned**

Unassigned fund balance is the residual classification for the General Fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The Village applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

**G. Property, Plant and Equipment**

The Village records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

**H. Accumulated Leave**

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

**2. EQUITY IN POOLED DEPOSITS**

The Village maintains a deposit pool all funds use. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of deposits at December 31 is as follows:

	2012	2011
Demand deposits	\$ 1,075,741	\$ 396,969

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



**VILLAGE OF ELMWOOD PLACE  
HAMILTON COUNTY, OHIO  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2012 AND 2011  
(Continued)**

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ending December 31, 2012 and 2011 follows:

2012 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 1,634,974	\$ 1,696,314	\$ 61,340
Special Revenue	150,040	161,720	11,680
Total	\$ 1,785,014	\$ 1,858,034	\$ 73,020

2012 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 1,077,009	\$ 976,309	\$ 100,700
Special Revenue	316,501	199,574	116,927
Capital Projects	28,422	100	28,322
Total	\$ 1,421,932	\$ 1,175,983	\$ 245,949

2011 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 989,400	\$ 990,307	\$ 907
Special Revenue	201,480	201,511	31
Total	\$ 1,190,880	\$ 1,191,818	\$ 938

2011 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 1,105,565	\$ 997,493	\$ 108,072
Special Revenue	441,796	227,998	213,798
Capital Projects	29,842	1,419	28,423
Total	\$ 1,577,203	\$ 1,226,910	\$ 350,293

**4. COMPLIANCE**

- Contrary to Ohio Revised Code Sections 733.40 and 2949.091, distributions of Mayor's Court funds were not made within the specified time requirements.
- Contrary to Ohio Revised Code Section 9.38, receipts for Mayor's Court were not deposited within the specified time requirements.
- Contrary to Ohio Revised Code Section 5705.41(D), the Village did not properly certify the availability of funds.

**VILLAGE OF ELMWOOD PLACE  
HAMILTON COUNTY, OHIO  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2012 AND 2011  
(Continued)**

**5. PROPERTY TAX**

Real property taxes become a lien on January 1 preceding the October 1 date for which the Council adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. The financial statements include homestead and rollback amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

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

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

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

**6. LOCAL EARNINGS TAX**

The Village levies a municipal income tax of 2 percent on substantially all earned income arising from employment, residency, or business activities within the Village as well as certain income of residents earned outside of the Village.

Employers within the Village withhold income tax on employee compensation and remit the tax to the Village either monthly or quarterly, as required. Corporations and other individual taxpayers pay estimated taxes quarterly and file a declaration annually.

**7. DEBT**

Debt outstanding at December 31, 2012 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
2010 Property Acquisition and Improvement Bonds	\$204,315	4.90%
OPWC Oak Street Improvements Loan	<u>13,365</u>	0.00%
Total	<u>\$217,680</u>	

During 2007 the Village issued \$400,000 of Property Acquisition and Improvement Bonds to purchase and renovate property within the Village. During 2010 the Village retired the remaining \$300,000 outstanding by issuing \$300,000 of Property Acquisition and Improvement bonds. The bonds mature on December 1, 2016, and bear an interest rate of 4.90 percent.

The Village was awarded a \$15,275 loan by the Ohio Public Works Commission on April 3, 2009, for the Oak Street Improvements Project. The loan requires semi-annual payments of \$382 on January 1 and July 1 of each year for 20 years, with the first principal payment beginning on January 1, 2011. The final payment is due on July 1, 2030.

**VILLAGE OF ELMWOOD PLACE  
HAMILTON COUNTY, OHIO  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2012 AND 2011  
(Continued)**

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

<u>Year Ending December 31:</u>	<u>2010 Property Acquisition &amp; Improvement Bonds</u>	<u>OPWC Oak Street Improvements</u>	<u>Amount</u>
2013	\$56,016	\$764	\$56,780
2014	56,016	764	56,780
2015	56,016	764	56,780
2016	58,339	764	59,103
2017	-	764	764
2018 – 2022	-	3,818	3,818
2023 - 2027	-	3,818	3,818
2028 - 2030	-	1,909	1,909
Total	<u>\$226,387</u>	<u>\$13,365</u>	<u>\$239,752</u>

**8. RETIREMENT SYSTEMS**

The Village’s law enforcement officers belong to the Ohio Police and Fire Pension Funds (OP&F). The Village’s firefighters contribute to social security. Other full-time employees belong to the Ohio Public Employees Retirement System (OPERS). OP&F and OPERS are cost sharing, multiple-employer plans. The Ohio Revised Code prescribes the plans’ retirement benefits, including postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2012 and 2011 OP&F participants contributed 10 percent of their wages. For 2012 and 2011, the Village contributed an amount equal to 19.5 percent of police participant wages. For 2012 and 2011, OPERS members contributed 10 percent of their gross wages. The Village contributed an amount equal to 14 percent of participants’ gross salaries. The Village has paid all contributions required through December 31, 2012.

**9. RISK MANAGEMENT**

The Village is exposed to various risks of property and casualty losses, and injuries to employees.

The Village insures against injuries to employees through the Ohio Bureau of Worker’s Compensation.

The Village belongs to the Public Entities Pool of Ohio (PEP), a risk-sharing pool available to Ohio local governments. PEP provides property and casualty coverage for its members. York Risk Pooling Services, Inc. (formerly known as American Risk Pooling Consultants, Inc.), functions as the administrator of PEP and provides underwriting, claims, loss control, risk management, and reinsurance services for PEP. PEP is a member of the American Public Entity Excess Pool (APEEP), which is also administered by ARPCO. Member governments pay annual contributions to fund PEP. PEP pays judgments, settlements and other expenses resulting from covered claims that exceed the members’ deductibles.

**VILLAGE OF ELMWOOD PLACE  
HAMILTON COUNTY, OHIO  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2012 AND 2011  
(Continued)**

Casualty and Property Coverage

APEEP provides PEP with an excess risk-sharing program. Under this arrangement, PEP retains insured risks up to an amount specified in the contracts. At December 31, 2012, PEP retained \$350,000 for casualty claims and \$150,000 for property claims.

The aforementioned casualty and property reinsurance agreement does not discharge PEP's primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective government.

Financial Position

PEP's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2012 and 2011:

	2012	2011
Assets	\$ 34,389,569	\$33,362,404
Liabilities	(14,208,353)	(14,187,273)
Net Assets	\$20,181,216	\$19,175,131

At December 31, 2012 and 2011, respectively, the liabilities above include approximately \$13.1 million and \$13.0 million of estimated incurred claims payable. The assets above also include approximately \$12.6 million and \$12.1 million of unpaid claims to be billed to approximately 466 and 455 member governments in the future, as of December 31, 2012 and 2011, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2012, the Village's share of these unpaid claims collectible in future years is approximately \$31,000.

Based on discussions with PEP, the expected rates PEP charges to compute member contributions, which are used to pay claims as they become due, are not expected to change significantly from those used to determine the historical contributions detailed below. By contract, the annual liability of each member is limited to the amount of financial contributions required to be made to PEP for each year of membership.

Contributions to PEP	
2011	\$39,048
2012	36,511

After one year of membership, a member may withdraw on the anniversary of the date of joining PEP, if the member notifies PEP in writing 60 days prior to the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's contribution. Withdrawing members have no other future obligation to PEP. Also upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim occurred or was reported prior to the withdrawal.

**VILLAGE OF ELMWOOD PLACE  
HAMILTON COUNTY, OHIO  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2012 AND 2011  
(Continued)**

**10. SUBSEQUENT EVENTS**

The Village passed Ordinance 09-12 on July 10, 2012, which provided for the implementation of a speed camera automated enforcement program. On March 7, 2013, the Court of Common Pleas, Hamilton County, Ohio, declared the Village's use of the speed cameras automated enforcement program unconstitutional and ordered the Village to cease operating the program. This program generated \$681,034 in revenue for the Village during 2012. As of the June 24, 2013, a determination on the status of funds collected under the program has not been made.

# Bastin & Company, LLC

*Certified Public Accountants*

## **INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY *GOVERNMENT AUDITING STANDARDS***

Village of Elmwood Place  
Hamilton County  
6118 Vine Street  
Cincinnati, Ohio 45216

To the Village Council:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the Village of Elmwood Place, Hamilton County, (the Village) as of and for the years ended December 31, 2012 and 2011, and the related notes to the financial statements, and have issued our report thereon dated June 24, 2013, wherein we noted the Village followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 permit. In addition, during 2011, the Village implemented Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

### ***Internal Control Over Financial Reporting***

As part of our financial statement audit, we considered the Village's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinion on the financial statements, but not to the extent necessary to opine on the effectiveness of the Village's internal control. Accordingly, we have not opined on it.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. However, as described in the accompanying schedule of findings we identified certain deficiencies in internal control over financial reporting, that we consider material weaknesses.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or a combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Village's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider findings 2012-01 and 2012-02 described in the accompanying schedule of findings to be material weaknesses.

### ***Compliance and Other Matters***

As part of reasonably assuring whether the Village's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed instances of noncompliance or other matters we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2012-02 and 2012-03.

We did note certain matters not requiring inclusion in this report that we reported to the Village's management in a separate letter dated June 24, 2013.

### ***Village's Responses to Findings***

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

### ***Purpose of this Report***

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Village's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Village's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in cursive script that reads "Bastin & Company, L L C". The signature is written in black ink on a light-colored background.

Cincinnati, Ohio  
June 24, 2013

**VILLAGE OF ELMWOOD PLACE  
HAMILTON COUNTY, OHIO  
SCHEDULE OF FINDINGS  
DECEMBER 31, 2012 AND 2011**

**Finding Number 2012-01 – Audit Adjustments**

Material Weakness

During the course of our audit, we identified material misstatements in the financial statements for the years under audit that were not initially identified by the Village's internal control. Audit adjustments were necessary to correct errors in the Village's financial statements. A description of the adjustments follows:

**Debt Service** – An audit adjustments totaling \$8,548 was made for 2011 to reclassify amounts recorded as miscellaneous receipts to a reduction in debt principal retirement payments for a refund received as a result of an overpayment on debt.

**Grant Revenues** – An audit adjustment totaling \$16,767 was made for 2011 to reclassify amounts recorded as charges for services to intergovernmental receipts for grant proceeds.

**Property and Local Taxes** – Audit adjustments totaling \$34,429 for 2011 and \$28,907 for 2012 were made to reclassify amounts recorded as property taxes to intergovernmental receipts for property tax rollback receipts.

**Miscellaneous Receipts** – Audit adjustments totaling \$17,490 for 2011 and \$17,910 for 2012 were made to reclassify amounts recorded as miscellaneous receipts to various other items.

The presentation of materially correct financial statements and the related footnotes is the responsibility of management. We recommend that the Village implement control procedures to ensure that amounts recorded and presented in financial statements are properly stated.

Village's Response

The Village will attempt to more closely monitor the recording of transactions in the future.

**Finding Number 2012-02 – Mayor's Court Activities**

Noncompliance and Material Weakness

Testing applied to the Village's Mayor's Court disclosed the following control and compliance conditions:

- Ohio Revised Code Sections 733.40 and 2949.091 establish time requirements for the distribution of Mayor's Court funds to the Village's general operating fund and to the State of Ohio. Distributions were not made in a timely manner 95 percent of the time for distributions to the Village and 9 percent of the time for distributions to the State.
- Ohio Revised Code Section 9.38 requires that public money must be deposited with the treasurer of the public office or to a designated depository on the business day following the day of receipt, or within three business days if less than \$1,000 and the money can be safeguarded. Testing disclosed that 32 percent of items tested were not in compliance.
- Financial management and reconciliation procedures within the Mayor's Court need to be strengthened. The following conditions were noted:



- Meaningful monthly bank reconciliations that specifically account for all funds maintained in the Mayor's Court's bank account are not being prepared.
- Fees associated with payments made from credit cards are not being considered in the monthly distributions.
- Receipt books assigned for the sole use of the Mayor's Court were used for other purposes.
- Receipts contained in the receipts book that were not used or marked voided did not contain adequate explanations or support for the reason they were not used or voided.
- An accounting and reconciliation of tickets issued to officers for use to their final disposition is not being performed.
- The Magistrate did not document in all cases the accounting or approval of the fines, forfeitures or fees included on the Mayor's Court Docket.
- Tickets that were paid prior to an established court date are not being reviewed and approved by either the Magistrate or the Mayor to ensure that cases have been properly resolved.

We recommend the Village review and modify the procedures of the Mayor's Court to ensure compliance with the requirements of the Ohio Revised Code and to strengthen controls over the financial management of the Court.

### **Village's Response**

The Village will review procedures and attempt to make distributions and deposits on a timely basis. The Village will also review the procedures of the Mayor's Court and institute procedures to strengthen controls.

### **Finding Number 2012-03 –Certification of Fund Availability**

#### **Noncompliance**

Ohio Revised Code Section 5705.41(D) requires that no subdivision or taxing unit shall make any contract or give any order involving the expenditure of money unless there is attached thereto a certificate of the fiscal officer of the subdivision that the amount required to meet the obligation has been lawfully appropriated for such purpose and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances. This certificate need be signed only by the subdivision's fiscal officer. Every contract made without such a certificate shall be void, and no warrant shall be issued in payment of any amount due thereon.

There are several exceptions to the standard requirement stated above that a fiscal officer's certificate must be obtained prior to a subdivision or taxing authority entering into a contract or order involving the expenditure of money. The main exceptions are: "then and now" certificates, blanket certificates, and super blanket certificates, which are provided for in sections 5705.41(D)(1) and 5705.41(D)(3), respectively, of the Ohio Revised Code.

1. "Then and Now" certificate - If the fiscal officer can certify that both at the time that the contract or order was made ("then"), and at the time that the fiscal officer is completing the certification ("now"), that sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the Village can authorize the drawing of a warrant for the payment of the amount due. The Village has thirty days from the receipt of the "then and now" certificate to approve payment by ordinance or resolution. Amounts of less than \$3,000 may be paid by the fiscal officer without a resolution or ordinance upon completion of the "then and now" certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the Village.

2. Blanket Certificate - Fiscal officers may prepare “blanket” certificates for a certain sum of money not in excess of an amount established by resolution or ordinance adopted by a majority of the members of the legislative authority against any specific line item account over a period not running beyond the end of the current fiscal year. The blanket certificates may, but need not, be limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time for any one particular line item appropriation.
3. Super Blanket Certificate - The Village may also make expenditures and contracts for any amount from a specific line-item appropriation account in a specified fund upon certification of the fiscal officer for most professional services, fuel, oil, food items, and any other specific recurring and reasonably predictable operating expense. This certification is not to extend beyond the current year. More than one super blanket certificate may be outstanding at a particular time for any line item appropriation.

The availability of funds was not certified prior to the time of commitment in 22 percent of expenditures tested, nor did the Village properly use the aforementioned exceptions. Unless the Village uses the exceptions noted above, prior certification is not only required by statute but also is a key control in the disbursement process to assure that purchase commitments receive prior approval. To improve controls over disbursements and to help reduce the possibility of the Village’s funds exceeding budgetary spending limitations, we recommend that the fiscal officer certify that funds are or will be available prior to obligation by the Village. When prior certification is not possible, “then and now” certification should be used.

**Village’s Response**

The Village will attempt to ensure certifications are properly performed in the future.

**VILLAGE OF ELMWOOD PLACE  
HAMILTON COUNTY, OHIO  
SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2012 AND 2011**

<b>Finding Number</b>	<b>Finding Summary</b>	<b>Fully Corrected?</b>	<b>Status Explanation</b>
2010-01	Audit adjustments	No	Restated as finding 2012-01.
2010-02	Controls over Mayor's Court activities	No	Restated as finding 2012-02.
2010-03	Mayor's Court compliance	No	Restated as finding 2012-02.
2010-04	Law Enforcement Trust Account	Yes	Resolved. The accounts were closed.
2010-05	Appropriations exceeded actual resources	No	Reported to management of the Village in a separate management letter.
2010-06	Inadequate certification of fund availability	No	Restated as finding 2012-03.
2010-07	Incomplete I-9 forms	No	Reported to management of the Village in a separate management letter.

**This page intentionally left blank.**



# Dave Yost • Auditor of State

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  
NOVEMBER 7, 2013