

**VILLAGE OF GOLF MANOR**

**December 31, 2006 and 2005**

*FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITORS' REPORT*





# Mary Taylor, CPA

Auditor of State

Village Council  
Village of Golf Manor  
6450 Wiehe Road  
Golf Manor, OH 45237-4216

We have reviewed the *Independent Auditors' Report* of the Village of Golf Manor, Hamilton County, prepared by VonLehman and Company, Inc., for the audit period January 1, 2005 to December 31, 2006. 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 Golf Manor is responsible for compliance with these laws and regulations.

*Mary Taylor*

Mary Taylor, CPA  
Auditor of State

January 22, 2008

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

**VILLAGE OFFICIALS  
December 31, 2006**

**MAYOR**

Alan Zaffiro

**COUNCIL MEMBERS**

Cindy Beringhaus

David Bidnick

Lloyd Gregory Brown

Kenneth Colvin

Brian Doering

Gregory Doering

Brenda Dubose

**DEPARTMENT HEADS**

Village Deputy Clerk - Treasurer

Village Service Director

Village Tax Commissioner

Kathy Patrick

Wane Creager

Jamie Porada



## 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, 2006 and 2005. 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 have 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 the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure 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 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 U.S. generally accepted accounting principles (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and U.S. generally accepted accounting principles, we presume they are material.

Revisions to U.S. generally accepted accounting principles would require the Village to reformat its financial statement presentation and make other changes effective for the years ended December 31, 2006 and 2005. Instead of the combined funds the accompanying financial statements present for 2006 and 2005, the revisions require presenting entity-wide statements and also to present its larger (i.e., major) funds separately for 2006 and 2005. 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 governments 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 as of and for the years ended December 31, 2006 and 2005 do not present fairly, in conformity with U.S. generally accepted accounting principles, the financial position of the Village as of December 31, 2006 and 2005, or its changes in financial position for the years then ended.



Honorable Mayor and Members of Council  
Village of Golf Manor  
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Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of the Village of Golf Manor, Hamilton County, Ohio, as of December 31, 2006 and 2005, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The aforementioned revision to U.S. generally accepted accounting principles also requires the Village to include Management's Discussion and Analysis for the years ended December 31, 2006 and 2005. The Village has not presented Management's Discussion and Analysis, which U.S. generally accepted accounting principles have 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 October 30, 2007 on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provision of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. 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 assessing the results of our audit.

*VonLehman & Company Inc.*

Cincinnati, Ohio  
October 30, 2007

**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, 2006 |                             |                         |                             |                                |
|---|------------------------------|-----------------------------|-------------------------|-----------------------------|--------------------------------|
|   | General<br>Fund              | Special<br>Revenue<br>Funds | Debt<br>Service<br>Fund | Capital<br>Projects<br>Fund | Totals<br>(Memorandum<br>Only) |
| <b>Receipts</b>   |                              |                             |                         |                             |                                |
| Property and Other Local Taxes  | \$ 921,083                   | \$ 2,132,794                | \$ -                    | \$ -                        | \$ 3,053,877                   |
| Municipal Income Taxes  | -                            | 615,741                     | -                       | -                           | 615,741                        |
| Intergovernmental Receipts  | 279,969                      | 178,753                     | -                       | -                           | 458,722                        |
| Charges for Services  | 418,607                      | -                           | -                       | -                           | 418,607                        |
| Fines, Licenses and Permits   | 117,332                      | -                           | -                       | -                           | 117,332                        |
| Earnings on Investments   | 2,330                        | -                           | -                       | -                           | 2,330                          |
| Miscellaneous   | 87,936                       | -                           | -                       | -                           | 87,936                         |
| <b>Total Receipts</b>   | <u>1,827,257</u>             | <u>2,927,288</u>            | <u>-</u>                | <u>-</u>                    | <u>4,754,545</u>               |
| <b>Disbursements</b>  |                              |                             |                         |                             |                                |
| Security of Persons and Property  | 1,415,157                    | 307,533                     | -                       | -                           | 1,722,690                      |
| Public Health Services  | 5,821                        | -                           | -                       | -                           | 5,821                          |
| Community Environment   | 70,796                       | 8,141                       | -                       | -                           | 78,937                         |
| Basic Utilities Services  | 50,710                       | -                           | -                       | -                           | 50,710                         |
| General Government  | 743,944                      | 318,100                     | -                       | -                           | 1,062,044                      |
| Capital Outlay  | 37,790                       | 23,960                      | -                       | -                           | 61,750                         |
| Debt Service  |                              |                             |                         |                             |                                |
| Redemption of Principal   | -                            | 44,155                      | -                       | -                           | 44,155                         |
| Interest and Other Fiscal Charges   | -                            | 10,334                      | -                       | -                           | 10,334                         |
| <b>Total Disbursements</b>  | <u>2,324,218</u>             | <u>712,223</u>              | <u>-</u>                | <u>-</u>                    | <u>3,036,441</u>               |
| <b>(Deficit) Excess of Receipts (Under) Over Disbursements</b>                                    | <u>(496,961)</u>             | <u>2,215,065</u>            | <u>-</u>                | <u>-</u>                    | <u>1,718,104</u>               |
| <b>Other Financing Sources (Uses)</b>   |                              |                             |                         |                             |                                |
| Transfers - In  | 533,183                      | -                           | 37,941                  | 13,064                      | 584,188                        |
| Transfers - Out   | -                            | (584,188)                   | -                       | -                           | (584,188)                      |
| Sale of Fixed Assets  | 1,427                        | -                           | -                       | -                           | 1,427                          |
| <b>Total Other Financing Sources (Uses)</b>   | <u>534,610</u>               | <u>(584,188)</u>            | <u>37,941</u>           | <u>13,064</u>               | <u>1,427</u>                   |
| <b>Excess of Receipts and Other Financing Sources Over Disbursements and Other Financing Uses</b> | 37,649                       | 1,630,877                   | 37,941                  | 13,064                      | 1,719,531                      |
| <b>Beginning Fund Cash Balance</b>  | <u>(164,010)</u>             | <u>295,350</u>              | <u>(23,600)</u>         | <u>(8,876)</u>              | <u>98,864</u>                  |
| <b>Ending Fund Cash Balance</b>   | <u>\$ (126,361)</u>          | <u>\$ 1,926,227</u>         | <u>\$ 14,341</u>        | <u>\$ 4,188</u>             | <u>\$ 1,818,395</u>            |
| <b>Reserve for Encumbrances</b>   | <u>\$ -</u>                  | <u>\$ -</u>                 | <u>\$ -</u>             | <u>\$ -</u>                 | <u>\$ -</u>                    |

See accompanying notes.

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

|   | <u>Year Ended<br/>December 31,<br/>2006</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            | 84,826                                      |
| Other Non-Operating Disbursements       | <u>(100,514)</u>                            |
| Total Other Financing<br>Sources (Uses) | <u>(15,688)</u>                             |
| Net Loss                                | (15,688)                                    |
| <b>Beginning Fund Cash Balance</b>      | <u>16,611</u>                               |
| <b>Ending Fund Cash Balance</b>         | <u>\$ 923</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, 2005 |                             |                         |                             |                                |
|---|------------------------------|-----------------------------|-------------------------|-----------------------------|--------------------------------|
|   | General<br>Fund              | Special<br>Revenue<br>Funds | Debt<br>Service<br>Fund | Capital<br>Projects<br>Fund | Totals<br>(Memorandum<br>Only) |
| <b>Receipts</b>   |                              |                             |                         |                             |                                |
| Property and Other Local Taxes  | \$ 759,305                   | \$ 889,566                  | \$ -                    | \$ -                        | \$ 1,648,871                   |
| Intergovernmental Receipts  | 220,214                      | 153,019                     | -                       | -                           | 373,233                        |
| Charges for Services  | 449,664                      | -                           | -                       | -                           | 449,664                        |
| Fines, Licenses and Permits   | 40,544                       | -                           | -                       | -                           | 40,544                         |
| Earnings on Investments   | 1,710                        | -                           | -                       | -                           | 1,710                          |
| Miscellaneous   | 12,532                       | -                           | -                       | -                           | 12,532                         |
| <b>Total Receipts</b>   | <u>1,483,969</u>             | <u>1,042,585</u>            | <u>-</u>                | <u>-</u>                    | <u>2,526,554</u>               |
| <b>Disbursements</b>  |                              |                             |                         |                             |                                |
| Security of Persons and Property  | 1,296,285                    | 224,014                     | -                       | -                           | 1,520,299                      |
| Public Health Services  | 2,931                        | -                           | -                       | -                           | 2,931                          |
| Community Environment   | 57,007                       | -                           | -                       | -                           | 57,007                         |
| Basic Utilities Services  | 2,455                        | 17                          | -                       | -                           | 2,472                          |
| Transportation  | -                            | 121,066                     | -                       | -                           | 121,066                        |
| General Government  | 910,817                      | 24,054                      | -                       | -                           | 934,871                        |
| Capital Outlay  | 26,388                       | 46,510                      | -                       | -                           | 72,898                         |
| Debt Service  |                              |                             |                         |                             |                                |
| Redemption of Principal   | -                            | -                           | 26,000                  | 28,000                      | 54,000                         |
| Interest and Other Fiscal Changes   | 3,255                        | 9,636                       | -                       | 644                         | 13,535                         |
| <b>Total Disbursements</b>  | <u>2,299,138</u>             | <u>425,297</u>              | <u>26,000</u>           | <u>28,644</u>               | <u>2,779,079</u>               |
| <b>(Deficit) Excess of Receipts (Under) Over Disbursements</b>  | <u>(815,169)</u>             | <u>617,288</u>              | <u>(26,000)</u>         | <u>(28,644)</u>             | <u>(252,525)</u>               |
| <b>Other Financing Sources (Uses)</b>   |                              |                             |                         |                             |                                |
| Transfers - In  | 886,852                      | -                           | 26,000                  | -                           | 912,852                        |
| Transfers - Out   | -                            | (912,852)                   | -                       | -                           | (912,852)                      |
| <b>Total Other Financing Sources (Uses)</b>   | <u>886,852</u>               | <u>(912,852)</u>            | <u>26,000</u>           | <u>-</u>                    | <u>-</u>                       |
| <b>Excess (Deficit) of Receipts and Other Financing Sources Over (Under) Disbursements and Other Financing Uses</b> | 71,683                       | (295,564)                   | -                       | (28,644)                    | (252,525)                      |
| <b>Beginning Fund Cash Balance</b>  | <u>(235,693)</u>             | <u>590,914</u>              | <u>(23,600)</u>         | <u>19,768</u>               | <u>351,389</u>                 |
| <b>Ending Fund Cash Balance</b>   | <u>\$ (164,010)</u>          | <u>\$ 295,350</u>           | <u>\$ (23,600)</u>      | <u>\$ (8,876)</u>           | <u>\$ 98,864</u>               |
| <b>Reserve for Encumbrances</b>   | <u>\$ -</u>                  | <u>\$ 15,308</u>            | <u>\$ -</u>             | <u>\$ -</u>                 | <u>\$ 15,308</u>               |

See accompanying notes.

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

|   | <u>Year Ended<br/>December 31,<br/>2005</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            | 59,877                                      |
| Other Non-Operating Disbursements       | <u>(43,001)</u>                             |
| Total Other Financing<br>Sources (Uses) | <u>16,876</u>                               |
| Net Income                              | 16,876                                      |
| <b>Beginning Fund Cash Balance</b>      | <u>(265)</u>                                |
| <b>Ending Fund Cash Balance</b>         | <u><u>\$ 16,611</u></u>                     |

See accompanying notes.

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

**NOTE 1 - ACCOUNTING POLICIES**

The constitution and laws of the State of Ohio establish the rights and privileges of the Village of Golf Manor, Hamilton County (the Village) as a body corporate and politic. A publicly-elected six-member Council governs the Village. The Village provides park operations, fire and police services, and a public works service department.

The Village's management believes these financial statements present all activities for which the Village is financially accountable, except debt service funds maintained by outside custodians which are not included in these financial statements.

**Basis of Accounting**

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. This basis 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 adequately disclose material matters the Auditor of State prescribes.

**Fund Accounting**

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

General Fund

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

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:

- *Bond Assessment Fund* - This fund is used for specific capital projects.
- *Fire Levy Fund* - This fund receives Village property tax money to fund the Village fire department.
- *Income Tax Fund* - This fund receives Village income tax money for current operating expenses.
- *Park Renovation Fund* - This fund accounts for grants and costs associated with the revitalization of Volunteer Park.
- *Police Levy Fund* - This fund is used to help finance additional costs incurred for increased police force.
- *Pool Fund* - This fund receives donations and fees to fund the Village swimming pool.
- *Road Levy Fund* - This fund is used for the construction and reconstruction of new roads in the Village.
- *Sidewalk Assessment Fund* - This fund is used to assess residents for and make sidewalk repairs.
- *Street Construction, Maintenance and Repair Fund* - This fund receives gasoline and motor vehicle tax money for constructing, maintaining and repairing Village streets.

**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 Fund

The Capital Projects Fund is utilized to account for resources used in the acquisition and construction of certain capital facilities. The Village had the following significant capital projects Fund:

- *Capital Projects Fund* - This fund accounts for all fees and costs associated with construction in the Village.

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 is budgeted annually.

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. Village Council must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure.

Estimated Resources

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

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

Encumbrances

The Ohio Revised Code requires the Village to reserve (encumber) appropriations when commitments are made. Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year.

A summary of 2006 and 2005 budgetary activity appears in Note 3.

**Cash**

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

**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.

**Accumulated Leave**

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused vacation and sick leave. Unpaid leave is not reflected as a liability under the Village's basis of accounting.

**NOTE 2 - EQUITY IN POOLED CASH**

The Village maintains a cash pool used by all funds. The Ohio Revised Code prescribes allowable deposits. The carrying amount of cash at December 31, 2006 and 2005 was as follows:

|                 | <u>December 31,</u> |                  |
|-----------------|---------------------|------------------|
|                 | <u>2006</u>         | <u>2005</u>      |
| Demand Deposits | <u>\$1,819,318</u>  | <u>\$115,475</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 - BUDGETARY ACTIVITY**

Budgetary activity for the years ended December 31, 2006 and 2005 follows:

| 2006 Budgeted vs. Actual Receipts |                          |                        |                    |
|-----------------------------------|--------------------------|------------------------|--------------------|
| <u>Fund Type</u>                  | <u>Budgeted Receipts</u> | <u>Actual Receipts</u> | <u>Variance</u>    |
| General                           | \$1,879,131              | \$2,361,867            | \$ 482,736         |
| Special Revenue                   | 1,403,500                | 2,927,288              | 1,523,788          |
| Debt Service                      | -                        | 37,941                 | 37,941             |
| Capital Projects                  | -                        | 13,064                 | 13,064             |
|                                   | <u>\$3,282,631</u>       | <u>\$5,340,160</u>     | <u>\$2,057,529</u> |

  

| 2006 Budgeted vs. Actual Budgetary Basis Expenditures |                                |                                  |                     |
|---|--------------------------------|----------------------------------|---------------------|
| <u>Fund Type</u>                                      | <u>Appropriation Authority</u> | <u>Budgetary Expenditure (1)</u> | <u>Variance</u>     |
| General   | \$1,983,108                    | \$2,324,218                      | \$( 341,110)        |
| Special Revenue                                       | 1,482,255                      | 1,296,411                        | 185,844             |
|   | <u>\$3,465,363</u>             | <u>\$3,620,629</u>               | <u>\$( 155,266)</u> |

  

| 2005 Budgeted vs. Actual Receipts |                          |                        |                   |
|-----------------------------------|--------------------------|------------------------|-------------------|
| <u>Fund Type</u>                  | <u>Budgeted Receipts</u> | <u>Actual Receipts</u> | <u>Variance</u>   |
| General                           | \$2,234,159              | \$2,370,821            | \$ 136,662        |
| Special Revenue                   | 1,086,311                | 1,042,585              | ( 43,726)         |
| Debt Service                      | -                        | 26,000                 | 26,000            |
|                                   | <u>\$3,320,470</u>       | <u>\$3,439,406</u>     | <u>\$ 118,936</u> |

  

| 2005 Budgeted vs. Actual Budgetary Basis Expenditures |                                |                                  |                     |
|---|--------------------------------|----------------------------------|---------------------|
| <u>Fund Type</u>                                      | <u>Appropriation Authority</u> | <u>Budgetary Expenditure (1)</u> | <u>Variance</u>     |
| General   | \$2,070,169                    | \$2,299,138                      | \$( 228,969)        |
| Special Revenue                                       | 1,099,944                      | 1,353,457                        | ( 253,513)          |
| Debt Service  | -                              | 26,000                           | ( 26,000)           |
| Capital Projects                                      | -                              | 28,644                           | ( 28,644)           |
|   | <u>\$3,170,113</u>             | <u>\$3,707,239</u>               | <u>\$( 537,126)</u> |

(1) Budgetary expenditures include encumbrances.

**NOTE 4 - COMPLIANCE**

The Village incurred the following compliance violations:

- Expenditures Exceeded Appropriations - Ohio Revised Code, Section 5705.41(b) (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 and Schedule of Findings*)
- Negative Fund Balances - Ohio Revised Code, Section 5705.10 (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 and Schedule of Findings*)
- Transfer of Mayor's Court Funds - Ohio Revised Code, Section 1907.24(c) (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 and Schedule of Findings*)
- Deposits of Public Money - Ohio Revised Code, Section 9.38 (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 and Schedule of Findings*)
- Budgeted Receipts Exceeded Actual Receipts - Ohio Revised Code, Section 5705.36 (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 and Schedule of Findings*)

**NOTE 5 - PROPERTY TAX**

Real property taxes become a lien on January 1, preceding the October 1 date for which rates are adopted by Village Council. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. Homestead and rollback amounts are then paid by the State, and are reflected in the accompanying financial statements as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to make 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 6 - LOCAL TAX LEVIES****Income Tax**

In 2006, the Village levied a municipal income tax of 1.7% 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.

**NOTE 6 - LOCAL TAX LEVIES (Continued)**

**Property Tax**

*Streets*

In 2006, the Village voted to raise its property tax for ten years by 8.0 mills (\$8 per every \$1,000 of valuation) for use in maintaining and constructing streets.

*Police*

In 2005, the Village voted to raise its property tax indefinitely by 6.0 mills (\$6 per every \$1,000 of valuation) for use by the Village's police department.

**NOTE 7 - DEBT**

Debt outstanding at December 31, 2006 was as follows:

|                                  | <u>Principal</u> | <u>Interest Rate</u> |
|----------------------------------|------------------|----------------------|
| Fire Truck Acquisition Bonds     | \$157,000        | 5.00%                |
| Police Vehicle Acquisition Bonds | <u>37,095</u>    | 5.25%                |
|                                  | <u>\$194,095</u> |                      |

Debt principal and interest payments for the years ended December 31, 2006 and 2005 were as follows:

|                                  | <u>December 31,</u> |                 |
|----------------------------------|---------------------|-----------------|
|                                  | <u>2006</u>         | <u>2005</u>     |
| Police Cruiser Acquisition Bonds |                     |                 |
| Principal                        | \$ -                | \$28,000        |
| Interest                         | <u>-</u>            | <u>644</u>      |
|                                  | <u>-</u>            | <u>28,644</u>   |
| Fire Truck Acquisition Bonds     |                     |                 |
| Principal                        | 27,000              | 26,000          |
| Interest                         | <u>8,895</u>        | <u>9,636</u>    |
|                                  | <u>35,895</u>       | <u>35,636</u>   |
| Police Vehicle Acquisition Bonds |                     |                 |
| Principal                        | 17,155              | -               |
| Interest                         | <u>1,439</u>        | <u>-</u>        |
|                                  | <u>18,594</u>       | <u>-</u>        |
| Other                            |                     |                 |
| Interest                         | <u>-</u>            | <u>3,255</u>    |
|                                  | <u>\$54,489</u>     | <u>\$67,535</u> |

**NOTE 7 - DEBT (Continued)**

Amortization of debt, including interest, is as follows:

| <u>Years Ending<br/>December 31,</u> | <u>Fire Truck<br/>Acquisition Bonds</u> | <u>Police Vehicle<br/>Acquisition Bonds</u> | <u>Total</u>     |
|--------------------------------------|---|---|------------------|
| 2007                                 | \$ 35,500                               | \$19,745                                    | \$ 55,245        |
| 2008                                 | 36,075                                  | 19,774                                      | 55,849           |
| 2009                                 | 35,550                                  | -   | 35,550           |
| 2010                                 | 35,975                                  | -   | 35,975           |
| 2011                                 | <u>36,325</u>                           | <u>-</u>                                    | <u>36,325</u>    |
|                                      | <u>\$179,425</u>                        | <u>\$39,519</u>                             | <u>\$218,944</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 bore interest at 3.75%, the final payment for which was due in July, 2005.

In March, 2006, the Village issued police vehicle acquisition bonds for \$54,250 with principal and interest payments, payable semi-annually at May 1 and November 1, commencing May 1, 2006 through November 1, 2008.

**NOTE 8 - RETIREMENT SYSTEMS**

The Village's law enforcement officers and full-time firemen belong to the Ohio Police & Fire Pension Funds (O P & F). Other full-time employees belong to the Ohio Public Employees Retirement System (OPERS) of Ohio. O P & F and OPERS 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 2006 and 2005, members of O P & F contributed 10% of their wages. The Village contributed an amount equal to 19.5% of police wages. During 2006 and 2005, OPERS members contributed 9% and 8.5%, respectively, of their gross salaries, and the Village contributed an amount equal to 13.7% and 13.55%, respectively, of participants' gross salaries. The Village has paid all contributions required through December 31, 2006.

**NOTE 9 - RISK POOL MEMBERSHIP**

The Village belongs to the Ohio Government Risk Management Plan (the Plan), an unincorporated nonprofit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to approximately 500 Ohio governments (members).

Pursuant to Section 2744.081 of the Ohio Revised Code, the Plan is a separate legal entity. The Plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages, modified for each member's needs. The Plan pays judgments, settlements and other expenses resulting from covered claims that exceed the member's deductible.

**NOTE 9 - RISK POOL MEMBERSHIP (Continued)**

The Plan issues its own policies and reinsures the Plan with A- VII or better rated carriers, except for the 15% casualty and the 10% property portions the Plan retains. The Plan pays the lesser of 15% or \$37,500 of casualty losses and the lesser of 10% or \$100,000 of property losses. Individual members are only responsible for their self-retention (deductible) amounts, which vary from member to member.

Settlement amounts did not exceed insurance coverage for the past three fiscal years.

Plan members are responsible to notify the Plan of their intent to renew coverage by their renewal date. If a member chooses not to renew with the Plan, they have no other obligation to the Plan. The former member's covered claims, which occurred during their membership period, remain the responsibility of the Plan.

The Plan's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2006 and 2005:

|                 | <u>December 31,</u> |                    |
|-----------------|---------------------|--------------------|
|                 | <u>2006</u>         | <u>2005</u>        |
| Assets          | \$9,620,148         | \$8,219,430        |
| Liabilities     | <u>(3,329,620)</u>  | <u>(2,748,639)</u> |
| Members' Equity | <u>\$6,290,528</u>  | <u>\$5,470,791</u> |

You can read the complete audited financial statements for The Ohio Government Risk Management Plan at the Plan's website, [www.ohioplan.org](http://www.ohioplan.org).

**NOTE 10 - TRANSFERS**

Interfund transactions at June 30, 2006 and 2005 consisted of the following:

|   | <u>2006</u>      |                  | <u>2005</u>      |                  |
|---|------------------|------------------|------------------|------------------|
|   | <u>Transfers</u> | <u>Transfers</u> | <u>Transfers</u> | <u>Transfers</u> |
|   | <u>In</u>        | <u>Out</u>       | <u>In</u>        | <u>Out</u>       |
| General Fund  | \$533,183        | \$ -             | \$886,852        | \$ -             |
| Special Revenue Funds                                   |                  |                  |                  |                  |
| Income Tax Fund   | -                | 584,188          | -                | 590,707          |
| Street, Construction,<br>Maintenance and<br>Repair Fund | -                | -                | -                | 322,145          |
| Debt Service Fund                                       | 37,941           | -                | 26,000           | -                |
| Capital Projects Fund                                   | <u>13,064</u>    | <u>-</u>         | <u>-</u>         | <u>-</u>         |
|   | <u>\$584,188</u> | <u>\$584,188</u> | <u>\$912,852</u> | <u>\$912,852</u> |

**NOTE 10 - TRANSFERS (Continued)**

The transfer in 2005 from the Street, Construction, Maintenance and Repair (SCMR) Fund to the General Fund was related to the allocation of wages paid from the General Fund but applicable to work eligible for payment from the SCMR Fund. When the Village presented its 2005 budget to Hamilton County, the General Fund was carrying a deficit, which was prohibited. Hamilton County then requested a meeting with the Village in order to correct this issue. At this time, the Village discovered that it was using outdated percentages related to the allocation of wages to the SCMR Fund, causing the General Fund to carry more expense than necessary. Due to this finding, Hamilton County and the Ohio Auditor of State granted the Village permission to execute a one-time transfer based on the new percentages. The ordinances were then drafted and approved by the Village.

During 2006 and 2005, the Village also transferred money from the Income Tax Fund to other funds. These transfers simply moved unrestricted dollars received by the Income Tax Fund to other funds to meet Village obligations.

## **OTHER INFORMATION**



**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING 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, 2006 and 2005 and have issued our report thereon dated October 30, 2007, wherein we noted the Village followed 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 the Comptroller General of the United States' *Government Auditing Standards*.

**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 opinions 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.

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 matters described in the accompanying schedule of findings as Items 2006-01 and 2006-02 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. We consider the matters described in the accompanying schedule of findings as Items 2006-03 and 2006-04 to be material weaknesses in internal control over financial reporting.

Our consideration of the 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 the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses.



Honorable Mayor and Members of Council  
Village of Golf Manor

### **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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings as Items 2006-05, 2006-06, 2006-07, 2006-08 and 2006-09.

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.

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

*VonLehman & Company Inc.*

Cincinnati, Ohio  
October 30, 2007

**VILLAGE OF GOLF MANOR**  
**SCHEDULE OF FINDINGS**  
**DECEMBER 31, 2006 AND 2005**

|   |
|---|
| <b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS<br/> REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b> |
|---|

**Internal Control over Financial Reporting**

|                       |                |
|-----------------------|----------------|
| <b>Finding Number</b> | <b>2006-01</b> |
|-----------------------|----------------|

1. *I-9's* - Employers are required to obtain and maintain I-9's for all employees hired after 1986. We discovered several employees who did not have the proper documentation in their personnel files regarding I-9's. Due to the increasing scrutiny nationally of hiring illegal immigrants, the Village needs to ensure that it obtains I-9's for all personnel and that files are complete and documented for everyone hired after 1986.

*Village Response:* The Village will take appropriate action to correct.

|                       |                |
|-----------------------|----------------|
| <b>Finding Number</b> | <b>2006-02</b> |
|-----------------------|----------------|

2. *Department Head Approval on Invoices* - During our tests of cash disbursements, we noted several invoices that lacked the department head's signature of approval, but the invoices were still paid. No invoice should be paid until it has a signature of approval.

*Village Response:* The Village will take appropriate action to correct.

|                       |                |
|-----------------------|----------------|
| <b>Finding Number</b> | <b>2006-03</b> |
|-----------------------|----------------|

3. *Segregation of Duties: Payroll* - The payroll clerk prints all payroll checks, reconciles the payroll checking account and has access to the accounting records. This is an incompatible combination of duties that would allow a misappropriation of funds to go undetected.

The Village should ask someone independent of the payroll check generating and recording process to receive, open the payroll bank statement and inspect the statement and cleared checks for propriety of payee and amount.

*Village Response:* The Village will take appropriate action to correct.

|                       |                |
|-----------------------|----------------|
| <b>Finding Number</b> | <b>2006-04</b> |
|-----------------------|----------------|

4. *Segregation of Duties: Cash Receipts* - Two individuals working in the clerk's office and Mayor's Court handle both cash receipts and the posting of items into the accounting software. This is an incompatible combination of duties that would allow a misappropriation of funds to go undetected.

The Village should consider having someone make a list of cash receipts prior to giving them to the office clerk, then compare that list to the actual deposit. The Village should also compare the deposits made to the amounts listed in the Mayor's Court minutes.

*Village Response:* The Village will take appropriate action to correct.

**VILLAGE OF GOLF MANOR**  
**SCHEDULE OF FINDINGS (Continued)**  
**DECEMBER 31, 2006 AND 2005**

**FINDINGS RELATED TO THE FINANCIAL STATEMENTS  
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS**

**Compliance**

|                                |                |
|--------------------------------|----------------|
| <b>Finding Number (Repeat)</b> | <b>2006-05</b> |
|--------------------------------|----------------|

1. *Expenditures Exceeded Appropriations* - Ohio Revised Code, Section 5705.41(b), requires that no subdivision or taxing unit is to expend money unless it has been appropriated. The following funds were not in compliance by the following amounts for these respective years:

| <u>Fund</u>      | <u>2006</u> | <u>2005</u> |
|------------------|-------------|-------------|
| General          | \$341,110   | \$228,969   |
| Special Revenue  | -           | 253,513     |
| Debt Service     | -           | 26,000      |
| Capital Projects | -           | 28,644      |

*Village Response:* The Village will take appropriate action to correct.

|                                |                |
|--------------------------------|----------------|
| <b>Finding Number (Repeat)</b> | <b>2006-06</b> |
|--------------------------------|----------------|

2. *Negative Fund Balances* - Ohio Revised Code, Section 5705.10, requires that appropriations do not exceed the official or amended estimate of resources. The following funds were not in compliance by the following amounts for these respective years:

| <u>Fund</u>      | <u>2006</u> | <u>2005</u> |
|------------------|-------------|-------------|
| General Fund     | \$126,361   | \$164,010   |
| Debt Service     | -           | 23,600      |
| Capital Projects | -           | 8,876       |

*Village Response:* The Village will take appropriate action to correct.

|                       |                |
|-----------------------|----------------|
| <b>Finding Number</b> | <b>2006-07</b> |
|-----------------------|----------------|

3. *Transfer of Mayor's Court Funds* - Ohio Revised Code, Section 1907.24(c), requires that all monies collected during a month and owed to the State shall be transmitted on or before the 20<sup>th</sup> day of the following month by the Clerk of Courts to the Treasurer of the State. The Mayor's Court was not in compliance with this Code.

*Village Response:* The Village will take appropriate action to correct.

|                       |                |
|-----------------------|----------------|
| <b>Finding Number</b> | <b>2006-08</b> |
|-----------------------|----------------|

4. *Deposits of Public Money* - Ohio Revised Code, Section 9.38, requires public money be deposited to a designated depository on the business day following the day of receipt. The General Fund and Mayor's Court were not in compliance with this Code.

*Village Response:* The Village will take appropriate action to correct.

**VILLAGE OF GOLF MANOR**  
**SCHEDULE OF FINDINGS (Continued)**  
**DECEMBER 31, 2006 AND 2005**

**FINDINGS RELATED TO THE FINANCIAL STATEMENTS  
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS**

**Compliance (Continued)**

|                       |               |
|-----------------------|---------------|
| <b>Finding Number</b> | <b>2006-9</b> |
|-----------------------|---------------|

5. *Budgeted Receipts Exceeded Actual Receipts* - 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. The following fund was not in compliance by the following amounts for these respective years:

| <u>Fund</u>     | <u>2006</u> | <u>2005</u> |
|-----------------|-------------|-------------|
| Special Revenue | \$ -        | \$43,726    |

*Village Response:* The Village will take appropriate action to correct.



**Mary Taylor, CPA**  
Auditor of State

**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  
FEBRUARY 5, 2008**