



**VILLAGE OF GOLF MANOR
HAMILTON COUNTY
Regular Audit
For the Years Ended December 31, 2016 and 2015**

313 Second St.
Marietta, OH 45750
740 373 0056

1907 Grand Central Ave.
Vienna, WV 26105
304 422 2203

150 W. Main St., #A
St. Clairsville, OH 43950
740 695 1569

1310 Market St., #300
Wheeling, WV 26003
304 232 1358

749 Wheeling Ave., #300
Cambridge, OH 43725
740 435 3417

www.perrycpas.com



88 East Broad Street
Columbus, Ohio 43215
IPAReport@ohioauditor.gov
(800) 282-0370

Village Council
Village of Golf Manor
6450 Wiehe Road
Golf Manor, Ohio 45237

We have reviewed the *Independent Auditor's Report* of the Village of Golf Manor, Hamilton County, prepared by Perry & Associates, Certified Public Accountants, A.C., for the audit period January 1, 2015 through December 31, 2016. 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. In conjunction with the work performed by the Independent Public Accountant, the Auditor of State is issuing the following:

Finding for Recovery

State ex rel. McClure v. Hagerman, 155 Ohio St. 320 (1951), provides that expenditures made by a governmental unit are to serve a public purpose. Typically, the determination of what constitutes a "proper public purpose" rests with the judgment of the governmental entity, unless such determination is arbitrary or unreasonable. Even if a purchase is reasonable, Ohio Attorney General Opinion 82-006 indicates that it must be memorialized by a duly enacted ordinance or resolution and may have a prospective effect only. **Auditor of State Bulletin 2003-005 Expenditure of Public Funds/Proper Public Purpose** states that the Auditor of State's Office will only question expenditures where the legislative determination of a public purpose is manifestly arbitrary and incorrect.

Credit Card Transactions

During the period of November 7, 2014 through March 31, 2017, we identified 203 credit card transactions totaling \$16,074 on the Village's administration department credit card that had no supporting documentation.

We obtained supporting documentation from certain vendors for some of the unsupported transactions and determined the purchases were made by the Village's former tax commissioner, Jamie Smith and were for personal items and were not for a proper public purpose of the Village. These purchases included the following:

- Eight transactions totaling \$3,004 from Cincinnati Bell for an account at her personal residence;
- Five transactions totaling \$921 from Aaron's for furniture;
- 11 transactions totaling \$356 from Walmart for food, drinks, snacks, dog food, and other miscellaneous items;
- Three transactions totaling \$176 from Fairfield City Schools for children's school fees and lunches; and
- Three transactions totaling \$73 from LaRosa's for food delivered to her personal residence.

We identified 22 transactions totaling \$422 made on the Village's administration department credit card with no supporting documentation that were made in Butler County at gas stations and restaurants where Ms. Smith's personal residence was located.

We identified 9 transactions with four vendors (Dairy Queen, Etsy.com, Lifetouch, Pay Pal, Rumpke) totaling \$244 made on the Village's administration department credit card with no supporting documentation. We identified purchases to the same vendors while reviewing financial activity on Ms. Smith's personal bank statements.

We identified 12 transactions totaling \$512 from Craig's List, Disney, Girl Scout Cookies, Justice Web, Old Navy, Personal Creations, Target, The Children's Place, and Kohl's made on the Village's administration department credit card with no supporting documentation.

Non-Payroll Disbursements

On February 13, 2015, Jamie Smith issued a personal check to the Village of Golf Manor's Law Enforcement Trust to purchase a Village vehicle (2001 Chevrolet Malibu). The Village had an account with Stewart Tire & Auto to perform services on the Village's vehicles. During review of Village invoices from Stewart Tire & Auto, we identified three invoices totaling \$1,067 to purchase a battery, oil change, tires, and brakes for the 2001 Chevrolet Malibu purchased by Ms. Smith. The dates of service requested for the items purchased was February 25, 2015, June 21, 2016, and November 23, 2016.

On June 25, 2012, the Village passed Resolution No. 2012-22 providing for payment of reimbursements to Village employees who incurred additional medical expenses due to increased deductible amounts as a result of a new health insurance contract. Per the resolution, the Village's council desired to provide an additional benefit to its employees in order to offset the increased deductible for individual and family coverage.

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Section I of Resolution No. 2012-22 documents, the Village agrees to pay \$1,500 towards an individual's or family's medical expenses in order to meet the total, increased deductible.

Per Section II of Resolution No. 2012-22, "(i)n order to take advantage of this benefit, an employee must provide to the Village appropriate documentation demonstrating that he or she, or his or her family has incurred and paid \$1,000 and \$3,000 in medical expenses for that year, and has incurred additional medical expenses above these amounts."

On January 15, 2017, the Village issued a check to Jamie Smith totaling \$1,500 with no supporting documentation. The description documented in the UAN system stated "HRA" and the expenditure was charged to the "Medical/Hospitalization" account code.

On April 25, 2011, the Village passed Ordinance No. 2011-6 regarding compensation for the tax commissioner. Section I of the ordinance documents the position of tax commissioner shall receive compensation in the amount of \$750 each year, a reduction from \$1,500 each year.

On January 27, 2017, the Village issued a check to Jamie Smith totaling \$1,500. A note was handwritten on the payment voucher and stated "1500.00 Bonus See Res". As tax commissioner, Ms. Smith was entitled to \$750 per year, therefore, Ms. Smith was overpaid \$750.

In accordance with the foregoing facts and pursuant to Ohio Rev. Code § 117.28, a Finding for Recovery for public monies illegally expended is hereby issued against Ms. Smith in the amount of \$9,025, and in favor of the Village of Golf Manor's General Fund.

We recommend the Village has proper supporting documentation for all credit card transactions and non-payroll disbursements prior to issuing a check to a vendor or employee to ensure the expenditure is for a proper public purpose and in compliance with Village resolutions and ordinances.

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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.



Keith Faber
Auditor of State
Columbus, Ohio

November 12, 2019

VILLAGE OF GOLF MANOR
HAMILTON COUNTY

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313 Second St.
Marietta, Oh 45750
740.373.0056

1907 Grand Central Ave.
Vienna, WV 26105
304.422.2203

150 West Main St.
St. Clairsville, OH 43950
740.695.1569

1310 Market St., Suite 300
Wheeling, WV 26003
304.232.1358

749 Wheeling Ave., Suite 300
Cambridge, OH 43725
740.435.3417

INDEPENDENT AUDITOR'S REPORT

September 23, 2019

Village of Golf Manor
Hamilton County
6450 Wiehe Road
Golf Manor, Ohio 45237

To the Village Council:

Report on the Financial Statements

We have audited the accompanying financial statements of the cash balances, receipts, and disbursements by fund type, and related notes of the **Village of Golf Manor**, Hamilton County (the Village) as of and for the years ended December 31, 2016 and 2015.

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 Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit; 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 opinions.

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

As described in Note 2 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(D), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements.

Although the effects on the financial statements of the variances between the regulatory accounting basis and GAAP are not reasonably determinable, we presume they are material.

Though the Village does not intend these statements to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. Our opinion on this accounting basis is in the *Additional Opinion Qualification and Unmodified Opinions* paragraphs below.

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, 2016 and 2015, or changes in financial position thereof for the years then ended.

Basis for Additional Opinion Qualification

Municipal income taxes are reported at \$745,472, and \$660,996 for the years ended December 31, 2016 and 2015, respectively, which are 27 percent of General Fund receipts for the year ended December 31, 2016, and 28 percent of General Fund receipts for the year ended December 31, 2015. We were unable to obtain sufficient appropriate audit evidence supporting the amounts recorded as municipal income taxes receipts. Consequently, we were unable to determine whether any adjustments to these amounts were necessary.

Additional Opinion Qualification

In our opinion, except for the possible effects of the matter described in the *Basis for Additional Opinion Qualification* paragraph, the financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements of the General Fund type and related notes of the Village of Golf Manor, Hamilton County as of December 31, 2016 and 2015, and for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 2.

Unmodified Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash balances of the Special Revenue and Fiduciary Fund types as of December 31, 2016 and 2015 and the Capital Projects Fund type as of December 31, 2015 of the Village of Golf Manor, Hamilton County, and its combined cash receipts and disbursements, and the related notes, for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 2.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 23, 2019, 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 "Perry & Associates CPAs A.C.".

Perry & Associates
Certified Public Accountants, A.C.
Marietta, Ohio

**VILLAGE OF GOLF MANOR
HAMILTON COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2016**

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts			
Property and Other Local Taxes	\$ 823,005	\$ 755,185	\$ 1,578,190
Municipal Income Tax	745,472	-	745,472
Intergovernmental	128,423	222,642	351,065
Special Assessments	10,669	-	10,669
Charges for Services	783,919	-	783,919
Fines, Licenses and Permits	102,541	14,465	117,006
Earnings on Investments	-	12	12
Miscellaneous	29,056	-	29,056
<i>Total Cash Receipts</i>	<u>2,623,085</u>	<u>992,304</u>	<u>3,615,389</u>
Cash Disbursements			
Current:			
Security of Persons and Property	1,512,234	442,007	1,954,241
Public Health Services	2,495	-	2,495
Leisure Time Activities	2,794	-	2,794
Community Environment	20,508	-	20,508
Basic Utility Services	192,022	-	192,022
Transportation	-	146,452	146,452
General Government	703,100	5,195	708,295
Capital Outlay	9,589	-	9,589
Debt Service:			
Principal Retirement	25,875	64,868	90,743
Interest and Fiscal Charges	2,414	4,217	6,631
<i>Total Cash Disbursements</i>	<u>2,471,031</u>	<u>662,739</u>	<u>3,133,770</u>
<i>Excess of Receipts Over Disbursements</i>	<u>152,054</u>	<u>329,565</u>	<u>481,619</u>
Other Financing Receipts			
Other Debt Proceeds	90,000	-	90,000
Sale of Capital Assets	6,525	-	6,525
<i>Total Other Financing Receipts</i>	<u>96,525</u>	<u>-</u>	<u>96,525</u>
<i>Net Change in Fund Cash Balances</i>	248,579	329,565	578,144
<i>Fund Cash Balances, January 1</i>	<u>7,564</u>	<u>380,152</u>	<u>387,716</u>
Fund Cash Balances, December 31			
Restricted	-	841,214	841,214
Unassigned (Deficit)	256,143	(131,497)	124,646
<i>Fund Cash Balances, December 31</i>	<u>\$ 256,143</u>	<u>\$ 709,717</u>	<u>\$ 965,860</u>

VILLAGE OF GOLF MANOR
HAMILTON COUNTY

COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)
FIDUCIARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2016

	<u>Fiduciary Fund Type</u>
	<u>Agency</u>
Non-Operating Receipts (Disbursements)	
Other Non-Operating Receipts	\$ 71,204
Other Non-Operating Disbursements	<u>(71,395)</u>
<i>Net Change in Fund Cash Balances</i>	(191)
<i>Fund Cash Balances, January 1</i>	<u>10,356</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$ 10,165</u></u>

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016**

Note 1 – Reporting Entity

The Village of Golf Manor, (the Village), Hamilton County, is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. A publicly-elected six-member Council directs the Village. The Village provides general government services, park operations and other leisure time activities, police services and fire services.

The Village participates in a public entity risk pool. Note 7 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.

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

The Village's financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types, and a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all fiduciary fund types which are organized on a fund type basis.

Fund Accounting

The Village uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Village are presented below:

General Fund - The general fund accounts for and reports all financial resources not accounted for and reported in another fund. The general fund balance is available to the Village for any purpose provided it is expended or transferred according to the general laws of Ohio.

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:

Street Construction, Maintenance and Repair Fund – The Street Construction Maintenance and Repair Fund accounts for and reports that portion of the State gasoline tax and motor vehicle license registration fees restricted for construction, maintenance, and repair of streets within the Village.

Fire Levy Fund – The Fire Levy Fund receives property tax money to assist in paying for the Village's fire protection expenses.

Police Levy Fund – The Police Levy Fund receives property tax money to assist in paying for the Village's police protection expenses.

Street Levy Fund – The Street Levy Fund receives property tax money to assist in paying for the Village's street improvement and maintenance expenses.

Fiduciary Funds

Fiduciary funds include private purpose trust funds and agency funds. Trust funds account for assets held under a trust agreement for individuals, private organizations, or other governments which are not available to support the Village's own programs.

VILLAGE OF GOLF MANOR, OHIO
HAMILTON COUNTY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016
(Continued)

Note 2 – Summary of Significant Accounting Policies (Continued)

Fund Accounting (Continued)

Fiduciary Funds (Continued)

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's agency fund accounts for the distribution and collection of Mayor's Court fines, fees and bonds.

Basis of Accounting

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D). This basis is similar to the cash receipts and disbursements accounting basis. The Board 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 financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D) permit.

Budgetary Process

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

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

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

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. The Village did not encumber all commitments required by Ohio law.

A summary of 2016 budgetary activity appears in Note 4.

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. The Village maintains all funds in local checking accounts.

VILLAGE OF GOLF MANOR, OHIO
HAMILTON COUNTY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016
(Continued)

Note 2 – Summary of Significant Accounting Policies (Continued)

Capital Assets

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 leave. The financial statements do not include a liability for unpaid leave.

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:

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

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.

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.

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.

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.

Note 3 – Compliance

Contrary to Ohio law, appropriations exceeded estimated resources by \$131,461 in the Fire Levy Fund in 2016.

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016
(Continued)**

Note 3 – Compliance (Continued)

Contrary to Ohio law, the Fire Levy Fund had a deficit fund balance of \$131,497 as of December 31, 2016.

Contrary to Ohio law, certification of availability of unencumbered appropriations for expenditure was not obtained for expenditures in 2016.

Contrary to Ohio law, expenditures exceeded appropriations in the General and Law Enforcement Trust Funds by \$20,720 and \$2,900, respectively.

Note 4 – Budgetary Activity

Budgetary activity for the years ending December 31, 2016 follows:

2016 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 2,716,012	\$ 2,719,610	\$ 3,598
Special Revenue	983,196	992,304	9,108
Total	\$ 3,699,208	\$ 3,711,914	\$ 12,706

2016 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 2,472,210	\$ 2,492,929	\$ (20,719)
Special Revenue	659,882	662,739	(2,857)
Total	\$ 3,132,092	\$ 3,155,668	\$ (23,576)

Note 5 – Deposits

The Village maintains a deposit pool all funds use. The Ohio Revised Code prescribes allowable deposits. The carrying amount of deposits at December 31, 2016 was as follows:

Demand deposits	\$ 976,025
Total deposits	\$ 976,025

Deposits are insured by the Federal Depository Insurance Corporation or collateralized by securities specifically pledged by the financial instruction to the Village.

Note 6 – Taxes

Property Taxes

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.

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016
(Continued)**

Note 6 – Taxes (Continued)

Property Taxes (Continued)

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

Income Taxes

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.

Note 7 – Risk Management

Risk Pool Membership

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

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

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

Casualty and Property Coverage

APEEP provides PEP with an excess risk-sharing program. Under this arrangement, PEP retains insured risks up to an amount specified in the contracts. At December 31, 2016, PEP retained \$350,000 for casualty claims and \$100,000 for property claims.

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

Financial Position

PEP's financial statements (audited by other auditor's) conform with generally accepted accounting principles, and reported the following assets, liabilities and net position at December 31, 2016.

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016
(Continued)**

Note 7 – Risk Management (Continued)

Risk Pool Membership (Continued)

	<u>2016</u>
Assets	\$42,182,281
Liabilities	<u>(13,396,700)</u>
Net Position	<u>\$28,785,581</u>

At December 31, 2016 the liabilities above include approximately 12.0 million of estimated incurred claims payable. The assets above also include approximately \$11.5 million of unpaid claims to be billed. The Pool's membership increased to 520 members in 2016. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2016, the Government's share of these unpaid claims collectible in future years is approximately \$23,000.

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

<u>2016 Contributions to PEP</u>
<u>\$ 36,403</u>

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

Note 8 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

Some Village employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OPERS members should have contributed 10% of their gross salaries and the Village should have contributed an amount equaling 14% of participants' gross salaries. However, the Village contributed 8.5% of the employee's 10% share. The Village has paid all contributions required through December 31, 2016.

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016
(Continued)**

Note 8 – Defined Benefit Pension Plans (Continued)

Ohio Police and Fire Retirement System

Village's certified Fire Fighters and full-time Police Officers belong to the Police and Fire Pension Fund (OP&F). OP&F is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OP&F participants contributed 12.25% of their wages and the Village contributed 19.5% of full-time police officers' gross salaries and 24% of full-time fire fighters' gross salaries. However, for the Village of Golf Manor, the Village contributed 8.5% employee share. The Village has paid all contributions required through December 31, 2016.

Social Security

Several Village employees contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2 percent of their gross salaries. The Village contributed an amount equal to 6.2 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2016.

Note 9 - Postemployment Benefits

Both OPERS and OP&F offer cost-sharing, multiple-employer defined benefit postemployment plans, which includes multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. OPERS contributes 2 percent of the employer contribution to fund these benefits and OP&F contributes 0.5 percent to fund these benefits.

Note 10 - Debt

Debt outstanding at December 31, 2016 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Building Improvement Bonds - Roof Repair	<u>\$ 78,881</u>	3.50%
Total	<u><u>\$ 78,881</u></u>	

During 2009, the Village issued Fire Equipment Acquisition Bonds for \$190,000 for the acquisition of an ambulance and equipment. The bonds mature December 1, 2016, and bears an interest rate of 4.68 percent. The bonds are retired from the Fire Levy Fund. The bonds were paid in full during 2016.

During 2012, the Village entered into a Dump Truck Equipment Lease-Purchase Agreement with US Bank for the acquisition of a dump truck. The lease matures on March 1, 2016, and bears an interest rate of 2.81 percent. Payments are made from the General Fund. The lease matured during 2016.

During 2016, the Village issued Building Improvement Bonds for the administrative building roof repair in the amount of \$90,000 at an interest rate of 3.5%. The bonds are repaid from the General Fund with a monthly payment of \$1,639 through 2021.

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016
(Continued)**

Note 10 – Debt (Continued)

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

Year ending December 31:	Building Improvement Bonds
2016	\$ 19,671
2017	19,671
2018	19,671
2019	19,671
2020	19,671
2021	6,428
Total	\$ 104,783

Note 11 – Capital Lease

During 2015, the Village entered into a capital lease agreement with Ford Motor Credit for two police cruisers in the amount of \$74,013. Payments on the lease are scheduled to commence in 2017. Payments totaling \$39,741 were made during 2016 towards the lease. Amortization of the lease, including interest at 6%, is scheduled as follows:

Year ending December 31:	Amount
2017	26,121
Less: amount representing interest	(1,478)
Present value of future minimum lease payments	\$ 24,643

Note 12 – Contingent Liabilities

Amounts grantor agencies pay to the Village are subject to audit and adjustment by the grantor, principally the federal government. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

Note 13 – Deficit Fund Balance

The Village had a deficit fund balance of \$131,497 in the Fire Levy Fund as of December 31, 2016.

**VILLAGE OF GOLF MANOR
HAMILTON COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2015**

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
Cash Receipts				
Property and Other Local Taxes	\$ 623,160	\$ 726,216	\$ -	\$ 1,349,376
Municipal Income Tax	660,996	-	-	660,996
Intergovernmental	215,741	237,950	73,528	527,219
Special Assessments	8,252	-	-	8,252
Charges for Services	701,334	-	-	701,334
Fines, Licenses and Permits	98,418	8,286	-	106,704
Earnings on Investments	-	20	-	20
Miscellaneous	51,963	-	-	51,963
<i>Total Cash Receipts</i>	<u>2,359,864</u>	<u>972,472</u>	<u>73,528</u>	<u>3,405,864</u>
Cash Disbursements				
Current:				
Security of Persons and Property	1,320,911	513,190	-	1,834,101
Public Health Services	2,609	-	-	2,609
Community Environment	27,172	-	-	27,172
Basic Utility Services	188,732	-	-	188,732
Transportation	-	535,130	-	535,130
General Government	725,082	-	-	725,082
Capital Outlay	24,582	74,013	73,528	172,123
Debt Service:				
Principal Retirement	14,347	38,502	-	52,849
Interest and Fiscal Charges	828	2,647	-	3,475
<i>Total Cash Disbursements</i>	<u>2,304,263</u>	<u>1,163,482</u>	<u>73,528</u>	<u>3,541,273</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>55,601</u>	<u>(191,010)</u>	<u>-</u>	<u>(135,409)</u>
Other Financing Receipts				
Other Debt Proceeds	-	74,013	-	74,013
<i>Total Other Financing Receipts</i>	<u>-</u>	<u>74,013</u>	<u>-</u>	<u>74,013</u>
<i>Net Change in Fund Cash Balances</i>	55,601	(116,997)	-	(61,396)
<i>Fund Cash Balances, January 1</i>	<u>(48,037)</u>	<u>497,149</u>	<u>-</u>	<u>449,112</u>
Fund Cash Balances, December 31				
Restricted	-	527,966	-	527,966
Unassigned (Deficit)	7,564	(147,814)	-	(140,250)
<i>Fund Cash Balances, December 31</i>	<u>\$ 7,564</u>	<u>\$ 380,152</u>	<u>\$ -</u>	<u>\$ 387,716</u>

**VILLAGE OF GOLF MANOR
HAMILTON COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)
FIDUCIARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2015**

	<u>Fiduciary Fund Type</u>
	<u>Agency</u>
Non-Operating Receipts (Disbursements)	
Other Non-Operating Receipts	\$ 67,875
Other Non-Operating Disbursements	<u>(64,090)</u>
<i>Net Change in Fund Cash Balances</i>	3,785
<i>Fund Cash Balances, January 1</i>	<u>6,571</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$ 10,356</u></u>

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015**

Note 1 – Reporting Entity

The Village of Golf Manor, (the Village), Hamilton County, is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. A publicly-elected six-member Council directs the Village. The Village provides general government services, park operations and other leisure time activities, police services and fire services.

The Village participates in a public entity risk pool. Note 7 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.

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

The Village's financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types, and a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all fiduciary fund types which are organized on a fund type basis.

Fund Accounting

The Village uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Village are presented below:

General Fund - The general fund accounts for and reports all financial resources not accounted for and reported in another fund. The general fund balance is available to the Village for any purpose provided it is expended or transferred according to the general laws of Ohio.

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:

Street Construction, Maintenance and Repair Fund – The Street Construction Maintenance and Repair Fund accounts for and reports that portion of the State gasoline tax and motor vehicle license registration fees restricted for construction, maintenance, and repair of streets within the Village.

Fire Levy Fund – The Fire Levy Fund receives property tax money to assist in paying for the Village's fire protection expenses.

Police Levy Fund – The Police Levy Fund receives property tax money to assist in paying for the Village's police protection expenses.

Street Levy Fund – The Street Levy Fund receives property tax money to assist in paying for the Village's street improvement and maintenance expenses.

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.

VILLAGE OF GOLF MANOR, OHIO
HAMILTON COUNTY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015
(Continued)

Note 2 – Summary of Significant Accounting Policies (Continued)

Fund Accounting (Continued)

Fiduciary Funds

Fiduciary funds include private purpose trust funds and agency funds. Trust funds account for assets held under a trust agreement for individuals, private organizations, or other governments which are not available to support the Village's own programs.

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's agency fund accounts for the distribution and collection of Mayor's Court fines, fees and bonds.

Basis of Accounting

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D). This basis is similar to the cash receipts and disbursements accounting basis. The Board 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 financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D) permit.

Budgetary Process

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

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

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

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

A summary of 2015 budgetary activity appears in Note 4.

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. The Village maintains all funds in local checking accounts.

VILLAGE OF GOLF MANOR, OHIO
HAMILTON COUNTY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015
(Continued)

Note 2 – Summary of Significant Accounting Policies (Continued)

Capital Assets

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 leave. The financial statements do not include a liability for unpaid leave.

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:

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

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.

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.

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.

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.

Note 3 – Compliance

Contrary to Ohio law, appropriations exceeded estimated resources in the Fire Levy Fund by \$147,965 in 2015.

Contrary to Ohio law, expenditures exceeded appropriations in the Fire Levy Fund by \$58,338 in 2015.

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015
(Continued)**

Note 3 – Compliance (Continued)

Contrary to Ohio law, the Fire Levy Fund had a deficit fund balance as of December 31, 2015.

Contrary to Ohio law, certification of availability of unencumbered appropriations for expenditure was not obtained for expenditures in 2015.

Note 4 – Budgetary Activity

Budgetary activity for the years ending December 31, 2015 follows:

2015 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 3,069,860	\$ 2,359,864	\$ (709,996)
Special Revenue	1,070,297	1,046,485	(23,812)
Capital Projects	73,528	73,528	-
Total	\$ 4,213,685	\$ 3,479,877	\$ (733,808)

2015 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 3,012,264	\$ 2,304,263	\$ 708,001
Special Revenue	1,170,975	1,163,482	7,493
Capital Projects	73,528	73,528	-
Total	\$ 4,256,767	\$ 3,541,273	\$ 715,494

Note 5 – Deposits

The Village maintains a deposit pool all funds use. The Ohio Revised Code prescribes allowable deposits. The carrying amount of deposits at December 31, 2015 was as follows:

Demand deposits	\$ 398,072
Total deposits	\$ 398,072

Deposits are insured by the Federal Depository Insurance Corporation or collateralized by securities specifically pledged by the financial instruction to the Village.

Note 6 – Taxes

Property Taxes

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.

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015
(Continued)**

Note 6 – Taxes (Continued)

Property Taxes (Continued)

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

Income Taxes

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.

Note 7 – Risk Management

Risk Pool Membership

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

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

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

Casualty and Property Coverage

APEEP provides PEP with an excess risk-sharing program. Under this arrangement, PEP retains insured risks up to an amount specified in the contracts. At December 31, 2015, PEP retained \$350,000 for casualty claims and \$100,000 for property claims.

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

Financial Position

PEP's financial statements (audited by other auditor's) conform with generally accepted accounting principles, and reported the following assets, liabilities and net position at December 31, 2015:

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015
(Continued)**

Note 7 – Risk Management (Continued)

Risk Pool Membership (Continued)

	<u>2015</u>
Assets	\$38,307,677
Liabilities	<u>(12,759,127)</u>
Net Position	<u>\$25,548,550</u>

At December 31, 2014 and 2015, respectively, the liabilities above include approximately 11.1 million and \$11.5 million of estimated incurred claims payable. The assets above also include approximately \$10.8 million and \$11.0 million of unpaid claims to be billed. The Pool's membership increased from 488 members in 2014 to 499 members in 2015. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2015, the Village's share of these unpaid claims collectible in future years is approximately \$23,000.

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

<u>2015 Contributions to PEP</u>
\$36,014

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

Note 8 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

Some Village employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OPERS members should have contributed 10% of their gross salaries and the Village should have contributed an amount equaling 14% of participants' gross salaries. However, the Village contributed 8.5% of the employee's 10% share. The Village has paid all contributions required through December 31, 2015.

Ohio Police and Fire Retirement System

Village's certified Fire Fighters and full-time Police Officers belong to the Police and Fire Pension Fund (OP&F). OP&F is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

VILLAGE OF GOLF MANOR, OHIO
HAMILTON COUNTY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015
(Continued)

Note 8 – Defined Benefit Pension Plans (Continued)

Ohio Police and Fire Retirement System (Continued)

The Ohio Revised Code also prescribes contribution rates. For January 1, 2015 to June 30, 2015 OP&F participants contributed 11.5% of their wages and the Village contributed 19.5% of full-time police officers' gross salaries and 24% of full-time fire fighters' gross salaries. For July 1, 2015 to December 31, 2015, OP&F participants contributed 12.25% of their wages and the Village contributed 19.5% of full-time police officers' gross salaries and 24% of full-time fire fighters' gross salaries. However, for the Village of Golf Manor, the Village contributed 8.5% employee share. The Village has paid all contributions required through December 31, 2015.

Social Security

Several Village employees contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2 percent of their gross salaries. The Village contributed an amount equal to 6.2 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2015.

Note 9 - Postemployment Benefits

Both OPERS and OP&F offer cost-sharing, multiple-employer defined benefit postemployment plans, which includes multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. OPERS contributes 2 percent of the employer contribution to fund these benefits and OP&F contributes 0.5 percent to fund these benefits.

Note 10 - Debt

Debt outstanding at December 31, 2015 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Fire Equipment Acquisition Bond	\$ 28,000	4.68%
Dump Truck Equipment Lease-Purchase	14,756	2.81%
Total	<u>\$ 42,756</u>	

During 2009, the Village issued Fire Equipment Acquisition Bonds for \$190,000 for the acquisition of an ambulance and equipment. The bonds mature December 1, 2016, and bears an interest rate of 4.68 percent. The bonds are retired from the Fire Levy Fund.

During 2012, the Village entered into a Dump Truck Equipment Lease-Purchase Agreement with US Bank for the acquisition of a dump truck. The lease matures on March 1, 2016, and bears an interest rate of 2.81 percent. Payments are made from the General Fund.

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015
(Continued)**

Note 10 – Debt (Continued)

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

Year ending December 31:	Fire Acquisition Bond	Dump Truck Equipment Lease
2016	\$ 29,343	\$ 15,175
Total	\$ 29,343	\$ 15,175

Note 11 – Capital Lease

During 2015, the Village entered into a capital lease agreement with Ford Motor Credit for two police cruisers in the amount of \$74,013. Payments on the lease are scheduled to commence in 2018. Amortization of the lease, including interest at 6%, is scheduled as follows:

Year ending December 31:	Amount
2016	\$ 13,620
2017	26,122
2018	26,122
Less: amount representing interest	(4,353)
Present value of future minimum lease payments	\$ 61,511

Note 12 – Contingent Liabilities

Amounts grantor agencies pay to the Village are subject to audit and adjustment by the grantor, principally the federal government. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

Note 13 – Deficit Fund Balance

The Village had a deficit fund balance of \$147,814 in the Fire Levy Fund as of December 31, 2015.

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313 Second St.
Marietta, Oh 45750
740.373.0056

1907 Grand Central Ave.
Vienna, WV 26105
304.422.2203

150 West Main St.
St. Clairsville, OH 43950
740.695.1569

1310 Market St., Suite 300
Wheeling, WV 26003
304.232.1358

749 Wheeling Ave., Suite 300
Cambridge, OH 43725
740.435.3417

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

September 23, 2019

Village of Golf Manor
Hamilton County
6450 Wiehe Road
Golf Manor, Ohio 45237

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 cash balances, receipts and disbursements by fund type of the **Village of Golf Manor**, Hamilton County (the Village) as of and for the year ended December 31, 2016 and 2015, and the related notes to the financial statements and have issued our report thereon dated September 23, 2019, wherein we noted the Village followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. We qualified our opinion due to lack of sufficient appropriate audit evidence supporting the amounts recorded as Municipal Income Tax Receipts in the General Fund.

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 and significant deficiencies.

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. We consider findings 2016-001 through 2016-004, 2016-010 and 2016-013 described in the accompanying schedule of audit findings to be material weaknesses.

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Internal Control Over Financial Reporting (Continued)

A *significant deficiency* is a deficiency, or a combination of internal control deficiencies less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider findings 2016-009 and 2016-011 described in the accompanying schedule of audit findings to be significant deficiencies.

Compliance and Other Matters

As part of reasonably assuring whether the Village's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed instances of noncompliance or other matters we must report under *Government Auditing Standards* which are described in the accompanying schedule of audit findings as 2016-005 through 2016-008 and 2016-012 through 2016-013.

We also noted certain matters not requiring inclusion in this report that we reported to the Village's management in a separate letter dated September 23, 2019.

Village's Response to Findings

The Village's responses to the findings identified in our audit are described in the accompanying schedule of findings. We did not subject the Village's responses to the auditing procedures applied in the audit of the financial statements 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.



Perry & Associates
Certified Public Accountants, A.C.
Marietta, Ohio

**VILLAGE OF GOLF MANOR
HAMILTON COUNTY**

**SCHEDULE OF AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015**

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

FINDING NUMBER 2016-001

Material Weakness

Financial Reporting

Accurate financial reporting is the responsibility of the Clerk-Treasurer and is essential to ensure information provided to the readers of the financial statements is accurate. The following errors were noted and appropriate reclassifications and/or adjustments were made to the accompanying financial statements:

- The Village improperly classified the Recycling Fund as a Capital Projects Fund and has been adjusted to be properly classified as a Special Revenue Fund;
- The Village improperly classified the Neighborhood Stabilization Fund (NSP-2) as a Special Revenue Fund and has been adjusted to be properly classified as a Capital Projects Fund;
- Permissive Motor Vehicle License Tax receipts were improperly classified as Intergovernmental instead of Property and Other Local Taxes;
- Municipal income tax receipts from the State of Ohio were improperly posted to the Street Construction Maintenance and Repair Fund in 2016 and 2015;
- In 2016, the Village improperly recorded rollback receipts as a memo receipt and memo disbursement with the real estate settlements, thus overstating revenues and expenses in the General Fund, Fire Levy, Police Levy and Street Levy Funds in the amount of \$82,959, \$28,209, \$28,209 and \$37,612, respectively;
- State and Local Highway receipts were improperly posted to the General Fund in 2016 and 2015;
- Rollback receipts were improperly classified as Property and Other Local Taxes instead of Intergovernmental in 2016 and 2015;
- Special Assessment receipts were improperly classified as Charges for Services in the General Fund in 2016 and 2015;
- A capital lease for 2 police cruisers was not reflected on the financial statements in 2015;
- A loan for a roof replacement was not reflected on the financial statements in 2016;
- Debt payments were not properly classified as Principal and Interest in 2016 and 2015;
- Mayors Court activity was not recorded in a separate Agency Fund, therefore adjustments were necessary to reflect this activity on the financial statements in 2016 and 2015;

The following errors were noted that were determined to be immaterial individually and in the aggregate, therefore were not adjusted on the accompanying financial statements:

- The Village contracts with Greater Cincinnati Water Works for the collection of trash removal. Payments made to the Village were improperly posted at net instead of gross in 2016 and 2015;
- Cell phone tower receipts were improperly classified as Charges for Services instead of Miscellaneous in 2016;
- EMS receipt was improperly classified as Miscellaneous instead of Charges for Services in 2015;
- Police training grant receipt was improperly classified as Miscellaneous instead of Intergovernmental in 2015;
- Subsequent year appropriations exceeded estimated receipts in the General Fund; therefore fund balance of \$2,943 should have been classified as Assigned instead of Unassigned for 2016;

**VILLAGE OF GOLF MANOR
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**SCHEDULE OF AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2016-001 (Continued)

Material Weakness (Continued)

Financial Reporting (Continued)

Not posting financial activity accurately resulted in the financial statements and footnotes requiring numerous adjustments, reclassifications and modifications. The Village has posted all adjustments to their accounting system. We recommend Village Council perform a detailed review of the annual financial report to ensure all financial activity and footnote disclosures are accurate.

We also recommend the Village refer to the Ohio Village Handbook and/or Auditor of State resources for guidance to determine proper establishment of receipt and disbursement accounts, posting of receipts and disbursements and annual financial reporting. We also recommend the Village refer to AOS Bulletin 2011-004 for assistance in classifying fund balances.

Officials' Response – As this audit uncovered multiple issues with the financial operations of the Village, a newly elected Administration identified that the complexities of managing government finances along with the knowledge needed to maneuver equally difficult financial strategies required specific experience in the field of financial management.

The Administration worked with Council to convert financial operations to an appointed Fiscal Officer model from the elected Clerk-Treasurer model with an appointed Clerk of Council.

During 2018, a Charter Review Commission was convened and recommended to Council the change to the recommended model. Council approved and the measure was passed by the electorate at the November 2018 general election.

In this restructured environment, a professional Fiscal Officer was appointed, first shared and contracted with the Village of Greenhills, and then hired directly by Golf Manor. The Fiscal officer concentrates on the overall financial health of the Village (revenue, expenses, financial planning, and audit). Bi-weekly meetings are held with department supervisors to review and manage the financial procedures and policies of the Village, as well as monitor the financial health of the enterprise. A monthly financial packet is distributed to Council members by the Fiscal Officer, posted on the Village website, and discussed in detail at each Council meeting, then is approved by Council.

A professional Budget Analyst, who also serves as the Tax Commissioner, was hired and concentrates on the financial operations of the Village (accounts payable, receivable, payroll, benefits administration).

Payroll operations as well as time and attendance record-keeping has been contracted with Paycor. Tax collections have been assigned to RITA (Regional Income Tax Agency) by contract.

Particular attention is directed toward maintaining compliance with AOS bulletins and guidelines as they are issued, along with utilizing the Ohio Village Handbook as a reference guide to best practices.

Financial personnel have and will continue to participate in training including State training, clerk training, and other professional organizations such as the Center for Local Government.

In addition, the Village sourced assistance from other UAN communities to assist in the operation and understanding of UAN operations to ensure our implementation of the program was valid and correct.

**VILLAGE OF GOLF MANOR
HAMILTON COUNTY**

**SCHEDULE OF AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2016-002

Material Weakness

Income Tax

The Village levied 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 the Village.

The following weaknesses were identified relating to income tax administration, which also resulted in a qualified opinion over the income tax revenue cycle:

- The Village did not reconcile their subsidiary computer system, SSI, which was used for income tax accounting, to the Village's accounting system, resulting in variances from the amounts reported on the annual financial report to the SSI income tax computer system;
- The Village did not have procedures in place to ensure all taxpayers that should have filed an income tax return did in fact file an income tax return and pay the required income taxes;
- The Village habitually accepted cash for payment of income taxes owed in a night drop box, however did not keep adequate documentation (such as a duplicate receipt book) to gain assurances that all cash receipts collected were applied to the appropriate income tax account and deposited in the Village's bank account;
- Income tax returns were prepared and signed by the Village's Income Tax Commissioner and not the taxpayer or a third-party;
- Adjustments for late fees were made without supporting documentation;
- 208 adjustments to income tax accounts were made during the audit period; of these adjustments, we noted 135 of these adjustments did not contain adequate supporting documentation to support the adjustment;
- During testing for 2015 (in addition to errors noted in the above bullet points), the Village was unable to locate one income tax file, we were unable to trace out the deposit for one payment due to deposit slips for the months of October and November not being provided, we were unable to trace out \$100 of a \$126 receipt and two deposit amounts did not agree back to the IT Batch Module Total from the SSI income tax accounting system;
- During testing for 2016, the Village was unable to locate one income tax file and we were unable to trace out a deposit for \$15;
- We also noted 2 receipts in 2016 and 3 receipts in 2015 were not deposited timely.

The failure to maintain complete, accurate, and supported income tax files, properly reconciling the income tax accounting system with the Village's accounting system and ensuring all taxpayers are filing income tax returns could lead to a loss of revenue for the Village, as well as the inability to detect errors and irregularities promptly.

The Village should implement and strengthen procedures in relation to its income tax accounting system and consider the following:

- Ensure Village personnel have been adequately trained to use information technology systems and the applicable systems are appropriately utilized;

**VILLAGE OF GOLF MANOR
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**SCHEDULE OF AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2016-002 (Continued)

Material Weakness (Continued)

Income Tax (Continued)

- Rely on manual application controls (i.e. comparison of system data to non-system data) to assess whether the computer applications are functioning as intended, and keep record of such controls being performed;
- Ensure back-ups are performed on a regular basis and storage of back-ups are kept in a secure off-site location;
- Ensure appropriate segregation of duties within the tax office.

Additionally, the Village should review the adopted ordinances related to the 1.7% income tax and the municipal income tax rules and regulations and the contents within. The Village should develop and implement procedures to verify that all the income tax ordinances are followed, and that all required income tax returns are filed and maintained. This might include matching applicable street names or area codes from other computer files (such as IRS or State files), making periodic inquiries to local employers for lists of employees, obtaining notices of utility hookups for new residents, etc.

Officials' Response – (First Bullet Point Response) Requirements of the State of Ohio tax procedures identified the inadequacies and incompatibilities of the SSI software being used by the Village. As a result, the Administration sought out converting to tax collection operations the Ohio Regional Income Tax Authority (RITA), approved by Council. (Second Bullet Point Response) Implementation of RITA has resulted in utilizing their notice and subpoena process in addition to improving and properly identifying residents required to pay municipal income taxes, with enhanced communication and enforcement processes. (Third Bullet Point Response) Upon discovery of this flawed practice, cash receipt documentation was initiated as well as discontinuing the process of accepting cash payments in the Village drop box. A best practice has been adopted including to ensure receipts are recorded to the taxpayer accounts for any payments made. (Fourth Bullet Point Response) This practice was immediately discontinued upon the departure of the Village Clerk in March 2017. (Fifth Bullet Point Response) Any adjustments are now fully documented, authorized and filed in taxpayer files. (Sixth Bullet Point Response) Any required adjustments are now properly documented. (Seventh Bullet Point Response) Conversion to RITA has eliminated errors of this type. (Eighth Bullet Point Response) Conversion to RITA has eliminated errors of this type. (Ninth Bullet Point Response) The Fiscal Officer has implemented a standard procedure to ensure the practice of timely bank deposits as needed. (Tenth Bullet Point Response) All personnel are fully trained in RITA processes as well as implementing village requirements for taxpayer interaction and compliance. (Eleventh Bullet Point Response) This function is no longer necessary with implementation of RITA. (Twelfth Bullet Point Response) Remaining SSI files for transactions prior to 2015 are backed-up daily generated by the system and filed on an external hard drive that is stored off-site. (Thirteenth Bullet Point Response) Financial operations have been split in to two distinct divisions: (1) operational duties led by the Budget Analyst and (2) planning/audit led by the Fiscal Officer. In addition, an assigned clerk opens all mail and prepares deposits and any cash receipts that are then verified by the Budget Analyst.

Deposits are confirmed by the Fiscal Officer during monthly bank reconciliations.

VILLAGE OF GOLF MANOR
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SCHEDULE OF AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)

FINDING NUMBER 2016-002 (Continued)

Material Weakness (Continued)

Income Tax (Continued)

Officials' Response (continued) - Conversion to RITA has basically eliminated the operational and compliance issues experienced within the Village's tax collection process. Other actions taken by the Administration included updating tax Ordinances to address operations and compliance with State requirements, including ORD 2017-9 and ORD 2018-2.

FINDING NUMBER 2016-003

Material Weakness

Credit Cards

The Village paid credit card expenses that were not itemized or supported by receipts. The Village did not maintain a written credit card policy identifying guidance regarding allowable expenses, limitations, required supporting documentation, or review and approval of use. Neither the Village Clerk-Treasurer nor Council reviewed monthly credit card expenditures to ensure items purchased were properly supported and allowable. The lack of documentation made it difficult to determine the nature of certain charges and whether each related to the operations of the Village.

It was the Village Clerk-Treasurer and Council's responsibility to implement internal controls to reasonably ensure credit card transactions were supported, accurately recorded and for Village purposes. It was the Village Clerk-Treasurer and Council's responsibility to monitor these control procedures and verify they were operating effectively. Failure to provide detailed guidance addressing required supporting documentation and allowable expenditures, and failing to review transactions could result in unallowable purchases.

We recommend the Village establish written policies and procedures related to credit card transactions that specifically address items such as authorized users, allowable and prohibited expenditures, and required documentation, including the submission of original, itemized receipts. The Village should also establish procedures for review and approval of credit card transactions and specifically designate those individuals required to review and approve transactions to ensure sufficient documentation is provided to support the nature and business purpose of credit card charges prior to paying bills. To be effective, the performance of internal controls must be sufficiently documented to provide assurance the control was in place and functioned as management intended.

Officials' Response – As concerns were uncovered by the Auditor's review of our credit card operations, a Credit Card Policy was developed by the Fiscal Officer and implemented by the Mayor on 12/1/2017, approved by Council in RES 2019-2. The policy was reaffirmed in the Village Accounts Payable Policy issued 6/1/2019.

This policy addresses the need to establish and implement internal controls to ensure credit card transactions are supported and accurately recorded for Village purposes. In addition, guidelines are provided for use of the card and by whom.

VILLAGE OF GOLF MANOR
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SCHEDULE OF AUDIT FINDINGS
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FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)

FINDING NUMBER 2016-003 (Continued)

Material Weakness (Continued)

Credit Cards (Continued)

Officials' Response (continued) - Credit card and "house" charge account transactions are required to be accompanied by detailed documentation and are now reviewed by the designated party issued a credit card, the department supervisor, the Budget Analyst, the Fiscal Officer and the Village Administrator.

Council has formally adopted this policy in RES 2019-2. Please refer to the policy attached to RES 2019-2 for additional detail.

FINDING NUMBER 2016-004

Material Weakness

Segregation of Duties and Internal Controls

We noted an inadequate segregation of duties and lack of established internal controls at the Village. The Village Income Tax Commissioner had the ability to perform fiscal responsibilities, including preparing disbursements, processing and authorizing payroll disbursements, issuing and signing Village checks and electronically paying bills from Village bank accounts. There was not always documented review or approval by management of the invoices or detailed receipts supporting the checks written and signed by the Village Clerk-Treasurer. The Village Income Tax Commissioner prepared financial information presented at Village Council meetings. We also noted the Village lacked formalized written policies and procedures over the payroll and non-payroll disbursement processes.

The lack of segregation of duties increases the possibility of errors or irregularities occurring and not being discovered timely. Not establishing internal controls can lead to payroll and non-payroll disbursements being made that are improper and increase the opportunity for fraud to occur.

The lack of internal controls resulted in Village personnel making payments via telephone or online, therefore omitting the check writing process, resulting in payments not being approved prior to payment and unknown to Council that the payments were made. We noted checks to employees for various purposes (reimbursement, payroll, HRA, etc.) where the check was also signed by the employee listed as the payee. We also noted numerous errors in the accounting function, such as check numbers and/or payee on cancelled checks not agreeing to the accounting system, check numbers not in sequential order, manual checks were utilized and during a transition period from SSI to UAN, the Village was writing checks from both accounting systems. Checks were signed by only one authorized signer.

We recommend the Village develop internal control procedures that promote an adequate segregation of duties for the payroll and non-payroll processes. Job duties should be separated between employees to strengthen controls, including separating daily fiscal responsibilities, including preparing disbursements, writing and signing checks, and processing payroll disbursements, thereby decreasing the risk of fraud. These procedures should also promote effective management oversight by Council to ensure the non-payroll and payroll systems are providing complete, accurate, and timely information. We also recommend checks be signed by 2 authorized signatories.

VILLAGE OF GOLF MANOR
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FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)

FINDING NUMBER 2016-004 (Continued)

Material Weakness (Continued)

Segregation of Duties and Internal Controls (Continued)

Officials' Response – Village financial operations have been separated into two distinct functions: (1) financial planning/audit and (2) operations. The operations function is responsible for the enforcement of and compliance with set internal processes for accounts payable, accounts receivable, payroll, employee benefits, tax collection, and processing of checks related to these functions. Under the Fiscal Officer, financial planning/audit monitors revenue, develops financial plans including the tax budget and appropriations budget, expense approval, audit of the Village Clerk and Police Clerk operations and acts as liaison with the AOS, the County Auditor, and contract auditors as assigned by the State.

Financial expenditures are approved by the Village Administrator, the Fiscal Officer, the Mayor, or Council depending on the amount of the expenditure per our Village Accounts Payable Policy issued 6/1/2019. In our new structure, check authorization is no longer a part of the function of the operations division.

This Fiscal Officer provides monthly financial reports to Council which are reviewed in detail with the members and Council accepts the reports by motion.

The Village has moved the payroll function to a third-party processor, Paycor (Res 2018-10), effective 10/1/2018. With the payroll module, the Village also uses a time and attendance module that better captures and documents time keeping, leave and benefit hour requests, and resulting pay generated for employees.

Any account asset transfers are performed by the Budget Analyst and reviewed and confirmed by the Fiscal Officer during the monthly UAN and bank reconciliation.

Regarding check authorization, our current procedure places responsibility for check signing on the Village Administrator. Expense authorization is approved through our own Requisition Order process, and Purchase Orders through UAN. Requisitions are approved as follows:

- \$0 - \$1,000 – Department Supervisor
- \$1,001 - \$5,000 – Fiscal Officer
- \$5,001 to \$50,000 – Village Administrator
- Over \$50,000 – Approval from Council
-

FINDING NUMBER 2016-005

Noncompliance

Ohio Revised Code Section 5705.39 states in part that total appropriations from each fund shall not exceed the total estimated resources. No appropriation measure is effective until the county auditor files a certificate that the total appropriations from each fund do not exceed the total official estimate or amended official estimate.

**VILLAGE OF GOLF MANOR
HAMILTON COUNTY**

**SCHEDULE OF AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2016-005 (Continued)

Noncompliance (Continued)

Ohio Revised Code Section 5705.39 (Continued)

The Village's appropriations exceeded estimated resources in the Fire Levy Fund in 2016 and 2015 due to the fund carrying a negative fund balance and the Village not taking this into consideration when approving permanent appropriations.

The Village should implement the appropriate procedures to ensure appropriations do not exceed the amount of estimated resources.

Officials' Response – Daily oversight of the appropriations function has been implemented along with monthly reconciliations to ensure appropriations are consistent with data entered into UAN. Quarterly appropriation adjustments have been established and are reviewed and approved by the Administrator, Fiscal Officer, Finance Committee, Council and the County Auditor to verify the financial health of the Village.

SSI software was easily manipulated to allow "juggling" of numbers from various accounts and allow expenditures from line items that were lacking in funding. The conversion to UAN allows greater control over expenditures and planned appropriations, along with the establishment of purchase requisitions and the use of UAN purchase orders to properly post expenses and ensure funds are available.

FINDING NUMBER 2016-006

Noncompliance

Ohio Revised Code 5705.41(B) states that no subdivision or taxing unit shall make any expenditure of money unless it has been appropriated as provided in such chapter.

Expenditures exceeded appropriations in the General Fund and Law Enforcement Trust Fund in 2016 and in the Police Levy Fund in 2015.

The Village should implement procedures to ensure appropriations are approved by Council prior to expenditures being incurred.

Officials' Response – A tax budget and appropriations process was implemented in 2017, along with daily oversight of appropriations vs. expenditures. Quarterly appropriation adjustments are reviewed and approved by the Administrator, Fiscal Officer, Finance Committee, Council and the County Auditor to verify the financial health of the Village.

Establishment of a purchase requisition process requires verification from the department head that funds are available prior to committing to a purchase, along with properly posting expenses.

VILLAGE OF GOLF MANOR
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SCHEDULE OF AUDIT FINDINGS
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FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)

FINDING NUMBER 2016-007

Noncompliance

Ohio Rev. Code Section 5705.10 (I) requires that money paid into a fund must be used only for the purposes for which such fund has been established. As a result, a negative fund balance indicates that money from one fund was used to cover the expenses of another fund.

The Village had a negative fund balance of \$131,497 and \$147,814 in the Fire Levy Fund at December 31, 2016 and 2015, respectively.

A negative cash fund balance is an indication that revenues from other sources were used to pay obligations of these funds. Fund activity should be monitored by the Clerk-Treasurer to prevent future expenditures in excess of available resources. In those cases where additional funds are required, the resources should either be transferred or advanced to the fund in accordance with the Ohio Revised Code.

Officials' Response – Conversion to an appointed Fiscal Officer model of financial management and use of UAN allows greater control over assignment and monitoring of funding as well as properly posting expenses to the correct line of funding, ensuring funds are available. Fund activity is reviewed monthly with the Finance Committee and Council and providing quarterly appropriation adjustments that are reviewed and approved by the Administrator, Fiscal Officer, Finance Committee, Council and the County Auditor.

FINDING NUMBER 2016-008

Noncompliance

Ohio Rev. Code § 149.351 prohibits the destruction or damage of public records. This section states that all records are the property of the public office concerned and shall not be removed, destroyed, mutilated, transferred, or otherwise damaged or disposed of, in whole or in part, except as provided by law or under the rules adopted by the records commissions provided for under **Sections 149.38 to 149.42** of the Revised Code. Those records shall be delivered by outgoing officials and employees to their successors and shall not be otherwise removed, destroyed, mutilated, or transferred unlawfully.

The Village was unable to provide the following documents requested for audit:

- Payroll journals covering the time period of April 15, 2016 through September 18, 2016;
- Deposit slips and batch reports for October and November 2015;
- Completed income tax returns and supporting documentation (also see Finding 2016-002);
- Supporting itemized receipts for credit card transactions during 2016 and 2015 (also see Finding 2016-003);
- Credit card statements during 2016 and 2015 (these were later obtained from the banking institution);
- Supporting documentation for longevity payments;
- Supporting documentation for HRA reimbursements;
- Time sheets for 3 employees for the March 20, 2016 pay;
- System leave balance and usage records in 2016;
- Purchase orders for 2015.

**VILLAGE OF GOLF MANOR
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**SCHEDULE OF AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2016-008 (Continued)

Noncompliance (Continued)

Ohio Rev. Code § 149.351 (Continued)

Failure to maintain invoices and statements to support payments, complete income tax files, payroll journals and deposit/batch reports could result in errors or irregularities occurring and remaining undetected.

The Village should maintain supporting documentation for all receipts and expenditures (including payroll).

Officials' Response – Due to a lack of proper record-keeping as well as the lack of specific policies related to such, the items stated above were not kept in a manner supporting creation, storage and easy retrieval. Policies were implemented in 2017 to correct this issue and formally adopt the Accounts Payable Policy issued 6/1/2019, addressing requirements to establish and implement internal controls to ensure accounts payable, receivable and credit card transactions and documents are accurately recorded.

Conversion to UAN, Paycor and RITA have enhanced the record-keeping on those functions, as well as improved documentation for time worked and benefits pay.

FINDING NUMBER 2016-009

Significant Deficiency

Mayors Court Activity

Timely reconciliations of the book to the monthly bank statements and the Village's accounting records provides a control to monitor the completeness and accuracy of the monthly activity for the Mayor's Court bank accounts.

The follow deficiencies were noted for the Mayor's Court:

- The Village did not complete a monthly bank reconciliation of the Mayor's Court. The Village also did not maintain a ledger with complete Mayor's Court activity or fund balances to reconcile to the bank;
- The Mayor's Court maintained an incomplete "cash book" that only included a record of revenues received. A complete "cash book" was not maintained because expenditures and a running fund balance were not included. All receipts received, checks written, and bank charges, etc., should be posted to the cash book. The cash book should maintain a running fund balance which can be reconciled to the monthly bank statements. Failure to maintain a complete and accurate cash book enhances the possibility that errors or irregularities could occur and not be detected in a timely manner.

**VILLAGE OF GOLF MANOR
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**SCHEDULE OF AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2016-009 (Continued)

Significant Deficiency (Continued)

Mayors Court Activity (Continued)

- The Village did not include the Mayor's Court activity within the accounting system and also did not include within an Agency Fund on the annual financial report.

Reconciliations of the book to the monthly bank statements and the Village's accounting records provide a control to monitor the completeness and accuracy of the monthly activity for the Mayor's Court bank accounts. Failure to accurately reconcile the bank account and have a supervisory review of the completed monthly bank reconciliations and monthly reports increases the risk that errors or irregularities could occur and not be detected in a timely manner. Proper inclusion of Mayor's Court activity within an Agency Fund assists in the Village filing accurate annual financial reports.

We recommend the Mayor's Court Clerk prepare monthly bank reconciliations to the Mayor's Court accounting system. We also recommend the Village properly include Mayor's Court Activity on the annual financial report. Furthermore, the Mayor's Court bank reconciliations, monthly reports, and receipts and disbursements should receive a supervisory review.

Officials' Response – Monthly bank account reconciliations are now a part of developing the Financial Packet that is distributed to the Finance Committee at their monthly meeting. The cash book has been revised to include necessary transactions documenting monthly activities. In addition, a monthly audit is performed by the Fiscal Officer to ensure compliance and accuracy.

Specific operational procedures have been established for Mayor's Court activity which is now included in UAN and will be reported in the annual financial report.

FINDING NUMBER 2016-010

Material Weakness

Lack of Village Policies

Control environment sets the tone of an organization, influencing the control consciousness of its people. It is the foundation for all other components of internal control, providing discipline and structure. Some of the Village's adopted policies are not adequate and other policies have not been adopted. The following are policies that should be adopted or revised to ensure the Village's intentions are clear:

- A conflict of interest policy has not been adopted, including a form requesting employees and officials to disclose affiliations that may represent potential conflicts of interest;
- An ethics policy has not been adopted, including a policy regarding prohibited political activities;
- The Village currently has a policy in place relating to health insurance reimbursements for employees;
- The Village currently has a policy requiring unused holiday leave be paid out during the last pay period prior to calendar year end and no holiday leave is to be carried over into the next year. However, the Village paid out holiday leave to three employees prior to calendar year end.

**VILLAGE OF GOLF MANOR
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**SCHEDULE OF AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2016-010 (Continued)

Material Weakness (Continued)

Lack of Village Policies (Continued)

- Employees also received 8 hours of holiday pay for their birthday and the Village allowed employees to carry over holiday pay for their birthday into the subsequent calendar years. We recommend the Village ensure unused holiday pay follows the policy, or the policy be updated to reflect the Village's intentions;
- The Village paid out unused vacation leave to three employees, and the leave payout for two of the employees caused the employee's vacation leave to have a negative balance. The Village does not currently have a policy in place to address the payout of unused vacation time. We recommend the Village implement a policy, or discontinue this practice;
- The Village has a policy in place that entitles full-time Village employees an increment in salary for longevity calculated as follows:
 - a) \$250 beginning at the end of the fifth consecutive year of employment.
 - b) An additional increment of \$50 per year on the anniversary date of the employee's employment with the Village of Golf Manor commencing with the sixth consecutive year of such employment and continuing throughout his/her tenure of service.

The Village had an employee retire in October 2014 and was rehired by the Village in January 2015. This employee received a longevity payment of \$1,650 in June 2015 per the policy. However, the Village's policy does not clearly define "consecutive years of employment" and longevity in regards to an employee who retires and is rehired. We recommend the Village revise their policy to clearly define their definition of longevity.

- The Village reimbursed some employees for cell phones without a written policy in place. We recommend the Village discontinue the practice of reimbursing for cell phones, or adopt a policy.

Failure to have clearly written policies could potentially result in unallowable activities. We recommend the Village review their policies and ensure Village practices are in line with approved policies, and if not, appropriate revisions are made.

Officials' Response – (First Bullet Point Response) Our Solicitor is currently reviewing our best practice for establishing conflict of interest review and have a policy in effect by the end of 2019. (Second Bullet Point Response) Our Solicitor is currently reviewing our best practice for establishing ethics guidelines and acknowledgements and have a policy in effect by the end of 2019. (Third Bullet Point Response) Healthcare plans were revised and placed in effect in July 2018 (RES 2018-2018) eliminating the HRA plan and establishing an HSA plan compatible with high-deductible healthcare plans. Monitoring and implementation of healthcare plans are monitored under the financial operations division. (Forth Bullet Point Response) Employee benefits policies have been revised through ORD 2019-9. Specifically, 131.07 Holidays clarifies that the Village provides the employee's birthday or in place thereof, one floating holiday to be treated as a holiday. No holiday time may be accumulated to be carried over from one calendar year to another. Per Village procedure, the budget analyst sends out in November a questionnaire with individual PTO balances and the options that they can chose, this is processed for payment in December. (Fifth Bullet Point Response) ORD 2019-9 131.03 Vacations states that employees may carry over no more than 80 hours of unused vacation time. The transition to Paycor to process payroll and track time and attendance ensures that PTO balances will not go into negative balances. (Sixth Bullet Point Response) Per ORD 2019-9 131.10 (d) Longevity – the Village specifically defines how a break in employment is to be handled.

VILLAGE OF GOLF MANOR
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SCHEDULE OF AUDIT FINDINGS
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FINDINGS RELATED TO THE FINANCIAL STATEMENTS
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FINDING NUMBER 2016-010 (Continued)

Material Weakness (Continued)

Lack of Village Policies (Continued)

Officials' Response (Continued) – (Seventh Bullet Point Response) As a best practice since 2017, the Village will no longer reimburse employees for use of personal cell phones. Any employee needing to use a cell phone for Village business will be issued a Village-paid phone through our chosen vendor at a group rate.

The Village continues to revise and streamline policies to ensure consistency internally and use best practices developed by neighboring jurisdictions. Our focus has been on financial matters that sustain the viability of the Village from a sustainability perspective such as an updated employee PTO policy, financial operations or healthcare policies.

FINDING NUMBER 2016-011

Significant Deficiency

Bank Reconciliations

Prior to closing out the financial records each month, the bank account balances should be reconciled to the combined fund balances. This procedure is an important method of detecting errors in the financial records and bank account records. After this procedure is completed, any errors found should be immediately corrected, the financial records closed, and month end financial information generated by the Clerk-Treasurer.

We noted the Village's 2016 and 2015 year-end bank reconciliations contained reconciling items for payroll and payroll withholding remittances without a supporting detailed listing. During the audit, we were able to determine, with the Village's assistance, reconciling items were due to checks dated and entered into the accounting system in December, however not included in the December bank reconciliation. All differences were corrected in the subsequent month once outstanding items cleared the bank statement.

We recommend the Clerk-Treasurer present evidence to Council which indicates all bank balances have been reconciled to the cash journal fund balances each month without significant other adjusting factors on the reconciliation. If other adjusting factors are present, supporting documentation should be maintained for these differences.

The finance committee should then periodically verify items appearing on the monthly bank reconciliation. If an adjustment is necessary, specific documentation should be maintained that documents what makes up the adjustment, including the nature of the transaction(s) and amount(s).

Officials' Response – Bank Reconciliations are performed in a timely manner as required by best practice and are a component of the monthly Financial Packet generated by the Fiscal Officer and posted on the Village website at <https://www.golfmanoroh.gov/financial-health/> where it is archived. The packet is provided to Council as a pre-review document prior to Council and Committee meetings and is reviewed in detail during Finance Committee meetings by the Fiscal Officer. A similar summary is provided for the full Council monthly. Starting in 2019, Council is now asked to accept the report by motion

**VILLAGE OF GOLF MANOR
HAMILTON COUNTY**

**SCHEDULE OF AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2016-012

Noncompliance

Ohio Revised Code Section 5705.41(D)(1), prohibits a subdivision or taxing entity from making any contract or ordering any expenditure of money unless a certificate signed by the fiscal officer is attached thereto. The fiscal officer must certify that the amount required to meet any such contract or expenditure has been lawfully appropriated and is in the treasury, or is in the process of collection to the credit of an appropriate fund free from any previous encumbrances.

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 encumbrances, 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" certifications 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 Certificates – 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.

Where a continuing contract is to be performed in whole or in part in an ensuing fiscal year, only the amount required to meet those amounts in the fiscal year in which the contract is made need be certified.

The Village failed to open regular purchase orders at year end when the blanket purchase orders were closed resulting in all applicable expenditures not being encumbered in 2016 and 2015.

In addition, the Village used Blanket Certificates exclusively in 2016 and 2015, but these were approved by the Council Finance Committee rather than being established by Council via a resolution or ordinance. It was also noted the Village was unable to provide copies of purchase orders for 2015.

**VILLAGE OF GOLF MANOR
HAMILTON COUNTY**

**SCHEDULE OF AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2016-012 (Continued)

Noncompliance (Continued)

Ohio Revised Code Section 5705.41(D) (Continued)

Failure to properly certify the availability of funds can result in overspending funds and negative cash fund balances. Unless the Village uses the exceptions noted above, prior certification is not only required by statute but 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' 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.

We recommend the Village officials and employees obtain the Fiscal Officer's certification of the availability of funds prior to the commitment being incurred. The most convenient certification method is to use purchase orders that include the certification language 5705.41(D) requires to authorize disbursements. The Fiscal Officer should sign the certification at the time the Village incurs a commitment, and only when the requirements of 5705.41(D) are satisfied. Blanket purchase orders should be established only by resolution or ordinance of Council and memorialized in the minutes. The Fiscal Officer should post approved purchase orders to the proper appropriation code to reduce the available appropriation.

Officials' Response – Due to a lack of proper record-keeping and clear policies related to such, the items stated above were not kept in a manner supporting creation, storage and easy retrieval. Policies were implemented in 2017 to correct this issue and formally adopt the Accounts Payable Policy issued 6/1/2019, and affirmed by Council, addressing requirements to establish and implement internal controls to ensure accounts payable, receivable and credit card transactions and documents are accurately recorded.

Expense authorization is approved through our own Requisition Order process, and through utilizing Purchase Orders through UAN. Requisitions are approved as follows:

- \$0 - \$1,000 – Department Supervisor
- \$1,001 - \$5,000 – Fiscal Officer
- \$5,001 to \$50,000 – Village Administrator
- Over \$50,000 – Approval from Council

We continue to refine our use of Super Blanket and Blanket Certificates and discourage the use of "Then and Now" Certificates.

FINDING NUMBER 2016-013

Material Weakness/Noncompliance

Ohio Revised Code Section 5705.09 states that each subdivision must establish the following funds:

- General Fund;
- Sinking Fund whenever the subdivision has outstanding bonds other than serial bonds;

**VILLAGE OF GOLF MANOR
HAMILTON COUNTY**

**SCHEDULE OF AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2016-013 (Continued)

Material Weakness/Noncompliance (Continued)

Ohio Revised Code Section 5705.09 (Continued)

- Bond Retirement Fund, for the retirement of serial bonds, notes, or certificates of indebtedness;
- A special fund for each special levy;
- A special bond fund for each bond issue;
- A special fund for each class of revenues derived from a source other than the general property tax, which the law requires to be used for a particular purpose;
- A special fund for each public utility operated by a subdivision;
- A trust fund for any amount received by a subdivision in trust.

The Village receives Permissive Motor Vehicle License Tax funds; however, the Village has not established a Permissive Motor Vehicle License Tax Fund for tracking the receipts and disbursements of this special revenue source. Permissive Motor Vehicle License Tax receipts were posted to the Street Construction Maintenance and Repair Fund.

The Village also received a FEMA grant in 2015 for new fire department equipment and did not record this in a separate Special Revenue FEMA Fund. The revenue and expense occurred in the same fiscal year, therefore no adjustment was necessary.

We recommend the Village establish a Permissive Motor Vehicle License Tax Fund in the Village's accounting system and begin tracking receipts and disbursements within that fund. We also recommend the Village establish a Special Revenue FEMA Fund in the future if FEMA grants are received.

Officials' Response – Village practice has been to assign a specific line item to funds received from the Permissive Motor Vehicle License Tax within the street Construction Maintenance and Repair Fund. This allows the ability to track revenues in the following line items:

- 2011-140-0000 Permissive Sales Tax
- 2011-150-0000 License Tax – Local levied by Council
- 2011-225-0000 Gasoline Tax.
- Our best practice for Mayor's Court (held on Monday) requires that deposits be made on the day after court is held, generally on Tuesday. Any additional deposits of payments received during the week are required on an as needed basis, within three business days of receipt.
- Since the transition to RITA, tax deposits are now on an as needed basis for returns filed in 2015 and prior. Financial transactions for personal income tax returns filed 2016 forward are collected directly by RITA handling the transactions for returns they process.

**VILLAGE OF GOLF MANOR
HAMILTON COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2014-001	Posting Receipts, Disbursements and Classification of Fund Balances	No	Repeated as Finding 2016-001
2014-002	Ohio Revised Code Section 5705.10(I)	No	Repeated as Finding 2016-007
2014-003	Ohio Revised Code Section 5705.41(D)(1)	No	Repeated as Finding 2016-012

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OHIO AUDITOR OF STATE KEITH FABER



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 26, 2019**