

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

**AUDITED FINANCIAL STATEMENTS
FOR THE YEARS ENDED
DECEMBER 31, 2008 AND 2007**



Mary Taylor, CPA

Auditor of State

Village Council
Village of Elmwood Place
6118 Vine Street
Elmwood Place, 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, 2007 through December 31, 2008. 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.

The financial statements in the attached report are presented in accordance with a regulatory basis of accounting prescribed or permitted by the Auditor of State. Due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA), modifications were required to the *Independent Auditors' Report* on your financial statements. While the Auditor of State does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. The attached report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the statements are misstated under the non-GAAP regulatory basis. The *Independent Auditors' Report* also includes an opinion on the financial statements using the regulatory format the Auditor of State permits.

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.

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Mary Taylor, CPA
Auditor of State

May 27, 2009

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

TABLE OF CONTENTS

TITLE	PAGE
Independent Auditors' Report	1
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – All Governmental Fund Types For the Year Ended December 31, 2008.....	3
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – Agency Fund For the Year Ended December 31, 2008.....	4
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – All Governmental Fund Types For the Year Ended December 31, 2007.....	5
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – Agency Fund For the Year Ended December 31, 2007.....	6
Notes to the Financial Statements.....	7
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	14
Schedule of Findings	16
Schedule of Prior Year Findings.....	18

Bastin & Company, LLC

Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

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

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, 2008 and 2007. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

As described more fully in Note 1, the Village has prepared these financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

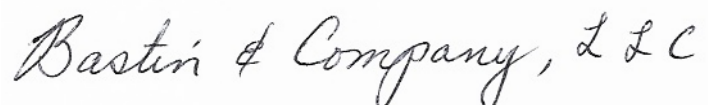
Revisions to GAAP would require the Village to reformat its financial statement presentation and make other changes effective for the years ended December 31, 2008 and 2007. Instead of the combined funds the accompanying financial statements present for 2008 and 2007, the revisions require presenting entity wide statements and also to present its larger (i.e. major) funds separately for 2008 and 2007. While the Village does not follow GAAP, generally accepted auditing standards require us to include the following paragraph if the statements do not substantially conform to the new GAAP presentation requirements. The Auditor of State permits, but does not require, Villages to reformat their statements. The Village has elected not to reformat its statements. Since this Village does not use GAAP to measure financial statement amounts, the following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2008 and 2007 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2008 and 2007, or their changes in financial position for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of the Village as of December 31, 2008 and 2007, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

The aforementioned revision to generally accepted accounting principles also requires the Village to include Management's Discussion and Analysis for the years ended December 31, 2008 and 2007. The Village has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 20, 2009, on our consideration of the Village's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in conjunction with this report in considering the results of our audit.

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
May 20, 2009

**VILLAGE OF ELMWOOD PLACE
HAMILTON COUNTY, OHIO
COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,
AND CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2008**

	Governmental Fund Types			Totals
	General	Special Revenue	Capital Projects	(Memorandum Only)
<i>Cash Receipts:</i>				
Property and Local Taxes	\$ 379,875	\$ 76,015	\$ -	\$ 455,890
Municipal Income Tax	335,455	-	-	335,455
Intergovernmental Revenues	64,449	98,865	-	163,314
Charges for Services	72,806	-	-	72,806
Fines, Licenses and Permits	193,918	19,938	-	213,856
Earnings on Investments	148	-	-	148
Miscellaneous	14,815	-	-	14,815
Total Cash Receipts	1,061,466	194,818	-	1,256,284
<i>Cash Disbursements:</i>				
Current:				
Security of Persons and Property	504,909	88,760	-	593,669
Public Health Services	1,494	-	-	1,494
Leisure Time Activities	15,492	-	-	15,492
Basic Utility Service	97,353	-	-	97,353
Transportation	60,714	85,464	-	146,178
General Government	508,865	5,074	-	513,939
Capital Outlay	-	-	137,005	137,005
Debt Service:				
Principal Payments	33,000	-	-	33,000
Interest and Fiscal Charges	18,019	-	-	18,019
Total Cash Disbursements	1,239,846	179,298	137,005	1,556,149
Receipts Over (Under) Disbursements	(178,380)	15,520	(137,005)	(299,865)
<i>Other Financing Receipts (Disbursements):</i>				
Other Financing Sources	44,076	-	-	44,076
Total Other Financing Receipts (Disbursements)	44,076	-	-	44,076
Excess of Cash Receipts and Other Financing Receipts Over (Under) Cash Disbursements and Other Financing Disbursements	(134,304)	15,520	(137,005)	(255,789)
Fund Cash Balances, January 1, 2008	219,801	372,128	210,479	802,408
Fund Cash Balances, December 31, 2008	<u>\$ 85,497</u>	<u>\$ 387,648</u>	<u>\$ 73,474</u>	<u>\$ 546,619</u>

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

**VILLAGE OF ELMWOOD PLACE
HAMILTON COUNTY, OHIO
COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,
AND CHANGES IN FUND CASH BALANCES – AGENCY FUND
FOR THE YEAR ENDED DECEMBER 31, 2008**

	<u>Fiduciary Fund Type Agency</u>
<i>Non-Operating Cash Receipts:</i>	
Other Non-Operating Cash Receipts	<u>\$235,895</u>
Total Non-Operating Cash Receipts	<u>235,895</u>
<i>Non-Operating Cash Disbursements:</i>	
Other Non-Operating Cash Disbursements	<u>229,485</u>
Total Non-Operating Cash Disbursements	<u>229,485</u>
Excess of Cash Receipts Over Cash Disbursements	6,410
Fund Cash Balance, January 1	<u>23,604</u>
Fund Cash Balance, December 31	<u>\$ 30,014</u>

The accompanying notes are an integral part of these financial statements.

**VILLAGE OF ELMWOOD PLACE
HAMILTON COUNTY, OHIO
COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,
AND CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2007**

	Governmental Fund Types			Totals (Memorandum Only)
	General	Special Revenue	Capital Projects	
<i>Cash Receipts:</i>				
Property and Local Taxes	\$ 356,080	\$ 72,972	\$ -	\$ 429,052
Municipal Income Tax	322,392	-	-	322,392
Intergovernmental Revenues	35,525	139,573	-	175,098
Charges for Services	61,766	-	-	61,766
Fines, Licenses and Permits	223,940	31,965	-	255,905
Earnings on Investments	3,200	-	-	3,200
Miscellaneous	27,653	-	-	27,653
Total Cash Receipts	1,030,556	244,510	-	1,275,066
<i>Cash Disbursements:</i>				
Current:				
Security of Persons and Property	416,976	67,302	-	484,278
Public Health Services	689	-	-	689
Leisure Time Activities	17,844	-	-	17,844
Basic Utility Service	85,800	-	-	85,800
Transportation	47,767	83,061	-	130,828
General Government	444,194	7,417	-	451,611
Capital Outlay	-	-	194,543	194,543
Debt Service:				
Principal Payments	32,000	-	-	32,000
Interest and Fiscal Charges	17,041	-	-	17,041
Total Cash Disbursements	1,062,311	157,780	194,543	1,414,634
Receipts Over (Under) Disbursements	(31,755)	86,730	(194,543)	(139,568)
<i>Other Financing Receipts (Disbursements):</i>				
Proceeds from Sale of Bonds	-	-	400,000	400,000
Other Financing Sources	38,058	-	5,000	43,058
Total Other Financing Receipts (Disbursements)	38,058	-	405,000	443,058
Excess of Cash Receipts and Other Financing Receipts Over (Under) Cash Disbursements and Other Financing Disbursements	6,303	86,730	210,457	303,490
Fund Cash Balances, January 1, 2007	213,498	285,398	22	498,918
Fund Cash Balances, December 31, 2007	<u>\$ 219,801</u>	<u>\$ 372,128</u>	<u>\$ 210,479</u>	<u>\$ 802,408</u>

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

**VILLAGE OF ELMWOOD PLACE
HAMILTON COUNTY, OHIO
COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,
AND CHANGES IN FUND CASH BALANCES – AGENCY FUND
FOR THE YEAR ENDED DECEMBER 31, 2007**

	<u>Fiduciary Fund Type Agency</u>
<i>Non-Operating Cash Receipts:</i>	
Other Non-Operating Cash Receipts	<u>\$257,254</u>
Total Non-Operating Cash Receipts	<u>257,254</u>
<i>Non-Operating Cash Disbursements:</i>	
Other Non-Operating Cash Disbursements	<u>263,787</u>
Total Non-Operating Cash Disbursements	<u>263,787</u>
Excess of Cash Receipts Over Cash Disbursements	(6,533)
Fund Cash Balance, January 1	<u>30,137</u>
Fund Cash Balance, December 31	<u>\$ 23,604</u>

The accompanying notes are an integral part of these financial statements.

**VILLAGE OF ELMWOOD PLACE
HAMILTON COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007**

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, Mayor and six-member Council. The Village provides general governmental services, park operations and other 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 a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

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

C. Cash and Investments

Investments, if owned by the Village, are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or 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 is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

2. 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 monies for constructing, maintaining and repairing Village streets.

**VILLAGE OF ELMWOOD PLACE
HAMILTON COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007
(Continued)**

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 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:

Revitalization Fund - This fund received proceeds from the issuance of bonds in 2007, which are being used for revitalization of blighted property within the Village.

5. Fiduciary Funds (Trust and Agency Funds)

Trust funds are used to account for resources restricted by legally binding trust agreements. If the agreement requires the Village to maintain corpus of the trust, the fund is classified as a nonexpendable trust fund. 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 Fund:

Mayors Court Agency 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 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.

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, 2008 AND 2007
(Continued)**

3. 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 2008 and 2007 budgetary activity appears in Note 3.

F. 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.

G. 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.

H. Total Columns on Financial Statements

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

2. EQUITY IN POOLED CASH AND INVESTMENTS

The Village maintains a cash pool used by all funds. The Village did not have any investments as of December 31, 2008 or 2007. The carrying amount of cash at December 31 is as follows:

	2008	2007
Demand deposits	\$ 576,633	\$ 826,012

Deposits are either 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, 2008 AND 2007
(Continued)**

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2008 and 2007 follows:

2008 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 1,500,000	\$ 1,105,542	\$ (394,458)
Special Revenue	188,620	194,818	6,198
Capital Projects	-	-	-
Total	\$ 1,688,620	\$ 1,300,360	\$ (388,260)

2008 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 1,495,376	\$ 1,239,846	\$ 255,530
Special Revenue	307,874	179,298	128,576
Capital Projects	151,634	137,005	14,629
Total	\$ 1,954,884	\$ 1,556,149	\$ 398,735

2007 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 1,500,000	\$ 1,068,614	\$ (431,386)
Special Revenue	172,900	244,510	71,610
Capital Projects	400,000	405,000	5,000
Total	\$ 2,072,900	\$ 1,718,124	\$ (354,776)

2007 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 1,185,669	\$ 1,062,311	\$ 123,358
Special Revenue	296,376	157,780	138,596
Capital Projects	400,022	194,543	205,479
Total	\$ 1,882,067	\$ 1,414,634	\$ 467,433

**VILLAGE OF ELMWOOD PLACE
HAMILTON COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007
(Continued)**

4. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which the Village Council adopts 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 State pays the Village amounts equaling these deductions. The Village includes these with Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to make semiannual payments, the first half is due December 31. The second half payment is due the following June 20.

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

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

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

5. LOCAL EARNINGS TAX

The Village levies an earnings 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.

6. DEBT

Debt outstanding at December 31, 2008 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Property Acquisition and Improvement Bonds	\$335,000	4.90%

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

<u>Year Ending December 31:</u>	<u>Amount</u>
2009	\$ 51,415
2010	51,700
2011	51,887
2012	51,976
2013	50,967
2014 - 2016	155,014
Total	\$ 412,959

During 2007 the Village issued \$400,000 of Property Acquisition and Improvement Bonds to purchase and renovate property within the Village. During 2008 and 2007 the Village retired \$33,000 and \$32,000 of the bonds, respectively.

**VILLAGE OF ELMWOOD PLACE
HAMILTON COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007
(Continued)**

7. 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 2008 and 2007, OP&F participants contributed 10 percent of their wages. The Village contributed an amount equal to 19.5 percent of police participant wages. For 2008 and 2007, OPERS' members contributed 10 and 9.5 percent, respectively, of their gross wages. The Village contributed an amount equal to 14.00 and 13.85 percent, respectively, of participants' gross salaries. The Village has paid all contributions required through December 31, 2008.

8. RISK MANAGEMENT

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

During 2007, the Village enrolled in 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. PEP is a member of the American Public Entity Excess Pool (APEEP). Member governments pay annual contributions to fund PEP. PEP pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

Casualty Coverage

For an occurrence prior to January 1, 2006, PEP retains casualty risks up to \$250,000 per occurrence, including claim adjustment expenses. PEP pays a percentage of its contributions to APEEP. APEEP reinsures claims exceeding \$250,000, up to \$1,750,000 per claim and \$10,000,000 in the aggregate per year.

For an occurrence on or subsequent to January 1, 2006, the Pool retains casualty risk up to \$350,000 per occurrence. Claims exceeding \$350,000 are reinsured with APEEP in an amount not to exceed \$2,650,000 for each claim and \$10,000,000 in the aggregate per year. Governments can elect up to \$10,000,000 in additional coverage with the General Reinsurance Corporation, through contracts with PEP.

If losses exhaust PEP's retained earnings, APEEP provides *excess of funds available* coverage up to \$5,000,000 per year, subject to a per-claim limit of \$2,000,000 (prior to January 1, 2006) or \$3,000,000 (on or subsequent to January 1, 2006) as noted above.

Property Coverage

Beginning in 2005, APEEP established a risk-sharing property program. Under the program, Travelers reinsures specific losses exceeding \$250,000 up to \$600 million per occurrence. This amount was increased to \$300,000 in 2007. For 2007, APEEP reinsures members for specific losses exceeding \$100,000 up to \$300,000 per occurrence, subject to an annual aggregate loss payment. For 2006, APEEP reinsures members for specific losses exceeding \$100,000 up to \$250,000 per occurrence, subject to an annual aggregate loss payment. Travelers provides aggregate stop-loss coverage based upon the combined members' total insurable values. If the stop loss is reached by payment of losses between \$100,000 and \$250,000 in 2006, or \$100,000 and \$300,000 in 2007, Travelers will then reinsure specific

**VILLAGE OF ELMWOOD PLACE
HAMILTON COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007
(Continued)**

losses exceeding \$100,000 up to their \$600 million per occurrence limit. The aggregate stop-loss limit for 2007 was \$2,014,548.

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

Property and casualty settlements did not exceed insurance coverage for the past three fiscal years.

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, 2007 and 2006 (latest information available):

	2007	2006
Assets	\$37,560,071	\$36,123,194
Liabilities	(17,340,825)	(16,738,904)
Net Assets	\$20,219,246	\$19,384,290

At December 31, 2007 and 2006, respectively, the liabilities above include approximately \$15.9 million and \$15.0 million of estimated incurred claims payable. The assets and retained earnings above also include approximately \$15.0 million and \$14.4 million of unpaid claims to be billed to approximately 443 member governments in the future, as of December 31, 2007 and 2006, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. The Village's share of these unpaid claims collectible in future years is approximately \$15,000. This payable includes the subsequent year's contribution due if the Village terminates participation, as described in the last paragraph below.

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	
2007	\$32,321
2008	\$30,411

After completing one year of membership, members may withdraw on each anniversary of the date they joined PEP provided they provide written notice to PEP 60 days in advance of the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's budgetary contribution. Withdrawing members have no other future obligation to the pool. 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.

Bastin & Company, LLC

Certified Public Accountants

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

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

We have audited the financial statements of the Village of Elmwood Place, Hamilton County, Ohio (the Village) as of and for the years ended December 31, 2008 and 2007, and have issued our report thereon dated May 20, 2009, wherein we noted the Village prepared its financial statements using accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Village's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that a misstatement of the Village's financial statements that is more than inconsequential will not be prevented or detected by the Village's internal control. We consider the deficiencies described in the accompanying schedule of findings as 2008-01 and 2008-2 to be significant deficiencies in internal control over financial reporting.

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe the significant deficiencies described above to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Village's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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, express no opinion on them.

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

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

Cincinnati, Ohio
May 20, 2009

**VILLAGE OF ELMWOOD PLACE
HAMILTON COUNTY, OHIO
SCHEDULE OF FINDINGS
DECEMBER 31, 2008 AND 2007**

Finding Number 2008-01 – Audit Adjustments

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 - For 2008 \$51,019 of debt service payments recorded as capital outlay expense in the Revitalization Fund were reclassified to principle and interest payments in the General Fund. For 2007 \$49,041 of debt service payments recorded as capital outlay expense in the Revitalization Fund were reclassified to principle and interest payments in the General Fund.

Capital Expenditures - For 2008 \$26,608 of general government expenses and other financing uses recorded in the General Fund were reclassified to capital outlay expense in the Revitalization Fund.

As a result of these adjustments, the fund cash balance as of December 31, 2008 recorded by the Village in the General Fund was reduced by \$73,452 with an offsetting increase to the Revitalization Fund. The adjustments have been reflected in the accompanying financial statements.

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 2008-02 – Mayor's Court

Testing for the Village's Mayor Court for 2007 and 2008 disclosed the following conditions. These conditions are repeated from the 2005 and 2006 audit.

- Monthly bank reconciliations were not being performed.
- Amounts collected were not being timely distributed to the Village and other entities.
- The Court's procedures for the batching of daily receipts do not provide a document trail between amounts deposited and payments received by case/docket.
- Deposits were not being made on a timely basis
- Cases that are settled by receiving assessed fines prior to scheduled court date are not reported to the Mayor or the magistrate for review and approval.

We continue to recommend that management of the Village review of the current operations of the Mayor's court and implement adequate procedures to ensure that all amounts collected are properly and timely deposited, recorded and distributed. We further recommend that a person independent of the Court's operation review and approve monthly reports and bank reconciliations and that the Mayor or magistrate review and approve the final disposition of all cases to ensure they are properly resolved.

Village's Response

The Village implemented various changes upon receiving the report covering 2005 and 2006 to address several of the reported items. During 2007 the Court again experienced employee turnover at the Mayor's Court Clerk position. The Village intends to review the current procedures of the Court and implement corrections.

**VILLAGE OF ELMWOOD PLACE
HAMILTON COUNTY, OHIO
SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2008 AND 2007**

Finding Number	Finding Summary	Fully Corrected?	Status Explanation
2006-01	Condition of Mayor Court records.	No	Not corrected. Restated as finding 2008-02.
2006-02	Establishing taxpayer accounts	Yes	Procedures for establishing accounts were implemented during the audit period.



Mary Taylor, CPA
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
JUNE 9, 2009**