

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

**AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED
DECEMBER 31, 2012**



Dave Yost • Auditor of State

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

We have reviewed the *Independent Auditors' Report* of the Village of Golf Manor, Hamilton County, prepared by Bastin & Company, LLC, for the audit period January 1, 2012 through December 31, 2012. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Village of Golf Manor is responsible for compliance with these laws and regulations.

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Dave Yost
Auditor of State

October 29, 2013

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VILLAGE OF GOLF MANOR
HAMILTON COUNTY, OHIO

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Bastin & Company, LLC

Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

Village of Golf Manor
Hamilton County
6450 Wiehe Road
Cincinnati, OH 45237-4216

To the Village Council:

Report on the Financial Statements

We have audited the accompanying financial statements and related notes of the Village of Golf Manor, Hamilton County, (the Village) as of and for the year ended December 31, 2012.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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

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

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

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

Opinion on Regulatory Basis of Accounting

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

Other Reporting Required by Government Auditing Standards

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

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

Cincinnati, Ohio
June 24, 2013

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

	Governmental Fund Types				Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	
<i>Cash Receipts:</i>					
Property and Other Local Taxes	\$ 795,513	\$ 822,627	\$ -	\$ -	\$ 1,618,140
Municipal Income Tax	-	646,491	-	-	646,491
Intergovernmental	102,642	162,462	-	510,082	775,186
Charges for Services	741,508	-	-	-	741,508
Fines, Licenses and Permits	101,926	5,920	-	-	107,846
Miscellaneous	61,126	38,878	-	-	100,004
Total Cash Receipts	1,802,715	1,676,378	-	510,082	3,989,175
<i>Cash Disbursements:</i>					
Current:					
Security of Persons and Property	1,239,693	567,843	-	-	1,807,536
Public Health Services	1,435	-	-	-	1,435
Community Environment	22,439	-	-	-	22,439
Basic Utility Services	246,374	-	-	-	246,374
Transportation	-	146,294	-	-	146,294
General Government	979,166	73,937	-	-	1,053,103
Capital Outlay	-	35,621	-	516,428	552,049
Debt Service:					
Principal Retirement	11,584	284,339	-	-	295,923
Interest and Fiscal Charges	1,247	34,600	-	-	35,847
Total Cash Disbursements	2,501,938	1,142,634	-	516,428	4,161,000
Excess of Receipts Over (Under) Disbursements	(699,223)	533,744	-	(6,346)	(171,825)
<i>Other Financing Receipts (Disbursements):</i>					
Sale of Capital Assets	2,598	-	-	-	2,598
Transfers-In	615,000	-	-	-	615,000
Transfers-Out	-	(615,000)	-	-	(615,000)
Total Other Financing Receipts (Disbursements)	617,598	(615,000)	-	-	2,598
Net Change in Fund Cash Balances	(81,625)	(81,256)	-	(6,346)	(169,227)
Fund Cash Balances, January 1, 2012	125,305	899,666	14,341	10,079	1,049,391
Fund Cash Balances, December 31, 2012:					
Restricted	-	818,410	14,341	3,733	836,484
Unassigned	43,680	-	-	-	43,680
Fund Cash Balances, December 31, 2012	\$ 43,680	\$ 818,410	\$ 14,341	\$ 3,733	\$ 880,164

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

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

	Fiduciary Fund Types
	Agency
<i>Non-Operating Cash Receipts:</i>	
Other Financing Sources	\$ 100,558
Total Non-Operating Cash Receipts	100,558
<i>Non-Operating Cash Disbursements:</i>	
Other Financing Uses	100,630
Total Non-Operating Cash Disbursements	100,630
Net Change in Fund Cash Balances	(72)
Fund Cash Balance, January 1, 2012	13,467
Fund Cash Balance, December 31, 2012	\$ 13,395

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

**VILLAGE OF GOLF MANOR
HAMILTON COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

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

The Village participates in the Ohio Plan Risk Management, Inc. (OPRM) - formerly known as the Ohio Risk Management Plan, a public entity risk pool. Note 11 to the financial statements provides additional information for this entity.

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

B. Accounting Basis

These financial statements follow the accounting basis the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. The Village recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the Auditor of State prescribes or permits.

C. Deposits and Investments

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

D. Fund Accounting

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

1. General Fund

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

**VILLAGE OF GOLF MANOR
HAMILTON COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012
(Continued)**

2. Special Revenue Funds

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

Road Levy Fund - This fund receives property tax money to pay for the construction and reconstruction of new roads in the Village.

Income Tax Fund - This fund receives income tax money for general expenses of the Village.

Street Construction, Maintenance and Repair Fund - This fund receives gasoline tax and motor vehicle tax monies for constructing, maintaining and repairing Village streets.

Police Levy Fund - This fund receives property tax money to pay for the Village's expenses for police protection.

Fire Levy Fund - This fund receives property tax money to pay for the Village's expenses for fire protection.

3. Debt Service Funds

These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest. The Village had the following significant Debt Service Fund:

General Obligation Fund - This fund was established in prior years for the retirement of general obligation debt of the Village.

4. Capital Project Funds

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

Neighborhood Stabilization Fund - This fund receives federal grant money for the revitalization of blighted neighborhood properties.

5. Fiduciary Funds (Agency Funds)

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

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

**VILLAGE OF GOLF MANOR
HAMILTON COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012
(Continued)**

E. Budgetary Process

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

1. Appropriations

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

2. Estimated Resources

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

3. Encumbrances

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

A summary of 2012 budgetary activity appears in Note 3.

F. Fund Balance

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

1. Nonspendable

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

2. Restricted

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

**VILLAGE OF GOLF MANOR
HAMILTON COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012
(Continued)**

3. Committed

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

4. Assigned

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

5. Unassigned

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

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

G. Property, Plant and Equipment

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

H. Accumulated Leave

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

2. EQUITY IN POOLED DEPOSITS

The Village maintains a deposit pool all funds use. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of deposits at December 31, 2012 was as follows:

Demand deposits	<u>\$ 893,559</u>
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Deposits are insured by the Federal Depository Insurance Corporation or collateralized by the financial institution's public entity deposit pool.

**VILLAGE OF GOLF MANOR
HAMILTON COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012
(Continued)**

3. BUDGETARY ACTIVITY

Budgetary activity for the year ending December 31, 2012 follows:

Budgeted vs. Actual Receipts			
	Budgeted	Actual	
Fund Type	Receipts	Receipts	Variance
General	\$ 2,420,313	\$ 2,420,313	\$ -
Special Revenue	1,642,073	1,676,378	34,305
Capital Projects	510,082	510,082	-
Total	\$ 4,572,468	\$ 4,606,773	\$ 34,305

Budgeted vs. Actual Budgetary Basis Expenditures			
	Appropriation	Budgetary	
Fund Type	Authority	Expenditures	Variance
General	\$ 2,504,942	\$ 2,501,938	\$ 3,004
Special Revenue	1,736,731	1,757,634	(20,903)
Capital Projects	510,082	516,428	(6,346)
Total	\$ 4,751,755	\$ 4,776,000	\$ (24,245)

4. COMPLIANCE

- Contrary to Ohio Revised Code Section 5705.41(B), the Village's expenditures exceeded total appropriations for four funds.
- Contrary to Ohio Revised Code Section 5705.41(D), the Village did not properly certify the availability of funds.
- Contrary to Ohio Revised Code Section 9.38, receipts for the Mayor's Court were not deposited within the required time period.
- Contrary to Ohio Revised Code Sections 733.40, distributions of Mayor's Court funds to the Village's general operating fund were not made within the required time period.

5. PROPERTY TAX

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

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

**VILLAGE OF GOLF MANOR
HAMILTON COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012
(Continued)**

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

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

6. LOCAL EARNINGS TAX

The Village levies a municipal income tax of 1.7 percent on substantially all earned income arising from employment, residency, or business activities within the Village as well as certain income of residents earned outside of the Village.

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

7. DEBT

Debt outstanding at December 31, 2012 was as follows:

	Principal	Interest Rate
Street Improvement Tax Anticipation Notes	\$ 252,812	5.27%
Fire Equipment Acquisition Bonds	104,000	4.68%
Fire Equipment Acquisition Bonds #2	10,000	3.00%
Total	\$ 366,812	

During 2006 the Village issued street improvement tax anticipation notes for \$1,525,000, in anticipation of a street tax levy for the general construction, reconstruction and repair of Village streets. The notes mature on September 26, 2013, and bear an interest rate of 5.27 percent.

During 2009 the Village issued fire equipment acquisition bonds for \$190,000 for the acquisition of an ambulance and equipment. The bonds mature on December 1, 2016, and bear an interest rate of 4.68 percent.

During 2010 the Village issued additional fire equipment acquisition bonds for \$29,000 for the acquisition of an emergency vehicle. The bonds mature on May 1, 2013, and bear an interest rate of 3.00 percent.

**VILLAGE OF GOLF MANOR
HAMILTON COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012
(Continued)**

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

Year	Street Improvement	Fire Equipment	Fire Equipment
	Tax Anticipation Notes	Acquisition Bonds	Acquisition Bonds #2
2013	\$ 266,135	\$ 28,868	\$ 10,300
2014	-	29,745	-
2015	-	28,528	-
2016	-	29,311	-
Total	<u>\$ 266,135</u>	<u>\$ 116,452</u>	<u>\$ 10,300</u>

8. CAPITAL LEASES

During 2011 the Village entered into a capital lease for two police cruisers in the amount of \$72,300.

Amortization of the remaining lease, including interest at 3.92%, is scheduled as follows:

<u>Year Ended December 31</u>	<u>Amount</u>
2013	\$25,662
2014	25,662
Less: amount representing interest	<u>(2,191)</u>
Present value of future minimum lease payments	<u>\$49,133</u>

9. INTERFUND TRANSACTIONS

The Village had the following interfund transaction in 2012:

<u>Fund Type/Fund</u>	<u>Transfer-In</u>	<u>Transfer-Out</u>
General Fund	\$615,000	\$ -
Income Tax	-	615,000
Total	<u>\$615,000</u>	<u>\$615,000</u>

Income taxes are collected in the Income Tax Fund and transferred to other funds.

10. RETIREMENT SYSTEMS

The Village's certified full-time fire fighters and full-time police officers belong to the Police and Fire Pension Fund (OP&F). Other employees belong to the Ohio Public Employees Retirement System (OPERS). OP&F and OPERS are cost-sharing, multiple-employer plans. The Ohio Revised Code prescribes these plans' benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2012, OP&F participants contributed 10 percent of their wages. For 2012, the Village contributed to OP&F an amount equal to 19.5 percent of full-time police members' wages and 24 percent of full-time fire fighters' wages. For 2012, OPERS members contributed 10 percent of their gross salaries and the Village contributed an amount equaling 14 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2012.

**VILLAGE OF GOLF MANOR
HAMILTON COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012
(Continued)**

11. RISK MANAGEMENT

The Village belongs to the Ohio Plan Risk Management, Inc. (OPRM) - formerly known as the Ohio Government Risk Management Plan, (the "Plan"), a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to Ohio governments ("Members"). The Plan is legally separate from its member governments.

Pursuant to Section 2744.081 of the Ohio Revised Code, the plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages to its members sold through fourteen appointed independent agents in the State of Ohio.

OPRM coverage programs are developed specific to each member's risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member's exposure to loss, except OPRM retains 41.5% (effective November 1, 2011) of the premium and losses on the first \$250,000 casualty treaty and 10% of the first \$1,000,000 property treaty. Effective November 1, 2012 the plan increased its retention to 50% of the first \$250,000 casualty treaty. The Plan's property retention remained unchanged from prior years. This change was made to balance the reinsurance market conditions. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 767 and 765 members as of December 31, 2012 and 2011 respectively.

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 financial obligation to the Plan, but still need to promptly notify the Plan of any potential claims occurring during their membership period. The former member's covered claims, which occurred during their membership period, remain the responsibility of the Plan.

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

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2012 and 2011.

	2012	2011
Assets	\$13,100,381	\$12,501,280
Liabilities	(6,687,193)	(5,328,761)
Members' Equity	\$6,413,188	\$7,172,519

You can read the complete audited financial statements for OPRM at the Plan's website, www.ohioplan.org.

Bastin & Company, LLC

Certified Public Accountants

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

Village of Golf Manor
Hamilton County
6450 Wiehe Road
Cincinnati, OH 45237-4216

To the Village Council:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the Village of Golf Manor, Hamilton County, (the Village) as of and for the year ended December 31, 2012, and the related notes to the financial statements, and have issued our report thereon dated June 24, 2013, wherein we noted the Village followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 permit.

Internal Control Over Financial Reporting

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

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or a combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Village's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider findings 2012-01 through 2012-03 described in the accompanying schedule of findings to be material weaknesses.

Compliance and Other Matters

As part of reasonably assuring whether the Village's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed instances of noncompliance or other matters we must report under *Government Auditing Standard* and which are described in the accompanying schedule of findings as items 2012-03 through 2012-05.

Entity's Response to Findings

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

Purpose of this Report

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

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

Cincinnati, Ohio
June 24, 2013

Bastin & Company, LLC

Certified Public Accountants

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

Village of Golf Manor
Hamilton County
6450 Wiehe Road
Cincinnati, OH 45237-4216

To the Village Council:

Report on Compliance for Each Major Federal Program

We have audited the Village of Golf Manor, Hamilton County, Ohio's (the Village) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect the Village's major federal program for the year ended December 31, 2012. The *Summary of Audit Results* in the accompanying schedule of findings identifies the Village's major federal program.

Management's Responsibility

The Village's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to its federal program.

Auditor's Responsibility

Our responsibility is to opine on the Village's compliance for each of the Village's major federal programs based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. These standards and OMB Circular A-133 require us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect a major federal program occurred. An audit includes examining, on a test basis, evidence about the Village's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe our audit provides a reasonable basis for our compliance opinion on the Village's major program. However, our audit does not provide a legal determination of the Village's compliance.

Opinion on the Major Federal Program

In our opinion, the Village complied, in all material respects with the compliance requirements referred to above that could directly and materially affect its major federal program for the year ended December 31, 2012.

Report on Internal Control Over Compliance

The Village's management is responsible for establishing and maintaining effective internal control over compliance with the applicable compliance requirements referred to above. In planning and performing our compliance audit, we considered the Village's internal control over compliance with the applicable requirements that could directly and materially affect a major federal program, to determine our auditing procedures appropriate for opining on each major federal program's compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not to the extent needed to opine on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the Village's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program's applicable compliance requirement. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program compliance requirement will not be prevented, or timely detected and corrected. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with federal program's applicable compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

This report only describes the scope of our internal control compliance tests and the results of this testing based on OMB Circular A-133 requirements. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

We have also audited the financial statements of the Village of Golf Manor, Hamilton County, Ohio (the Village) as of and for the year ended December 31, 2012, and the related notes to the financial statements. We issued our report thereon dated June 24, 2013, wherein we noted the Village followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03, as described in Note 1. We conducted our audit to opine on the Village's financial statements. The accompanying schedule of expenditures of federal awards presents additional analysis required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and is not a required part of the financial statements. The schedule is management's responsibility, and was derived from and relates directly to the underlying accounting and other records management used to prepare the financial statements. We subjected this schedule to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this schedule directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, in accordance with auditing standards generally accepted in the United States of America. In our opinion, this schedule is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

This report only describes the scope of our tests of internal control over compliance and the results of this testing based on OMB Circular A-133 requirements. Accordingly, this report is not suitable for any other purpose.

Bastin & Company, LLC

Cincinnati, Ohio
June 24, 2013

**VILLAGE OF GOLF MANOR
HAMILTON COUNTY, OHIO
SCHEDULE OF FINDINGS
OMB Circular A-133 § .505
FOR THE YEAR ENDED DECEMBER 31, 2012**

SUMMARY OF AUDITORS' RESULTS

Type of financial statement opinion	Unqualified
Were there any material control weaknesses reported at the financial statement level?	Yes
Were there any other significant deficiencies in internal control reported at the financial statement level?	No
Was there any reported material noncompliance reported at the financial statement level?	Yes
Were there any material internal control weaknesses reported for major federal programs?	No
Were there any other significant deficiencies in internal control reported for major federal programs?	No
Type of major programs' compliance opinion	Unqualified
Are there any reportable findings?	No
Major programs:	CFDA 14.256 Neighborhood Stabilization Program (Recovery Act Funded)
Dollar threshold to distinguish between Type A/B programs	Type A: > \$300,000 Type B: all other
Low risk auditee?	No

<p style="text-align: center;">FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</p>

Finding Number 2012-01 – Audit Adjustments

Material Weakness

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

Proceeds from Federal Grant – Adjustments to record proceeds from a grant and related expenditures of \$510,082 were made to reflect items not recorded by the Village.

Capital Outlay Expenditures – Adjustments to record expenditures for road improvements and reconstruction in the amount of \$34,880 were made to reclassify amounts recorded as transportation expense to capital outlay expense.

Property Tax Distribution Expenses – Adjustments to record property tax distribution expenses in the amount of \$32,156 and \$21,437 were made to reclassify amounts recorded as security of persons and property and transportation expense to general government expense.

Debt Service Payments – Adjustments totaling \$1,876 were made to reclassify amounts recorded as principal payments to interest expense.

Law Enforcement Trust Account – Adjustments totaling \$31,604 were made to reflect the beginning of the year balance in a Law Enforcement Trust bank account maintained by the police department. In addition, adjustments of \$34,303 for revenues and \$22,836 for expenses were also made to reflect 2012 activities.

The presentation of materially correct financial statements is the responsibility of management. We recommend that the Village implement control procedures to ensure the proper recording and reporting of revenues and expenditures.

Village's Response

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

Finding Number 2012-02 – Law Enforcement Trust Account

Material Weakness

The Village's police department maintains a Law Enforcement Trust bank account with a balance of \$43,071 as of December 31, 2012. The account is controlled solely by the police chief and is not recorded on the Village's accounting system or subjected to the accounting or budgetary controls afforded to the other accounts and funds of the Village.

The Village should implement adequate control procedures over the account to provide for an independent review and approval process of activities of this account. The Village should consider bringing the account under the financial recording and budgetary controls of the Village's normal financial system.

Village's Response

This issue was brought to our attention in the prior audit and has been discussed with the Village's management; however, no changes have been implemented to date. This issue will be reviewed by Council and changes they deem appropriate will be implemented.

Finding Number 2012-03 – Mayor's Court Activities

Noncompliance and Material Weakness

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

- Ohio Revised Code Section 733.40 requires that distributions to the Village's general operating account be made by the first Monday of the month following the last Mayor's Court session of the preceding month. Testing disclosed that 67 percent of distributions to the Village's general operating account were not in compliance.
- Ohio Revised Code Section 9.38 requires that public money must be deposited with the treasurer of the public office or to a designated depository on the business day following the day of receipt, or within three business days if less than \$1,000 and the money can be safeguarded. Testing disclosed that 11 percent of items tested were not in compliance.
- Monthly bank reconciliations have not been performed, documented or approved for the accounts maintained by the Mayor's Court.
- There is no follow-up made with violators if they fail to appear in court or pay their outstanding fine beyond the issuance of a warrant.

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

Village's Response

The Village will review procedures and attempt to make distributions and deposits on a timely basis. The Village will also begin doing reconciliations and sending out system-generated form letters to violators who fail to appear in court or pay their outstanding fine.

Finding Number 2012-04 – Budgetary Compliance

Noncompliance

Ohio Revised Code Section 5705.41(B) states “no subdivision or taxing unit is to expend money unless it has been appropriated”. The following funds had expenditures that exceeded appropriations:

<u>Fund</u>	<u>Appropriations</u>	<u>Expenditures</u>	<u>Variance</u>
Solid Waste Grant	\$ -	\$ 1,756	\$ (1,756)
Sidewalk Repair	-	6,346	(6,346)
Home Improvement	-	741	(741)
Law Enforcement Trust	-	22,836	(22,836)

We recommend that management of the Village more closely monitor its budgetary compliance with the applicable sections of the Ohio Revised Code.

Village’s Response

The Law Enforcement Trust Fund was not included as a fund as part of the Village’s appropriations as the account is maintained by the police department as discussed above. For other funds, the Village will attempt to more closely monitor its compliance with the requirements of the Ohio Revised Code.

Finding Number 2012-05 – Certification of Funds Availability

Noncompliance

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

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

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

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

The availability of funds was not certified prior to the time of commitment in 20 percent of expenditures tested, nor did the Village properly use the aforementioned exceptions. Unless the Village uses the exceptions noted above, prior certification is not only required by statute but also is a key control in the disbursement process to assure that purchase commitments receive prior approval. To improve controls over disbursements and to help reduce the possibility of the Village’s funds exceeding budgetary spending limitations, we recommend that the fiscal officer certify that funds are or will be available prior to obligation by the Village. When prior certification is not possible, “then and now” certification should be used.

Village’s Response

The Village concurs with the citation and will attempt to ensure certifications are properly performed in the future.

FINDINGS FOR FEDERAL AWARDS

None

**VILLAGE OF GOLF MANOR
HAMILTON COUNTY, OHIO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2012**

<u>Federal Agency/Pass-through Agency/Program Title</u>	<u>Federal CFDA Number</u>	<u>Federal Expenditures</u>
U. S. Department of Housing and Urban Development		
<i>Programs Passed through Hamilton County Community Development:</i>		
Neighborhood Stabilization Program (Recovery Act Funded)	14.256	<u>510,082</u>
Total Passed Through Programs		<u>510,082</u>
Total Expenditures of Federal Awards		<u>\$ 510,082</u>

See notes to Schedule of Expenditures of Federal Awards

**VILLAGE OF GOLF MANOR
HAMILTON COUNTY, OHIO
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2012**

NOTE A – SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Expenditures of Federal Awards is a summary of activity of the Village's federal award programs and has been prepared on the cash basis of accounting.

**VILLAGE OF GOLF MANOR
HAMILTON COUNTY, OHIO
SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2012**

Finding Number	Finding Summary	Fully Corrected?	Status Explanation
2011-01	Audit adjustments	No	Reissued as finding number 2012-01.
2011-02	Law Enforcement Trust Account	No	Reissued as finding number 2012-02.
2011-03	Mayor's Court Activities	No	Reissued as finding number 2012-03.
2011-04	Budgetary Compliance Expenditures exceeded appropriations	No	Reissued as finding number 2012-04.
2011-05	Certification of funds availability	No	Reissued as finding number 2012-05.

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Dave Yost • 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
NOVEMBER 12, 2013**