

VILLAGE OF GOLF MANOR

FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORT

December 31, 2000 and 1999



STATE OF OHIO
OFFICE OF THE AUDITOR

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Honorable Mayor and Members of Council
Village of Golf Manor

We have reviewed the Independent Auditor's Report of the Village of Golf Manor, Hamilton County, prepared by VonLehman & Company, Inc. for the audit period January 1, 1999 through December 31, 2000. Based upon this review, we have accepted this report in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

JIM PETRO
Auditor of State

September 4, 2001

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

VILLAGE OFFICIALS

MAYOR

Dennis Puthoff

COUNCIL MEMBERS

Don Burke

Sharon Chaney

Charles Hughes

Sharon Chaihoff

Frank Hessler

Alan Zaffero

DEPARTMENT HEADS

Village Administrator

Village Deputy Clerk - Treasurer

Village Police Chief

Stephen Tilley

Donna Huston

Stephen Tilley

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the Village of Golf Manor, Hamilton County, Ohio, as of and for the years ended December 31, 2000 and 1999, as listed in the table of contents. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

As described in Note 1, the Village of Golf Manor prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash and combined fund cash balances of the Village of Golf Manor, Hamilton County, Ohio, as of December 31, 2000 and 1999, its combined cash receipts and disbursements and its combined budgeted and actual receipts and budgeted and actual disbursements and encumbrances, for the years then ended on the basis of accounting described in Note 1.

Honorable Mayor and Members of Council
Village of Golf Manor
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In accordance with *Government Auditing Standards*, we have also issued a report dated July 11, 2001 on our consideration of the Village of Golf Manor's internal control over financial reporting and our tests of its compliance with certain provision of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audits.

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

VonLehman & Company Inc.

Cincinnati, Ohio
July 11, 2001

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

December 31, 2000

Cash and Investments \$ 423,451

FUND CASH BALANCES BY FUND TYPES

Governmental Fund Types

General Fund	\$ (70,426)
Special Revenue Funds	514,324
Debt Service Funds	(41,385)
Capital Projects Funds	<u>21,128</u>
	423,641

Fiduciary Fund Type

Agency Fund	<u>(190)</u>
	\$ <u><u>423,451</u></u>

See accompanying notes.

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

December 31, 1999

Cash and Investments \$ 194,651

FUND CASH BALANCES BY FUND TYPES

Governmental Fund Types

General Fund	\$ (101,683)
Special Revenue Funds	407,206
Debt Service Funds	(41,386)
Capital Projects Funds	<u>(69,296)</u>
	194,841

Fiduciary Fund Type

Agency Fund	<u>(190)</u>
	\$ <u>194,651</u>

See accompanying notes.

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

	Year Ended December 31, 2000				
	Governmental Fund Types				Totals (Memorandum Only)
	General Fund	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	
Receipts					
Taxes	\$ 660,470	\$ 699,311	\$ 43,064	\$ -	\$ 1,402,845
Intergovernmental Receipts	330,878	126,834	-	66,546	524,258
Charges for Services	167,693	5,106	-	-	172,799
Fines, Licenses and Permits	102,103	-	-	-	102,103
Miscellaneous	22,449	-	-	3,862	26,311
Total Receipts	<u>1,283,593</u>	<u>831,251</u>	<u>43,064</u>	<u>70,408</u>	<u>2,228,316</u>
Disbursements					
Security of Persons and Property	963,861	-	-	-	963,861
Public Health Services	2,708	-	-	-	2,708
Leisure Time Activities	-	64,248	-	5,582	69,830
Community Environment	42,477	-	-	-	42,477
Basic Utilities Services	193,285	-	-	-	193,285
Transportation	14,166	91,401	-	-	105,567
General Government	708,439	21,753	-	-	730,192
Debt Service	-	-	44,196	-	44,196
Total Disbursements	<u>1,924,936</u>	<u>177,402</u>	<u>44,196</u>	<u>5,582</u>	<u>2,152,116</u>
Excess (Deficit) of Receipts Over Disbursements	(641,343)	653,849	(1,132)	64,826	76,200
Other Financing Sources (Uses)					
Issuance of Bond Anticipation Notes	26,000	124,000	-	-	150,000
Transfers - In	644,000	6,500	1,133	25,598	677,231
Transfers - Out	-	(677,231)	-	-	(677,231)
Other Services	2,600	-	-	-	2,600
Excess of Receipts and Other Financing Sources Over Disbursements and Other Financing Uses	31,257	107,118	1	90,424	228,800
Beginning Fund Cash Balance	<u>(101,683)</u>	<u>407,206</u>	<u>(41,386)</u>	<u>(69,296)</u>	<u>194,841</u>
Ending Fund Cash Balance	<u>\$ (70,426)</u>	<u>\$ 514,324</u>	<u>\$ (41,385)</u>	<u>\$ 21,128</u>	<u>\$ 423,641</u>

See accompanying notes.

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

	Year Ended December 31, 2000
	<u>Agency Fund</u>
Non-Operating Receipts	
Other Non-Operating Receipts	\$ 84,927
Non-Operating Disbursements	
Other Non-Operating Disbursements	<u>84,927</u>
Net Income	-
Beginning Fund Cash Balance	<u>(190)</u>
Ending Fund Cash Balance	<u><u>\$ (190)</u></u>

See accompanying notes.

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

	Year Ended December 31, 1999				Totals (Memorandum Only)
	Governmental Fund Types				
	General Fund	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	
Receipts					
Taxes	\$ 628,990	\$ 619,889	\$ 38,048	\$ -	\$ 1,286,927
Intergovernmental Receipts	189,008	123,022	-	6,954	318,984
Charges for Services	165,811	-	-	-	165,811
Fines, Licenses and Permits	116,032	-	-	-	116,032
Miscellaneous	25,375	2,700	-	4,941	33,016
Total Receipts	<u>1,125,216</u>	<u>745,611</u>	<u>38,048</u>	<u>11,895</u>	<u>1,920,770</u>
Disbursements					
Security of Persons and Property	898,054	-	-	-	898,054
Public Health Services	2,770	-	-	-	2,770
Leisure Time Activities	-	-	-	102,317	102,317
Community Environment	39,865	-	-	-	39,865
Basic Utilities Services	179,736	-	-	-	179,736
Transportation	12,548	109,006	-	-	121,554
General Government	618,847	23,697	-	-	642,544
Debt Service	-	-	141,208	-	141,208
Total Disbursements	<u>1,751,820</u>	<u>132,703</u>	<u>141,208</u>	<u>102,317</u>	<u>2,128,048</u>
Excess (Deficit) of Receipts Over Disbursements	(626,604)	612,908	(103,160)	(90,422)	(207,278)
Other Financing Sources (Uses)					
Transfers - In	587,000	6,000	34,879	10,569	638,448
Transfers - Out	-	(638,448)	-	-	(638,448)
Other Services	1,100	-	-	-	1,100
Deficit of Receipts and Other Financing Sources Over Disbursements and Other Financing Uses	(38,504)	(19,540)	(68,281)	(79,853)	(206,178)
Beginning Fund Cash Balance	<u>(63,179)</u>	<u>426,746</u>	<u>26,895</u>	<u>10,557</u>	<u>401,019</u>
Ending Fund Cash Balance	<u>\$ (101,683)</u>	<u>\$ 407,206</u>	<u>\$ (41,386)</u>	<u>\$ (69,296)</u>	<u>\$ 194,841</u>

See accompanying notes.

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

	Year Ended December 31, 1999 <hr/> Agency Fund <hr/>
Non-Operating Receipts	
Other Non-Operating Receipts	\$ 78,628
Non-Operating Disbursements	
Other Non-Operating Disbursements	<hr/> 87,096
Net Loss	(8,468)
Beginning Fund Cash Balance	<hr/> 8,278
Ending Fund Cash Balance	\$ <hr/> <hr/> (190)

See accompanying notes.

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

Fund Type/Funds	Year Ended December 31, 2000		
	Budget	Actual	Variance Favorable (Unfavorable)
Governmental Fund Types			
General	\$ 1,579,293	\$ 1,956,193	\$ 376,900
Special Revenue	1,283,730	961,751	(321,979)
Debt Service	42,217	44,197	1,980
Capital Projects	-	96,006	96,006
Totals (Memorandum Only)	\$ 2,905,240	\$ 3,058,147	\$ 152,907

See accompanying notes.

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

<u>Fund Type/Funds</u>	Year Ended December 31, 1999		
	Budget	Actual	Variance Favorable (Unfavorable)
<u>Governmental Fund Types</u>			
General	\$ 1,476,772	\$ 1,713,316	\$ 236,544
Special Revenue	1,183,746	751,611	(432,135)
Debt Service	158,395	72,927	(85,468)
Capital Projects	10,557	22,464	11,907
Totals (Memorandum Only)	\$ 2,829,470	\$ 2,560,318	\$ (269,152)

See accompanying notes.

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

<u>Fund Type/Funds</u>	<u>Prior Year Carryover Appropriations</u>	<u>2000 Appropriations</u>	<u>Total</u>	<u>Actual 2000 Disbursements</u>	<u>Encumbrances Outstanding at 12/31/00</u>	<u>Total</u>	<u>Variance Unfavorable</u>
<u>Governmental Fund Types</u>							
General	\$ 37,901	\$ 1,818,724	\$ 1,856,625	\$ 1,924,936	\$ 46,364	\$ 1,971,300	\$ (114,675)
Special Revenue	3,692	819,000	822,692	854,633	35,465	890,098	(67,406)
Debt Service	-	37,430	37,430	44,196	-	44,196	(6,766)
Capital Projects	-	-	-	5,582	-	5,582	(5,582)
December 31, 2000 (Memorandum Only)	<u>\$ 41,593</u>	<u>\$ 2,675,154</u>	<u>\$ 2,716,747</u>	<u>\$ 2,829,347</u>	<u>\$ 81,829</u>	<u>\$ 2,911,176</u>	<u>\$ (194,429)</u>

See accompanying notes.

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

<u>Fund Type/Funds</u>	<u>Prior Year Carryover Appropriations</u>	<u>1999 Appropriations</u>	<u>Total</u>	<u>Actual 1999 Disbursements</u>	<u>Encumbrances Outstanding at 12/31/99</u>	<u>Total</u>	<u>Variance Unfavorable</u>
<u>Governmental Fund Types</u>							
General	\$ -	\$ 1,581,852	\$ 1,581,852	\$ 1,751,820	\$ 37,901	\$ 1,789,721	\$ (207,869)
Special Revenue	-	751,500	751,500	771,151	3,692	774,843	(23,343)
Debt Service	-	131,544	131,544	141,208	-	141,208	(9,664)
Capital Projects	-	-	-	102,317	-	102,317	(102,317)
December 31, 1999 (Memorandum Only)	\$ -	\$ 2,464,896	\$ 2,464,896	\$ 2,766,496	\$ 41,593	\$ 2,808,089	\$ (343,193)

See accompanying notes.

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

NOTE 1 - ACCOUNTING POLICIES

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

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

Basis of Accounting

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

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

Cash

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

Fund Accounting

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

General Fund

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

NOTE 1 - ACCOUNTING POLICIES (Continued)

Special Revenue Funds

These funds are used to account for proceeds from specific sources (other than from trusts or for capital projects) that are restricted to expenditure for specific purposes.

These funds include the following:

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

Debt Service Funds

The debt service funds are used to accumulate resources for the payment of bonds and note indebtedness. The Village had the following debt service funds:

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

Capital Projects Funds

The capital projects funds are utilized to account for receipts that are restricted for the acquisition and construction of major capital projects (except those financed through enterprise or trust funds). The Village had the following significant capital projects funds:

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

Fiduciary Fund (Agency Fund)

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

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

NOTE 1 - ACCOUNTING POLICIES (Continued)

Budgetary Process

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

Appropriations

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

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

Estimated Resources

Estimated resources include estimates of cash to be received (budget periods) plus cash as of January 1. The County Budget Commission must also approve estimated resources. The County Budget Commission certifies its actions to the Village by September 1. As part of this certification, the Village receives the official certificate of estimated resources which states the projected receipts of each fund. On or about January 1, this certificate is amended to include any unencumbered balances from the preceding year.

Prior to December 31, the Village must revise its budget so that the total contemplated disbursements from a fund during the ensuing fiscal year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriation measure. Budget receipts as shown in the accompanying financial statements do not include January 1, 1999 unencumbered fund balances. However, those fund balances are available for appropriation.

Encumbrances

The Ohio Revised Code requires the Village to reserve (encumber) appropriations when commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated. The Village is required to use the encumbrance method of accounting by virtue of Ohio law. Under this system, purchase orders, contracts and other commitments for the disbursement of funds are recorded in order to reserve the portion of the applicable appropriation.

NOTE 1 - ACCOUNTING POLICIES (Continued)

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

Cash

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

Investments

Investment procedures are restricted by the provisions of the Ohio Revised Code. Purchased investments are valued at cost, and interest earned is recognized and recorded when received. Investments consist of certificates of deposit.

Property, Plant and Equipment

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

Unpaid Vacation and Sick Leave

Employees are entitled to cash payments for unused vacation and sick leave in certain circumstances, such as upon leaving employment (only after ten years of service). Unpaid vacation and sick leave are not reflected as liabilities under the cash basis of accounting used by the Village.

Interfund Transactions

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

Intergovernmental Revenues

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

Total Columns on Financial Statements

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

NOTE 2 - EQUITY IN POOLED CASH

The Village of Golf Manor maintains a cash and investments pool used by all funds. Each fund type's portion of this pool is displayed on the Combined Statement of Cash and Fund Cash Balances as Fund Cash Balances by Fund Type. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of cash at December 31, 2000 and 1999 was as follows:

	<u>December 31,</u>	
	<u>2000</u>	<u>1999</u>
Demand Deposits	\$ 98,451	\$ 69,651
Certificates of Deposit	<u>325,000</u>	<u>125,000</u>
Total Cash and Investments	<u>\$423,451</u>	<u>\$194,651</u>

Deposits

Deposits are insured by the Federal Depository Insurance Corporation or are otherwise collateralized by the financial institution where the money is on deposit. At both December 31, 2000 and 1999, all deposits were insured or collateralized, in compliance with Chapter 135, Ohio Revised Code.

NOTE 3 - BUDGETARY ACTIVITY

For the year ended December 31, 1999, the general fund, special revenue funds, debt service funds and capital projects funds had disbursements in excess of appropriations. In addition, for the year ended December 31, 2000, the general fund, special revenue funds, debt service funds and capital projects funds had disbursements in excess of appropriations as shown in the financial statements (see Report on Compliance and on Internal Control over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards).

NOTE 4 - PROPERTY TAX

Real property taxes become a lien on January 1, preceding the October 1 date for which rates are adopted by Hamilton County. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. Homestead and rollback amounts are then paid by the State, and are reflected in the accompanying financial statements as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to make semi-annual payments, the first half is due December 31. The second half payment is due the following June 20.

NOTE 4 - PROPERTY TAX (Continued)

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

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

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

NOTE 5 - RISK MANAGEMENT

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

The Village has obtained commercial insurance for the following risks:

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

NOTE 6 - LOCAL INCOME TAX

This locally levied tax of 1.7% is applied to gross salaries, wages and other personal service compensation earned by residents both in and out of the Village and to earnings of nonresidents (except certain transients) who worked in the Village. It also applies to net income of business organizations' earnings conducted within the Village. Income tax receipts credited to the special revenue fund amounted to \$699,311 and \$619,889 in 2000 and 1999, respectively.

NOTE 7 - RETIREMENT SYSTEMS

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

NOTE 7 - RETIREMENT SYSTEMS (Continued)

Contribution rates are also prescribed by the Ohio Revised Code. For both 2000 and 1999, members of PFDPF contributed 10% of their wages to the PFDPF and the Village contributed an amount equal to 24% of the fire department wages and 19.5% of the police department wages. For both 2000 and 1999, PERS members contributed 8.5% of their gross salaries and the Village contributed an amount equal to 13.5% of participants' gross salaries. The Village has paid all contributions required through December 31, 2000.

NOTE 8 - LONG-TERM DEBT

Payments made on the long-term debt for the years ended December 31, 2000 and 1999 were as follows:

	<u>December 31,</u>	
	<u>2000</u>	<u>1999</u>
Tax Anticipation Notes		
Principal	\$ -	\$ 90,000
Interest	<u>-</u>	<u>4,945</u>
	<u>-</u>	<u>94,945</u>
Fire Equipment Bond		
Principal	35,000	35,000
Interest and Collection Fees	<u>9,196</u>	<u>11,263</u>
	<u>44,196</u>	<u>46,263</u>
	<u>\$44,196</u>	<u>\$141,208</u>

Bond Anticipation Note

In June, 2000, the Village received a 6.25% bond anticipation note of \$150,000 from the bank for various purposes. This note matures in 2003.

NOTE 8 - LONG-TERM DEBT (Continued)

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

<u>Year Ending December 31,</u>	<u>Fire Equipment Bond</u>	<u>Various Purpose Bond Anticipation Note</u>	<u>Total</u>
2001	\$37,100	\$ 59,375	\$ 96,475
2002	-	53,250	53,250
2003	-	<u>53,125</u>	<u>53,125</u>
	<u>\$37,100</u>	<u>\$165,750</u>	<u>\$202,850</u>

OTHER INFORMATION

Certified Public Accountants and Business Advisors

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

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

We have audited the financial statements of the Village of Golf Manor as of and for the years ended December 31, 2000 and 1999, and have issued our report thereon dated July 11, 2001. We conducted our audits in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Village of Golf Manor's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audits and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards* as follows:

1. *Negative Fund Balances* - The general, general obligations and mayor's court funds had negative (cash) fund balances of \$70,426, \$41,385 and \$190, respectively, as of December 31, 2000. The general, general obligations, park renovation and mayor's court funds had negative (cash) fund balances of \$101,683, \$41,386, \$69,296 and \$190, respectively, as of December 31, 1999. These deficit balances indicate that cash from other funds has been used to pay obligations of these funds. This is a violation of Ohio Revised Code, Section 5705.10, which requires that money paid into any fund shall be used only for the purpose for which such fund is established. The Village should adopt procedures to properly monitor fund balances.

2. *Appropriations Exceeding Estimated Resources* - The Village did not file its appropriations for the year ended December 31, 2000 with the State of Ohio. Per Ohio Revised Code, Section 5705.39, no appropriation measure is to become 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.
3. *Expenditures Exceeding Appropriations* - Expenditures exceeded appropriations in the general, special revenue, debt service and capital projects funds by \$114,675, \$67,406, \$6,766 and \$5,582, respectively, for the year ended December 31, 2000. Expenditures exceeded appropriations in the general, special revenue, debt service and capital projects funds by \$207,869, \$23,343, \$9,664 and \$102,317, respectively, for the year ended December 31, 1999. This is a violation of Ohio Revised Code, Section 5705.41(B), which states that no subdivision or taxing unit is to expend money unless it has been appropriated.
4. *Code Receipts and Expenditures to Proper Funds* - An accurate record was not maintained for all monies received and expended by the Village. Various errors were found in the annual reports which were corrected during the audit. This is a violation of Ohio Revised Code, Section 733.28, which requires the Village clerk to keep the books of the Village, exhibit accurate statements of all monies received and expended, maintain records of all the property owned by the Village and the income derived therefrom and of all taxes and assessments.
5. *Organize Information for Better Record Retention* - Village employees struggled to locate proper documentation we requested during the audit. This violates Ohio Revised Code, Section 149.351, which establishes guidelines against the destruction or damage of records. All records are the property of the public office 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 commission provided for under Ohio Revised Code, Section 149.38 to 149.42.

Internal Control over Financial Reporting

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

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

Material Weaknesses

1. *Reconcile Bank Statements on a Timely Basis* - The Village does not reconcile its bank accounts on a timely basis. During field work (in June, 2001), we noted that the bank reconciliations for January through May, 2001 had not been completed. Bank reconciliations should be completed on a monthly basis and given to council to review.
2. *Enter Revenues and Expenditures Into System on a Timely Basis* - The Village does not record revenues and expenditures into its system on a timely basis. During our audit, we noted that expenditures were not entered into the system for five or six months.
3. *Close Out the Month and Year on a Timely Basis* - The Village did not close the year 1999 until March, 2000 and the year 2000 until April, 2001. Therefore, it could not enter information for the current year because the prior year had not been closed. This does not allow for information to be provided to council on a timely basis.

Reportable Conditions

4. *Segregate Cash Receipts and Record Keeping Function* - Because of the lack of segregation of duties due to a small staff, the Village has one employee who receives cash receipts and posts the cash receipts in the system. This could cause a misappropriation of assets to go undetected. The Village should have an employee independent of the cash receipts function open the mail and make a listing of all checks received and compare it to the deposit made and the posting to the system.
5. *Provide Independent Oversight of Disbursement Activity* - Because of the lack of segregation of duties due to a small staff, one Village employee has access to both cash disbursements and the records, a situation which would permit a misappropriation of assets to go undetected. The Village should have an individual independent of the disbursement function receive the unopened bank statement and review the cancelled checks.
6. *Segregate Distribution of Checks From the Hiring and Firing Function* - The Village fire department does not have proper segregation of duties in the payroll function. The fire chief not only hires and fires employees, but also distributes all payroll checks. This situation would permit a misappropriation of assets to go undetected. The Village should periodically have the service manager hand out all payroll checks to the fire department.
7. *Classify Receipts and Expenditures More Consistently* - During our audit, we noted on numerous occasions that similar receipts and expenditures were classified differently from year to year. The Village should strive to classify these receipts and expenditures more consistently from year to year.

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

VonLehman & Company Inc.

Cincinnati, Ohio
July 11, 2001



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OFFICE OF THE AUDITOR

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VILLAGE OF GOLF MANOR

HAMILTON COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
SEPTEMBER 18, 2001**