

VILLAGE OF GOLF MANOR

December 31, 2002 and 2001

*FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT*



**Auditor of State
Betty Montgomery**

Mayor and Members of 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 VonLehman & Company Inc., for the audit period January 1, 2001 to December 31, 2002. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

Betty Montgomery

BETTY MONTGOMERY
Auditor of State

September 23, 2003

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

**VILLAGE OFFICIALS
December 31, 2002**

MAYOR

Dennis Puthoff

COUNCIL MEMBERS

Harry Cohen

Sharon Francis

Charles Hughes

Alan Zaffero

DEPARTMENT HEADS

Village Administrator

Stephen Tilley

Village Deputy Clerk - Treasurer

Donna Huston

Village Police Chief

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, 2002 and 2001, 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, 2002 and 2001, 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 June 13, 2003 on our consideration of the Village of Golf Manor's internal control over financial reporting and our tests of its compliance with certain provision of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audits.

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

VonLehman & Company Inc.

Cincinnati, Ohio
June 13, 2003

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

December 31, 2002

Cash	\$ <u><u>593,752</u></u>
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FUND CASH BALANCES BY FUND TYPE

Governmental Fund Types

General Fund	\$ (114,067)
Special Revenue Funds	712,089
Debt Service Fund	(23,600)
Capital Projects Funds	<u>19,520</u>
	593,942

Fiduciary Fund Type

Agency Funds	<u>(190)</u>
	\$ <u><u>593,752</u></u>

See accompanying notes.

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

December 31, 2001

Cash	\$ <u><u>472,389</u></u>
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FUND CASH BALANCES BY FUND TYPE

Governmental Fund Types

General Fund	\$ (117,261)
Special Revenue Funds	604,079
Debt Service Fund	(33,444)
Capital Projects Funds	<u>19,205</u>
	472,579

Fiduciary Fund Type

Agency Funds	<u>(190)</u>
	\$ <u><u>472,389</u></u>

See accompanying notes.

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

	Year Ended December 31, 2002				
	General Fund	Special Revenue Funds	Debt Service Fund	Capital Projects Funds	Totals (Memorandum Only)
Receipts					
Property and Other Local Taxes	\$ 702,044	\$ 935,135	\$ 13,589	\$ -	\$ 1,650,768
Intergovernmental Receipts	178,368	158,901	-	-	337,269
Charges for Services	213,333	5,873	-	-	219,206
Fines, Licenses and Permits	121,019	-	-	-	121,019
Earnings on Investments	10,135	-	-	-	10,135
Miscellaneous	186,941	-	-	315	187,256
Total Receipts	<u>1,411,840</u>	<u>1,099,909</u>	<u>13,589</u>	<u>315</u>	<u>2,525,653</u>
Disbursements					
Security of Persons and Property	1,198,859	170,680	-	-	1,369,539
Public Health Services	2,792	-	-	-	2,792
Leisure Time Activities	-	41,559	-	-	41,559
Community Environment	49,437	-	-	-	49,437
Basic Utilities Services	15,225	-	-	-	15,225
Transportation	-	142,868	-	-	142,868
General Government	667,333	24,112	-	-	691,445
Debt Service	-	-	91,425	-	91,425
Total Disbursements	<u>1,933,646</u>	<u>379,219</u>	<u>91,425</u>	<u>-</u>	<u>2,404,290</u>
(Deficit) Excess of Receipts (Under) Over Disbursements	<u>(521,806)</u>	<u>720,690</u>	<u>(77,836)</u>	<u>315</u>	<u>121,363</u>
Other Financing Sources (Uses)					
Transfers - In	525,000	35,500	87,680	-	648,180
Transfers - Out	-	(648,180)	-	-	(648,180)
Total Other Financing Sources (Uses)	<u>525,000</u>	<u>(612,680)</u>	<u>87,680</u>	<u>-</u>	<u>-</u>
Excess of Receipts and Other Financing Sources Over Disbursements and Other Financing Uses	3,194	108,010	9,844	315	121,363
Beginning Fund Cash Balance	<u>(117,261)</u>	<u>604,079</u>	<u>(33,444)</u>	<u>19,205</u>	<u>472,579</u>
Ending Fund Cash Balance	<u>\$ (114,067)</u>	<u>\$ 712,089</u>	<u>\$ (23,600)</u>	<u>\$ 19,520</u>	<u>\$ 593,942</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, 2002
	<u> </u>
Operating Receipts	
Miscellaneous	\$ -
Operating Disbursements	<u>-</u>
Operating Income	<u>-</u>
Other Financing Sources (Uses)	
Other Non-Operating Receipts	101,857
Other Non-Operating Disbursements	<u>(101,857)</u>
Total Other Financing Sources (Uses)	<u>-</u>
Net Income	-
Beginning Fund Cash Balance	<u>(190)</u>
Ending Fund Cash Balance	<u>\$ (190)</u>

See accompanying notes.

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

	Year Ended December 31, 2001				
	General Fund	Special Revenue Funds	Debt Service Fund	Capital Projects Funds	Totals (Memorandum Only)
Receipts					
Property and Other Local Taxes	\$ 663,635	\$ 1,078,101	\$ 38,733	\$ -	\$ 1,780,469
Intergovernmental Receipts	262,035	184,441	-	-	446,476
Charges for Services	174,471	6,760	-	-	181,231
Fines, Licenses and Permits	132,027	-	-	-	132,027
Earnings on Investments	21,225	-	-	-	21,225
Miscellaneous	11,912	-	-	540	12,452
Total Receipts	<u>1,265,305</u>	<u>1,269,302</u>	<u>38,733</u>	<u>540</u>	<u>2,573,880</u>
Disbursements					
Security of Persons and Property	1,037,899	455,082	-	-	1,492,981
Public Health Services	2,706	-	-	-	2,706
Leisure Time Activities	-	56,101	-	2,463	58,564
Community Environment	45,888	-	-	-	45,888
Basic Utilities Services	169,523	-	-	-	169,523
Transportation	-	196,164	-	-	196,164
General Government	700,857	23,922	4,318	-	729,097
Debt Service	-	-	110,887	-	110,887
Total Disbursements	<u>1,956,873</u>	<u>731,269</u>	<u>115,205</u>	<u>2,463</u>	<u>2,805,810</u>
(Deficit) Excess of Receipts (Under) Over Disbursements	<u>(691,568)</u>	<u>538,033</u>	<u>(76,472)</u>	<u>(1,923)</u>	<u>(231,930)</u>
Other Financing Sources (Uses)					
Issuance of Bond Anticipation Notes	-	280,000	-	-	280,000
Transfers - In	643,865	50,000	84,413	-	778,278
Transfers - Out	-	(778,278)	-	-	(778,278)
Other Sources	868	-	-	-	868
Total Other Financing Sources (Uses)	<u>644,733</u>	<u>(448,278)</u>	<u>84,413</u>	<u>-</u>	<u>280,868</u>
(Deficit) Excess of Receipts and Other Financing Sources (Under) Over Disbursements and Other Financing Uses	<u>(46,835)</u>	<u>89,755</u>	<u>7,941</u>	<u>(1,923)</u>	<u>48,938</u>
Beginning Fund Cash Balance	<u>(70,426)</u>	<u>514,324</u>	<u>(41,385)</u>	<u>21,128</u>	<u>423,641</u>
Ending Fund Cash Balance	<u>\$ (117,261)</u>	<u>\$ 604,079</u>	<u>\$ (33,444)</u>	<u>\$ 19,205</u>	<u>\$ 472,579</u>

See accompanying notes.

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

	<u>Year Ended December 31, 2001</u>
Operating Receipts	
Miscellaneous	\$ -
Operating Disbursements	<u>-</u>
Operating Income	<u>-</u>
Other Financing Sources (Uses)	
Other Non-Operating Receipts	123,385
Other Non-Operating Disbursements	<u>(123,385)</u>
Total Other Financing Sources (Uses)	<u>-</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 RECEIPTS
BUDGET AND ACTUAL**

	Year Ended December 31, 2002		
Fund Type/Funds	Budget	Actual	Variance Favorable (Unfavorable)
Governmental Fund Types			
General Fund	\$ 1,953,270	\$ 1,936,840	\$ (16,430)
Special Revenue Funds	1,216,000	1,135,409	(80,591)
Debt Service Fund	50,000	101,269	51,269
Capital Projects Funds	-	315	315
December 31, 2002 (Memorandum Only)	\$ 3,219,270	\$ 3,173,833	\$ (45,437)

See accompanying notes.

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

	Year Ended December 31, 2001		
Fund Type/Funds	Budget	Actual	Variance Favorable
<u>Governmental Fund Types</u>			
General Fund	\$ 1,609,280	\$ 1,910,038	\$ 300,758
Special Revenue Funds	1,111,620	1,599,302	487,682
Debt Service Fund	37,417	123,146	85,729
Capital Projects Funds	-	540	540
 December 31, 2001 (Memorandum Only)	 \$ 2,758,317	 \$ 3,633,026	 \$ 874,709

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>2002 Appropriations</u>	<u>Total</u>	<u>Actual 2002 Disbursements</u>	<u>Encumbrances Outstanding at 12/31/02</u>	<u>Total</u>	<u>Variance Favorable (Unfavorable)</u>
<u>Governmental Fund Types</u>							
General Fund	\$ 29,522	\$ 1,839,061	\$ 1,868,583	\$ 1,933,646	\$ 27,153	\$ 1,960,799	\$ (92,216)
Special Revenue Funds	-	1,205,728	1,205,728	1,027,399	-	1,027,399	178,329
Debt Service Fund	-	-	-	91,425	-	91,425	(91,425)
Capital Projects Funds	-	-	-	-	-	-	-
December 31, 2002 (Memorandum Only)	<u>\$ 29,522</u>	<u>\$ 3,044,789</u>	<u>\$ 3,074,311</u>	<u>\$ 3,052,470</u>	<u>\$ 27,153</u>	<u>\$ 3,079,623</u>	<u>\$ (5,312)</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>2001 Appropriations</u>	<u>Total</u>	<u>Actual 2001 Disbursements</u>	<u>Encumbrances Outstanding at 12/31/01</u>	<u>Total</u>	<u>Variance Unfavorable</u>
<u>Governmental Fund Types</u>							
General Fund	\$ 46,364	\$ 1,676,302	\$ 1,722,666	\$ 1,956,873	\$ 29,522	\$ 1,986,395	\$ (263,729)
Special Revenue Funds	35,465	855,362	890,827	1,509,547	-	1,509,547	(618,720)
Debt Service Fund	-	41,950	41,950	115,205	-	115,205	(73,255)
Capital Projects Funds	-	-	-	2,463	-	2,463	(2,463)
December 31, 2001 (Memorandum Only)	<u>\$ 81,829</u>	<u>\$ 2,573,614</u>	<u>\$ 2,655,443</u>	<u>\$ 3,584,088</u>	<u>\$ 29,522</u>	<u>\$ 3,613,610</u>	<u>\$ (958,167)</u>

See accompanying notes.

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

NOTE 1 - ACCOUNTING POLICIES

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

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

Basis of Accounting

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

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

Fund Accounting

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

General Fund

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

Special Revenue Funds

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

NOTE 1 - ACCOUNTING POLICIES (Continued)

These funds include the following:

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

Debt Service Fund

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

The Village had the following significant debt service fund:

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

Capital Projects Funds

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

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

Fiduciary Fund (Agency Fund)

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

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

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. Unencumbered appropriations lapse at year end.

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

Estimated Resources

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

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

Encumbrances

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

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

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, savings and certificate of deposit accounts.

Property, Plant and Equipment

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

Accumulated Leave

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

Interfund Transactions

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

Intergovernmental Revenues

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

Total Columns on Financial Statements

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

NOTE 2 - EQUITY IN POOLED CASH

The Village of Golf Manor maintains a cash pool used by all funds. Each fund type's portion of this pool is displayed on the "Combined Statement of Cash and Fund Cash Balances" as "Fund Cash Balances by Fund Type". The Ohio Revised Code prescribes allowable deposits. The carrying amount of cash at December 31, 2002 and 2001 was as follows:

	<u>December 31,</u>	
	<u>2002</u>	<u>2001</u>
Demand Deposits	<u>\$593,752</u>	<u>\$472,389</u>

Deposits

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

NOTE 3 - BUDGETARY ACTIVITY

For the year ended December 31, 2002, the general fund and debt service fund had disbursements in excess of appropriations of \$92,216 and \$91,425, respectively. Similarly, for the year ended December 31, 2001, the general fund, special revenue funds, capital projects funds and debt service fund had disbursements in excess of appropriations of \$263,729, \$618,720, \$73,255 and \$2,463, respectively. This is not in compliance with Ohio Revised Code, Section 5705.41(b), which states that no subdivision or taxing unit is to expend money unless it has been appropriated.

NOTE 4 - PROPERTY TAX

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

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

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

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

NOTE 5 - RISK MANAGEMENT

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

The Village has obtained commercial insurance for the following risks:

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

NOTE 6 - LOCAL INCOME TAX

This locally levied tax of 1.7% is applied to gross salaries, wages and other personal service compensation earned by residents both in and out of the Village and to earnings of nonresidents (except certain transients) who worked in the Village. It also applies to net income of business organizations' earnings conducted within the Village. Income tax receipts credited to the income tax fund amounted to \$935,135 and \$1,078,101 in 2002 and 2001, respectively.

NOTE 7 - RETIREMENT SYSTEMS

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

Contribution rates are also prescribed by the Ohio Revised Code. For 2002 and 2001, members of O P & F contributed 10% of their wages to the O P & F. The Village contributed an amount equal to 19.5% of police wages and 24% of fire wages for 2002 and 2001. For 2002 and 2001, PERS members contributed 8.5% of their gross salaries. The Village contributed an amount equal to 13.55% of participants' gross salaries for 2002 and 2001. The Village has paid all contributions required through December 31, 2002.

NOTE 8 - LONG-TERM DEBT

Long-term debt outstanding at December 31, 2002 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Various Purpose Bond Anticipation Note	\$ 50,000	6.25%
Fire Truck Acquisition Bonds	<u>258,000</u>	5.00%
	<u>\$308,000</u>	

NOTE 8 - LONG-TERM DEBT (Continued)

Long-term debt payments for the years ended December 31, 2002 and 2001 were as follows:

	<u>December 31,</u>	
	<u>2002</u>	<u>2001</u>
Various Purpose Bond Anticipation Note		
Principal	\$50,000	\$ 50,000
Interest	<u>6,250</u>	<u>9,375</u>
	<u>56,250</u>	<u>59,375</u>
Fire Truck Acquisition Bonds		
Principal	22,000	46,000
Interest	<u>13,175</u>	<u>5,512</u>
	<u>35,175</u>	<u>51,512</u>
	<u>\$91,425</u>	<u>\$110,887</u>

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

<u>Year Ending</u> <u>December 31,</u>	<u>Various</u> <u>Purpose Bond</u> <u>Anticipation Note</u>	<u>Fire Truck</u> <u>Acquisition Bonds</u>	<u>Police</u> <u>Car Bonds</u>	<u>Total</u>
2003	\$53,125	\$ 36,600	\$ 9,390	\$ 99,115
2004	-	35,400	10,043	45,443
2005	-	36,175	10,043	46,218
2006	-	35,875	-	35,875
2007	-	35,500	-	35,500
Thereafter	<u>-</u>	<u>143,925</u>	<u>-</u>	<u>143,925</u>
	<u>\$53,125</u>	<u>\$323,475</u>	<u>\$29,476</u>	<u>\$406,076</u>

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

In June, 2000, the Village issued a various purpose bond anticipation note for \$150,000 with principal and interest payments, payable annually on June 1 and maturing June 1, 2003.

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

OTHER INFORMATION



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

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

We have audited the financial statements of the Village of Golf Manor as of and for the years ended December 31, 2002 and 2001, and have issued our report thereon dated June 13, 2003. 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 seven instances of noncompliance that are required to be reported under Government Auditing Standards as follows:

1. *Negative Fund Balances (repeated from prior audit)* - The general, general obligations, park renovation, solid waste and mayor's court funds had negative (cash) fund balances of \$114,067, \$28,702, \$1,608, \$162 and \$190, respectively, as of December 31, 2002. The general, general obligations, park renovation and mayor's court funds had negative (cash) fund balances of \$117,261, \$38,546, \$1,923 and \$190, respectively, as of December 31, 2001. 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 Exceeded Estimated Resources (repeated from prior audit)* - Ohio Revised Code, Section 5705.39, requires that appropriations do not exceed the amended estimate of resources. Appropriations exceeded the estimate of resources for the year ended December 31, 2002 for both the general and debt service funds in the amounts of \$31,874 and \$2,262, respectively. Similarly, in the year ended December 31, 2001, appropriations exceeded the estimate of resources for the general fund in the amount of \$29,339.

3. *Estimated Revenues Exceeded Actual Revenues* - Ohio Revised Code, Section 5705.36, requires that an amended certificate of estimated resources be obtained upon determination by the fiscal officer that revenues collected will be less than the amount in the official certificate of estimated resources. It was noted that the general and special revenue funds were not in compliance for the year ended December 31, 2002 in the amounts of \$16,430 and \$80,591, respectively.
4. *Expenditures Exceeded Appropriations (repeated from prior audit)* - Expenditures exceeded appropriations in the general and debt service funds by \$92,216 and \$91,425, respectively, for the year ended December 31, 2002. Expenditures exceeded appropriations in the general, special revenue, debt service and capital projects funds by \$263,729, \$618,720, \$73,255 and \$2,463, respectively, for the year ended December 31, 2001. 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.
5. *Code Receipts and Expenditures to Proper Line Items (repeated from prior audit)* - An accurate record was not maintained for all monies received and expended by the Village. Various errors were found in the annual reports that were corrected during the audit. This is a violation of Ohio Revised Code, Section 733.28, which requires the Village clerk to keep the books of the Village, exhibit accurate statements of all monies received and expended and maintain records of all the property owned by the Village and the income derived therefrom and of all taxes and assessments.
6. *Properly Record Encumbrances at Year End* - The Village did not record encumbrances at year end, which is a violation of Ohio law. The encumbrances shown on the financial statements were recorded as a result of the audit. The Village should properly record all encumbrances timely.
7. *Deposits of Public Money* - Ohio Revised Code, Section 9.38, requires that receipts in excess of \$1,000 be deposited on the next business day. During the course of our audit testing, we noted three instances in which the Village was not in compliance.

Internal Control Over Financial Reporting

In planning and performing our audits, we considered the Village of Golf Manor's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Village of Golf Manor's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described as follows in Items 1 through 3.

Honorable Mayor and Members of Council
Village of Golf Manor

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

Material Weaknesses

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

Reportable Condition

3. *Obtain Proper Approval for Disbursements* - During the course of the audit, we noted a check issued that was not approved by Council. Upon further review, the check was proper and was simply an oversight. However, two other checks were issued without approval from the department head. Although these checks were later determined to be proper, the Village should adhere to its control procedures more closely to ensure unapproved payments are not made.

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

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

VonLehman & Company Inc.

Cincinnati, Ohio
June 13, 2003



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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
OCTOBER 7, 2003**