

**VILLAGE OF GOLF MANOR**

**December 31, 2004 and 2003**

*FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITORS' REPORT*





**Auditor of State  
Betty Montgomery**

Honorable Mayor and Members of Council  
Village of Golf Manor  
6450 Wiehe Road  
Cincinnati, Ohio 45237-4216

We have reviewed the Independent Auditor's Report of the Village of Golf Manor, Hamilton County, prepared by VonLehman & Company Inc., for the audit period January 1, 2003 through December 31, 2004. 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's Office (AOS). Due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA), modifications were required to the *Independent Accountants' Report* on your financial statements. While the AOS 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 Accountants' Report* also includes an opinion on the financial statements using the regulatory format the AOS 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 Golf Manor is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Betty Montgomery".

BETTY MONTGOMERY  
Auditor of State

July 7, 2005

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HAMILTON COUNTY, OHIO  
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**VILLAGE OF GOLF MANOR  
HAMILTON COUNTY, OHIO**

**VILLAGE OFFICIALS  
December 31, 2004**

**MAYOR**

Alan Zaffiro

**COUNCIL MEMBERS**

Lloyd Gregory Brown

Jack Morton

Kenneth Colvin

Dennis Puthoff

Brenda Dubose

Lori Phillips-Young

**DEPARTMENT HEADS**

Village Deputy Clerk - Treasurer

Kathy Patrick

Village Service Director / Police Chief

Stephen Tilley

Village Tax Commissioner

Donna Huston



## INDEPENDENT AUDITORS' REPORT

Honorable Mayor and Members of Council  
Village of Golf Manor  
Golf Manor, Ohio

We have audited the accompanying financial statements of the Village of Golf Manor, Hamilton County, Ohio, as of and for the years ended December 31, 2004 and 2003, as listed in the table of contents. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

As described in Note 1, the Village of Golf Manor prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State. These practices differ from accounting principles generally accepted in the United States. Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States, we presume they are material.

In our opinion, because of the effects of the matter discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States, the financial position of the Village as of December 31, 2004 and 2003, or the changes in the 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, 2004 and 2003, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

Honorable Mayor and Members of Council  
Village of Golf Manor  
Page Two

In accordance with Government Auditing Standards, we have also issued a report dated May 19, 2005 on our consideration of the Village of Golf Manor's internal control over financial reporting and our tests of its compliance with certain provision of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audits.

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

*VonLehman & Company Inc.*

Cincinnati, Ohio  
May 19, 2005



**VILLAGE OF GOLF MANOR  
COMBINED STATEMENT OF  
FUND CASH BALANCES  
ALL FUND TYPES**

**December 31, 2004**

Cash \$ 351,124

**FUND CASH BALANCES BY FUND TYPE**

Governmental Fund Types

General Fund	\$ (235,693)
Special Revenue Funds	590,914
Debt Service Fund	(23,600)
Capital Projects Funds	<u>19,768</u>
	351,389

Fiduciary Fund Type

Agency Funds	<u>(265)</u>
	\$ <u><u>351,124</u></u>

See accompanying notes.

**VILLAGE OF GOLF MANOR  
COMBINED STATEMENT OF  
FUND CASH BALANCES  
ALL FUND TYPES**

**December 31, 2003**

Cash	\$ <u><u>504,064</u></u>
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**FUND CASH BALANCES BY FUND TYPE**

Governmental Fund Types

General Fund	\$ (159,499)
Special Revenue Funds	666,476
Debt Service Fund	(23,600)
Capital Projects Funds	<u>20,803</u>
	504,180

Fiduciary Fund Type

Agency Funds	<u>(116)</u>
	\$ <u><u>504,064</u></u>

See accompanying notes.

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

	Year Ended December 31, 2004				
	General Fund	Special Revenue Funds	Debt Service Fund	Capital Projects Funds	Totals (Memorandum Only)
<b>Receipts</b>					
Property and Other Local Taxes	\$ 786,515	\$ 872,586	\$ -	\$ -	\$ 1,659,101
Intergovernmental Receipts	161,033	160,310	-	-	321,343
Charges for Services	431,115	995	-	-	432,110
Fines, Licenses and Permits	51,521	-	-	-	51,521
Earnings on Investments	1,239	-	-	-	1,239
Miscellaneous	32,680	-	-	-	32,680
<b>Total Receipts</b>	<u>1,464,103</u>	<u>1,033,891</u>	<u>-</u>	<u>-</u>	<u>2,497,994</u>
<b>Disbursements</b>					
Security of Persons and Property	1,352,733	248,508	-	-	1,601,241
Public Health Services	2,855	-	-	-	2,855
Community Environment	29,770	-	-	-	29,770
Basic Utilities Services	3,204	-	-	-	3,204
Transportation	25,149	242,897	-	-	268,046
General Government	687,286	23,208	-	-	710,494
Debt Service	-	-	34,840	1,035	35,875
<b>Total Disbursements</b>	<u>2,100,997</u>	<u>514,613</u>	<u>34,840</u>	<u>1,035</u>	<u>2,651,485</u>
<b>(Deficit) Excess of Receipts (Under) Over Disbursements</b>	<u>(636,894)</u>	<u>519,278</u>	<u>(34,840)</u>	<u>(1,035)</u>	<u>(153,491)</u>
<b>Other Financing Sources (Uses)</b>					
Transfers - In	560,000	-	34,840	-	594,840
Transfers - Out	-	(594,840)	-	-	(594,840)
Gain on Sale of Fixed Assets	700	-	-	-	700
<b>Total Other Financing Sources (Uses)</b>	<u>560,700</u>	<u>(594,840)</u>	<u>34,840</u>	<u>-</u>	<u>700</u>
<b>Deficit of Receipts and Other Financing Sources Under Disbursements and Other Financing Uses</b>	<u>(76,194)</u>	<u>(75,562)</u>	<u>-</u>	<u>(1,035)</u>	<u>(152,791)</u>
<b>Beginning Fund Cash Balance</b>	<u>(159,499)</u>	<u>666,476</u>	<u>(23,600)</u>	<u>20,803</u>	<u>504,180</u>
<b>Ending Fund Cash Balance</b>	<u>\$ (235,693)</u>	<u>\$ 590,914</u>	<u>\$ (23,600)</u>	<u>\$ 19,768</u>	<u>\$ 351,389</u>

See accompanying notes.

**VILLAGE OF GOLF MANOR  
 COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS  
 AND CHANGES IN FUND CASH BALANCES - ALL FIDUCIARY FUNDS**

	<u>Year Ended December 31, 2004</u>
<b>Operating Receipts</b>	
Miscellaneous	\$ -
<b>Operating Disbursements</b>	<u>-</u>
Operating Income	<u>-</u>
<b>Other Financing Sources (Uses)</b>	
Other Non-Operating Receipts	47,635
Other Non-Operating Disbursements	<u>(47,784)</u>
Total Other Financing Sources (Uses)	<u>(149)</u>
Net Income	(149)
<b>Beginning Fund Cash Balance</b>	<u>(116)</u>
<b>Ending Fund Cash Balance</b>	<u>\$ (265)</u>

See accompanying notes.

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

	Year Ended December 31, 2003				
	General Fund	Special Revenue Funds	Debt Service Fund	Capital Projects Funds	Totals (Memorandum Only)
<b>Receipts</b>					
Property and Other Local Taxes	\$ 733,754	\$ 949,758	\$ -	\$ -	\$ 1,683,512
Intergovernmental Receipts	150,836	186,487	-	-	337,323
Charges for Services	316,284	1,409	-	-	317,693
Fines, Licenses and Permits	82,799	-	-	-	82,799
Earnings on Investments	2,399	-	-	-	2,399
Miscellaneous	80,037	-	-	40	80,077
<b>Total Receipts</b>	<u>1,366,109</u>	<u>1,137,654</u>	<u>-</u>	<u>40</u>	<u>2,503,803</u>
<b>Disbursements</b>					
Security of Persons and Property	1,311,241	232,494	-	-	1,543,735
Public Health Services	2,764	-	-	-	2,764
Leisure Time Activities	-	-	-	183	183
Community Environment	26,928	-	-	-	26,928
Basic Utilities Service	2,274	-	-	-	2,274
Transportation	-	242,265	-	-	242,265
General Government	665,302	23,655	-	-	688,957
Debt Service	-	-	89,359	325	89,684
<b>Total Disbursements</b>	<u>2,008,509</u>	<u>498,414</u>	<u>89,359</u>	<u>508</u>	<u>2,596,790</u>
<b>(Deficit) Excess of Receipts (Under) Over Disbursements</b>	<u>(642,400)</u>	<u>639,240</u>	<u>(89,359)</u>	<u>(468)</u>	<u>(92,987)</u>
<b>Other Financing Sources (Uses)</b>					
Transfers - In	593,743	-	89,359	1,751	684,853
Transfers - Out	-	(684,853)	-	-	(684,853)
Gain on Sale of Fixed Assets	3,225	-	-	-	3,225
<b>Total Other Financing Sources (Uses)</b>	<u>596,968</u>	<u>(684,853)</u>	<u>89,359</u>	<u>1,751</u>	<u>3,225</u>
<b>Excess (Deficit) of Receipts and Other Financing Sources Over (Under) Disbursements and Other Financing Uses</b>	<u>(45,432)</u>	<u>(45,613)</u>	<u>-</u>	<u>1,283</u>	<u>(89,762)</u>
<b>Beginning Fund Cash Balance</b>	<u>(114,067)</u>	<u>712,089</u>	<u>(23,600)</u>	<u>19,520</u>	<u>593,942</u>
<b>Ending Fund Cash Balance</b>	<u>\$ (159,499)</u>	<u>\$ 666,476</u>	<u>\$ (23,600)</u>	<u>\$ 20,803</u>	<u>\$ 504,180</u>

See accompanying notes.

**VILLAGE OF GOLF MANOR  
 COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS  
 AND CHANGES IN FUND CASH BALANCES - ALL FIDUCIARY FUNDS**

	<u>Year Ended December 31, 2003</u>
<b>Operating Receipts</b>	
Miscellaneous	\$ -
<b>Operating Disbursements</b>	<u>-</u>
Operating Income	<u>-</u>
<b>Other Financing Sources (Uses)</b>	
Other Non-Operating Receipts	86,086
Other Non-Operating Disbursements	<u>(86,012)</u>
Total Other Financing Sources (Uses)	<u>74</u>
Net Income	74
<b>Beginning Fund Cash Balance</b>	<u>(190)</u>
<b>Ending Fund Cash Balance</b>	<u><u>\$ (116)</u></u>

See accompanying notes.

**VILLAGE OF GOLF MANOR  
COMBINED STATEMENT OF RECEIPTS  
BUDGET AND ACTUAL**

<u>Fund Type/Funds</u>	Year Ended December 31, 2004		
	Budget	Actual	Variance Favorable (Unfavorable)
<u>Governmental Fund Types</u>			
General Fund	\$ 1,480,000	\$ 2,024,803	\$ 544,803
Special Revenue Funds	1,080,000	1,033,891	(46,109)
Debt Service Fund	-	34,840	34,840
December 31, 2004 (Memorandum Only)	\$ 2,560,000	\$ 3,093,534	\$ 533,534

See accompanying notes.

**VILLAGE OF GOLF MANOR  
COMBINED STATEMENT OF RECEIPTS  
BUDGET AND ACTUAL**

	<b>Year Ended December 31, 2003</b>		
<b>Fund Type/Funds</b>	<b>Budget</b>	<b>Actual</b>	<b>Variance Favorable</b>
<u>Governmental Fund Types</u>			
General Fund	\$ 1,904,458	\$ 1,963,077	\$ 58,619
Special Revenue Funds	1,230,252	1,137,654	(92,598)
Debt Service Fund	-	89,359	89,359
Capital Projects Funds	-	1,791	1,791
December 31, 2003 (Memorandum Only)	\$ 3,134,710	\$ 3,191,881	\$ 57,171

See accompanying notes.



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

<u>Fund Type/Funds</u>	<u>Prior Year Carryover Appropriations</u>	<u>2004 Appropriations</u>	<u>Total</u>	<u>Actual 2004 Disbursements</u>	<u>Encumbrances Outstanding at 12/31/04</u>	<u>Total</u>	<u>Variance Unfavorable</u>
<u>Governmental Fund Types</u>							
General Fund	\$ 15,488	\$ 2,072,169	\$ 2,087,657	\$ 2,100,997	\$ 28,205	\$ 2,129,202	\$ (41,545)
Special Revenue Funds	-	1,099,945	1,099,945	1,109,453	-	1,109,453	(9,508)
Debt Service Fund	-	-	-	34,840	-	34,840	(34,840)
Capital Projects Funds	-	-	-	1,035	-	1,035	(1,035)
December 31, 2004 (Memorandum Only)	<u>\$ 15,488</u>	<u>\$ 3,172,114</u>	<u>\$ 3,187,602</u>	<u>\$ 3,246,325</u>	<u>\$ 28,205</u>	<u>\$ 3,274,530</u>	<u>\$ (86,928)</u>

See accompanying notes.

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

<u>Fund Type/Funds</u>	<u>Prior Year Carryover Appropriations</u>	<u>2003 Appropriations</u>	<u>Total</u>	<u>Actual 2003 Disbursements</u>	<u>Encumbrances Outstanding at 12/31/03</u>	<u>Total</u>	<u>Variance Unfavorable</u>
<u>Governmental Fund Types</u>							
General Fund	\$ 27,153	\$ 1,964,166	\$ 1,991,319	\$ 2,008,509	\$ 15,488	\$ 2,023,997	\$ (32,678)
Special Revenue Funds	-	1,218,333	1,218,333	1,183,267	-	1,183,267	35,066
Debt Service Fund	-	54,519	54,519	89,359	-	89,359	(34,840)
Capital Projects Funds	-	-	-	508	-	508	(508)
December 31, 2003 (Memorandum Only)	<u>\$ 27,153</u>	<u>\$ 3,237,018</u>	<u>\$ 3,264,171</u>	<u>\$ 3,281,643</u>	<u>\$ 15,488</u>	<u>\$ 3,297,131</u>	<u>\$ (32,960)</u>

See accompanying notes.

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

**NOTE 1 - ACCOUNTING POLICIES**

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

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

**Basis of Accounting**

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

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

**Fund Accounting**

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

General Fund

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

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 disbursements for specific purposes.

These funds include the following:

- *Income Tax Fund* - This fund receives Village income tax money for current operating expenses.
- *Pool Fund* - This fund receives donations and fees to fund the Village swimming pool.
- *Street Construction, Maintenance and Repair Fund* - This fund receives gasoline and motor vehicle tax money for constructing, maintaining and repairing Village streets.
- *New Fire Levy* - This fund receives Village property tax money to fund the Village fire department.

**NOTE 1 - ACCOUNTING POLICIES (Continued)**Debt Service Fund

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

The Village had the following significant debt service fund:

- *General Obligations Fund* - This fund is used to repay debt from tax anticipation notes issued for the purpose of current operating expenses and various capital improvements. This fund is also used to pay for the purchase of police and fire safety equipment.

Capital Projects Funds

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

- *Bond Assessment Fund* - This fund is used for specific capital projects.
- *Other Capital Improvement Fund* - This fund accounts for all fees and costs associated with construction in the Village.
- *Park Renovation Fund* - This fund accounts for grants and costs associated with the revitalization of Volunteer Park.
- *Sidewalk Assessment Fund* - This fund is used to assess residents for and make sidewalk repairs.

Fiduciary Fund (Agency Fund)

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

- *Mayor's Court* - This fund accounts for all fines and forfeiture receipts and disbursements of the mayor's court.

**Budgetary Process**

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

Appropriations

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

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

**NOTE 1 - ACCOUNTING POLICIES (Continued)**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. The County Budget Commission certifies its actions to the Village by September 1. As part of this certification, the Village receives the official certificate of estimated resources which states the projected receipts of each fund. On or about January 1, this certificate is amended to include any unencumbered balances from the preceding year.

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

Encumbrances

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

The Village is required to use the encumbrance method of accounting by virtue of Ohio law. Under this system, purchase orders, contracts and other commitments for the disbursement of funds are recorded in order to reserve the portion of the applicable appropriation.

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

**Cash**

The Village's cash balances consisted of cash in checking and savings accounts.

**Property, Plant and Equipment**

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

**Accumulated Leave**

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

**Interfund Transactions**

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

**NOTE 1 - ACCOUNTING POLICIES (Continued)**

**Intergovernmental Revenues**

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

**Total Columns on Financial Statements**

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

**NOTE 2 - EQUITY IN POOLED CASH**

The Village of Golf Manor maintains a cash pool used by all funds. Each fund type's portion of this pool is displayed on the "Combined Statement of Cash and Fund Cash Balances" as "Fund Cash Balances by Fund Type". The Ohio Revised Code prescribes allowable deposits. The carrying amount of cash at December 31, 2004 and 2003 was as follows:

	<u>December 31,</u>	
	<u>2004</u>	<u>2003</u>
Demand Deposits	<u>\$351,124</u>	<u>\$504,064</u>

**Deposits**

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

**NOTE 3 - COMPLIANCE**

**Budgetary Activity**

For the year ended December 31, 2004, the general fund, special revenue funds, debt service fund and capital projects funds had disbursements in excess of appropriations of \$41,545, \$9,508, \$34,840 and \$1,035, respectively. Similarly, for the year ended December 31, 2003, the general fund, debt service fund and capital projects funds had disbursements in excess of appropriations of \$32,678, \$34,840 and \$508, respectively. This is not in compliance with Ohio Revised Code, Section 5705.41(b), which states that no subdivision or taxing unit is to expend money unless it has been appropriated.

**Fund Balances**

For the years ended December 31, 2004 and 2003, the income tax and the Mayor's court fund had negative (cash) balances (see Report on Compliance and on Internal Control over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards).

**NOTE 3 – COMPLIANCE (Continued)**

**Other**

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

- Appropriations Exceeded Estimated Resources (Ohio Revised Code, Section 5705.39)
- Code Receipts and Expenditures to Proper Funds (Ohio Revised Code, Section 733.28)
- Distribution of Revenue Derived from Tax Levies (Ohio Revised Code, Section 5705.10)
- Estimated Revenues exceeded Actual Revenues (Ohio Revised Code, Section 5705.36)
- Failure to Properly Record Encumbrances at Year End (Ohio Revised Code, Section 118.07)
- Deposits of Public Money (Ohio Revised Code, Section 91.38)
- Obtain Proper Approval for Transfer of Funds (Ohio Revised Code, Section 5705.14)

**NOTE 4 - PROPERTY TAX**

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

**NOTE 5 - RISK MANAGEMENT**

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

The Village has obtained commercial insurance for the following risks:

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

**NOTE 6 - LOCAL INCOME TAX**

This locally levied tax of 1.7% is applied to gross salaries, wages and other personal service compensation earned by residents both in and out of the Village and to earnings of nonresidents (except certain transients) who worked in the Village. It also applies to net income of business organizations' earnings conducted within the Village. Income tax receipts credited to the income tax fund amounted to \$583,582 and \$661,515 in 2004 and 2003, respectively.

**NOTE 7 - RETIREMENT SYSTEMS**

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

Contribution rates are also prescribed by the Ohio Revised Code. For 2004 and 2003, members of O P & F contributed 10% of their wages to the O P & F. The Village contributed an amount equal to 19.5% of police wages and 24% of fire wages for 2004 and 2003. For 2004 and 2003, PERS members contributed 8.5% of their gross salaries. The Village contributed an amount equal to 13.55% of participants' gross salaries for 2004 and 2003. The Village has paid all contributions required through December 31, 2004.

**NOTE 8 - LONG-TERM DEBT**

Long-term debt outstanding at December 31, 2004 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Police Cruiser Acquisition Bonds	\$ 28,000	3.75%
Fire Truck Acquisition Bonds	<u>210,000</u>	5.00%
	<u>\$238,000</u>	

Long-term debt payments for the years ended December 31, 2004 and 2003 were as follows:

	<u>December 31,</u>	
	<u>2004</u>	<u>2003</u>
Various Purpose Bond Anticipation Note		
Principal	\$ -	\$50,000
Interest	<u>-</u>	<u>3,294</u>
	<u>-</u>	<u>53,294</u>
Police Cruiser Acquisition Bonds		
Principal	-	-
Interest	<u>1,035</u>	<u>325</u>
	<u>1,035</u>	<u>325</u>
Fire Truck Acquisition Bonds		
Principal	24,000	24,000
Interest	<u>10,840</u>	<u>12,065</u>
	<u>34,840</u>	<u>36,065</u>
	<u>\$35,875</u>	<u>\$89,684</u>



**NOTE 8 - LONG-TERM DEBT (Continued)**

Amortization of long-term debt, including interest, is as follows:

Year Ending <u>December 31,</u>	Fire Truck <u>Acquisition Bonds</u>	Police Cruiser <u>Acquisition Bonds</u>	<u>Total</u>
2005	\$ 36,175	\$28,000	\$ 64,175
2006	35,875	-	35,875
2007	35,500	-	35,500
2008	36,075	-	36,075
2009	35,550	-	35,550
Thereafter	<u>72,300</u>	<u>-</u>	<u>72,300</u>
	<u>\$251,475</u>	<u>\$28,000</u>	<u>\$279,475</u>

In September, 2001, the Village issued fire truck acquisition bonds for \$280,000 with principal and interest payments, payable semi-annually at June 1 and December 1, commencing December 1, 2001 through December 1, 2011.

In February, 2003, the Village issued police cruiser acquisition bonds for \$28,000 that bear interest at 3.75%, the final payment for which is due in July, 2005.

**NOTE 9 - CONTINGENT LIABILITY**

The Village has been named in a wrongful death lawsuit involving an incident to which Village police had responded. The case is being handled by the Village's insurance carrier, and is on appeal in the U.S. 6th Circuit Court of Appeals following the denial of a motion for summary judgment in the trial court. The Village is unable at the date of this report to determine the extent of any possible damages, or whether or not any possible liability will exceed the Village's insurance coverage.

## **OTHER INFORMATION**



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

Honorable Mayor and Members of Council  
Village of Golf Manor  
Golf Manor, Ohio

We have audited the financial statements of the Village of Golf Manor as of and for the years ended December 31, 2004 and 2003, and have issued our report thereon dated May 19, 2005. We conducted our audits in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

In planning and performing our audits, we considered the Village of Golf Manor's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Village of Golf Manor's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described as follows in Item 1.

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

**Material Weaknesses**

*Segregate Cash Receipts and Record Keeping Function (repeated from prior audit)* - The Village has one employee who receives cash receipts and posts the cash receipts in the system. This could cause a misappropriation of assets to go undetected. The Village should have an employee independent of the cash receipts function open the mail and make a listing of all checks received and compare it to the deposit made and the posting to the system.

## Compliance

As part of obtaining reasonable assurance about whether the Village of Golf Manor'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 audits and, accordingly, we do not express such an opinion. The results of our tests disclosed seven instances of noncompliance that are required to be reported under Government Auditing Standards as follows:

1. *Expenditures Exceeded Appropriations (repeated from prior audit)* - Expenditures exceeded appropriations in the general, special revenue, debt service and capital projects funds by \$41,545, \$9,508, \$34,840 and \$1,035, respectively, for the year ended December 31, 2004. Expenditures exceeded appropriations in the general, debt service and capital projects funds by \$32,678, \$34,840 and \$508, respectively, for the year ended December 31, 2003. This is a violation of Ohio Revised Code, Section 5705.41(b), which states that no subdivision or taxing unit is to expend money unless it has been appropriated.
2. *Negative Fund Balances (repeated from prior audit)* - The general, general bond obligation and mayor's court funds had negative (cash) fund balances of \$235,693, 28,702 and \$265, respectively, as of December 31, 2004. The general, general bond and mayor's court funds had negative (cash) fund balances of \$159,499, 28,702 and \$116, respectively, as of December 31, 2003. These deficit balances indicate that cash from other funds has been used to pay obligations of these funds. This is a violation of Ohio Revised Code, Section 5705.10, which requires that money paid into any fund shall be used only for the purpose for which such fund is established. The Village should adopt procedures to properly monitor fund balances.
3. *Appropriations Exceeded Estimated Resources (repeated from prior audit)* - Ohio Revised Code, Section 5705.39, requires that appropriations do not exceed the amended estimate of resources. Appropriations exceeded the estimate of resources for the year ended December 31, 2004 for the general fund in the amount of \$891,988. Similarly, in the year ended December 31, 2003, appropriations exceeded the estimate of resources for the general and debt service funds in the amounts of \$5,877 and \$54,519, respectively.
4. *Estimated Revenues Exceeded Actual Revenues (repeated from prior audit)* - Ohio Revised Code, Section 5705.36, requires that an amended certificate of estimated resources be obtained upon determination by the fiscal officer that revenues collected will be less than the amount in the official certificate of estimated resources. It was noted that the special revenue funds were not in compliance for the year ended December 31, 2004 in the amount of \$46,109. Similarly, in the year ended December 31, 2003, the special revenue funds were not in compliance in the amount of \$92,598.
5. *Code Receipts and Expenditures to Proper Line Items (repeated from prior audit)* - An accurate record was not maintained for all monies received and expended by the Village. Various errors were found in the annual reports that were corrected during the audit. This is a violation of Ohio Revised Code, Section 733.28, which requires the Village clerk to keep the books of the Village, exhibit accurate statements of all monies received and expended and maintain records of all the property owned by the Village and the income derived therefrom and of all taxes and assessments.

Honorable Mayor and Members of Council  
Village of Golf Manor

6. *Properly Record Encumbrances at Year End (repeated from prior audit)* - The Village did not record encumbrances at year end, which is a violation of Ohio law Section 118.07. The encumbrances shown on the financial statements were recorded as a result of the audit. The Village should properly record all encumbrances timely.
7. *Deposits of Public Money (repeated from prior audit)* - Ohio Revised Code, Section 9.38, requires that receipts in excess of \$1,000 be deposited on the next business day. During the course of our audit testing, we noted three instances in which the Village was not in compliance.
8. *Obtain Proper Approval for Transfer of Funds* – Ohio Revised Code, Section 5705.14. Some of the transfers on the financial statements had not been properly approved during the year. The Village should properly approve all transfers timely.

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

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

*VonLehman & Company Inc.*

Cincinnati, Ohio  
May 19, 2005





**Auditor of State  
Betty Montgomery**

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**VILLAGE OF GOLF MANOR  
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  
AUGUST 4, 2005**